



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2010

 **Nelson City Council**
te kaunihera o whakatū





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MAYOR'S WORD

Tēnā koutou te whānau ki Whakatū

I am pleased and proud to present a very positive Annual Report for year three of my Mayoral term. This was the year when the results of three years' hard work came to fruition. We have witnessed, over this time, significant service improvements and innovation. So, where to start . . .

Both the rates rise and debt levels were lower than had been forecast. The rates rose by an average of 3.17% including water charges for the year and debt levels came in lower than forecast. Yet we still made progress with infrastructure and facility improvements. Trafalgar Park was transformed in a \$7.4 million upgrade that included new lighting towers, fantastic new turf, new entries and media facilities. Saxton Stadium was opened for many sporting codes to use. This superb, award winning facility continues the progress Saxton Field makes towards being a world class complex for the greater Nelson region.

Sustainability has been a cornerstone of this Council and two key environmental schemes have enjoyed great success in the last year, locally and nationally. The Solar Saver Scheme was launched in the second half of the year and, as a result, solar panel installations increased 400%. Our winter air quality showed huge improvement this year. We had eight 'exceedences' of the standard in the Victory Square area, as compared to 34 the year before. (When we began this programme in 2001, the baseline was 81 exceedences.) Our programme of moving to cleaner burning appliances has generated dramatic improvements.

Improving our customer service was another major goal for Council during the year. As a result, our consents processing times have improved in leaps and bounds and the new Customer Service Centre, opened in December 2009, has received the thumbs up from the many happy customers.

Of particular note, and worthy of mention, is the ever stronger relationship Council has developed with iwi/Māori. This heralds a positive future – especially given the imminent resolution of the very long running Treaty settlement process.

Another priority for Council was to improve the relationship between the City and Tasman District. While this will always be a work in progress, there is much going on between the two authorities. For example, the groundwork was substantially laid for the provincial museum's governance – a joint MOU with the Tasman Bay Heritage Trust. This has since been completed. And both Councils strongly supported Nelson Tasman Tourism to attract visitors to our region.

It has been an incredibly busy year; yet one project – the Performing Arts and/or Conference Centre – remains unfinished. A huge effort by Councillors, staff and contractors was directed into this project over the last



year and I thank all those involved and the residents who commented on the proposal. For the first time we were able to analyse site suitability, and also for the first time to consider concept plans.

I do want to acknowledge my Council colleagues for their commitment to the City – they have been a great bunch to work with. And when we ‘hired’ our Chief Executive last year, we had very high expectations of him. Needless to say, we have not been disappointed. Keith Marshall has re-focused the Council into delivering outstanding customer service. My heart felt thanks go to the staff who have embraced this vision to make Nelson an even better place for all of us.

Kerry Marshall MBE, JP
MAYOR OF NELSON



CHIEF EXECUTIVE'S WORD

A look through this 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 \$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. As an organisation dedicated to public service and making Nelson an even better place, our indicators of success are:

- economic performance; and
- complying with our statutory requirements
- customer satisfaction
- staff satisfaction.



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.

My thanks go to the Mayor, Councillors and staff, who I know want the very best for Nelson and who did their utmost over the year to bring this about.

Keith Marshall
CHIEF EXECUTIVE

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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

Aldo Miccio
MAYOR OF NELSON

Keith Marshall
CHIEF EXECUTIVE

Audit Report

To the readers of Nelson City Council and group's financial statements and service provision information for the year ended 30 June 2010

The Auditor-General is the auditor of Nelson City Council (the City Council) and group. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the service provision information and the City Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the City Council and group for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the City Council and group on pages 24 to 175:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2010; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council on pages 85 to 175:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council's levels of service provision for the year ended 30 June 2010, including:
 - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service provision and the expected service provision.
- The City Council and group have complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the City Council and group's financial statements and service provision information, and on pages 20 to 22 and 181 to 198 under the headings community outcomes – goals for Nelson, involving Maori and statement of financial involvement in CCTOs and other companies or organisations.

The audit was completed on 28 October 2010, 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, the service provision 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, the service provision 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, the service provision information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, the service provision 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 and service provision information 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 2010. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The service provision information must fairly reflect the City Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the service provision 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 New Zealand Institute of Chartered Accountants.

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.



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



OVERVIEW OF THE YEAR – JULY 2009 TO JUNE 2010

DID COUNCIL DELIVER? WHAT HAPPENED OVER THE YEAR

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.

Did Council deliver? It set the following priorities in the 2009 Nelson Community Plan:

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

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

The 2009 Nelson Community Plan included the Chief Executive's key performance indicators that, when reported on, show how well the organisation has done over the year. These are summarised in the democracy and administration section towards the end of this report.

The performance indicators included key areas of focus, agreed by the Council and Chief Executive to be priorities for the year. These were:

• **Organisational development**        

Significant changes were initiated over the year to streamline how the organisation functions to deliver Council's priorities.

• **Relationship with Tasman District Council**     

Range of involvement, including:

- Waimea Inlet strategy
- Nelson Regional Sewerage Business Unit (Bells Island)
- Combined waste management
- Saxton Field development
- Ngāti Kuia Pakohe Iwi Management Plan

• **Performing Arts and Conference Centre**     

Consultation took place in November/December 2009, which was the first time a Council had advanced the proposal to the point of putting forward options for consultation. The proposal is still live, although the option put forward was not generally supported by the community.

• **Arms Length Organisations Review**      

Stage 1 Achieved, with improvements made to consistency of planning and reporting on performance of council controlled organisations.

• **Heart of Nelson central city strategy**        

The strategy was approved in August 2009, and since then staff have moved to implement the 104 individual projects it included.

• **Sustainability Strategy**       

A plan for the strategy's development is in place.

• **Tahunanui Beach to waterfront strategy**        

Work towards this strategy was delayed until Arterial Traffic Study decisions are in place.



KEY MILESTONES AND ACHIEVEMENTS

• 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 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 exceedence 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 on 28 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 on Thursday 22 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

Kicked off, up to stage 2, 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.

Huge span of Council work...

Just some of the major projects progressed or completed over the year:

- Arapiki Stream stormwater upgrade
- Founders Heritage Park stormwater
- Nelson North Waste Water Treatment Plan facility and wetlands
- Marsden Valley waste water
- Stoke high level reservoir water supply
- Enner Glynn water supply renewals
- Maitai water supply pipeline duplication preparation
- Ridgeway connection and Songer St upgrade
- Marsden/Ridgeway intersection
- Toitoti St upgrade
- Nayland Rd combined stormwater/road
- Orphanage Creek combined stormwater/road/cycleway
- Atawhai Dr stormwater/road
- Tahunanui reserve development
- Greenmeadows redevelopment
- Marina development
- Akersten St development
- Saxton Stadium
- Saxton cricket/athletics/football pavilion
- Saxton media/changing/utilities building
- Saxton hockey/softball pavilion
- Trafalgar Park upgrade
- Trafalgar Centre – west side upgrade
- Trafalgar Centre – extension south
- Customer Centre completed

And significant policy development work over the year included:

- Rutherford Trafalgar Parks Reserves Management Plan
- Arts Policy
- Land Development Manual
- Social Wellbeing Policy Review
- Parks and Reserves Activity Management Plan
- Conservation and Landscape Reserves Management Plan

Also...

A stakeholder survey of 19 groups early in 2010 showed a positive lift in results across all five areas of Council's performance. The organisation is poised and committed to do even better in the future through improved processes.





Council survey of residents covered the full range of Council's work and unearthed encouraging data that showed the effort over the years by Council is showing results, including:

- Composting of garden and kitchen waste is at high levels
- There was a commuting shift towards walking and cycling

With the **local government elections** in early October 2010, Council appointed Warwick Lamb of electionz.com as electoral officer for the first time. Preparations began for the elections that were held 9 October 2010.

Council branding is continuing to roll out across the City, with signs being replaced with the new logo.



BEING ACCOUNTABLE TO THE COMMUNITY

THE NEED TO BE ACCOUNTABLE

The Nelson community 'owns' the Council and the community elects councillors to represent them. Property owners and residents are entitled to know what they get for the money they pay 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), in this case the 2009 Nelson Community Plan, or 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 2009 NELSON COMMUNITY PLAN?

You can find the work that we intended to do listed as objectives for each of our significant activities or outputs in the applicable Nelson Community Plan (LTCCP) or 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 performance include:

- 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.

COUNCIL'S PLANNING CYCLE

The 2009 Nelson Community Plan (LTCCP) sets out what Council planned to do for the next 10 years and how much this was estimated to cost. Annual plans are slimmer than the full Community Plan and update any changes for that financial year so the public can comment on new priorities or planned expenditure.

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 Community Plan is due in 2012, with annual plans updating it 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 in this 2009/10 Annual Report are based on targets and budgets set in the 2009 Nelson Community Plan.

OUTCOMES MONITORING

The following section explains community outcomes and how these are monitored. A baseline report was released in September 2009 on measuring progress towards these community goals using common indicators across the three Top of the South councils.

This report is available on the Nelson City Council website www.nelsoncitycouncil.co.nz



COMMUNITY OUTCOMES – GOALS FOR NELSON

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

Through our joint contributions the people will thrive

The 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.

The six goals for Nelson are:

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

In short, we have these six inter-related goals to guide Nelson City Council and the Nelson Community Plan. 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 Community Plan and annual plan are 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 primarily draws on Council's own and other organisations' measurement of community wellbeing. This included 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 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.

Each community outcome included the measures that will be used to monitor and report on progress towards achieving the community's goals.



During 2009/10, 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 upgrades (economic and social)
- Safer Routes and Community Road Safety programmes (social and economic)
- Clean Heat Warm Homes programme implementation Solar Saver Scheme (environmental and social)
- Saxton Field development (social)
- Community Assistance Grants (social and cultural)
- Ecofest (environmental)
- Biodiversity Strategy implementation (environmental)
- Waimea Inlet strategy (environmental)
- Support for EDA and Tourism Nelson Tasman Ltd (economic)
- Recycling services through Nelmac (environmental)
- Review and implementation of the Memorandum of Understanding with Tangata Whenua (social, economic, environmental and cultural)

MONITORING PROGRESS TOWARDS COMMUNITY GOALS

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

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

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

Of course, the whole of Nelson City – residents, businesses, government and non-government organisations and more – contributed to community wellbeing. Examples of the Nelson City Council contribution to improving Nelson's social, cultural, environmental and economic wellbeing are detailed in each of the activity sections in this annual report.

INVOLVING 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.

Māori business investment across Te Tau Ihu is currently around \$300 million and could potentially rise to \$600 million or more. Iwi groups are becoming not only a Treaty partner, but also a significant economic partner in the coming years. Council developed a memorandum of understanding with Wakatū Incorporation to provide agreement on the best ways of working together for the benefit of the wider Nelson community.

Council continued its good working relationship with Tiakina te Taiao Ltd, Ngati Kuia and Ngati Toa Rangatira, discussing Resource Management Act and environmental issues. In addition, the recently-established iwi arts advisory group, which was set up to provide advice on the Council's Heart of Nelson projects, discussed extending its mandate to all major Council projects.





STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates revenue	3	48,039	48,619	45,611	48,039	45,611
Other revenue	4	42,357	38,607	40,702	44,890	52,490
Other gains	5	546	350	169	579	205
Total Operating Revenue		90,942	87,576	86,482	93,508	98,306
Expenditure						
Employee benefit expenses	6	13,647	11,582	12,087	20,655	18,365
Depreciation and amortisation		16,838	16,001	15,218	17,536	15,926
Other expenses	7	38,062	43,470	37,889	34,414	34,621
Finance costs	8	4,732	3,141	3,248	4,738	3,254
Total Operating Expenditure		73,279	74,194	68,442	77,343	72,166
		17,663	13,382	18,040	16,165	26,140
Share of associate's surplus/(deficit)		0	0	0	1,864	4,065
Operating surplus before taxation		17,663	13,382	18,040	18,029	30,205
Taxation	9	50	1	(4)	432	257
Net Surplus		17,613	13,381	18,044	17,597	29,948
Gains/(Losses) on property revaluation		14,163	23,565	25,264	14,485	24,539
Total comprehensive income for year		31,776	36,946	43,308	32,082	54,487

The accompanying notes form part of these financial statements.
See Note 33 on page 80 for explanations of variations.



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Note	Council			Group	
	Actual 2010	Estimate 2010	Actual 2009	Actual 2010	Actual 2009
	\$000	\$000	\$000	\$000	\$000
Balance as 1 July	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	24 1,100,781	1,105,096	1,069,005	1,171,214	1,139,132

The accompanying notes form part of these financial statements.
See Note 33 on page 80 for explanations of variations.

BALANCE SHEET AS AT 30 JUNE 2010

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2010	2010	2009	2010	2009
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash and cash equivalents	10	2,502	7,652	10,149	3,644	11,382
Trade and other receivables	11	12,904	13,119	10,482	13,761	11,140
Inventories	12	245	362	442	748	859
Biological assets	12	0	0	0	0	0
Other financial assets	13	0	0	1,000	386	1,000
Non-current assets held for sale	14a	820	0	820	820	820
Taxation	11	0	170	127	0	0
Total current assets		16,471	21,303	23,020	19,359	25,201
Non-current assets						
Trade and other receivables	11	5,490	8,107	3,098	5,490	3,098
Property, plant and equipment	14	1,120,474	1,150,329	1,078,399	1,133,682	1,091,468
Intangible assets	15	1,139	996	884	1,169	917
Forestry assets	16	4,061	3,716	3,706	4,061	3,706
Investment properties	17	875	996	875	875	875
Investments in associates & subsidiaries	18	21,183	21,183	21,183	76,422	76,448
Other financial assets	13	140	140	140	404	741
Deferred Taxation	9	0	0	0	173	273
Total 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

The accompanying notes form part of these financial statements.
See Note 33 on page 80 for explanations of variations.

Note	Council			Group	
	Actual 2010	Estimate 2010	Actual 2009	Actual 2010	Actual 2009
	\$000	\$000	\$000	\$000	\$000
Current liabilities					
Bank overdraft	10	0	0	0	12
Trade and other payables	20	15,549	10,909	8,789	15,875
Taxation payable	20	50	0	0	10
Provisions	21	0	0	18	19
Employee benefit liabilities	22	1,071	1,366	1,795	1,664
Borrowings	23	10,030	10,466	6,030	6,037
Total current liabilities		26,700	22,741	15,832	27,957
Non-current liabilities					
Provisions	21	468	1,390	532	532
Employee benefit liabilities	22	409	550	431	495
Borrowings	23	41,475	76,993	45,505	45,549
Total non-current liabilities		42,352	78,933	46,468	46,576
Total liabilities		69,052	101,674	62,300	70,421
Total net assets		1,100,781	1,105,096	1,069,005	1,171,214
Equity					
Retained earnings	24	307,324	300,133	289,747	331,983
Other reserves	24	793,457	804,963	779,258	824,710
Total equity		1,100,781	1,105,096	1,069,005	1,171,214

The accompanying notes form part of these financial statements.
See Note 33 on page 80 for explanations of variations.

STATEMENT OF CASHFLOWS AS AT 30 JUNE 2010

	PARENT			CONSOLIDATED	
	Actual	Estimate	Actual	Actual	Actual
	2010	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000
Cash Flows From Operating Activities					
Receipts from rates and other revenue	77,627	69,461	73,563	82,991	78,244
Interest received	319	8,824	371	372	454
Dividends received	2,643	2,370	2,345	2,104	2,167
Payments to suppliers and employees	(48,644)	(52,796)	(49,900)	(52,416)	(52,973)
Interest paid	(3,368)	(4,892)	(2,958)	(3,374)	(2,964)
Taxation (paid)/refunded	127	(50)	0	(110)	(173)
Net GST movement	474	0	2	401	21
Net cash inflows from operating activities	29,178	22,917	23,423	29,968	24,776
Cash Flows From Investing Activities					
Sale of fixed assets	96	350	588	115	625
Sale of investments	2,144	761	1,000	2,095	1,000
Repayment of loans/advances	0	221	0	0	0
Goodwill on sale of business	0	0	0	0	0
Purchase of fixed assets	(33,586)	(48,575)	(35,374)	(34,413)	(36,145)
Purchase of investments	0	0	0	0	(1,229)
Loans and advances	(4,992)	(3,455)	(858)	(4,992)	0
Purchase of intangibles	(457)	0	0	(464)	0
Net cash outflow from investing activities	(36,795)	(50,698)	(34,644)	(37,659)	(35,749)
Cash Flows From Financing Activities					
Cash was provided from loans raised	25,110	39,242	34,156	25,110	34,156
Cash was applied to repayment of loans	(25,140)	(10,110)	(19,056)	(25,146)	(19,005)
Net cash inflows/outflows 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	702	7,873	10,149	1,844	11,383
Short term deposit	1,800	0	0	1,800	(12)
	2,502	7,873	10,149	3,644	11,371

The accompanying notes form part of these financial statements.
See Note 33 on page 80 for explanations of variations.



NOTES TO ACCOUNTS

Note 1 – Accounting Policies

Statement of accounting policies for the year ended 30 June 2010

Entity Statement

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

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

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

Accounting policies

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

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

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

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

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

The financial statements of Nelson City Council are for the year ended 30 June 2010. The financial statements were authorised for issue by Council on 28 October 2010.

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



Consolidation

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

The City of Nelson Civic Trust (Inc), The Bishop Suter Trust and the Nelson Regional Economic Development Agency (REDA) are controlled by Council via the appointment of a majority of the trustees. The Trusts and REDA have been consolidated on a line-by-line basis.

Associate entities

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

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

Joint ventures

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

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

Revenue

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



Rates Revenue

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

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Government grants

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

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

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

Sales of goods

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

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Interest and dividends

Interest income is recognised using the effective interest method.

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

Development contributions

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

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Fixed assets and other assets

Fixed assets consist of the following categories:

- Operational Assets – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- Restricted Assets – restricted assets are land, buildings and improvements, which are owned by the Council but which benefit or service the community. 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 2010. Quotable Value NZ has confirmed this as being appropriate for financial reporting purposes.
- Land under Roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is now considered to be deemed cost.
- Infrastructural Assets – infrastructural assets excluding specialised Infrastructural assets have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2010. The valuation methodology has been peer reviewed by Opus International Consultants Ltd.
- Specialist infrastructural assets – specialised infrastructural assets include dams, water reservoirs and sewage treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2010 by Opus International Consultants Ltd.



- Nelson Regional Sewerage Business Unit – land is valued at market valuation (30 June 2010) 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 2010 by C.P.G. New Zealand 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 that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets depreciated are as follows:

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





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

Forestry assets

- Forestry – forestry assets are valued annually. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2010.

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

INTANGIBLE ASSETS

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

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

- Computer software 10%-30%

Inventory

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

Work in progress

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

Investment property

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

Financial instruments

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

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.



Other financial instruments

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

Loans are recorded at cost.

Impairment of financial assets

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

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that Nelson City Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/ issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

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

Properties intended for sale

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

Borrowing costs

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

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



Employee entitlements

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

Landfill

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

Income tax

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

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

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

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

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

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

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



Good and services tax (GST)

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

Allocation of overheads – significant activities

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

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 Comprehensive Income. To the extent that increases in value offset previous decreases debited to the Statement of Comprehensive Income, the increase is credited to the Statement of Comprehensive Income.

Statement of cashflows

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

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

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

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

Leases

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

Operating 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.

Changes in accounting policies

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

The Council and group has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements (Revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (Issued 2004)*. The revised standard requires information in 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 Council and group has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.
- Amendments to NZ IRFS 7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation



inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extend of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council and group has elected to disclose comparative information.

- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)*. The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council and group has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

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

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measure at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The City Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

Critical accounting estimates and assumptions

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

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

Landfill aftercare provision

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

Infrastructural assets

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

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





Note 2 – Summary of cost of service

	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000
Income			
Water supply	568	716	366
Sewage disposal	3,949	3,354	3,341
Stormwater and flood protection	481	220	302
Roading and transport	6,580	6,522	5,739
Solid waste management	2,902	3,447	2,331
Environmental management	1,788	1,220	480
Regulatory compliance	3,086	3,261	2,618
Parks and open spaces	453	390	531
Recreation and leisure	478	385	371
Community facilities	6,638	8,006	9,996
Economic and tourism support	30	0	0
Managing emergencies and natural hazards	35	14	641
Social development	326	263	292
Culture, heritage and arts	1,068	897	1,223
Democracy and administration	12,184	12,253	12,296
Reserves	8,632	6,162	7,552
Heart of Nelson	0	196	0
Total activity income	49,199	47,306	48,079
Less: internal interest	(6,762)	(8,220)	(7,582)
remissions	(141)	(137)	(128)
General rates received	28,496	28,440	24,768
Water rate	10,226	10,110	10,505
Sewerage rate	5,669	5,649	5,910
Stormwater rate	3,789	3,778	4,556
Civil Defence	8	0	10
Ridgeways joint venture	532	575	262
Sundry	(74)	75	101
Total Income	90,942	87,576	86,481

Note 2 – Summary of cost of service (continued)

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Expenditure			
Water supply	10,135	10,165	10,706
Sewage disposal	7,798	8,395	7,848
Stormwater and flood protection	3,680	3,778	4,280
Roading and transport	12,165	12,887	11,505
Solid waste management	2,759	3,447	1,466
Environmental management	5,118	3,737	2,583
Regulatory compliance	4,947	5,025	4,567
Parks and open spaces	5,992	6,062	4,948
Recreation and leisure	3,292	3,347	2,314
Community facilities	7,495	8,243	7,224
Economic and tourism support	1,193	1,341	1,030
Managing emergencies and natural hazards	415	430	2,701
Social development	1,142	1,237	859
Culture, heritage and arts	4,244	3,909	4,264
Democracy and administration	8,923	10,293	9,599
Reserves	104	154	119
Heart of Nelson	154	196	0
Total activity expenditure	79,556	82,450	76,013
Less: internal interest	(6,762)	(8,220)	(7,582)
remissions	(141)	(137)	(128)
taxation	(50)	-	-
Civil Defence	(19)	-	-
Ridgeways	277	50	-
Sundry	418	51	137
Total expenditure	73,279	74,194	68,440

Each activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer note 4). In order to fairly reflect the total external operations for the Council in the Statement of Comprehensive Income, these transactions are eliminated as shown above.

Note 3 - Rates revenue

	Actual 2010	Actual 2009
	\$000	\$000
General rates	28,355	24,640
Targeted rates:		
Water	10,226	10,505
Sewerage	5,669	5,910
Stormwater	3,789	4,556
Total revenue from rates	<u>48,039</u>	<u>45,611</u>

Rates remissions

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

Community, sporting and other organisations to facilitate the ongoing provision of non-commercial community services and recreational opportunities.

Rates penalties where payment has not been received due to circumstances outside the ratepayers control.

Rates for residential properties in commercial/industrial areas.

Rates on land protected for natural, historic or cultural conservation purposes.

Excess water rates.

Rates on cemeteries.

Rates on golf practice greens.

Rates for underground utilities.

Rates on low value properties.

	Actual 2010	Actual 2009
	\$000	\$000
Total rates revenue	48,180	45,739
Rates remissions		
Community, sporting and other organisations	55	53
Rates for residential properties in commercial/industrial areas.	8	7
Rates on land protected for natural, historic or cultural conservation purposes.	0	0
Rates on cemeteries.	19	17
Rates on low value properties.	1	1
Heritage	44	46
Clean heat warm homes	12	3
Dependent relative	2	1
Total remissions	<u>141</u>	<u>128</u>
Rates revenue net of remissions	<u>48,039</u>	<u>45,611</u>

Note 4 - Other revenue

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
User charges	9,399	8,355	9,535	8,509
NZ Transport Authority grants	2,873	2,708	2,873	2,708
Regulatory revenue	2,859	2,430	2,859	2,430
Rental income and investment properties	4,878	4,598	4,942	4,654
Infringments and fines	684	767	684	767
Petrol tax	341	331	341	331
Vested assets	7,199	5,707	7,199	15,279
Interest income	300	371	353	454
Dividend income	2,757	2,445	7	29
Development/Financial contributions	3,332	2,894	3,332	2,894
Grants/donations *	5,952	8,344	6,691	8,955
Other	1,783	1,752	6,074	5,480
	<u>42,357</u>	<u>40,702</u>	<u>44,890</u>	<u>52,490</u>

Vested assets:

The group vested assets in 2009 include the net assets of The Bishop Suter Trust totalling \$9,570,706. The Bishop Suter Art Gallery Governance Restructuring Act 2008 dissolved the Bishop Suter Art Gallery Trust and transferred the assets to The Bishop Suter Trust, a Council Controlled Organisation controlled by Nelson City Council on 9 August 2008.

The net assets comprised:	\$000
Current assets	51
Current liabilities	(157)
Non Current assets	9,778
Non current liabilities	<u>(101)</u>
	<u>9,571</u>

*** Grants/donations**

Includes contributions from Tasman District Council and others for Saxton Field and other regional developments of \$3.6 million (\$7.3 million in 2009).



Note 5 - Other gains

	Note	Council		Group	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Gain on changes in fair value of forestry assets	16	355	0	355	0
Gain on disposal of property, plant and equipment	14	25	24	44	61
Gain on sale of investments		0	0	0	0
Gain in fair value of investments		0	0	14	0
Provision discount unwinding		166	145	166	145
Gain on changes in fair value of investment property	17	0	0	0	0
Total gains		<u>546</u>	<u>169</u>	<u>579</u>	<u>205</u>

Note 6 - Employee benefit expenses

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Salaries and wages	13,646	12,083	20,655	18,360
Employer contributions to multi-employer defined benefit plans	0	4	0	4
Total employee benefit expenses	<u>13,647</u>	<u>12,086</u>	<u>20,655</u>	<u>18,364</u>

Note 7 - Other expenses

	Note	Council		Group	
		2010	2009	2010	2009
		\$000	\$000	\$000	\$000
Audit fees for financial statement audit		111	100	134	146
Audit fees for NZ IFRS transition		0	0	0	0
Audit fees for assurance and related services		0	0	0	0
Audit fees for other services		0	0	0	0
Audit fees for LTCCP and amendments		4	81	4	81
Impairments of receivables		14	8	14	8
Loss on disposal of property, plant and equipment	14	472	1,218	472	1,218
Loss on changes in fair value of forestry assets	16	0	904	0	904
Decrease in value of investment properties	17	0	65	0	65
Provision of services and other operating expenses		37,461	32,579	33,790	32,812
Total other expenses		38,062	37,889	34,413	35,234

Note 8 - Finance costs

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Interest on bank borrowings	3,368	2,958	3,374	2,964
Write down interest free loans	1,364	290	1,364	290
Total finance costs	4,732	3,248	4,738	3,254



Note 9 - Taxation

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Components of tax expense				
Current tax expense	50	(4)	352	292
Deferred tax expense	0	0	79	(35)
Income tax expense	50	(4)	431	257

Relationship between tax expense and accounting profit

Surplus/(deficit) before tax	17,663	19,356	18,029	23,040
Tax at 30%	5,299	5,807	5,590	7,603
Non taxable income/adjustments	5,248	5,811	5,159	7,346
Tax expense	50	(4)	431	257

Deferred tax assets/(liabilities)

Balance 1 July	0	0	252	238
Charged to profit and loss	0	0	(79)	35
Balance 30 June	0	0	173	273

Deferred taxation movements statement - Group

	Property, Plant & Equipment	Provisions	Employee Entitlements	Other	Total
Balance as at 1 July 2008	83	18	150	(13)	238
Adj for change in taxation rate	(7)	(2)	(14)	1	(22)
Current year charge	9	3	23	1	36
Closing balance 30 June 2009	85	19	159	(11)	252
Balance as at 1 July 2009	85	19	159	(11)	252
Opening balance adjustment	(1)	0	0	0	(1)
Current year charge	12	2	11	(14)	11
Adj for change in taxation rate	(7)	(2)	(11)	2	(18)
Adj for building depreciation change	(71)	0	0	0	(71)
Closing balance 30 June 2010	18	19	159	(23)	173

Note 10 - Cash and cash equivalents

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash at bank and in hand	702	349	1,844	1,582
Short term deposits maturing three months or less from date of acquisition (Note 13)	1,800	9,800	1,800	9,800
Total cash and cash equivalents	2,502	10,149	3,644	11,382
Bank overdraft	0	0	0	(12)

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	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash at bank and in hand	702	349	1,844	1,582
Short term bank deposits maturing within three months	1,800	9,800	1,800	9,800
Bank overdrafts	0	0	0	(12)
Total cash and cash equivalents	2,502	10,149	3,644	11,370



Note 11 - Trade and other receivables

Note	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Rates receivables	1,751	1,726	1,751	1,726
Other receivables	5,539	3,915	6,363	4,576
Dividend receivable	1,614	1,500	1,614	1,500
Sundry debtors	2,945	2,797	2,981	2,797
	11,849	9,938	12,709	10,599
Less provision for impairment of receivables	0	56	4	59
	11,849	9,882	12,705	10,540
Prepayments	645	448	646	448
Community loans	4,852	2,270	4,852	2,270
Loans to related parties	1,048	980	1,048	980
	18,394	13,580	19,251	14,238
Less non-current portion:				
Loans to related parties	1,048	980	1,048	980
Community loans	4,442	2,118	4,442	2,118
Total non-current portion	5,490	3,098	5,490	3,098
Current portion	12,904	10,482	13,761	11,140
Current Taxation Asset	0	127	0	127

The loan to related parties is a loan of \$1.2 million to Tasman Bays Heritage Trust at zero interest rate. The loan has written down based on a discounted interest rate of 7.0% (7.0% in 2008/09).

Fair value

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

Impairment

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

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

Note 11 – Trade and other receivables (continued)

The status of receivables as at 30 June 2010 and 2009 are detailed below:

	2010			2009		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	9,661	0	9,661	7,283	0	7,283
Past due 1 - 60 days	1,158	0	1,158	1,326	0	1,326
Past due 61 - 120 days	957	0	957	1,211	0	1,211
Past due > 120 days	73	0	73	118	(56)	62
Total	11,849	0	11,849	9,938	(56)	9,882
Group						
Not past due	10,403	0	10,403	7,825	0	7,825
Past due 1 - 60 days	1,262	0	1,262	1,435	0	1,435
Past due 61 - 120 days	963	0	963	1,211	0	1,211
Past due > 120 days	80	(4)	76	128	(59)	69
Total	12,709	(4)	12,705	10,599	(59)	10,540

Note 12 - Inventories and biological assets

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Ridgeways properties	245	442	245	442
Civic Trust - flag stocks	0	0	5	6
The Bishop Suter Gallery Stocks	0	0	33	36
Nelmac - stocks	0	0	251	292
Nelmac - work in progress	0	0	214	83
Total inventories	245	442	748	859



Note 13 - Other financial assets

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Current portion				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	0	1,000	386	1,000
Total current portion	0	1,000	386	1,000
Non-current portion				
Unlisted shares - Civic Insurance Ltd	140	140	140	140
The Bishop Suter Gallery	0	0	0	362
Civic Trust - 1st NZ Securities	0	0	264	239
Total non current portion	140	140	404	741

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

2010	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)	1,800	1,800	0
<i>Weighted average effective interest rate</i>	3.40%	3.40%	
Other investments maturing within 1 year:	0	0	0
<i>Weighted average effective interest rate</i>	N/A	N/A	
	1,800	1,800	0
2009			
	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)	9,800	9,800	0
<i>Weighted average effective interest rate</i>	3.11%	3.11%	
Other investments maturing within 1 year:	1,000	1,000	0
<i>Weighted average effective interest rate</i>	4.78%	4.78%	
	10,800	10,800	0

Note 14 - Property, plant and equipment

2010	Cost/ revaluation 30 June 2009 \$000	Accumulated depreciation and impairment charges 1 July 2009 \$000	Carrying amount 30 June 2009 \$000	Current year additions \$000	Current Yr net disposals/ transfers \$000
Council operational assets					
Land	68,426	0	68,426	178	(1,679)
Less land held for sale (Note 14a)	(820)	0	(820)		
	<u>67,606</u>	<u>0</u>	<u>67,606</u>	<u>178</u>	<u>(1,679)</u>
Buildings	26,586	(6,650)	19,936	3,185	(3,914)
Other improvements	748	(222)	526	315	
Landfill post closure	853	(340)	513		
Library books	4,555	(2,963)	1,592	404	0
Plant and equipment	14,391	(10,817)	3,574	844	
Motor vehicles	1,015	(486)	529	79	(13)
Marina	6,157	(272)	5,885	1,173	(120)
Total operational assets	<u>121,910</u>	<u>(21,750)</u>	<u>100,161</u>	<u>6,178</u>	<u>(5,726)</u>
Council infrastructural assets					
Sewerage system	108,675	0	108,675	7,337	
Water system	129,537	0	129,537	2,606	
Drainage network	107,414	0	107,414	3,045	
Solid waste	5,025	0	5,025	109	
Roading network	207,272	0	207,272	8,215	1,679
Roading land	271,762	0	271,762	1,961	(76)
Total infrastructural assets	<u>829,685</u>	<u>0</u>	<u>829,685</u>	<u>23,273</u>	<u>1,603</u>
Council restricted assets					
Land	88,895	0	88,895	510	
Buildings	33,142	(3,355)	29,787	4,696	3,907
Other improvements	33,407	(3,536)	29,871	10,434	120
Total restricted assets	<u>155,444</u>	<u>(6,891)</u>	<u>148,553</u>	<u>15,640</u>	<u>4,027</u>
Total NCC property, plant and equipment	<u><u>1,107,039</u></u>	<u><u>(28,641)</u></u>	<u><u>1,078,399</u></u>	<u><u>45,091</u></u>	<u><u>(96)</u></u>
Subsidiaries property, plant and equipment					
Land	1,408	0	1,408	0	0
Buildings	3,904	(557)	3,347	41	5
Leasehold improvements	22	(9)	13	0	0
Plant and equipment	4,642	(2,950)	1,692	525	(9)
Motor vehicles	1,126	(616)	510	29	(1)
Art Collection	6,076	0	6,076	111	28
Capitalised work in progress	23	0	23	120	(23)
Total subsidiaries	<u>17,201</u>	<u>(4,132)</u>	<u>13,069</u>	<u>826</u>	<u>0</u>
Total Group property, plant and equipment	<u><u>1,124,240</u></u>	<u><u>(32,773)</u></u>	<u><u>1,091,468</u></u>	<u><u>45,917</u></u>	<u><u>(96)</u></u>

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



Current year profit/ (loss) on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2010 \$000	Accumulated depreciation and impairment charges 30 June 2010 \$000	Carrying amount 30 June 2010 \$000
		(553)	66,372		66,372
			(820)		(820)
0	0	(553)	65,552	0	65,552
	(749)	0	25,847	(7,389)	18,458
	(33)		1,063	(255)	808
	(1)		853	(341)	512
0	(344)		4,945	(3,293)	1,652
	(690)		15,235	(11,507)	3,728
0	(94)		1,044	(543)	501
	(123)		7,330	(515)	6,815
0	(2,034)	(553)	121,870	(23,843)	98,026
(16)	(2,967)	7,308	120,337	0	120,337
(15)	(3,762)	(4,987)	123,379	0	123,379
(40)	(1,686)	1,824	110,557	0	110,557
	(289)	(63)	4,782	0	4,782
(401)	(3,954)	9,404	222,215	0	222,215
25		117	273,789	0	273,789
(447)	(12,658)	13,603	855,059	0	855,059
		1,113	90,518		90,518
	(434)		41,744	(3,789)	37,956
	(1,510)		43,841	(4,926)	38,915
0	(1,944)	1,113	176,103	(8,715)	167,389
(447)	(16,636)	14,163	1,153,031	(32,558)	1,120,474
0	0	0	1,408	0	1,408
0	(103)	0	3,945	(655)	3,290
0	(2)	0	22	(11)	11
0	(471)	0	4,849	(3,112)	1,737
0	(111)	0	1,154	(727)	427
0	0	0	6,215	0	6,215
0	0	0	120	0	120
0	(687)	0	17,713	(4,505)	13,208
(447)	(17,323)	14,163	1,170,744	(37,063)	1,133,682

Note 14 – Property, plant and equipment (continued)

2009	Cost/ revaluation 30 June 2008 \$000	Accumulated depreciation and impairment charges 1 July 2008 \$000	Carrying amount 30 June 2008 \$000	Current year additions \$000	Current Yr net disposals/ transfers \$000
Council operational assets					
Land	66,545	0	66,545	2,456	(690)
Less land held for sale (Note 14a)	0	0	0		
	<u>66,545</u>	<u>0</u>	<u>66,545</u>	<u>2,456</u>	<u>(690)</u>
Buildings	25,350	(6,067)	19,283	1,094	
Other improvements	747	(202)	545	1	
Landfill post closure	853	(339)	514		
Library books	4,198	(2,643)	1,555	368	(1)
Plant and equipment	13,361	(10,222)	3,139	1,065	(12)
Motor vehicles	1,006	(553)	453	192	(40)
Marina	6,115	(272)	5,843	42	
Total operational assets	<u>118,175</u>	<u>(20,298)</u>	<u>97,877</u>	<u>5,218</u>	<u>(743)</u>
Council infrastructural assets					
Sewerage system	101,823	(595)	101,228	3,716	
Water system	124,885	0	124,885	1,663	
Drainage network	98,418	0	98,418	5,529	
Solid waste	4,858	0	4,858	248	
Roading network	196,830	0	196,830	8,542	
Roading land	270,700	0	270,700	1,063	
Total infrastructural assets	<u>797,514</u>	<u>(595)</u>	<u>796,919</u>	<u>20,761</u>	<u>0</u>
Council restricted assets					
Land	88,776	0	88,776	119	
Buildings	16,618	(3,088)	13,530	16,565	(28)
Other improvements	28,884	(2,224)	26,660	4,522	
Total restricted assets	<u>134,278</u>	<u>(5,312)</u>	<u>128,966</u>	<u>21,206</u>	<u>(28)</u>
Total NCC property, plant and equipment					
	<u>1,049,967</u>	<u>(26,205)</u>	<u>1,023,762</u>	<u>47,185</u>	<u>(771)</u>
Subsidiaries property, plant and equipment					
Land	942	0	942	466	0
Buildings	900	(456)	444	3,004	0
Leasehold improvements	22	(7)	15	0	0
Plant and equipment	4,071	(2,477)	1,594	615	(44)
Motor vehicles	970	(578)	392	224	(67)
Art Collection	0	0	0	6,076	0
Capitalised work in progress	49	0	49	22	(48)
Total subsidiaries	<u>6,954</u>	<u>(3,518)</u>	<u>3,436</u>	<u>10,407</u>	<u>(159)</u>
Total Group property, plant and equipment					
	<u>1,056,921</u>	<u>(29,723)</u>	<u>1,027,198</u>	<u>57,592</u>	<u>(930)</u>



Current year profit/ (loss) on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2009 \$000	Accumulated depreciation and impairment charges 30 June 2009 \$000	Carrying amount 30 June 2009 \$000
		115	68,426		68,426
			(820)		(820)
0	0	115	67,606	0	67,606
	(575)	16	26,586	(6,650)	19,936
	(20)		748	(222)	526
			853	(340)	513
1	(330)		4,555	(2,963)	1,592
	(640)	3	14,391	(10,817)	3,574
23	(100)		1,015	(486)	529
	(120)		6,157	(272)	5,885
24	(1,785)	134	121,911	(21,750)	100,161
(142)	(2,713)	6,724	108,675	0	108,675
(245)	(3,554)	6,788	129,537	0	129,537
(362)	(1,561)	5,389	107,414	0	107,414
	(274)	191	5,025	0	5,025
(469)	(3,670)	6,038	207,272	0	207,272
			271,762	0	271,762
(1,218)	(11,772)	25,130	829,685	0	829,685
			88,895		88,895
	(280)		33,142	(3,355)	29,787
	(1,192)		33,407	(3,536)	29,871
0	(1,472)	0	155,444	(6,891)	148,553
(1,194)	(15,029)	25,264	1,107,040	(28,641)	1,078,399
0	0	0	1,408	0	1,408
0	(101)	0	3,904	(557)	3,347
0	(2)	0	22	(9)	13
0	(489)	0	4,642	(2,950)	1,692
0	(106)	0	1,126	(616)	510
0	0	0	6,076	0	6,076
0	0	0	23	0	23
0	(698)	0	17,201	(4,132)	13,069
(1,194)	(15,727)	25,264	1,124,241	(32,773)	1,091,468

Note 14a - Non-current assets held for sale

Nelson City Council owns land in Akerston Street which is being developed for marina related businesses and facilities. The Council has sale and purchase agreements for three properties to be subdivided off the main property.

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
Land	820	820	820	820
Total non-current assets held for sale are:	820	820	820	820

Note 15 - Intangible assets

	Council Computer Software \$000	Council Total \$000	Group Computer Software \$000	Group Total \$000
Balance 1 July 2009				
Cost	1,752	1,752	150	1,902
Accumulated amortisation and impairment	(868)	(868)	(117)	(985)
Opening carrying amount	884	884	33	917
Additions	457	457	7	464
Amortisation charge	(202)	(202)	(10)	(212)
Closing carrying amount	1,139	1,139	30	1,169
Balance at 30 June 2010				
Cost	2,209	2,209	157	2,366
Accumulated amortisation and impairment	(1,070)	(1,070)	(127)	(1,197)
Closing carrying amount	1,139	1,139	30	1,169
Balance 1 July 2008				
Cost	1,675	1,675	138	1,813
Accumulated amortisation and impairment	(679)	(679)	(107)	(786)
Opening carrying amount	996	996	31	1,027
Additions	77	77	12	89
Amortisation charge	(189)	(189)	(10)	(199)
Closing carrying amount	884	884	33	917
Balance at 30 June 2009				
Cost	1,752	1,752	150	1,902
Accumulated amortisation and impairment	(868)	(868)	(117)	(985)
Closing carrying amount	884	884	33	917



Note 16 - Forestry assets

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Balance at 1 July	3,706	4,610	3,706	4,610
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	634	(464)	634	(464)
Decreases due to sales	0	0	0	0
Decrease due to harvest	(279)	(440)	(279)	(440)
Balance 30 June	4,061	3,706	4,061	3,706

The Nelson City Council owns 557 hectares, (553 at 30 June 2009), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1976 and 2009. Stands of other species totalling 10.6 hectares, (9.9 at 30 June 2009), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2010. A discount rate of 7%, (7% in 2008/09), has been used in discounting the present value of expected after tax cash flows.

Note 17 - Investment properties

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Balance at 1 July	875	940	875	940
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Fair value gains/(losses) on valuation (Note 7)	0	(65)	0	(65)
Balance at 30 June	875	875	875	875

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	2010 \$000	2009 \$000
Investment in;			
Port Nelson Limited	50%	12,708	12,708
Tasman Bays Heritage Trust	50%	4,922	4,922
Nelson Airport Limited	50%	1,200	1,200
Tourism Nelson Tasman Limited	50%	0	0
Nelson Regional Economic Development Agency	100%	0	0
Nelmac	100%	2,353	2,353
The Bishop Suter Trust	100%	0	0
The Civic Trust	100%	0	0
Council total		21,183	21,183
Group		2010 \$000	2009 \$000
Port Nelson Limited		65,963	65,926
Tasman Bays Heritage Trust		7,331	7,310
Nelson Airport Limited		3,122	3,212
Tourism Nelson Tasman Limited		6	0
Total Group Investment		76,422	76,448

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

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

	2010	2009
	\$000	\$000
Opening balance	76,448	75,246
New investment	0	0
	<hr/> 76,448	<hr/> 75,246
Disposals	0	0
	<hr/> 76,448	<hr/> 75,246
Share of recognised revenues and expenses	1,864	4,065
Share of revaluations	321	(725)
	<hr/> 78,633	<hr/> 78,586
Share of dividend	2,211	2,138
	<hr/> 76,422	<hr/> 76,448
Balance as at 30 June 2010	<hr/> <hr/> 76,422	<hr/> <hr/> 76,448

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

	2010	2009
	\$000	\$000
Assets	218,109	220,154
Liabilities	63,383	67,272
Equity	152,845	152,882
Revenues	46,099	46,414
Surplus/(deficit)	3,727	6,172

Note 19 - Joint Ventures

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

2009	Regional	Ridgeways	Civil	Total
	Sewerage			
	Scheme	JV	Defence	
	\$000	\$000	\$000	\$000
Current assets	307	579	29	915
Non-current assets	18,744	0	57	18,801
Current liabilities	656	1	1	658
Non-current liabilities	4,000	0	0	4,000
Income	3,049	220	145	3,414
Expenses	2,217	43	161	2,421

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

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

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

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



Note 20 - Trade and other payables

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Trade payables	11,916	5,700	11,934	6,188
Deposits and bonds	547	538	547	538
Accrued expenses	630	553	641	553
Income in advance	1,809	1,452	2,106	1,452
Trust accounts	244	316	244	316
Amounts due to customers for contract work	134	80	134	80
Other	269	150	269	150
Total trade and other payables	15,549	8,789	15,875	9,277
Taxation	50	0	232	10

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

Note 21 - Provisions

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Current provisions are represented by:				
Warranty provisions	0	0	18	19
Total current provisions	0	0	18	19
Non-current provisions are represented by:				
Landfill redemption	468	532	468	532
Total non current provisions	468	532	468	532
Balance 1 July	532	1,311	532	1,311
Reassessment of liability	(112)	(887)	(112)	(887)
Provision for year based on consumption	34	37	34	37
Interest	14	71	14	71
Balance 30 June	468	532	468	532

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 1.338 million cubic metre (refuse, clean fill and cover).

The estimated remaining life is 34 years.

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

The cash outflows for landfill post closure are expected to occur in twenty two to fifty two years time, (between 2044 and 2074). 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 7.0% (7.0% in 2008/09), and an inflation rate of 2.5%.



Note 22 - Employee Benefit Liabilities

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Accrued pay	161	100	297	204
Annual leave	832	839	1,395	1,355
Long service leave	270	265	309	308
Retirement gratuities	187	215	247	267
Sick leave	30	25	30	25
Total employee benefit liabilities	1,480	1,444	2,278	2,159
Comprising:				
Current	1,071	1,013	1,795	1,664
Non-current	409	431	483	495
Total employee benefit liabilities	1,480	1,444	2,278	2,159



Note 23 - Borrowings

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Current				
Secured loans	10,000	6,000	10,000	6,000
EECA loan	30	30	30	30
The Bishop Suter Gallery loans	0	0	7	7
Lease liabilities	0	0	0	0
Total current borrowings	10,030	6,030	10,037	6,037
Non-current				
Secured loans	41,410	45,410	41,410	45,410
EECA loan	65	95	65	95
The Bishop Suter Gallery loans	0	0	38	44
Lease liabilities	0	0	0	0
Total non-current borrowings	41,475	45,505	41,513	45,549

The maturity dates for the above loans are:

	Nelson City Council	Regional Sewerage	Total
	\$000	\$000	\$000
0 to 1 year	9,500	500	10,000
1 to 2 Years	5,000	4,500	9,500
2 to 5 Years	31,910	0	31,910
	46,410	5,000	51,410

The above loans are secured over the city's rates.

As at 30 June 2010 the Council had borrowing facilities of \$40 million each with the Bank of New Zealand and Westpac Banking Corp.

The interest rates on the above loans range from 4.10% to 8.69%. The weighted average interest rate on the above loans was 5.23%, (6.0% in 2008/09).



Note 24 - Equity

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Retained earnings				
As at 1 July	289,747	270,475	314,422	283,246
Transfers to:				
Restricted reserves	(1,530)	(2,077)	(1,530)	(2,077)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment	51	488	51	488
Restricted reserves	1443	2,817	1,443	2,817
Surplus/(deficit) for the year	<u>17,613</u>	<u>18,044</u>	<u>17,597</u>	<u>29,948</u>
As at 30 June	<u>307,324</u>	<u>289,747</u>	<u>331,983</u>	<u>314,422</u>
Restricted reserves				
As at 1 July	2,345	3,085	2,345	3,085
Transfers to:				
Retained earnings	(1,443)	(2,817)	(1,443)	(2,817)
Transfers from:				
Retained earnings	<u>1,530</u>	<u>2,077</u>	<u>1,530</u>	<u>2,077</u>
As at 30 June	<u>2,432</u>	<u>2,345</u>	<u>2,432</u>	<u>2,345</u>
Hedging Reserve				
Port Nelson Limited:				
As at 1 July	0	0	(477)	248
Fair value movement	0	0	(229)	(1,036)
Deferred tax movement	<u>0</u>	<u>0</u>	<u>69</u>	<u>311</u>
As at 30 June	<u>0</u>	<u>0</u>	<u>(637)</u>	<u>(477)</u>
Contingency reserve				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
As at 30 June	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

Note 24 – Equity (continued)

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Asset revaluation reserve				
As at 1 July	776,863	752,087	822,792	798,016
Revaluation gains/(losses)	14,163	25,264	14,645	25,264
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	(51)	(488)	(51)	(488)
As at 30 June	790,975	776,863	837,386	822,792
Asset revaluation reserve consists of:				
Nelson City Council:				
Land	146,628	146,002	146,628	146,002
Sewerage infrastructure	83,638	75,232	83,638	75,232
Water infrastructure	101,774	106,761	101,774	106,761
Drainage infrastructure	81,570	79,746	81,570	79,746
Solid waste infrastructure	3,994	4,057	3,994	4,057
Roading infrastructure	367,696	358,292	367,696	358,292
Regional Sewerage Scheme				
Land	840	840	840	840
Forestry	16	16	16	16
Plant and equipment	3	3	3	3
Sewerage infrastructure	4,816	5,914	4,816	5,914
Port Nelson:				
Land	0	0	39,352	39,351
Wharves	0	0	5,124	4,991
Buildings	0	0	456	456
Associate's revaluation reserve	0	0	401	0
Tasman Bays Heritage Trust - land and buildings	0	0	511	564
Nelmac - land	0	0	567	567
Total other reserves	790,975	776,863	837,386	822,792
	793,457	779,258	839,231	824,710



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

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Surplus/(deficit) after tax	17,613	18,044	17,597	29,948
Add non-cash items:				
Depreciation and amortisation	16,838	15,218	17,536	15,926
Write down interest free loan	1,364	290	1,364	290
Impairment charges	472	1,218	472	1,218
Provision for discount unwinding	(166)	0	(166)	0
Increase in deferred tax	0	0	100	(35)
Vested assets	(7,199)	(5,707)	(7,199)	(15,279)
Non cash donations/grants	(1,284)	(6,000)	(1,284)	(6,000)
Associated (surplus) ex dividends	0	0	347	(1,927)
(Gains)/losses in fair value of forestry assets	(355)	904	(355)	904
(Gains)/losses in fair value of investment property	0	65	0	65
Movement in landfill liability	(64)	(779)	(64)	(779)
Add/(less) items classified as investing or financial activities:				
(Gains)/losses on disposal of property, plant and equipment	(25)	(24)	(44)	(61)
(Gains)/losses on disposal of investments classified as fair value through equity	0	0	0	0
Movement in capital creditors	(3,022)	0	(3,023)	0
Movement in investment related accounts receivable	2,650	0	2,650	0
Add/(less) movements in working capital items:				
Accounts receivable	(4,814)	1,574	(5,013)	1,826
Inventories	197	170	111	10
Prepayments	0	322	0	322
Accounts payable	6,760	(1,504)	6,598	(1,485)
Income tax payable	177	(4)	222	120
Employee benefits	36	(364)	119	(287)
Net GST	0	0	0	0
Net cash inflow/(outflow) from operating activities	29,178	23,423	29,968	24,776

Note 26 - Capital commitments and operating leases

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Capital commitments				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	3,369	17,314		17,314
Civic Trust			0	0
Nelmac			0	
The Bishop Suter Trust			0	0
Tasman Bay Heritage Trust			0	3
Tourism Nelson Tasman Ltd			24	0
Port Nelson Ltd			0	84
Nelson Airport Ltd			0	1,125
The Bishop Suter Trust			0	0
	<u>3,369</u>	<u>17,314</u>	<u>24</u>	<u>18,526</u>
Operating leases as lessee - Group				
Less than one year			144	97
One to five years			73	116
Over five years			0	0
			<u>217</u>	<u>213</u>
Operating lease as lessor				
Nelson City Council	57	56	57	56
Nelson Airport Limited	0	0	658	659
	<u>57</u>	<u>56</u>	<u>715</u>	<u>715</u>

Note 27 - Contingent Liabilities

Contingent liabilities are as follows:

	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
Council		
Weather tight homes	350	0
Celtic Rugby Football Club	145	145
	<u>495</u>	<u>145</u>
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture	0	0
	<u>0</u>	<u>0</u>
Total Council	495	145
Port Nelson Limited	0	0
Nelson Airport Limited	0	0
Tasman Bays Heritage Trust	0	0
Tourism Nelson Tasman Limited	0	0
Nelmac Limited	0	0
Nelson Regional Economic Development Agency	0	0
City of Nelson Civic Trust	0	0
The Bishop Suter Trust	108	108
	<u>108</u>	<u>108</u>
	<u>603</u>	<u>253</u>

Weather Tight Homes:

As at 30 June 2008 \$200,000 was recorded as a contingent liability. This was made up of the insurance excess on four known claims. At 30 June 2009 these were booked as liabilities. One of these claims has still not been settled and so has again been included as a liability as at 30 June 2010. There may also be other future weather tight home claims that the Council has not been advised of.

During the year the Board of RiskPool have made two calls; one of \$76,060 in September and another for \$172,454 in June. These have both been expensed in the year ended 30 June 2010. When invoicing the \$172,454 the Board noted that there were likely to be similar calls in each of the two subsequent years, but pointed out that the actual calls would "... depend upon the evolution of the liability environment and the flow-on effect on open claim provisions." We are therefore recognising that there is a contingent liability of approximately \$350,000.

Port Nelson:

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

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

Note 28 - Related party transactions

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

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

It also has five associates:

Port Nelson Limited
 Port Nelson Trust
 Nelson Airport Limited
 Tasman Bays Heritage Trust
 Tourism Nelson Tasman Limited (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>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
Nelmac Limited		
Amounts paid by Nelson City Council	9,848	9,265
Amounts paid to Nelson City Council	496	452
Dividend paid to Nelson City Council	539	277
Amount payable by Nelson City Council	1,529	943
Amount payable to Nelson City Council	42	45
Nelson Regional Economic Development Agency		
Amounts paid by Nelson City Council	566	496
Amounts paid to Nelson City Council	33	19
Amount payable by Nelson City Council	0	3
Amount payable to Nelson City Council	1	0
The Bishop Suter Trust		
Amounts paid by Nelson City Council	510	453
Amounts paid to Nelson City Council	4	7
Port Nelson Limited		
Amounts paid by Nelson City Council	21	17
Amounts paid to Nelson City Council	430	530
Dividend paid/payable to Nelson City Council	2,050	2,000
Amount payable by Nelson City Council	8	1
Amount payable to Nelson City Council	15	7



	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
Nelson Airport Limited		
Amounts paid to Nelson City Council	534	446
Dividend paid/payable to Nelson City Council	161	138
Amount payable to Nelson City Council	22	9
Nelson Airport Limited leases the airport land from the Nelson City Council for one peppercorn		
Tasman Bays Heritage Trust		
Amounts paid by Nelson City Council	749	724
Loan advanced by Nelson City Council	1,200	1,200
Tourism Nelson Tasman Limited		
Amounts paid by Nelson City Council	406	395
Amounts paid to Nelson City Council	58	57
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	0	0
Nelson Regional Sewerage Business Unit		
Amounts paid by Nelson City Council	2,453	2,357
Amounts paid to Nelson City Council	166	120
Amounts paid to Nelson City Council as return on investment	481	0
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	1,739	1,258
Nelson Tasman combined Civil Defence Organisation		
Amounts paid by Nelson City Council	214	135
Amounts paid to Nelson City Council	12	12
Computer equipment rental payable to Nelson City Council	9	9
Amount payable by Nelson City Council	88	58
Ridgeways Joint Venture		
Amounts paid to Nelson City Council	544	303
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 for work carried out for the Council		
	0	1

Note 28 – Related party transactions (continued)

Councillors

Councillor Boswijk is a director of Boswijk Inc. Limited and during 2009/10 the Council paid the company \$113. (\$338 in 2008/09)

Councillor Holmes is a director of Photomap NZ Limited and during 2009/10 the Council paid the company \$Nil. (\$84 in 2008/09)

Councillor Rainey is a director of Eventiac Limited and during 2009/10 the Council paid the company \$12,375. (\$Nil in 2008/09)

Mayor Marshall is a trustee of the Cawthron Institute and during 2009/10 the Council paid the Cawthron Institute \$227,600. (\$344,488 in 2008/09).

These transaction was 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 (2008/09 \$Nil).

Key management personnel compensation:

	2010	2009
	\$000	\$000
Salaries and other short term employee benefits	1,958	1,707
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	126

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



Note 29 - Remuneration

Chief Executive

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

1/7/09 to 30/6/10 - \$273,662 (two chief executives totalling \$257,187 in 2008/09).

For the year ended 30 June 2010, the total annual cost including fringe benefit tax to the Nelson City Council of the remuneration package received by the Chief Executive is calculated at \$273,622 (\$264,981 in 2008/09).

Elected representatives

Total remuneration:

	Council		Group	
	2010	2009	2010	2009
Mayor Marshall (Mayor)	91,655	88,299	91,655	88,299
Councillor Barker	31,245	35,318	31,245	35,318
Councillor Boswijk	32,219	29,744	32,219	29,744
Councillor Collingwood	31,313	33,338	31,313	33,338
Councillor Cotton	30,055	29,744	48,055	47,744
Councillor Henigan	30,055	30,594	30,055	30,594
Councillor Holmes	37,827	38,387	37,827	38,387
Councillor McAlpine	30,055	29,744	30,055	29,744
Councillor Miccio	30,055	29,744	30,055	29,744
Councillor Rainey	35,392	37,243	35,392	37,243
Councillor Reese	43,909	42,308	43,909	42,308
Councillor Shaw	31,075	32,537	31,075	32,537
Councillor Thomas	37,555	37,243	37,555	37,243
	<u>492,410</u>	<u>494,243</u>	<u>510,410</u>	<u>512,243</u>

Councillor Cotton is a director of Nelmac Limited and received directors fees of \$18,000 (\$18,000 in 2008/09).

This is included in the group total remuneration above

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

Councillor Barker	1,190
Councillor Collingwood	1,258
Councillor Holmes	272
Councillor Reese	1,381
Councillor Shaw	<u>1,020</u>
	<u><u>5,121</u></u>

Note 29 – Remuneration (continued)

The salaries paid to the Executive Team during the year ended 30 June 2010 in bands of \$10,000 and over \$100,000 are as follows:

Range of earnings for year	No.	Part years
\$270,000 - 280,000	1	
\$160,000 - 170,000	2	
\$150,000 - 160,000	1	
\$140,000 - 150,000	2	
\$130,000 - 140,000	1	
\$120,000 - 130,000	1	Part (plus Holiday pay)

Note 30 - Severance payments

For the year ended 30 June 2010 Nelson City Council made 2 (1 in 2008/09) severance payment to employees of \$42,504 (\$126,186 in 2009/10).

The value of each of the severance pays was \$36,504 and \$6,000 (\$126,186 in 2008/09)

Note 31 - 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 involves 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



Note 32 - Financial instruments

A. Financial instrument categories

	Council		Group	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Financial Assets				
Loans and receivables				
Cash and cash equivalents	2,502	10,149	3,644	11,383
Trade and other receivables	11,849	9,882	11,091	10,540
Other financial assets				
- term deposits	0	1,000	386	1,000
- community loans	4,852	2,270	4,852	2,270
- loans to related parties	1,048	980	1,048	980
Total loans and receivables	<u>20,251</u>	<u>24,281</u>	<u>21,021</u>	<u>26,173</u>
Fair value through other comprehensive income				
- shares in Civic Assurance Ltd	140	140	140	140
Financial Liabilities				
Financial liabilities at amortised cost				
Creditors and other payables	15,549	8,789	15,875	9,277
- bank overdraft	0	0	0	12
- EECA loan	95	125	95	125
- secured loans	51,410	51,410	51,410	51,410
Total financial liabilities at amortised cost	<u>67,054</u>	<u>60,324</u>	<u>67,380</u>	<u>60,824</u>

The above shares in Civic Insurance Ltd are valued at cost. The net asset value would not be materially different.

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.

Note 32 – Financial instruments (continued)

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 statement of Balance Sheet.

Credit risk

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments. The details of the \$11.8 million debtors are outlined in Note 11. The largest single debtor is \$645,666 owed by the Energy Efficiency & Conservation Agency (EECA). (\$994,430 by the Tasman District Council in 2008/09) Details of the investments are outlined in Notes 10 and 18. The \$2.5 million is invested with the major banks with the largest amount with any one bank being \$2.3 million (\$4.3 million in 2008/09).

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 funds with entities that have a strong Standard and Poor's credit rating.

Community Loans

Nelson City Council has \$5.9 million of community loans and there is a risk that some of these could be defaulted on. Nelson City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for a mortgage securing a community loan with a face value of \$1.2 million.

Maximum exposure to credit risk

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

	Council		Group	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	2,502	11,149	4,030	12,383
Trade and other receivables	11,849	9,882	11,091	10,540
Community and related party loans	5,900	3,250	5,900	3,250
Financial guarantees and possible claims	495	145	495	145
	<u>20,746</u>	<u>24,426</u>	<u>21,516</u>	<u>26,318</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 cash investments are with the five major banks.

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



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.

	2010 \$000		2009 \$000	
	-100bps	+100bps	-100bps	+100bps
	Other Profit	Other equity	Other Profit	Other equity
Interest Rate Risk				
Financial assets				
Cash and cash equivalents	(18)	0	18	0
Other financial assets:				
- local authority stock	0	0	0	0
Financial liabilities				
Borrowings:				
- bank overdraft	0	0	0	0
Total sensitivity to interest rate risk	(18)	0	18	0

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



Note 33

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from Nelson City Council's estimated 2009/10 figures in the 2009/19 Community Plan are as follows:

Statement of comprehensive income

Rates revenue was \$580,000 under budget but this is due to an error in the 2009 Community Plan in that the carry forward rating surplus of \$779,000 should have been deducted from the rates revenue budget. The actual rates recovered were \$199,000 over budget, mainly due to water sales being \$116,000 over budget.

Other revenue was \$4.1 million over budget mainly due to vested assets being \$2.2 million above budget, and financial contributions being \$1.6 million over budget. There were many other unders and overs that tended to net off. The major ones were:

- Water supply was down \$300,000 due to the decision not to proceed with the backflow prevention programme in 2009/10. There was a similar reduction in capital expenditure.
- Solid Waste was down \$545,000, largely due to the current economic situation reducing the amount of waste going to the landfill.
- Environmental Management was \$400,000 over budget due to a change in the basis of central government funding for the clean heat project. There was a similar increase in expenditure.
- Community Facilities were down \$1.4 million mainly due to \$1.6 million not received from TDC and the sports bodies because the cricket/athletic/football pavilion did not proceed in 2009/10.
- Democracy and Administration, where internal interest was \$1.3 million under budget due to delays in capital projects.

Employee benefit expenses were \$2.1 million over budget, due to an error in the budget split between employee expenses and other expenses. This was one of the reasons that other expenses are so far under budget.

The budgeted finance costs only included interest costs, whereas the actual included \$1.4 million for the write down of interest free loans, of which most relates to the clean heat warm home loans, and to the Theatre Royal loan of \$1.2 million.

The other expenses were \$4.8 million under budget, partly due to the two points noted above, but also due to:

- Water being \$339,000 under budget mainly due to reduced maintenance.
- Transport was \$1.3 million under budget due to the Arterial Traffic Study investigation into road alternatives not being completed, lower maintenance costs, and lower spending on road safety and public transport due to reduced central government funding.



- Solid Waste was \$707,000 under budget due to reduced waste throughput as noted above.
- Community Facilities was \$865,000 under budget, as explained below.
- Democracy and central administration was under budget, mainly due to lower external interest (\$915,000), but also increased time charged to democracy (\$327,000).
- However Environmental Management was \$471,000 over budget due to changes in central government funding as noted above.

The land is valued every three years and the valuation as at 30 June 2010 resulted in a reduction of \$1.4 million. The infrastructure assets are re-valued every year to smooth out the large fluctuations when they were only re-valued every three or five years. The valuation as at 30 June 2010 resulted in an increase in asset value of \$15.9 million.

Balance Sheet

The most significant variation was in property, plant and equipment, which were \$29 million under budget. There were two main reasons for this. The revaluation carried out as at 30 June 2010 was \$9 million less than budgeted, and the capital expenditure in the last two years was significantly less than budget.

The trade and other payables were \$4.1 million over budget due to the very high level of capital expenditure in June. Almost \$8 million was spent in June, which represented 18% of the total for the year.

Borrowings were \$36 million under budget, mainly due to many of the capital expenditure projects not proceeding as quickly as planned.

ACTIVITY SUMMARIES:

Water supply:

Water sales were \$116,000 over budget. This was partly a result of the commercial water sales not falling as much as expected following Sealords moving part of their process off shore.

Financial contributions were \$154,000 over budget. Other revenue was \$303,000 under budget due to the decision not to proceed with the backflow prevention programme in 2009/10. There was a similar reduction in capital expenditure

The operating costs were \$339,000 under budget, mainly in maintenance but also due to a \$97,000 saving in electricity at the water treatment plant. These combined savings resulted in \$1.1 million additional loan repayments.

Capital expenditure was \$917,000 under budget due the delay in backflow prevention as noted above, and due to delays in completing the Stoke high level reservoir.

The loans repaid were well over budget due to the lower capital expenditure.

Note 33 (continued)**Waste water:**

This account is a consolidation of the Nelson City's sewerage network operation plus the city's share of the Nelson Regional Sewerage Scheme. Financial contributions were \$419,000 up on budget.

Operating expenses were \$616,000 under budget, mainly in the Nelson Regional Sewerage Scheme.

Depreciation was \$212,000 over budget due to the higher than expected revaluation as at 1 July 2009.

Capital expenditure was well under budget. This was mainly due to the Bells Island Regional Scheme being \$1.4 million under budget as a result of delays in its upgrade, and the City's capital expenditure was \$398,000 under budget mainly due to cut backs on renewals, and delays in the Nelson North Waste Water Treatment Plant.

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

Stormwater and flood protection:

Financial contributions were \$259,000 up on budget.

Operating expenses were \$188,000 under budget, mainly in the area of maintenance.

Capital expenditure was \$1.4 million under budget due to the Council's decision in 2009 to postpone capital expenditure taking account of the economic climate. As a result of this, no loans were raised and \$502,000 was repaid.

Transport:

Financial contributions were \$188,000 over budget, but other income was \$161,000 under, mainly due to central government funding cuts in Road Safety.

Operating expenses were \$1.3 million under budget due to the Arterial Traffic Study investigation into road alternatives not being completed, lower maintenance costs, and lower spending on road safety and public transport due to reduced central government funding.

Operating expenses were \$1.3 million under budget mainly due to cutbacks in road safety due to changes in central government funding, and reduced public transport concession fares.

Depreciation was \$1.6 million over budget mainly due to the revaluation as at 30 June 2009, but also due to assets written off as a result of the revaluation as at 30 June 2010.

Capital expenditure was \$2.6 million over budget, of which \$1.3 million was due to carryovers from the previous year. Other items of expenditure over budget were \$368,000 on pavement rehabilitation and \$926,000 on the Ridgeway connection.

**Managing solid waste:**

The amount of waste going to the landfill and transfer station was well down on previous years with revenue down by \$545,000 but expenditure was down by even more. The combined quantity of waste going to Nelson City Council and Tasman District Council facilities was well down on previous years indicating that this trend was not a result of waste flight between the two Council areas, but can be attributed to the downturn in the economy. The Ministry for the Environment reported a similar trend across New Zealand.

Heart of Nelson:

Capital expenditure was \$531,000 under budget due to delays with many of the projects.

Environmental management:

Other revenue was \$568,000 over budget, but operating expenditure was up by about the same amount. This was largely due to a change in the method of the payment of subsidies from central government for the clean heat project.

The solar saver scheme did not proceed as quickly as planned, which resulted in a reduction of both revenue and expenditure.

Regulatory compliance:

No significant variations.

Parks and open spaces:

Interest was \$342,000 under budget due to the lower capital expenditure and higher financial contributions.

Depreciation was \$366,000 over budget due to the higher than expected revaluation as at 1 July 2009.

Capital expenditure was \$1.6 million under budget, mainly in neighbourhood parks due to delays in land purchases. Due to this, as well as higher financial contributions and higher depreciation, the loans raised were \$2.6 million under budget.

Recreation and leisure:

Capital expenditure was \$448,000 under budget, mainly in the Trafalgar Centre, and as a result the loans raised were also well down.

Note 33 (continued)**Community facilities:**

Operating expenses were \$865,000 under budget due to not proceeding with the Avery toilets (\$240,000) or the Brook Sanctuary fence (\$150,000), reduced maintenance in free toilets (\$145,000) and reduced expenses at the three Public Libraries (\$181,000). But there was also over expenditure due to the write down of \$654,000 in the interest free loan to the Theatre Royal.

The major variance in this activity was the capital expenditure being \$7.6 million under budget. The main areas of under spending were for: the Performing Arts Centre (\$4.6 million), the cricket/athletic/football pavilion (\$3.1 million), Trafalgar Park (\$0.7 million), and the toilet/shower facility at the marina (\$0.3 million), although these were offset to some extent by a provision of \$2 million allowed for in the budget for likely under expenditure.

These reduced expenditures also resulted in lower contributions in other revenue and lower borrowings.

Economics and tourism support:

No significant variations.

Managing emergencies and natural hazards:

No significant variations.

Social development:

No significant variations.

Culture, heritage and arts:

Other revenue was over budget by \$110,000 and operating and maintenance costs were over budget by \$373,000 in the festival account.

Capital expenditure was \$122,000 under budget mainly due to delays in the expenditure at Founder's Heritage Park.

Democracy and central administration:

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

Interest was \$774,000 down due to delays in capital projects.

Capital expenditure was \$328,000 under budget mainly due to delays in the Civic House upgrade.

Financial reserves and trusts

The vested assets were \$2.2 million over budget at \$7.2 million, and contributions to the reserve fund were \$0.6 million over budget.



COUNCIL ACTIVITIES

For the full explanation of each Council activity, ten year estimates of spending, demand management and more, refer to the 2009 Nelson Community Plan available online at www.nelsoncitycouncil.co.nz or on request from Council. These are the 17 financial 'activities' of Council:

- Water supply – page 86
 - Waste water – page 91
 - Stormwater and flood protection – page 97
- } 'three water' services
- Solid waste management – page 102
 - Heart of Nelson – page 106
 - Environmental management – page 109
 - Transport – page 119
 - Regulatory compliance – page 127
 - Parks and open spaces – page 133
 - Recreation and leisure – page 138
 - Community facilities – page 143
 - Economic and tourism support – page 149
 - Managing emergencies and natural hazards – page 155
 - Social development – page 159
 - Culture, heritage and arts – page 164
 - Democracy and administration – page 170
 - Financial reserves and trusts – page 175

Each activity is described in detail in the following sections, which cover significant milestones, performance and financial results over the 2009/10 financial year. Where applicable the residents survey targets will be reviewed in the 2012 Long Term Plan. The targets set in the 2009 Nelson Community Plan were based on a three point scale and so cannot be compared with the new five point scale introduced in 2009.

WATER SUPPLY

WHAT WE DID 2009/10

The water supply work continued to focus on replacing the older pipes. Asbestos cement pipes in Bishopdale and Wakatu were replaced with more modern materials to reduce the risk of breaks. Total spending on water supply asset renewals was \$682,000. Further work is expected in this area as the renewal programme moves to the Enner Glynn section of the pipe network.

Work began on a new high level storage reservoir at the head of York Valley for the Marsden and Ngawhatu residential developments. This pre-coated steel reservoir is a first for Nelson and will be completed in 2010/11. The project is expected to provide valuable knowledge on this type of construction for similar projects in the future.

Water pressure improved

Further work was carried out to continue lowering water pressure in parts of Stoke. This work will continue and aims to reduce the risk of pipes breaking and the amount of water lost through leaks.

Reducing leaks

A trial project to monitor the effectiveness of leak detection and repair in a small area of Tahunanui was completed in 2009. A number of small leaks were identified and repaired. Ways to carry out this work on a larger scale in a cost effective manner continue to be investigated.

Pressure reduction initiatives were also done in a trial area of central Nelson as part of a continuing programme. Flow monitors and modified pressure reduction valves are being installed over the next several years to monitor the impact of reducing pressure and hence water losses when demand is low. This work is part of a wider, longer term project to allow effective isolation and monitoring of the full network to better identify high water loss areas.

Power savings

Pressure reduction work also resulted in electricity savings for Council. There was a significant decrease in the amount of kilowatts used in providing the City's water supply – a total of 535,483 kWh less than the previous financial year. Half of this is due to hydro-generation within the Tantragee Water Treatment Plant, saving around \$20,000 in electricity costs per year, which is used to pay back the Energy Efficiency and Conservation Authority (EECA) loan. The other half of the savings resulted from pressure reduction initiatives described above.

Excellent water quality

Since the water treatment plant was opened in August 2004, Nelson has achieved an excellent Ministry of Health grading of Ab – 'A' at source and 'b' at the point of distribution. The A grading confirms the source is



“completely satisfactory with extremely low level of risk” and the b grading for the reticulation is assessed as being “satisfactory with very low level of risk.” Council anticipates that, as work is completed to ensure security of the water network and additional storage capacity, the city water grading will be increased to Aa. This is expected by 2013/14.

Enough water for the future

Council holds resource consents to take water from the Maitai and Roding rivers. These consents, due to be renewed in 2017, allow Council to maintain a water supply that will be sufficient for Nelson’s needs for at least the next thirty years, assuming current use and growth projections. The Maitai dam provides additional back-up storage for the water supply at times of drought.

What you say

The July 2010 Council survey of residents identified water supply as the most important activity. It was second in overall satisfaction with 73% either satisfied or very satisfied, 19% were neither and 7% dissatisfied.

BACKGROUND

Council’s goal is to provide a good quality, safe, and reliable water supply that is able to meet reasonable peak demands through a once in 60 year drought. A once in 60 year drought has a likelihood of occurring of 1.67% in any one year. In such a drought there would be sprinkler bans and hosing restrictions. Council supplies water to most Nelson households and businesses through a piped system. A number of rural properties provide their own water or use a privately owned water supply. The Nelson City area is served by the following mix of water supply systems:

- The Nelson city mains supply takes water from the Maitai and Roding rivers and treats it at the Tantragee Saddle ultrafiltration treatment plant. This system serves most of Nelson City.
- The Tasman District Council mains supply takes water from the Waimea Aquifer. This serves a number of Nelson residential, commercial and industrial properties between Saxton Road and Champion Road.
- Six private supplies in the Nelson North area serve between 25 and 180 people each. These take water from a variety of sources. Treatment ranges from no treatment to filtration and UV treatment.
- An increasing number of subdivisions take Council-supplied water, but operate a private pumping and storage system for properties that are higher up on the surrounding hills than the Nelson City Council supply can service.

In order to provide water for Nelson City, Council manages 320km of water pipes, two main water sources at the Maitai and Roding dams, the water treatment plant and associated pumping and storage facilities.

What we do

Council's water supply work is managed as a single activity with no sub-activities, and included:

- planning the sustainable management of Nelson's water supply;
- operating and maintaining the water supply pumping and storage system, the reticulation/distribution system and treatment facility; and
- Council taking steps to keep the water supply safe by preventing backflow into the reticulation system.

Community outcomes

Council has a legal duty to provide water services, so the provision of water is a major part of its core business. A good quality, reliable water supply is essential for community and environmental wellbeing. Human health, tourism and industry rely on having a safe water supply. Council supplying safe water to Nelson residents and businesses contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	A city-wide water system ensured that water resources were well managed and reduces the human impact on the environment.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	High quality water encouraged businesses to move to Nelson. It also supported economic growth.
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Clean drinking water prevented diseases, which made for healthier people.

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Renewals of pipes	0	654	654	746
Stoke high level reservoir	0	1,000	1,000	698



Water supply service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	2009/10 Results
A good quality water supply that meets or exceeds national standards	Water grading	2009/10 Ab 2010/11 Ab 2011/12 Ab 2012/13 Ab 2013/14-2018/19 Aa	Achieved. Ab grading confirmed in May 2010 by Nelson Marlborough District Heath Board
A reliable water supply for residents and commercial use	Drought security and provision of water services	1:60 year drought security Max 24 hr outage (all) Supply 99.6% available any property	Achieved in 2009/10 Achieved in 2009/10* Achieved in 2009/10 99.87% compliance*
A secure water supply		Redundancy (duplication) is provided for all key pipe work	Achieved except for Maitai pipeline, which is planned to be duplicated in 2011/12. Draft construction plans received
A sustainable water supply	Peak demand for water	Capping total demand to less than 50,000m ³ a day, the treatment plant capacity	Achieved. Peak daily demand for 2009/10 summer was 28,167m ³ on 23 February 2010
	Compliance with resource consents	Council complies with all resource consents	Achieved. Two major consents held, for Maitai and Roding Rivers and resource consent conditions met for both these and other supply consents
A water supply that meets residents' needs	Water pressure Council expects that all properties will have: Min working pressure >30m head Max working pressure <90m head	Acceptable pressure 2009/10 – 79% 2010/11 – 79% 2011/12 – 79% 2012/13 – 85% and by 2018/19 – 100%	Achieved 2009/10 – 79% 281 properties have less than 30m head as they are close to reservoirs and therefore have pumps or oversized pipes to provide enough pressure 3812 properties receive over 90m head
	Water flow	Acceptable water flow for fire fighting purposes – 25 litres per second 2009/10 – 99.4% 2010/11 – 99.9% and by 2018/19 – 100%	Achieved on track 2009/10 – 99.3% 135 properties do not have the target water flow: 10 in Citrus Lane 122 in Monaco 3 in Isele Park

* There were 657 outages recorded, with a maximum total outage at any one property (Ridgeway) of 11 hours 45 minutes.

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Water charges	(10,225)	(10,110)	(10,525)
Financial contributions	(454)	(300)	(267)
Other revenue	(114)	(416)	(99)
Total revenue	(10,793)	(10,826)	(10,891)
Expenses:			
Operating and maintenance	4,535	4,874	4,395
Interest on loans	1,813	1,727	2,504
Depreciation	3,787	3,564	3,807
Total operating expenses	10,135	10,165	10,706
Net (surplus)/deficit	(659)	(660)	(185)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	1,778	2,695	1,323
Non Cash profits and writeups	0	0	0
Repayment of loan principal	2,668	1,529	2,718
Transfer to reserve funds	0	0	0
Total funds required	4,446	4,224	4,041
Source of funds:			
Net surplus/(deficit)	659	660	185
New loans raised	0	0	50
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	3,787	3,564	3,807
Sales of assets	0	0	0
Total source of funds	4,446	4,224	4,041

See Note 33 on page 80 for explanations of variations.



WASTE WATER

WHAT WE DID 2009/10

Replacement of older pipes and pumps was again a major area of work this year. A large part of the sewer network has been in place for 60-80 years and the level of maintenance that is needed to repair blocks and poor joints is increasing. For similar reasons, many of the older pump stations need to be updated to replace pumps and fittings that have reached the end of their service lives. This year, new pumps were installed in the smaller pump stations at Atawhai and Monaco and a new high capacity pump was installed at the central city's main pump station at Neale Park. Renewal work totaled \$380,000 on reticulation and \$215,000 on pump stations.

Odour control continued to be an ongoing issue. There are more houses and cycle ways close to pump stations and air valves as a result of expanding residential development. Small activated carbon filters have been installed at two locations in Neale Park and Atawhai Drive to monitor the effectiveness of this type of filter. If successful, more will be installed around the city.

Planning continued for reticulation upgrades that are required as a result of residential growth in the Ngawhatu and Marsden Valleys. Staff investigated options to upgrade sections of pipe or install detention tanks. Capital expenditure of \$401,000 went towards the installation of a new sewer trunk main in Marsden Valley and designs for future projects in the Stoke area.

NELSON REGIONAL SEWERAGE BUSINESS UNIT

The Bells Island Treatment Plant was upgraded to reduce the impact on the environment of increasing volumes of waste water. This included the construction of a primary clarifier, new inlet structure and de-watering facility. It was completed at a cost of just over \$8.4 million and is now operational. Part of the dewatering facility was deferred until it could be established whether the volume of biosolids produced would exceed the absorption capacity of the Rabbit and Bells Island radiata pine plantations, based on physical trials at the upgraded facility. Once this volume is known, the upgrade work required to prepare the biosolids for disposal to landfill will be reconsidered.

Duplicate pipeline preparations

The Nelson Regional Sewerage Business Unit obtained Nelson City and Tasman District Councils' approval for the regional pipeline upgrade project, budgeted at \$19.5 million. This major upgrade project included:

- duplication of the pipeline crossing the estuary from Monaco to Bells Island because of the high risk of pipe failure, which would have a major negative effect on the environment, public health and cultural values



- remedial work to the existing pipeline across the estuary
- increased capacity at the Beach Road and Saxton Road regional pump stations
- an electrical upgrade of the Airport pump station
- construction of a new pump station at Songer Street
- installation of emergency power generation at these four regional pump stations.

Once resource consent for the work in the estuary has been received from Nelson City Council and Tasman District Council. The physical works for the project are programmed to begin in February 2011 and be completed before November 2011.

Reduced environmental impact

Biosolids from the Nelson Waste Water Treatment Plant and the Bells Island Waste Water Treatment Plant continue to be applied to the radiata pine plantations at Rabbit Island and Bells Island. There has been a 12% increase in the biosolids produced at the Bells Island Waste Water Treatment Plant. Independent assessment has shown that there has been an economic benefit for the plantation owners.

Irrigation of treated waste water at Bells Island means that 724.8kg of Nitrogen was diverted from the estuary. The irrigation is carried out by a private contractor at Bells Island.

The planting of the Nelson Waste Water Treatment Plant wetlands was completed. The plants assist in the treatment process of the waste water and also benefit cultural and biodiversity goals.

What you say

The July 2010 Council survey of residents results rated waste water as the second most important activity. For satisfaction it was rated sixth out of fourteen activities with 51% of replies either satisfied or very satisfied. Of the rest, 38% were neither, and only 5% were dissatisfied. Council is planning more research into understanding the reasons for satisfaction and dissatisfaction with Council activities.

BACKGROUND

Council's goal is to provide a waste water system for Nelson City that is capable of collecting and treating waste water in an efficient, safe and sustainable way while ensuring that the cultural, ecological, and recreational values of water ways and the marine environment are recognised and enhanced.

Council's waste water activity included the collection, treatment and disposal of sewage and other waste water that is discharged into Nelson's sewers. It is particularly important for the Council to provide this service because it protects the environment and residents' health. The good standard of health enjoyed by Nelson residents is directly related to the safe treatment of their waste water.

Council manages 366km of waste water pipes, 25 pump stations and the Nelson North waste water treatment plant, which serve the northern residential area of the city from Bishopdale, the Port Hills and the central city to Atawhai.

Nelson City Council is also a 50% owner, with Tasman District Council, of the treatment facility at Bells Island. This is managed by the Nelson Regional Sewerage Business Unit (NRSBU) and serves the Stoke and Tahunanui areas, several large industrial premises, urban Richmond, the Waimea plains and Mapua/Ruby Bay.

Challenges

Overflows, stormwater inflows/infiltration, blockages and odours are the main challenges for managing the waste water system. Potential risks include failure to achieve consent conditions for the Nelson North treatment plant. To date, most of these conditions have been met, the exception being odour control during the plant commissioning stage. The system is constantly maintained and improved in order to minimise the risk of blockages, odours and overflows.

For the future, Council is planning for the replacement of older pipes and pump stations and carrying out ongoing works to identify and control storm and ground water infiltration into the network. As the city grows, additional pump stations and pipes are being installed to meet increasing demand.

What we do

Council's waste water activity included:

1. Collecting, treating and disposing of waste water – Nelson City Council system.
2. Collecting, treating and disposing of waste water – Regional Scheme (Bells Island) – 50% NCC ownership with TDC.

Community outcomes

Council has a legal duty to provide waste water services to protect public health. Adequate treatment of waste water is essential for community wellbeing. Human health, the environment, tourism and industry, in particular, rely on the reliable provision of this service. Council supplying waste water treatment and disposal in Nelson contributed to achieving these Community Outcomes over the year:

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

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Nelson North waste water treatment plant	89	2,460	2,549	2,284



Waste water service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	2009/10 Results
A fully operational waste water treatment plant and network reticulation/pipes	1. Number of complaints about odour	No odour events for the Nelson North Waste Water plant	Achieved There was one odour event in 2008/09, but none in 2009/10
	2. Number of dry weather overflows from pump stations	No dry weather overflows from pump station failures	Not achieved One dry weather overflow from City-wide power failure at five pump stations. One overflow from pump blockage
		No more than three odour event complaints associated with any individual pump station	10 odour complaints from all pump stations, which was the same number as year before See comment on page 66 on steps taken to reduce odours
	Response time to emergencies	Provide a prompt and reliable response to service requests and system failures Respond and investigate emergency works within 30 minutes and undertake repairs within eight hours	Not achieved A satisfactory 24/7 response is provided by contractors with 95.3% compliance with targeted response within 30 minutes and 98% of repairs completed within eight hours
	Compliance with resource consent conditions	All resource consent conditions are complied with	Not achieved One condition breached due to 2009 odour event. Cause since addressed through improved processes

Statement of financial performance

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Revenue			
Waste Water Rate	(5,668)	(5,649)	(5,909)
Financial contributions	(669)	(250)	(393)
Other revenue	(3,281)	(3,104)	(2,948)
Total revenue	(9,618)	(9,004)	(9,250)
Expenses:			
Operating	4,207	4,823	4,315
Interest	576	768	644
Depreciation	3,015	2,803	2,889
Total operating expenses	7,798	8,395	7,848
Net (surplus)/deficit	(1,820)	(609)	(1,402)

Statement of funding requirement

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	6,095	7,861	2,707
Repayment of loan	0	996	1,778
Transfer to reserve funds	0	0	0
Total funding requirement	6,095	8,856	4,485
Source of funds:			
Net surplus	1,820	609	1,402
New loans raised	1,195	5,444	0
Transfer from reserve funds	65	0	194
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	3,015	2,803	2,889
Sales of assets	0	0	0
Total funds provided	6,095	8,856	4,485

See Note 33 on page 80 for explanations of variations.



STORMWATER AND FLOOD PROTECTION

WHAT WE DID 2009/10

Council completed several major stormwater projects during 2009/10. Pipes were installed in Stanley Crescent and Nayland Road South. Construction began on the additional culvert and cycle underpass beneath Main Road Stoke at Orphanage Creek and the upgrade of the upper reaches of Arapiki Stream began.

The larger projects at the Orphanage Creek culvert and Arapiki stream reflect the importance of our streams and watercourses in preventing flooding and damage to properties in the moderate to severe storms. Total capital expenditure on this work was \$1.8 million.

Sustainability

The Land Development Manual supports options to install low impact stormwater systems and devices to reduce stormwater impacts downstream from new developments. This approach has the potential for both economic and environmental benefits if it reduces the need for upgrades to streams to increase their flow capacity.

Low impact stormwater techniques were used on Council land in the following areas:

- Main Rd Stoke – roadside swale.
- Saxton Field – some car parks discharge to rain gardens or soakage areas.
- Montebello Ave Stage 2A – road discharges to rain gardens and soakage and filtering areas.

All new works in streams also incorporate measures to enhance fish passage and recognise the importance of riverbank planting to enhance the environment.

Trials were also carried out on refurbishing one of the old brick stormwater culverts in central Nelson. The work involved plastering the full interior of a section of the culvert to establish the viability of this method over full replacement. It is anticipated that the lessons learned will be used on an extensive section of the culvert.

What you say

The July 2010 Council survey of residents results showed stormwater was considered to be the sixth most important activity. It was rated ninth out of fourteen Council activities for satisfaction, with 49% either satisfied or very satisfied. Of the rest, 36% were neither and 8% were dissatisfied or very dissatisfied.

BACKGROUND

Council's goal is to provide a stormwater system for Nelson City that is capable of handling stormwater from heavy rainfall in an efficient and sustainable way while ensuring that the ecological, cultural and recreational values of waterways are recognised and enhanced. There were no significant floods in Nelson City during the year.

Protecting property from flooding

The Nelson stormwater system has two parts – the natural waterways and a constructed stormwater system. The natural rivers and streams play an important role in the support of aquatic ecosystems, provide areas for recreation and public use and channel stormwater flows when it rains heavily.

The high energy flows during floods can cause significant damage to property within the flood path, should the flow escape the channel. The constructed stormwater network provides channels to drain stormwater and flows from roads and properties in the built-up areas. The network included pipes, channels, and overland flow paths that carry stormwater to waterways and the sea. The stormwater system also included pump stations and debris filters.

In large parts of the city, a fully-piped system is not provided. Stormwater soaks into the ground on many properties or flows into the road channel, the primary drainage system.

Areas beside Maitai River still at risk

The optimum flow standard adopted for stormwater design and construction works is worked out based on floods that Nelson would experience from a Q_{50} event. This is a once in 50-year flood with a 2% probability of occurring in any year. While most of the smaller streams maintained by Council are nearing the end of an extensive programme to meet this capacity standard, substantial stretches of the Maitai River are still at risk from storm flows, as happened during the 2008 floods.

In 2009/10, Council initiated the first stage to address the potential impact of flooding beside the Maitai River by engaging a local company to develop a computer model of the river and surrounding areas. This will allow more accurate targeting of those areas that need future work.





Community outcomes

Council recognises that adequate provision for stormwater flows and protection from flooding is essential for community wellbeing, with the costs of providing this service, as well as the benefits, spread across the whole community. Council providing stormwater management and flood protection for Nelson contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	Through reducing the effects of floods on the environment.
People-friendly places 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.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through removing restrictions on developing land by providing adequate drainage and reducing the costs of disruption due to floods.
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Through reducing the likelihood of people being affected by a flood.

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Nayland Rd / Saxton	(48)	1,112	1,064	748

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

Stormwater service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	2009/10 Results
Protection for the built and natural environment from flooding and stormwater discharges	Compliance with resource consent	All resource conditions are met	Partly achieved Discharge to freshwater consent was granted in February 2009 and monitored in 2009/10 River and stream monitoring shows some degradation of habitats. Refer to environmental management section for more on steps taken to address this
	Stream and river stormwater capacity	Streams and rivers to meet Q ₅₀ capacity by 2018	Majority achieved Some properties near rivers and streams are at risk of flooding, including Avon Terrace beside the Maitai River. Flood analysis will quantify number affected
	Ensure appropriate stormwater disposal options are available throughout the city	Ongoing provision of appropriate stormwater reticulation or disposal options	Majority achieved Some* properties do not have appropriate stormwater disposal systems Most* secondary flow paths are identified, which are critical for stormwater disposal during storm events Project underway to complete identification of secondary flow paths
Provide a prompt and reliable response to service requests and system failures	Response and investigation of problems	Contractors respond to emergencies within 30 minutes	Achieved Contract service times are being met with 98% compliance in 2009/10
Integration of recreational uses of rivers and streams with ecological and stormwater disposal requirements	Levels of recreational use of rivers and edges of waterways	River and stream work that recognises and where possible enhances ecological and recreational values	Partly achieved Some older constructions are not ecologically-friendly including for fish, for example the Brook St channel, which will remain as flood protection

*A works programme is in place to extend stormwater reticulation to streets where complaints have shown the need, or to areas of new developments that would require a constructed stormwater system. New subdivisions are required to address appropriate stormwater disposal.



Statement of financial performance

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Revenue			
Stormwater rates	(3,789)	(3,778)	(4,556)
Financial contributions	(479)	(220)	(286)
Other revenue	(2)	0	(16)
Total revenue	(4,270)	(3,998)	(4,858)
Expenses:			
Operating and maintenance	788	976	890
Interest on loans	1,165	1,170	1,466
Depreciation	1,727	1,632	1,924
Total operating expenses	3,680	3,778	4,280
Net (surplus)/deficit	(590)	(220)	(578)

Statement of funding requirement

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	1,815	3,251	3,787
Repayment of loan principal	502	0	559
Transfer to reserve funds	0	0	0
Total funds required	2,317	3,251	4,346
Source of funds:			
Net surplus	590	220	578
New loans raised	0	1,399	1,844
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	1,727	1,632	1,924
Sales of assets	0	0	0
Total source of funds	2,317	3,251	4,346

See Note 33 on page 80 for explanations of variations.

SOLID WASTE MANAGEMENT

WHAT WE DID 2009/10

The Nelson City Council and Tasman District Council Joint Waste Assessment recorded the opportunities available to improve solid waste management in the Nelson/Tasman region. The two Councils have agreed to further investigate those opportunities identified where co-operation between the two Councils will deliver improved outcomes for our residents.

The total amount of solid waste disposed of at the York Valley landfill continued to show a decline in the residual waste going to the landfill per resident in Nelson. Per capita solid waste has decreased to 738kg per resident per year from a high of 1,170kg per resident in 2004/05.

Council decided to continue assisting Buller District Council by providing access to dispose of their residual waste at York Valley. They are developing an alternative solution to their solid waste disposal problem. Of the total amount, 3,085 tonnes or 8.2% of the residual waste going to York Valley came from the Buller District.

The combined amount of solid waste coming from Nelson and Tasman continued to show a declining trend, despite continued population growth. The recession would have contributed to the decrease, although the extent of this has not been determined.

BACKGROUND

Council's waste management system included the York Valley landfill and the Pascoe Street transfer station in Tahunanui, which houses the recycling/re-use centre and green waste facility.

Reducing green waste

A new contract enabled Council to decrease the charges for separated green waste. There is now a 45% price difference between general waste and separated green waste and this resulted in an increase of over 20% in the amount of green waste processed at the transfer station.

Landfill capacity

The York Valley landfill has capacity for the next 34 years at current rates of disposal. Three nearby gullies have the potential to provide capacity for decades beyond, subject to gaining resource consents.

Council aims to reduce to zero the rate of increase in the amount of disposed solid waste, although the population of Nelson continues to increase. The landfill fee included a waste minimisation levy which is used to pay for recycling and waste minimisation initiatives. This levy isn't charged for green waste.

Some landfill gas, which is mostly methane, a greenhouse gas, is collected and sold to Nelson Hospital to provide water heating.



Recycling

Council continued to provide a recycling service for glass, paper and cardboard, tins and cans and all plastics classified 1-7. Council collects around 3,000 tonnes of recyclables per year, compared with an average total volume of 40,000 per year of other solid waste.

Council's waste account is self-funding, with recycling and waste minimisation initiatives paid from refuse disposal charges at both the York Valley landfill and Pascoe Street transfer station.

What we do

Council's solid waste management activity included:

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

What you say

The July 2010 Council survey of residents showed solid waste was the seventh most important activity for Council. It was considered to be seventh of fourteen in satisfaction levels, with 53% either satisfied or very satisfied with the service. Of the rest, 36% were neither and 6% were dissatisfied.

Community outcomes

Effective management of solid waste is essential to protect the health of the community, the local economy and the environment. The Local Government Act requires councils to plan for the effective and efficient implementation of waste activities. Council therefore adopted a Waste Management Plan in April 2005, which became the Waste Management and Minimisation Plan for Nelson City Council, providing for the collection and reduction, reuse, recycling, recovery, treatment, or disposal of waste. Council's solid waste management activities contributed primarily towards achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	Through providing a waste management system that minimised waste being inappropriately disposed of and encouraged reduction, reuse and recycling.
People-friendly places 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.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through providing a cost effective waste disposal service to residents and businesses.

Solid waste service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	2009/10 Results
Measures to encourage the community to reduce waste to landfill	Rate of increase of waste going landfill	Reduce the rate of increase to landfill to 0%. The change in recycling is likely to result in higher volumes into landfills but Council will encourage reduction in waste through 'reduce, reuse' programmes	Reductions achieved over last five years: Rate of decrease from 2005 to 2010 of 24.4% was recorded or 30.6% if the amount from outside the region (Buller solid waste: 3,086 tonnes) is discounted. Total amount of waste disposed of at York Valley, including Buller District Council: 2004/05: 49,497 tonnes 2005/06: 47,278 tonnes 2006/07: 39,606 tonnes 2007/08: 36,655 tonnes 2008/09: 35,728 tonnes 2009/10: 37,429 tonnes
Provide facilities for the separation and diversion of greenwaste from landfill (provided costs are no greater than equivalent landfill disposal costs)	Amount of greenfill diverted from the landfill	Divert additional tonnages of greenwaste from landfill each year 2009/10 2000t then from 2010/11 2500t p.a.	Not achieved* Amount of greenwaste diverted over last five years: 2005/06 2,019 tonnes 2006/07 1,805 tonnes 2007/08 1,491 tonnes 2008/09 1,765 tonnes 2009/10 1,810 tonnes
Solid waste activity uses sustainable practices	Compliance with resource consents	All resource consent conditions are met	Not achieved One resource consent is held, for the York Valley landfill and all conditions were met except for one breach of the suspended solids level following heavy rain. Staff are investigating containment improvements for stormwater ponds
Recycling services	Fortnightly kerbside collection of glass [and other recyclables]	100% of urban households provided with kerbside recyclables collection	Achieved Council currently provides fortnightly collection of glass and on the alternative week collection of plastics, tin and paper The 2010 Council survey showed 92% of residents use this service at least once a month

*Note: However, competition by private sector has diverted an unknown additional amount highly likely to be in excess of targets, due to lower pricing. Also, home composting has increased significantly over the last six years, up to 74% in 2010, in part due to Council campaigns, but total amounts are not able to be quantified.



Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	0	0	0
Financial contributions	(12)	(12)	(6)
Other revenue	(2,890)	(3,435)	(2,324)
Total revenue	(2,902)	(3,447)	(2,330)
Expenses:			
Operating and maintenance	2,439	3,147	1,114
Interest on loans	0	22	49
Depreciation	320	279	303
Total operating expenses	2,759	3,447	1,466
Net (surplus)/deficit	(143)	0	(864)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	109	125	248
Repayment of loan principal	0	1	894
Transfer to reserve funds	354	154	170
Total funds required	463	279	1,312
Source of funds:			
Net surplus	143	0	864
New loans raised	0	0	145
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	320	279	303
Sales of assets	0	0	0
Total source of funds	463	279	1,312

See Note 33 on page 80 for explanations of variations.



HEART OF NELSON CENTRAL CITY STRATEGY IMPLEMENTATION

WHAT WE DID 2009/10

The 2009/10 financial year saw the move from the strategy phase of the Heart of Nelson projects into the implementation phase. A number of the larger projects began their investigation and detailed design stages, with construction due to begin in 2010/11.

A design team was established comprising urban design consultants, an arts consultant and a project manager. This team, with support from Council staff, began work on developing designs. Also, iwi representatives were invited to participate in the design process through the Iwi Arts Advisory Panel, which successfully provided feedback on proposals and offered a cultural input into scheme development.

Preliminary designs began for the Maitai Pathway. Because of private property access issues in places along the river, the project was deferred until after Rugby World Cup 2011 to allow negotiations with property owners to be completed.

Investigations began for the Montgomery Square pocket park and a detailed design was completed. Negotiations with key stakeholders began and continued into the current year. Investigation and detailed design also began for the pedestrian improvements for Upper Trafalgar Street and Selwyn Place.

The design of the Bridge Street extension through to Vanguard Street was completed. Related to this project, negotiations began with various utility providers on underground services relocation to allow improved estimates of the complete project cost.

Staff completed designs and consultation on the new street tree planting plans around the city fringe and more trees were planted to enhance biodiversity in Neale Park. A Wayfinding Strategy was developed and the design phase began for the sign format to complement the Wayfinding Strategy.

An audit of central city footpaths was completed. It investigated the condition of footpaths in and around the central business district and city fringe area. This will allow targeted fixing of the significant footpath faults and improve access to the city for mobility impaired residents.

The east-west cycle route across the city was improved through the design and construction of the Oxford Street cycle lane completed in June 2010. This project was part funded through the Minor Safety Schemes fund.



BACKGROUND

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

The total budget for Heart of Nelson projects in 2009/10 was \$1.013 million. Due to project complexities and the deferral of the Maitai pathway, \$360,000 of this total was carried over to the next year.

The key projects initiated during 2009/10 to be completed in time for Rugby World Cup 2011 included:

- Improvements to Montgomery Square including a pocket park and better pedestrian connections to Hardy St and Trafalgar St
- Improved way-finding and heritage interpretation signs
- Design work to improve cycle and pedestrian access and facilities around the city.

What we do

The Heart of Nelson activity included 104 projects, managed across the Council organisation. There are no sub-activities.

Performance measures

There are no separate service levels or performance measures set for this. Each project is managed under the Council activity in which it is funded.

Community outcomes

The implementation phase of the Heart of Nelson central city strategy aims to continue improvements in the city centre. Enhancing the city centre will mean residents and visitors want to visit the area more and find it easier to get around. The projects in this activity directly contributed to meeting the community's goals and to building community wellbeing over the year.

Outcomes	How the activity contributed
Healthy land, sea, air and water	Through ensuring good environmental practices in designing and implementing improvement projects, and sustainable use of the city's resources.
People-friendly places	By increasing the attractiveness and functionality of the city centre so more people could access and enjoy the area.
A strong economy	By attracting more and longer visits to the city centre to enhance commercial success of retailers.
Fun, creative culture	By building more of a sense of Nelson's identity into the city.

Statement of financial performance

	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000
Revenue			
Rates	(154)	(196)	0
Financial contributions	0	0	0
Other revenue	0	0	0
Total revenue	(154)	(196)	0
Expenses:			
Operating and maintenance	149	170	0
Interest on loans	5	26	0
Depreciation	0	0	0
Total operating expenses	154	196	0
Net (surplus)/deficit	0	0	0

Statement of funding requirement

	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000
Funds required			
Capital expenditure - New	352	883	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
Total funds required	352	883	0
Source of funds:			
Net surplus	0	0	0
New loans raised	352	883	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
Total source of funds	352	883	0

See Note 33 on page 80 for explanations of variations.



ENVIRONMENTAL MANAGEMENT

WHAT WE DID 2009/10

Air Quality and Clean Heat Warm Homes

Significant improvements in Nelson's air quality continued to be achieved. The national air quality standards have only been exceeded three times this winter to the end of June 2010 compared with 20 for the same time last year. The Clean Heat Warm Homes programme was expanded in 2009/10 with 675 domestic heaters replaced compared to 356 last year. At the same time 691 homes were insulated under the scheme to ensure that not only did Nelson's air quality improve but that homes were warmer and healthier. The end of 2009 was a deadline for the phase out of many old domestic burners and an estimated 3000 burners have been replaced since the Council began its programme to improve Nelson's air quality.

Water quality

Monitoring showed both the lower Maitai River and Wakapuaka River do not meet swimming standards at times. However, the lower Maitai River did show significant improvement due to Council work to improve waste water and stormwater systems. The Council also continued to work with rural landowners to fence off stock from waterways. A \$30,000 per annum assistance fund is used to help fence and plant riparian areas. Council also worked with rural land owners on environmental issues such as pest management, biodiversity, native plant protection and revegetation.

Nelson Resource Management Plan

Council made progress on changes to the Nelson Resource Management Plan (NRMP) to provide for better urban design. The changes were publicly notified in September 2010. The plan changes included new controls for residential development and comprehensive housing, parking requirements and managing growth in the Marsden Valley to Brook Valley area. Work also continued on reviewing the NRMP provisions protecting Nelson's heritage and biodiversity values with plan changes to be notified in 2011.

Biodiversity

A Waimea Inlet Strategy was prepared with Tasman District Council to set the direction for its future management. The strategy development process was the catalyst for a community forum and charter for the community and agencies to work together to enhance the Inlet's cultural, ecological and amenity values. A comprehensive stocktake of significant indigenous habitat and fauna has been completed to feed into the review of the NRMP. It included establishing three dimensional sample plots to help assess the health of remnant areas.

SUSTAINABILITY INITIATIVES

The Council increased its work on sustainability through implementing its Climate Change Action Plan and Sustainability Policy. The following programmes were the higher profile sustainability initiatives for the year.

Solar Saver

The Solar Saver scheme was established in December 2009 to encourage the use of solar water heating as part of implementing Council's Climate Change Action Plan. Solar Saver provides loans to homeowners to install solar hot water systems. For the period that Solar Saver has been operating through to 30 June 2010 there have been 150 solar water heating systems installed compared to 37 for the previous six months. Building consent costs for solar hot water systems continued to be waived.

Eco Design Adviser

This position provides free advice to home owners and the building industry. Over the past 12 months this advice has resulted in the following outcomes:

- an increase in the number of homeowners, designers and builders specifying levels of insulation well above the minimums set out in the NZ Building Code
- a number of major home building companies fitting solar-ready hot water cylinders as standard in new houses
- a greater number of major home building companies offering solar hot water heating as part of the package when building new homes
- a growing awareness of heat loss issues in houses from fittings such as recessed ceiling downlights and poor performing windows. There is a noticeable trend away from specifying and installing recessed ceiling downlights in response
- a higher uptake of Nelson people compared to other areas accessing the "Warm Up New Zealand: Heat Smart" programme aimed at insulating existing houses, as reported by EECA.

Approximately 90% of the Eco Design Adviser consultations have been helping people in existing houses, the balance being with people looking at building new houses. A large number of those existing houses have efficiency problems and a considerable number are occupied by people who qualify for a community services card due to fixed and low incomes. This group of people are often in the worst houses that have the most design and efficiency problems.





Sustainable Business Adviser

Council helps fund this service to provide free advice to businesses. Over the 2009/10 year the Sustainable Business Adviser worked with 70 different businesses and organisations, including the Council, recommending actions to reduce energy, water use and waste. Recommended actions with less than a three year payback period included: lighting upgrades, heating/cooling measures, use of solar, cylinder wraps, changes to management of office equipment, power meter optimisation, heat recovery, insulation, fuel replacement, bulk power purchasing and heat pump installation.

Community Partnerships

The Council facilitates regular meetings of a Sustainability Forum. This is a group of organisations and individuals interested in progressing sustainability initiatives in the region such as the supply of biofuels for local use.

The Tasman Nelson Environment Awards were re-established in November 2009 to recognise the achievements of many organisations and individuals who contribute to a sustainable future.

Another Ecofest was run with TDC in August 2009 with the tenth in August 2010. Additional waste minimisation initiatives in 2009/10 included:

- a sustainability resource for pre-schools (Small Planet)
- solutions for waste at events, e.g. the waste-free Opera in the Park
- a 'Grow It' programme encouraging people to grow food in their gardens and to compost. Council also supported the 'Nelson Growables' event
- resources for events organisers to enable them to offer recycling at their events. The Council has been actively involved in the community-led 'Bring Your Own Container' promotion.

Resource use and emissions

Information on the Council's fuel, electricity and water use has been collected to enable the Council to build up a picture of its sustainability issues and performance over time. This data relates to the 2009/10 financial year and is compared to the 2008/09 year in the following table on trends.

Activity	Unit	Number	Tonnes of carbon emissions
Heating of Civic House	Litres of diesel	17,831.5	47
Fuel for crematorium	Litres of diesel	17,675.3	46.7
Water Treatment Plant	Litres of diesel	278.9	0.7
Marsden Cemetery	Litres of diesel	2,088.0	5.5
Bells Island	Litres of diesel	162.4	0.4 ¹
Vehicle fleet	Litres of petrol	22,326.47	52.2
Vehicle fleet	Litres of diesel	12,133.39	32.6
Electricity, from Trustpower, Contact and Meridian accounts	Kilowatts	9,964,965	1,943
Electricity losses	Kilowatts	9,964,965	199.3
Flights –domestic travel	Kilometres	163,040	28.1
Flights – trans Tasman	Kilometres	6,629	0.5
The Bus service	Litres of diesel	31,422	84.5
Paper use by Civic House and Elma Turner library	kilograms ²	12,622	23.6
		TOTAL	2,464.1

¹ This total reflects Nelson's 38% contribution to the Nelson Regional Sewerage Business Unit (NRSBU).

² This equates to 4663 reams of A4 paper and 193 reams of A3 paper in 2009/10. (A4 paper reams are assumed to weigh 2.5kg and A5 reams 5kg.)



TRENDS 2008/09 TO 2009/10

Resource	Trend since last year	Tonnes of carbon emissions
Electricity use	increased by 648,548 kWh	Increased by 126.5 tonnes
Diesel use for Civic House	reduced by 2487 litres	Reduced by 5.8 tonnes
Diesel use for crematorium	reduced by 7627 litres	Reduced by 20.1 tonnes
Council petrol vehicles	reduced by 2095 litres	Reduced by 4.9 tonnes
Council diesel vehicles:	increased by 700 litres	Increased by 1.9 tonnes
Domestic flights	increased by 7164 km	Increased by 1.2 tonnes
Trans Tasman flights	reduced by 4554 km	Reduced by 0.4 tonnes
The Bus service	reduced diesel use by 11,000 litres (same km travelled, but using more efficient vehicles)	Reduced by 29.6 tonnes
Paper use	increased (899 more A4 reams, 68 more A3 reams)	Increased by 4.8 tonnes
	Total increase	134.4
	Minus total reduction	- 60.8
	TOTAL TREND	73.6 tonnes increase

The Council is still to achieve its target of stabilising its carbon emissions to 2008/09 levels. But significant progress is being made in a wide range of sustainability areas. These are outlined in the Council's Sustainability Review for 2009/10 (Report No. 958560). The Council's electricity use is the greatest contributor to its greenhouse gas emissions. Electricity use increased by 648,548 kWh in 2009/10 compared to 2008/09. Key reasons for the increase are:

- more methane gas is now pumped from the landfill to the hospital, due to the installation of a larger boiler. This has resulted in a 133,459 kWh increase in electricity use
- lighting on private roads and the lights in the City's parks are now included in the Council's kWh use resulting in a 103,736 kWh increase
- The Nelson Regional Sewerage Business Unit used more power last year (202,044kWh, of which 76,776 kWh is attributable to Nelson City Council) during the installation of the upgrade to the waste water treatment plant at Bells Island, as well as a 12% increase in the production of biosolids applied to the nearby plantation forests



- The new Saxton Stadium used 112,936 kWh in its first year of operation. Saxton Field Hockey electricity use increased 19,152 kWh, and Saxton Field Netball/Soccer increased by 26,516 kWh. This is due to the development and increased use of the new facilities.

Electricity use decreased significantly in several areas:

- 535,483 kWh was saved in the water supply area. Half of this was due to the hydro-generation installed within the system, and the other half was saved due to pressure reduction initiatives, which reduced water demand and therefore water pumping via Marsden Valley
- the Elma Turner library reduced its electricity use by 17,683 kWh compared to the previous year as a result of more efficient lighting being installed in April 2010
- changing the street lights along Waimea Road from 400 Watt to 70 Watt saved 14,229 kWh.

What you said

The 2010 Residents Survey found less dissatisfaction with Council's environmental management. Six percent of respondents were dissatisfied with Environmental Management – significantly down from 17% the year before. Delays and the costs of getting consents were most often cited as the reasons for dissatisfaction. 49% of respondents were satisfied or very satisfied with Council's environmental management work and 42% were neither satisfied nor dissatisfied.

Support for sustainability

In mid-2009, the majority of Residents Survey respondents (62%) agreed that Council supports and promotes sustainability in the community. The number of people who put out their recycling at least once a month increased from 88% in 2009 to 92% in 2010. Seven percent still said they never recycle, which was the same proportion as when residents' recycling was last measured in 2006 and 2009. In 2009 the proportion composting food waste (67%) rose significantly compared to 2005, when it was 55%. There was an even greater increase in the number of those composting garden waste (72%) compared to 52% in 2005. In July 2010 the proportion composting was 68% for food waste and 74% for garden waste respectively, confirming Nelson as having a remarkably high level of home composting.



BACKGROUND

As one of the country's five unitary authorities, Nelson City Council has to manage both local authority functions like subdivisions and land use, and regional functions like air quality, fresh water, coastal management and biosecurity. Council's environmental functions include planning advice, policy development and implementation, monitoring and environmental education. While most of Nelson's residents live in the urban area, resource management plans also apply to rural and coastal areas.

What we do

Council environmental management work included:

- Monitoring the state of the environment
- Pest management, contracted to Tasman District Council
- Environmental advocacy and policy advice
- Statutory planning – the Nelson Resource Management Plans, Regional Policy Statement and plan changes
- Non-statutory planning – strategic land use planning such as the Heart of Nelson Strategy
- Non-regulatory assistance e.g. Clean Heat-Warm Homes scheme to assist with the replacement of solid fuel fires; assistance with fencing costs to protect rural ecosystems.

Community outcomes

Council provided environmental management services to enable the sustainable use of the city's resources. This promoted quality urban and rural environments to meet the present and future needs of the community. Council's environmental management activities contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	Through providing information on good environmental practices, pest management, developing environmental plans, and monitoring the environment.
People-friendly places 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.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through providing an environment that supported sustainable business practices.

Note: Improvements in the quality of Nelson's environment are also dependent on factors outside of Council's control, for example, air quality is influenced by how windy the weather is in winter.

Environmental management service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results for 2009/10
Cleaner air	Quality of air in Nelson	Meet or exceed current national air quality targets Clean Heat Warm Homes installations planned are: 2009/10 - 580 2010/11 - 370 2011/12 - 383 2012/13 - 563	On track, all well under target See pages 13 and 73 for more details Achieved 675 heater conversions in 2009/10. 356 in previous year
Well-planned city that meets the community's needs	Projects included in the LTCCP are implemented on time and within budget	Implement current programme of plan changes	Currently behind in plan change programme but notifying plan changes in September 2010 including those to improve urban design outcomes for the city and plan changes to make technical fixes
	Residents' satisfaction with Nelson's environment.	Target not yet set	In mid-2010, 49% of residents rated their satisfaction with Nelson's environmental management as satisfied or very satisfied. Development of sustainability strategy might improve this
Cleaner water	Quality of Nelson's coastal and freshwater	Meet swimming water quality standards	Bathing water results for 2009/10 showed significant improvement in the Lower Maitai but both Lower Maitai and Wakapuaka Rivers do not meet swimming standards after rainfall increases runoff. Council provided land management advice to encourage riparian planting and the exclusion of stock
		Stream health: maintain class A and B waterbodies in current state and improve class C to B, and have no waterbodies worse than class C	Not achieved Analysis of the 2008 water quality data showed report found ten stretches of river to be worse than class C. This is an increase of one since 2007. Streams involved were mainly urban or had direct stock access Council is addressing this in the City through several initiatives including nets to intercept stormwater contaminants before discharge



What Council will provide	Measures	Target(s)	Results for 2009/10
Protect and restore native biodiversity	Biodiversity in the Nelson area	Implementation of Council actions in Nelson biodiversity action plans	Council has drafted, with the community, biodiversity plans for land, freshwater and coastal environments Waimea Inlet Strategy was approved in August 2010
	Results from the Land Cover Database produced by the Ministry for the Environment five yearly	Area of Nelson covered in native vegetation remains the same or increases between 2005 and 2010	Achieved Area of Nelson covered in native vegetation has remained the same since 2000
Identify, promote, and protect Nelson's heritage	Support of the Nelson Heritage Strategy	Implement Council actions in Nelson Heritage Strategy Target not yet set	Achieved Rates remission incentive fund for heritage buildings and zero resource consent fees established, heritage inventory and Heart of Nelson Central City Strategy implementation underway. Heritage promotion actions still to occur 69% of residents rated their satisfaction with heritage management as satisfied or very satisfied in 2009. This is assessed every three years
Sustainability advocacy	Council and community greenhouse gas emissions	Stabilise the Council and community's greenhouse gas emissions by 2012 and reduce by 40% in 2020 compared with 2001	Not achieved Council CO ₂ emissions in 2008/09 were 2,366 tonnes, in 2009/10 emissions were 2,439 tonnes Estimate of community emissions will be available in 2010/11
		Implement Climate Change and Sustainability action plans	Partially implemented but other priorities meant some work delayed until Sustainability Strategy prepared in 2010/11

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(2,621)	(2,647)	(1,923)
Financial contributions	0	0	0
Other revenue	(1,788)	(1,220)	(480)
Total revenue	(4,408)	(3,866)	(2,403)
Expenses:			
Operating and maintenance	4,166	3,521	2,246
Interest on loans	936	200	321
Depreciation	16	16	16
Total operating expenses	5,118	3,737	2,583
Net (surplus)/deficit	709	(130)	180

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	0	0
Repayment of loan principal	118	221	26
Loan investment	2,644	3,448	933
Non cash - invest write up	97	99	31
Transfer to reserve funds	16	294	89
Total funds required	2,875	4,062	1,079
Source of funds:			
Net surplus	(709)	130	(180)
New loans raised	2,618	3,115	919
Transfer from reserve funds	23	0	0
Transfer from financial contributions reserve	0	0	0
Non cash - invest write down	783	580	290
Non cash expenditure (depreciation)	16	16	16
Sale of investment	144	221	34
Sales of assets	0	0	0
Total source of funds	2,875	4,062	1,079

See Note 33 on page 80 for explanations of variations.



TRANSPORT

WHAT WE DID 2009/10

Significant new transport assets funded through Council's capital expenditure included the completion of Tosswill Rd, Nayland Rd and Songer St, the refurbishment of Toi Toi St, Campbell St and Tasman St and the completion of the Ridgeway link road.

The completed minor improvement projects included the traffic islands on the Ridgeway and pedestrian safety improvements in Alton St. New pedestrian islands were installed on St Vincent St, Waimea Rd and Main Road Stoke, speed humps in Examiner St and a minor intersection redesign at the intersection of Hastings St and Washington Rd.

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

Road resealing of \$690,000 was completed and road renewals costing \$700,000 were completed at the Saxon Rd roundabout, Putaitai St, Quarantine Rd/Pascoe St intersection, Tui Glen Rd, Bridge St and the Wildman Rd/Hay St intersection.

Other works included upgrading the street lighting on Waimea Rd and in Todd Valley. New bus shelters were installed at several key locations in Atawhai, Tahunanui and Main Road Stoke.

A number of strategic studies were completed or began in 2009/10. These included the Arterial Traffic Study to review options for the future planning of the Nelson arterial road network, the CBD motorbike parking policy, review of truck use of Muritai St, the Main Rd Stoke speed limit, and comprehensive walking and cycling counts. Traffic modelling for Waimea Rd resulted in beginning design work for traffic signals at the intersection of Waimea Rd and Motueka St. The residential shared zone design philosophy and speed limit reduction was approved by Council and the project design for Locking Street subsequently began. Work started on the Temporary Traffic Management Plan for Rugby World Cup 2011. Additional projects included the traffic analysis for the Nelson South and Enner Glynn/Upper Brook Plan Changes.

Policies and public transport

The Regional Land Transport Committee completed the Regional Land Transport Strategy and Regional Land Transport Programme, which were adopted by Council in June 2009. Funding was provided for an improved transitional public transport service to improve commuter services within the City area and between Nelson and Richmond from 2010 to 2012. However, the publication of the National Land Transport Programme in August 2009

indicated there would be changes in funding rules for Passenger Transport which resulted in no Central Government passenger transport funding increase. This has resulted in insufficient funds being available to introduce the service improvements.

Arterial Traffic Study

The major Arterial Traffic Study began in 2009/10 and continues into the next year. Reports for Stages 1, 1B and Stage 2 were released:

- **Stage 1 – Evaluation of the existing arterial routes.** Stage 1 Report looked at the existing transport system in Nelson and extrapolated the data to show what it would look like in 2036 if we did nothing differently. This was the baseline for comparing the options developed in the study.
- **Stage 1B – Continuation of Stage 1.** This report further explained the differences in the travel data from that used on previous studies, in particular the changes in the population statistics and the land use planning trends.
- **Stage 2 – Selection of the best arterial routes.** This stage investigated all the realistically conceivable options for the route, including part time clearways, tunnel options, rail and light rail, public transport and travel demand management. The broad list of options was narrowed down to four options to proceed to Stage 3 for evaluation:
 - Option A Part time clearways on Rocks Rd and Waimea Rd
 - Option B Southern Arterial
 - Option H Rocks Rd Four Laning
 - Option I Waimea Rd/ Rutherford St Four Laning.

All options include passenger transport and travel demand management.

TRANSPORT SAFETY

Safety trends are determined by looking at the calendar year data for crashes resulting in deaths or injuries. 'Casualties' refers to the number of people in injury crashes. The total number of fatal and serious casualties across the whole Nelson city area was 31 in 2009, which was slightly higher than the five year average (2005-2009 inclusive) of 24 per year. Of these, 33% of all car/van driver casualties and 60% of all car/van passenger casualties in Nelson were aged between 15-24 years.

The five year average crash rate per 10,000 population reduced slightly to 24.6 from 25, which is similar to comparable cities in New Zealand.

There were 31 recorded cycle casualties in Nelson city in 2008 compared to the five year average of 27. The data shows that around 25% of all road casualties are cyclists, which is a greater proportion than comparable cities, which average around 11%. The national rate is around 8%.

There were 12 pedestrian casualties in 2009, three more than the previous year, and just above the five year average of 10.6.



RESIDENT SATISFACTION WITH TRANSPORT

Satisfaction mixed

The 2010 Residents' Satisfaction survey found that slightly less than 38% of respondents were most dissatisfied with Transport in general. This was more than in 2009 (29%) although a significant improvement compared to 2007 when more than half were dissatisfied. Most concerns related to a lack of public transport, traffic congestion, and a perceived lack of maintenance of roads and footpaths. Residents were most satisfied with off road cycle ways, cycle lanes, walkways and street lighting and least satisfied with public transport.

Fewer people think parking is hard to find compared to a year earlier, with 27% this year compared with 34% in 2009 and 41% in 2006 – 37% think it is about the same compared to 12 months ago and 12% think it is easier than a year ago. Of 400 respondents, there has been a reduction in car use for the journey to work from 70% in 2009 to 65% in mid 2010. Similarly, walking to work increased significantly between 2009 and 2010, from 5% to 12% and cycling from 6% to 9%.

In the 2010 survey, 42% of the respondents cycle in Nelson. The majority of those who cycle are very satisfied (21%) or satisfied (42%) with the overall experience of cycling and 2% were very dissatisfied, mainly due to narrow lane widths, perceived dangers and bad experiences such as being knocked off their bike, concern about careless drivers and discontinuous cycle lanes. Of the rest, 22% of respondents who cycle said they were neither satisfied nor dissatisfied with their overall experience of cycling in Nelson.

What we do

Nelson City, as a unitary authority, does the transport planning for Nelson and is responsible for maintenance, construction and renewal of all roads and other parts of the transport network including cycle ways, but not State Highways. The State Highway network is managed separately by the NZ Transport Agency, which replaced Transit NZ, and is 100% funded by central government.

Council manages and maintains 248 km of roads, of which 232 km are sealed and 16 km are unsealed; 102 bridges; 16 km of off-road cycle lanes; 871 car parks in the central city and 237 car parks in Stoke.

Regional Land Transport Strategy Annual Report

Council reports each year on implementation of the RLTS, which updates key transport statistics as well as progress on key transport initiatives. This document is available on the Nelson City Council website.

Transport choices

Public transport use in Nelson is low. Council consultation has highlighted this as an area where residents would like a greater level of service. The introduction to this activity covered the changes to Government funding of this service. Council provides a community bus service called 'The Bus'. The private sector provides commercial public transport services between Nelson and Richmond. The Ministry of Education provides subsidised school bus services. Council, with Tasman District Council, also provides the Total Mobility Scheme, a door to-door transport service to assist people with disabilities who are unable to use public transport.

Nelson has relatively high numbers of pedestrians and cyclists compared with the rest of the country. Council has progressively developed footpaths and cycle facilities. Cycling and walking are considered important transport options to provide for an increasing population and to improve physical activity levels while reducing environmental impacts.

What we do

Council's transport activities include:

- Provision of a road network including road safety and street cleaning
- Footpaths
- Cycleways
- Public transport
- Subsidised public transport including the Total Mobility Scheme to provide access for people with disabilities
- Street lighting
- Inner city parking regulation and Central Business District development
- Street gardens/trees
- Street furniture
- Management of properties on road reserve.



Community outcomes

Council provided transport infrastructure to ensure there is safe, convenient, efficient and affordable access for residents, visitors and businesses. It has long been a responsibility of local authorities to provide and develop roads and transport planning in their area. Council-supplied transport infrastructure and transport planning contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	Through providing a range of transport systems that minimised the impact on the environment.
People-friendly places 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.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through providing an effective and efficient transport system that met the needs of residents and businesses.
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Through providing a safe transport network that provided for traffic, cyclists and pedestrians.

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Sealed roads re surfacing	(40)	690	650	691
Pavement reconstruction	13	320	333	688
Ridgeway connection construction	652	0	652	1,578
Cycleways – sundry	(131)	944	813	787

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

Transport service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results for 2009/10
Public transport services	Increasing use of public transport	Increase share of weekday journey to work trips by public transport to at least 10% by 2018	<p>Not achieved</p> <p>The national census recorded 0.5% of all weekday journey to work trips by public transport in 2006. Refer to page 84 for information on Government funding changes</p> <p>The 2010 residents survey recorded 1% of journeys to work trips were by public transport (within the survey's margin of error)</p> <p>There were 45,343 trips on 'The Bus' in 2009/10 up from 42,121 in 2008/09. There have been no improvements to services, except for the introduction of the Super Gold Card</p>
		80% households within 400m (5 minutes' walk) of a bus route by 2014	<p>On track</p> <p>Currently 79% of households are within 400m of a bus route</p>
Walkways and cycleways that meet residents' needs	Increased walking and cycling	Increase the number of vehicles with more than one occupant in the peak period across the Waimea Rd/Rocks Rd screenline to at least 10% by 2018	<p>Achieved</p> <p>Vehicle occupancy was recorded on Rocks Road and Waimea Road in September 2009. The survey counted all motor vehicles (including buses) between 7.30am and 9.30am, and 4.30pm and 6.00pm</p> <p>The percentage of vehicles with more than one occupant is on average around 24% across the screenline</p> <p>The national census recorded 4.3% of people traveled to work as passengers in Nelson in 2006</p>
		Increase the share of weekday journey to work trips undertaken by walking and cycling to at least 25% by 2018	<p>On track</p> <p>The 2010 residents survey recorded an increase in the number of people traveling to work by walking or cycling - 21% in mid winter 2010, up from 11% in 2009</p> <p>The national census recorded 13.4% of all weekday journey to work trips as walking or cycling in 2006</p>



What Council will provide	Measures	Targets	Results for 2009/10
Walkways and cycleways that are safe	Number of accidents	Reduce the number of injury pedestrian and cyclist casualties by at least 20% by 2018 compared with 2008	Not achieved In 2008 36 cyclist casualties (seriously injured or fatalities) were recorded. In 2010 this number increased to 45. Public education campaigns continue and cycle safety features are included in road design
Well maintained road network	Residents' satisfaction	At least 75% resident satisfaction with roads	Not achieved In 2010 41% of residents surveyed were satisfied or very satisfied with roads. In 2009 it was 49%
	Road roughness achieves New Zealand Transport Agency Standards (NZZSRA)	Maximum average road roughness targets: Arterial/principal 90-100 Collector 110 Local 120-140 Rural sealed 110-140 Rural unsealed 110-140 (higher values indicate rougher roads)	All achieved within or better than target range Maximum average road roughness measured in May 2010 apart from rural unsealed roads which were measured in 2004 Arterial/principal 77 Collector 89 Local 114 Rural sealed 87 Rural unsealed 126



Statement of financial performance

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Revenue			
Rates	(6,956)	(7,181)	(7,136)
Financial contributions	(438)	(250)	(362)
Other revenue	(6,142)	(6,272)	(5,377)
Total revenue	<u>(13,535)</u>	<u>(13,702)</u>	<u>(12,876)</u>
Expenses:			
Operating and maintenance	6,595	7,887	6,091
Interest on loans	994	1,068	1,061
Depreciation	4,576	3,932	4,353
Total operating expenses	<u>12,165</u>	<u>12,887</u>	<u>11,505</u>
Net (surplus)/deficit	<u>(1,370)</u>	<u>(816)</u>	<u>(1,372)</u>

Statement of funding requirement

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	6,472	3,899	7,796
Non Cash profits and writeups	0	0	0
Repayment of loan principal	520	824	1,334
Transfer to reserve funds	1,508	1,097	1,119
Total funds required	<u>8,500</u>	<u>5,820</u>	<u>10,249</u>
Source of funds:			
Net surplus	1,370	816	1,372
New loans raised	894	488	2,693
Transfer from reserve funds	1,503	405	1,095
Transfer from financial contributions reserve	81	80	47
Non cash expenditure (depreciation)	4,576	3,932	4,353
Sales of assets	76	100	690
Total source of funds	<u>8,500</u>	<u>5,820</u>	<u>10,249</u>

See Note 33 on page 80 for explanations of variations.



REGULATORY COMPLIANCE

(CONSENTS, LICENCES AND MONITORING)

WHAT WE DID 2009/10

Council received its Building Consent Authority (BCA) and Quality Assurance (QA) Accreditation at the end of June 2009 after completing all requirements. It was a major milestone and achievement to have met requirements in full with no corrective actions, particularly as the QA system was not due until December 2010.

The Council prepared for the onset of significant amendments to the Resource Management Act and the new discount regulations for late consents.

Building Consents

Processing timeframes continued to improve with 88% of building consent applications granted within 20 working days. Even though these processing times have improved, this has been achieved while the number of building consents has increased 64% over the previous year.

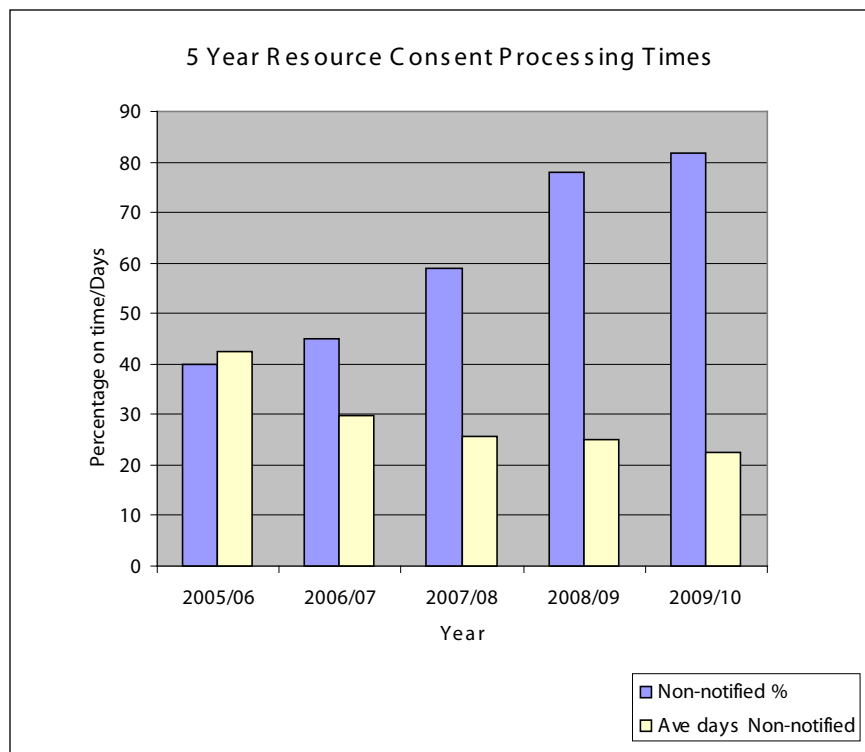
Year	Numbers	Value \$	Processing		
			Average processing days	No. completed on time	% completed on time
09/10	2,287	121,413,193	8	2,002	88%
08/09	1,392	126,079,638	13	1,094	79%
07/08	1,495	175,052,507	20	944	63%
06/07	1,495	146,947,776	22	776	52%
05/06	1,197	99,843,748	18	733	61%

Resource consents

For the 2009/10 financial year, 378 resource consent decisions were issued. Fifteen of these decisions were objected to with less than half of these objections relating to consent conditions. There were no appeals lodged at the Environment Court. The vast majority of consents continue to be processed on a non-notified basis. The graph below shows steady improvements in processing times and this combined with the decreasing amount of objections received, reflects the staff commitment to producing quality consents in a timely manner:

RESOURCE CONSENT PROCESSING TIMES 2009/10

NON NOTIFIED			NOTIFIED/LIMITED NOTIFIED		
% processed on time	Average process days	Consent number	% processed on time	Average process days	Consent number
82	23	378	71	81	10



Land information memorandum (LIM) applications: LIMs continued to be processed well within the ten working day timeframe, as shown in the following table.

Year	Average Process days	Total LIMs
2009/10	5	321

What you said

In the mid-2010 survey of residents, 40% were satisfied with Council's regulatory compliance activity, 13% were dissatisfied and 37% were neither.



BACKGROUND

Regulatory compliance included administering government regulations mainly related to public health, safety or wellbeing. Controlling dogs, licensing liquor outlets, ensuring food hygiene, safe navigation and providing safe durable buildings, for example, are all linked to social wellbeing. Processing resource consents is also included in this Council activity, which promotes environmental as well as social wellbeing. Council's pollution control, noise monitoring and complaints investigation responsibilities are concerned with protecting both the environment and human health and wellbeing.

Safer environments through planning and regulation

Nationally, there is a move to curb anti-social behaviour and to create safe environments within which people can live, work and play. Regulatory controls will continue to be a key tool to promote community safety and wellbeing.

Maintaining reliable, accurate, up-to-date information about land is also a core Council service.

Council's consents, licensing and monitoring activities include:

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

Community outcomes

Council provided regulatory compliance services to promote healthy and safe environments. Council also implemented regulations that sought to protect the wellbeing of the community. Regulatory compliance contributed towards achieving these Community Outcomes over the year:

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

Regulatory compliance service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results for 2009/10
Building Control team to ensure buildings are built to provide a safe and healthy environment for current and future building owners and users	Compliance with Building Act 2004	100% compliance	Achieved Accredited Building Consent Authority
	Meet statutory timeframes under the Building Act 2004	100% compliance with Building Act requirements	Not achieved June 09 - June 2010 2288 building consents issued, 88% completed in 20 working days or less. 2111 code compliance certificates issued, 88% within 20 working days or less.
Building Consent Authority accreditation services & Quality Assurance (QA) accreditation services	Retention of BCA / QA Accreditation	Assessment by IANZ June 2009 and May 2011 and every two years thereafter. Retain Accreditation and obtain Quality Assurance Accreditation	Achieved Currently accredited to assess and inspect all building work in Nelson (full scope)



What Council will provide	Measures	Targets	Results for 2009/10
Reduce risk and ensure life safety of the public in buildings if earthquake occurs	Implementation of Earthquake Prone Building Policy	Building owners to be notified by June 2009 for buildings with special post-disaster functions eg hospitals, fire and police stations	Partly achieved Desktop review of notified buildings due for completion Policy and review implemented June 2009 Date moved to Dec 2010*
		Building owners to be notified by December 2009 for buildings that contain crowds	Not achieved Date moved to December 2010*
		Building owners to be notified by December 2010 for buildings with a heritage classification of A or B	Not achieved Date moved to Dec 2011. Review of Earthquake Prone Building Policy due by May 2011 and submitted to Department of Building & Housing
		Building owners to be notified by December 2011 for buildings with a lower consequence for loss of life	Not achieved Date moved to Dec 2012*
Resource Consent processing services	Number of consents processed within statutory timeframes	100% of consents processed within statutory timeframes	Not achieved 2009/10 82% of non-notified and 71% of notified consents were within timeframes (Note: non-notified consents are those consents that are not publicly notified. Notified consents allow people to lodge a submission in support or opposition to an application)
Public health protection services including food and liquor licensing and inspection	The percentage of premises inspected each year	All premises are inspected at least once per year and any failures reinspected	Achieved All food premises, on, off and club licences received a minimum of one inspection
Response to Complaints (e.g. pollution response, dogs)	The percent of priority complaints responded to within 30 minutes. High priority complaints are complaints that require immediate response due to a serious imminent threat to the environment or person.	100% of high priority complaints are responded to within 30 minutes. Including dogs attacking or showing aggressive behaviour and pollution complaints	Not achieved 95.8% compliance over the year. There were 144 high priority complaints, of which four were responded to between 40-70 minutes. In seven cases the response time could not be determined
Noise control	The percent of priority complaints responded to within 30 minutes	80% of high priority complaints are responded to within 30 minutes. High priority complaints are those in the early hours of the morning.	Target achieved with 84% responded to within 30 minutes.

*Policy implementation delayed due to reduced staff capacity.

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(2,146)	(1,867)	(1,993)
Financial contributions	0		0
Other revenue	(3,086)	(3,261)	(2,618)
Total revenue	(5,232)	(5,128)	(4,611)
Expenses:			
Operating and maintenance	4,930	4,999	4,550
Interest on loans	0	0	0
Depreciation	17	26	17
Total operating expenses	4,947	5,025	4,567
Net (surplus)/deficit	(285)	(103)	(44)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	81	90	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	221	39	61
Total funds required	302	129	61
Source of funds:			
Net surplus	285	103	44
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)	17	26	17
Sales of assets	0	0	0
Total source of funds	302	129	61

See Note 33 on page 80 for explanations of variations.



PARKS AND OPEN SPACES

WHAT WE DID 2009/10

New assets

Significant new parks and open spaces assets funded through Council's capital expenditure this year included work at Saxton Field and improvements to the network of roads and paths at Tahunanui Reserve. Other Saxton Field capital spending is detailed in the Community Facilities section.

Parks and open spaces have been shown to be increasingly important to the community. In July 2010, 75% of residents surveyed were satisfied with Council's parks and open spaces, the highest rating of all 14 Council activities.

Community planting and tracks

Community plantings continued over the year, including at the Glen, Tahunanui Reserve, Hockey Reserve in Brook Valley, Orchard Stream, Paremata Flats, Murphy Street Reserve and Wakapuaka Sand Flats.

The Dun Mountain/Coppermine Saddle circuit was upgraded, a new walkway was added at the Murphy Street reserve and a new 200 metre section of the Orphanage Stream path was constructed, including a new bridge across the stream.

Improved facilities in parks

Council acquired additional land from the Cawthron Institute at the Glen and developed a wetland and car park. New toilets with striking artwork were installed at Branford Park. A major improvement of the road and path network at Tahunanui was also completed during the year.

A new playground was added to the Frenchay Reserve in Atawhai. Greenmeadows Reserve benefited from improvements to the tennis courts, irrigation, lighting and car parking. New light towers were installed at Neale Park and the front garden at Melrose House was extended.

Council also completed the bulk of the significant Trafalgar Park upgrade of facilities over the year improving lighting, toilets, entry areas, the turf, drainage and landscaping.

Planning

The Conservation and Landscape Reserves Management Plan was approved by Council in November 2009 and the Rutherford and Trafalgar Parks Reserve Management Plan in July 2010.



BACKGROUND

The natural backdrop to Nelson city is one of its most notable features, one that is particularly appreciated by visitors and residents according to Council's annual survey of residents.

Council's Parks & Open Spaces activity consistently rates as having the highest levels of satisfaction, currently around 75%.

The parks and open spaces network enhances the protection of Nelson's biodiversity and protects heritage and coastal areas while providing recreational opportunities. There is considerable overlap between this Council activity and its Community Facilities and Recreation and Leisure activities.

Nelson manages more than 11,000 hectares (ha) of parks and open spaces. The majority is held in the Brook, Roding and Maitai Conservation Reserves, which together total around 10,000ha. Nelson's parks and open spaces are strongly linked to the maintenance of Nelson's biodiversity, which is the natural diversity of all life, including diversity in genes, species, populations and ecosystems. Nelson's conservation areas in particular are rich in native species and ecosystems.

Increased need for parks and open spaces

The main reasons for the increase in the provision of parks and open spaces are population growth, changes in recreational uses and environmental protection requirements. Council has a strategic purchase programme in place to secure land to meet future parks and community facility requirements, as opportunities arise.

Trends in recreational use of parks and open spaces show a significant move towards more informal active recreation such as mountain biking and walking and a decline in participation in organised sports, though these continue to be important recreational activities. Other issues and challenges in relation to Council's management of parks and open spaces include:

- Increasing development on hills needing walkway connections between these suburbs and local schools and shops
- The need to provide safe public spaces with sensible design that discourages crime and enhances other uses
- The need to provide improved access for an ageing population
- Provision of space and facilities for new recreational activities
- The blurring and overlap of seasons by traditional sporting codes

For more information on anticipated trends, see the Parks and Reserves Activity Management Plan, which is available from the Council Customer Service Centre.

Nelson residents have an important role in parks and open spaces management. There are many ways people can be involved, including as volunteers planting native species, controlling weeds and pests and providing memorial seats.



What we do

Council's parks and open spaces activities include:

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

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

Community outcomes

Council owns and manages a wide range of reserves and other areas to meet the recreational needs of residents and visitors, while also protecting landscape and natural values. Our parks and open spaces assets provided a network of green space that met social and environmental goals and provided recreational opportunities. Council parks and open spaces contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
Healthy land, sea, air and water We protect the natural environment.	Through providing parks and open spaces that included a range of environments and biodiversity.
People-friendly places We build healthy, accessible and attractive places and live in a sustainable region.	Through providing well planned parks and open spaces.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through tourism based on attractive surroundings and activities available in Nelson's parks and open spaces.
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Through providing parks and open spaces that encouraged 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 recreation facilities that everyone could enjoy.

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Neighbourhood parks land purchases: general reserves	1,212	1,480	2,692	438
Esplanade and foreshore reserves – Tahunanui Reserve Management Plan implementation	142	908	1,051	871
Sportsfields – Greenmeadows redevelopment	271	497	769	542
Sportsfields – Rutherford Park redevelopment	228	473	702	95

Parks and open spaces service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measure	Targets	2009/10 Results
Neighbourhood parks well distributed throughout the city for residents use and enjoyment	Neighbourhood park distribution	At least one neighbourhood park within 400m of each home in residential areas and within 5km in rural small holdings zone	Not achieved Target met for all of Nelson except in the Wood where options for acquiring land are being considered
Sufficient sportsfield reserves provided to support community's organised sport needs	Area of sportsfield reserves	Maintain at least 2.5ha of sportsfield reserves per 1000 residents	Achieved Target met for all of Nelson 2.84ha per 1000 people
Well designed and safe play facilities are located within walking distance of every house in the urban area	Playground location distribution. Internal and independent audits monitor safety and design standards	Play facilities located within 800m of every house in the urban area Audits occur according to agreed schedule and recommendations are implemented	Achieved Distribution target met for all of Nelson Audits for safety completed as programmed, monthly by Nelmac with a full independent survey every six years, the next due in 2014
Threats to significant biodiversity values within Conservation and Landscape Reserves are actively monitored	Monitoring system for key species and habitats	Regular system of monitoring of key species and habitats implemented for Conservation and Landscape Reserves and findings reported to Council and community	Not achieved Prioritisation framework developed in 2009/10 Monitoring and reporting is to begin in 2010/11
City's parks and open spaces managed in a sustainable manner	Key indicators show improvement in sustainability	Council-wide system for monitoring sustainability indicators established and targets set for key indicators in parks and open spaces	Achieved Nelson City Council/ Nelmac Parks and Reserves Sustainability Action Plan was implemented in 2009/10 Monitoring system established, agreed initiatives in place and are being implemented with Nelmac



Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(5,539)	(5,269)	(4,627)
Financial contributions	0	0	0
Other revenue	(453)	(390)	(531)
Total revenue	(5,992)	(5,659)	(5,158)
Expenses:			
Operating and maintenance	4,477	4,571	3,824
Interest on loans	226	568	208
Depreciation	1,289	923	916
Total operating expenses	5,992	6,062	4,948
Net (surplus)/deficit	0	402	(210)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	4,627	6,210	3,689
Purchase investment	0	0	0
Repayment of loan principal	0	0	110
Transfer to reserve funds	0	0	0
Total funds required	4,627	6,210	3,799
Source of funds:			
Net surplus	(0)	(402)	210
New loans raised	2,345	4,905	350
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	991	784	2,323
Non cash expenditure (depreciation)	1,289	923	916
Sales of assets	2	0	0
Total source of funds	4,627	6,210	3,799

See Note 33 on page 80 for explanations of variations.

RECREATION AND LEISURE

WHAT WE DID 2009/10

An important focus for Council over the year was working in partnership with the Cycle Trails Trust and Tasman District Council to secure central government funding of \$2.6 million for developing cycle trails. The very popular Women's Activator series of 2009 was extended over the year to men and youth. Community recreation events included Isel in Bloom, Broadgreen Rose Day and The Big Tahuna beach party.

Council provided recreation programmes for youth through The New Hub and continued to support OSCAR holiday programmes by funding tutors and Big Day Out events. A total of \$39,123 was provided to 18 organisations from the Physical Activity Fund to support community sports and recreation.

Council's Recreation and Leisure activity consistently rates highly in surveys of resident satisfaction. In mid-2010, 64% were satisfied or very satisfied. This was third highest out of 14 activities.

BACKGROUND

With the long-term trend towards inactivity and obesity, councils and other organisations see the many benefits of encouraging residents to be more active and therefore healthier.

Council provides recreation and leisure opportunities through providing infrastructure such as footpaths and cycle ways, parks and open space, as well as information, services, events and programmes. 'Recreation' and 'leisure' are defined broadly to include all passive and active pastimes that "refresh, occupy and entertain".

The healthy Nelson lifestyle

Taking part in physical activities as well as enjoying leisure time is a significant and essential part of Nelson's culture. Nelson has the highest proportion of residents in the country cycling and taking part in sport and recreation. Related to this, Nelson has the fewest smokers nationwide. Our health as a community is in part shaped by our surrounding environment. A healthy community is also more productive, with fewer people unable to work because of illness. Council's recreation and leisure activity has strong links to related Council activities particularly:

- Culture, heritage and arts
- Parks and open space
- Transport, especially active and public transport
- Environmental management
- Community facilities.





Activities during events

Many community events run by Council, such as Broadgreen Rose Day, now include opportunities to be physically active. An example is the Way2Go activities trailer provided by Council. The Lantern Spectacular included a walk to the top of the Centre of NZ hill and the Teddy Bears' Picnic included sports activities like tug of war and sack races for children and parents.

Planning plays a big part

Council's recreation and leisure work included planning, coordination, funding and providing facilities. The Regional Physical Activity Strategy and Nelson Tasman Physical Activity Plan are a collaboration between Council and other interested organisations. They were funded by Sport and Recreation NZ (SPARC). The regional strategy covers high level collaboration strategies for Buller, Tasman, Nelson, Marlborough and Kaikoura. The Nelson Tasman Physical Activity Plan has a local focus and lists specific goals and initiatives for this area.

The local plan covers issues such as health, active transport, inclusiveness and access, information sharing, open space, facility planning, education, volunteer support and links to related policies. For example, the plan included a goal of safe active transport options in all communities, with coordinated planning to develop a network of cycle and walking routes across Nelson. It included objectives to establish a connected and effective network, and plan for physical activity opportunities to be embedded within land transport planning processes. Recommended actions include increased understanding of cycling and walking needs and collaboration with other agencies to address their specific needs.

Community funding

Council administers the Nelson City Physical Activity Fund for community groups with specific projects to increase the physical activity levels of residents. Up to \$40,000 per annum is allocated, which is residual funds from the former Hillary Commission Community Sport Fund.

The Council's Community Assistance Policy set up Council grants and fixed-term contracts to community organisations that provide recreation and leisure services for residents.

Way2Go

Way2Go is a Nelson-Tasman multi-agency partnership project aimed to increase physical activity levels by funding and supporting community recreation providers in the region. The overarching aim of the Way2Go programme is to break down barriers to physical activity by providing programmes and information about achievable physical activity and active recreation opportunities in local communities. Way2Go is a collaborative programme between Nelson City and Tasman District Councils, Nelson Marlborough District Health Board, the Tasman Regional Sports Trust and the Nelson Bays Primary Health.

Two programmes the Council supports as part of Way2Go are In Your Neighbourhood and the Activator Programme. In Your Neighbourhood is a fun recreation programme delivered by HYPE-GS using the Way2Go Activity Trailer in Council parks and open spaces. 800 children and their families took part over the year. The Women's Activator is a popular programme based on triathlon sports, encouraging people to get back into physical activity after a long break. 150 women applied for 100 places this year.

Working with Tasman District

Nelson and Tasman Councils also work together through the joint NCC/TDC Regional Funding Forum to coordinate the funding and development of regional community recreation and leisure facilities, including Saxton Field. These are covered in more detail in the Community Facilities section.

Council recreation and leisure facilities

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

- the Trafalgar Centre
- Natureland
- public libraries, which are included in the Community Facilities activity
- the Waahi Taakaro golf course
- play facilities
- two swimming pools, Riverside and Nayland
- sports grounds and parks, which are in the Parks and Open Space section

The Trafalgar Centre is the region's largest indoor events venue catering for major arts, cultural, sporting and recreation events that attract large numbers of attendees. A \$7.4 million upgrade of the main stadium was completed in 2009, including improved acoustics, insulation and ventilation, new toilets and changing facilities, an increased floor space, flexible seating and stage area and additional storage areas.

Events support

Council support for recreation events in conjunction with festivals included Rose Day, Isel in Bloom, Youth Council events, Bikewise Week and support for Youth Week in May every year. Summer initiatives include recreation activities at the beach and neighbourhood reserves through the Recreation Ambassador and In Your Neighbourhood programme as well as events for youth in the annual arts festival and during the New Year's Eve concert.

Community outcomes

Council is involved in providing recreation and leisure opportunities, like other public goods, because the health, economic and community wellbeing benefits of passive and physical activity and leisure are shared by the whole community. Council is well-placed in terms of its expertise and role to coordinate community-wide physical activity initiatives, in collaboration with other organisations. Council-provided recreation and leisure services for



Nelson residents and visitors contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
People-friendly places We build healthy, accessible and attractive places and live in a sustainable region.	Through creating leisure, sports and living environments for residents and visitors activities.
A strong economy We all benefit from a sustainable, innovative and diversified economy.	Through recreation activities that drew people to Nelson and provided work and healthy lifestyles.
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Through providing recreation opportunities that maintained or built healthy communities.
A fun, creative culture We are proud of our creative local culture and regional identity.	Through providing recreation pursuits that were fun and gave people a sense of belonging and wellbeing.

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Play facilities – sundry	349	661	1,010	237

Recreation and leisure service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
Natureland established as a high quality visitor attraction	Visitor numbers	Visitor numbers increase annually	Achieved 33,950 visitors in 2007/08 35,969 visitors in 2008/09 36,555 visitors in 2009/10 (projected)
Trafalgar Centre as a venue that continues to meet needs of the community and attract visitors	Bookings	Bookings increase annually	Achieved Visitor numbers increasing 133,066 in 2009 up from 102,805 in 2005 More large events and fewer small events, for example there were 50,927 national sport event visitors in 2009, up from 17,680 in 2005

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(2,799)	(2,956)	(1,990)
Financial contributions	0	0	0
Other revenue	(478)	(385)	(371)
Total revenue	(3,277)	(3,341)	(2,361)
Expenses:			
Operating and maintenance	2,197	2,332	1,878
Interest on loans	463	426	79
Depreciation	632	589	357
Total operating expenses	3,292	3,347	2,314
Net (surplus)/deficit	15	6	(47)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	503	961	237
Repayment of loan principal	260	204	336
Purchase of investment	90	90	0
Transfer to reserve funds	148	5	11
Total funds required	1,001	1,259	584
Source of funds:			
Net surplus	(15)	(6)	47
New loans raised	90	325	0
Transfer from reserve funds	19	96	91
Transfer from financial contributions reserve	259	243	89
Non cash expenditure - investment write down	16	0	0
Non cash expenditure (depreciation)	632	589	357
Sale of investment	0	13	0
Sales of assets	0	0	0
Total source of funds	1,001	1,259	584

See Note 33 on page 80 for explanations of variations.



COMMUNITY FACILITIES

WHAT WE DID 2009/10

Significant new community facilities assets funded through Council's capital expenditure included facilities at Saxton Field – the hockey and softball shared pavilion, two new softball diamonds, the utility building beside the cricket oval and cricket practices strips and sightscreens.

Major improvements to the road layout at Tahunanui reserve were completed, as was an improved path network for pedestrians and cyclists. Reconstruction of tennis courts and car parks at the Greenmeadows reserve was completed, new toilets were installed at ANZAC park and a village green, car park and wetlands were developed at the Glen reserve. A 200 metre section of the Orphanage Stream path was constructed from Bridgewater Lane downstream to and including a new bridge across the stream. This was a further stage in developing an esplanade path all the way along Orphanage Stream.

A significant upgrade of facilities at Trafalgar Park was also completed with improvements to lighting, toilets, entry areas, the turf, drainage and landscaping.

The July 2010 Council survey of residents found that 63% of respondents were satisfied with Council's community facilities and 9% were dissatisfied and 29% were neither, making it fourth highest rating out of the 14 Council activities for resident satisfaction. In 2007, when this was last assessed, 77% were fairly or very satisfied on a three point scale.

BACKGROUND

Community facilities are needed to ensure Nelson has a range of high quality places where services are provided and for a variety of uses by residents and visitors. These range from public toilets and camping grounds to the crematorium. A substantial number of individual facilities are included in this Council activity, such as the three public libraries and many community properties including local halls.

Community facilities include:

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



This Council activity groups and manages together very different kinds of properties. What they have in common is that they are all physical properties owned by Council on behalf of the community. They are all for community use or for providing community services in some form.

All of Council’s community facilities, recreation and leisure, parks and open space and social development activities aim to enhance community wellbeing through overlapping social, cultural, economic and environmental initiatives.

Community housing

Council’s 142 community housing units provide low cost housing for older residents with limited financial means. The housing is managed by an independent contractor and occupancy rates are high. Funding secured from Housing New Zealand is allowing an upgrade and modernisation of the 39 units at Karaka Street in Stoke.

Community outcomes

Council’s community facilities activities contributed to achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
<p>People-friendly places We build healthy, accessible and attractive places and live in a sustainable region.</p>	<p>Through providing attractive and useful community buildings and places where community services could be delivered and developing collaborative partnerships with other organisations.</p>
<p>A strong economy We all benefit from a sustainable, innovative and diversified economy.</p>	<p>Through providing venues for the delivery of community services that contributed to the wellbeing of the community, and that provided employment.</p>
<p>Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.</p>	<p>Through supporting the community and meeting a wide range of community needs.</p>
<p>A fun, creative culture We are proud of our creative local culture and regional identity.</p>	<p>Through providing venues that supported our local culture and identity.</p>



CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Marina – large berths dredging	50	1,000	1,050	825
Saxton Field – cricket / athletics / football pavilion	(9)	3,300	3,291	193
Saxton Field – general development	0	540	540	658
Saxton Field – utilities / maintenance building	0	990	990	922
Saxton Field – hockey / softball pavilion	0	2,000	2,000	1,776
Regional Community Facilities - Performing Arts / Conference Centre	(4)	5,000	4,996	401
Regional Community Facilities - Saxton Field stadium	(532)	507	(25)	795
Regional Community Facilities – Trafalgar Park	0	7,400	7,400	6,714
Regional Community Facilities – sundry	685	718	1,403	423

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

Community facilities service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	Results for 2009/10
Well-managed facilities with appropriate services for a variety of uses by the community	Residents survey	Targets not yet set	Well-patronised range of community facilities 63% of surveyed residents satisfied with community facilities in July 2010
Nelson Public Libraries are well used and offer a range of services that satisfy the needs of the community	Membership figures. Issues per capita compared to national average. Holdings per capita compared to national average. Residents survey	Membership as a % of population equals or better the national average. Items per capita and holdings per capita equal or better national average. Resident satisfaction target not yet set	Achieved Library membership 84% of population (national average 50.2%) Issues per capita 19.7 (national average 12.76) Holdings per capita 3.46 (national average 2.8) From survey of residents, 84% satisfied or very satisfied in July 2010 (91.6% in July 2009). The apparent drop in satisfaction was mainly due to concern among some library users about internet use by visitors and use of a different scale to assess satisfaction
Provide low cost, self-funding community housing for older persons	Condition assessments. Cost to rates	Community housing maintained to a level 3 (average) standard and at no cost to rates	Achieved All units Grade 3 level or higher. Currently community housing rents do not cover maintenance and operations



Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(4,835)	(5,735)	(4,790)
Financial contributions	0	0	0
Other revenue	(6,638)	(8,006)	(9,996)
Total revenue	(11,473)	(13,741)	(14,786)
Expenses:			
Operating and maintenance	4,479	5,344	4,651
Interest on loans	2,073	1,701	1,660
Depreciation	943	1,198	913
Total operating expenses	7,495	8,243	7,224
Net (surplus)/deficit	(3,978)	(5,498)	(7,562)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	14,264	21,858	20,375
Purchase investment	1,201	1,200	0
Repayment of loan principal	76	213	338
Transfer to reserve funds	128	28	54
Total funds required	15,669	23,299	20,767
Source of funds:			
Net surplus	3,978	5,498	7,562
New loans raised	10,183	15,915	12,183
Transfer from reserve funds	0	19	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure - investment write down	564	0	0
Non cash expenditure (depreciation)	943	1,198	913
Sale of investment	0	0	80
Sales of assets	1	670	29
Total source of funds	15,669	23,299	20,767

See Note 33 on page 80 for explanations of variations.





ECONOMIC AND TOURISM SUPPORT

WHAT WE DID 2009/10

The most obvious feature of the 2009/10 financial year was the need for Council to respond to the increasing cost of infrastructure materials. Bearing in mind the effect the Council has on the local economy, the rates increase was kept below the inflation rate in part by deferring the repayment of Council loan principal.

Economic benefits from major projects

Complementary Council projects that featured in the 2009 Community Plan as having significant economic benefits included the preparations for Rugby World Cup 2011 events and the Heart of Nelson central city strategy projects.

What residents think

The July 2009 Residents Survey found that 47% of respondents were satisfied with Council's economic and tourism support activity, with 10% dissatisfied. The most cited reasons for dissatisfaction were that they felt Council did not do enough for the local economy, businesses or tourism promotion. In July 2010, 43% were satisfied with Council's economic and tourism support activity, with 11% dissatisfied and 37% were neither.

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

Green apples

The EDA, in conjunction with the Hawkes Bay and Otago regions and Pipfruit New Zealand successfully introduced the Apple Futures Initiative to produce apples with no detectable chemical spray residues. The programme has now been taken up by the apple industry as part of its usual business practice.

Jobs for youth

The successful Education for Enterprise programme overseen by the EDA is now included in the curricula of all the regions' high schools.

Assisting Enterprise

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

- **Green Port – Black Boats**
In conjunction with four marine businesses funded an in-depth feasibility study into the development of an eco friendly marine precinct.
- **Aviation Cluster**
Development of a cluster of key aviation sector businesses across the Top of the South to work together to grow business through the sector.
- **Nutrition Valley**
To carry out a study into the development of a natural products business park.

Event Funding

Up to mid 2010, funding was provided for 11 events that were considered to have economic potential.

Strategic Planning

The EDA updated the Regional Economic Development Strategy with the latest data as at 30 June 2010. This publication contains the region's most recent economic data available to assist in planning the development of the Region. The report, 'Tracking the Nelson Regional Economy' to measure the performance of the region is released every six months. The EDA continued to run Venture Accelerator Network meetings to support entrepreneurs and potential investors. It also coordinates implementation of the Work Force Development Strategy.



TOURISM NELSON TASMAN LTD

Financially, Nelson Tasman Tourism made good progress over the year. Tight expenditure control, operation of a fourth quarter project reserve to hold discretionary spending until late in the year, restructuring the Golden Bay i-SITE to achieve better long-term performance and improved sales across all visitor centres were all factors in the sound financial end result. The Board now operates a contingency fund to better insulate the Company from marketplace and revenue fluctuations.

Guest nights up

By the end of the financial year to 30 June 2010, there were early signs of a recovery from the global financial crisis. Total guest nights for the year grew by 2.8% over the previous year and was a vast improvement on the negative growth rate experienced in 2008/09. However, there is still some way to go before tourism in New Zealand and the Nelson Tasman region returns to previous levels of activity.

The tourism market changed more than ever over the past year, as economies around the world including New Zealand recovered at different rates. An interesting result for Nelson Tasman was that, in most months, domestic guest nights declined while international nights grew. This change came after growth in Australian arrivals, many of whom found their way to our region, as well as a continuation of good growth from Germany.

Marketing initiatives

While Nelson Tasman Tourism is now adequately funded to carry out its basic roles, funds available to invest in marketing in the highly competitive regional tourism market are comparatively limited. Fortunately, during the year both Council shareholders agreed to invest in a joint venture marketing opportunity with central government for the 2010/11 financial year. An opportunity too good to miss, the funding will enable the region to invest in its biggest ever marketing exercise, through featuring in a wider two million dollar campaign that encourages Australians to travel to the South Island via Christchurch International Airport. Within that campaign, Nelson Tasman will feature in two pushes for Australians to travel throughout the top of the South Island during the Spring and Autumn seasons of 2010/11. Nelson Tasman Tourism will continue to focus on ways the Company could achieve a more competitive level of marketing.

The Company was active in projects to increase revenue and improve performance. The IBIS software project to improve information centre processing capability is now complete, and a revamp of the Nelson Tasman regional website is under way.

Destination Management

Externally, Nelson Tasman Tourism has continued its role as industry leader and tourism representative at a national level. Involvement in projects such as the national cycleways project, the Abel Tasman Foreshore, Rugby World Cup 2011 and sustainability initiatives have all been a significant part of the Company's activities.

BACKGROUND

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

Council established the Nelson Regional Economic Development Agency (EDA) in 2004 and provides its base operating funding with Tasman District Council. The EDA Statement of Intent (SOI) sets out its goals and performance measures for the current financial year. The purpose of the EDA included: "to coordinate, promote, facilitate, investigate, develop, implement, support and fund initiatives relating to economic development, employment growth and improved average incomes within the Nelson region for the benefit of the community".

Council part-funds Nelson Tasman Tourism, which it jointly owns with Tasman District Council. Its goals and performance measures for the current financial year are set out in its Statement of Intent (SOI).

Council also provides funding to support the activities of the Uniquely Nelson central city business coordinator and funds Nelson Event Strategy implementation. Council contributed to promoting the region nationally and internationally through campaigns, events, publications and through participation in Sister City programmes.

The Millers Acre Centre, Taha o te Awa opened in 2005 and is owned by the Council. This award winning Trafalgar Street building houses the Millers Acre Centre, Taha o te Awa visitor information centre and Nelson Tasman Tourism offices. It is an economic/business development one stop shop with tenants including the EDA, Nelson Tasman Business Trust and NZ Trade and Enterprise.

What we do

Council's economic and tourism support activity included:

- Economic development
- Tourism support through Tourism Nelson Tasman Ltd.





Community outcomes

Council recognises that Nelson businesses need the right economic environment to flourish, and that a focus on developing smart sustainable businesses benefits everyone living in and visiting the area. A strong economy also depends on having sound and reliable infrastructure, much of which is provided by the Council. Council support for economic development contributed towards achieving these Community Outcomes over the year:

Outcomes	How the activity contributed
<p>A strong economy We all benefit from a sustainable, innovative and diversified economy.</p>	Through supporting organisations such as the Regional Economic Development Agency and Nelson Tasman Tourism and providing reliable infrastructure for businesses.
<p>Good leadership Our leaders are proactive, innovative and inclusive.</p>	Through monitoring and facilitating economic activity and advocating for Nelson economic development with central government.

Economic and tourism support service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
<p>Coordination and promotion of economic development. Effective Council Controlled Organisations (CCOs) and infrastructure that provide for a sound local economy</p>	<p>Resident satisfaction Detailed targets for CCOs are in the relevant Statements of Intent</p>	<p>Satisfaction target not yet set</p>	<p>In 2010, 43% of residents surveyed were satisfied with Council performance in economic and tourism support, 11% were dissatisfied and 37% were neither</p>

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(1,163)	(1,341)	(1,030)
Financial contributions	0	0	0
Other revenue	(30)	0	0
Total revenue	(1,193)	(1,341)	(1,030)
Expenses:			
Operating and maintenance	1,193	1,341	1,030
Interest on loans	0	0	0
Depreciation	0	0	0
Total operating expenses	1,193	1,341	1,030
Net (surplus)/deficit	0	0	0

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
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
Total funds required	0	0	0
Source of funds:			
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
Total source of funds	0	0	0

See Note 33 on page 80 for explanations of variations.



MANAGING EMERGENCIES AND NATURAL HAZARDS

WHAT WE DID 2009/10

Civil Defence and Emergency Management (CDEM) is carried out regionally with Tasman District Council. In the past year civil defence staff have responded to a number of emergency events including a flood in Tapawera, the Chilean Tsunami alert and a major rural fire at Glenhope. Civil defence staff responded to these events and provided emergency welfare support to the community when people had to be evacuated. A full review of regional civil defence arrangements was undertaken by government in early 2010. The resulting report was very positive about the Nelson Tasman group, with the Director of Civil Defence and Emergency Management stating that there was a “very solid foundation, with some impressive work having been done over the last few years”. The recommendations from this review will be incorporated into a five yearly update of the regional civil defence plan, which began in mid-2010.

Continuing preparations

Work has continued setting up a network of welfare centres in Nelson City and Tasman District to ensure that the public will have safe areas available in the event of a major emergency evacuation. This has been part of community planning in a number of rural areas. A public education programme continued, aimed at enhancing community resilience. As measured in the most recent Residents Survey on civil defence in 2009, 58% of Nelson City residents have an emergency kit or supplies at home. In 2006 that figure was 59%, and in 2003 it was 51%. Respondents thought the most likely emergency would be an earthquake (91%) followed by flooding (46%). Work has continued on promoting the Nelson Tasman Engineering Lifelines group and developing a Nelson Tasman civil defence website.

BACKGROUND

Civil Defence Emergency Management in Nelson and Tasman

Councils have an important role in assisting their communities to cope with emergency events. Following changes to the law, including the Civil Defence Emergency Management Act 2002, this role has increased. Not only do councils have key responsibilities because of the essential infrastructure and services they provide, they are also obliged to improve their communities’ awareness of how to prepare for a disaster and how to recover afterwards. Council staff are trained to operate an emergency operations centre (EOC) in the event of a disaster. The full emergency management service provided by the Council, with other members of the Civil Defence Emergency Management Group (CDEMG), is set out in the Nelson Tasman Civil Defence Emergency Management Group Plan. Nelson City Council contributed



\$220,000 in 2009/10 as its share towards operating and maintaining the levels of service stated in the Plan. The group's staff is based out of the Trafalgar Centre in Nelson, administered by the Nelson City Council, but their responsibilities cover the wider Nelson Tasman region.

Risk of emergencies

The physical setting and population characteristics of Nelson mean it is exposed to a wide range of natural and human caused hazards. These include both natural and human-made hazards. In 2009 the Emergency Management Office worked with other Council staff to review the region's hazards using the accepted Australia New Zealand risk management standard. Under this framework, the ten greatest risks for Nelson and Tasman, starting with the highest risk, are:

- Earthquake
- Pandemic
- Local tsunami
- Infrastructure failure (electricity, fuel, communications)
- Plant and animal pest/disease
- Dam break
- High winds
- Slope failure (earth movement, slips)
- Drought
- Flooding

A resilient community

The vision for Civil Defence Emergency Management in Nelson and Tasman is: "A resilient Nelson Tasman community". A resilient community is ready for emergencies and has the knowledge, skills and resources to respond to and recover quickly from an emergency. Emergency management responsibilities for Council include civil defence and rural fire control.

Aligned with our partners' goals, emergency management is aligned not only with the Community Outcomes, but also the goals of other organisations that are involved, particularly Tasman District Council, Ministry of Social Development, the NZ Fire Service, the NZ Police and Nelson Marlborough District Health Board.

Rural fires

Council contributed funds to the Waimea Rural Fire Committee, which is primarily responsible for rural fire prevention and suppression. Its stakeholders include Tasman Bay Forests Ltd, Tasman District Council, Nelson City Council, and the Department of Conservation. The Rural Fire Network is contracted to manage rural fires, carrying out a similar role to CDEM. It is a stand-alone organisation that provides training, equipment, fire permits, lookout, prevention and rural fire coordination services to the Waimea Rural Fire Committee.



Managing emergencies service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
Sustainable communities – able to understand and reduce vulnerability to emergencies		Adequate hazard and risk information for Civil Defence Emergency Management (CDEM) planning	Achieved Regional Hazard Analysis conducted in 2009 as part of Group Plan review, with the next review due in 2014
Communication with the community	Public preparedness for emergencies	Promotion of personal readiness for emergencies Ability to keep public informed in an emergency	Achieved Annual cycle of public education campaigns e.g. Disaster Awareness Week annually in October Regional CDEM website used regularly e.g. Chilean tsunami
Emergency management planning	Effective CDEM planning for Nelson Tasman region	Review of CDEM Group plan	Achieved Successful audit carried out by central government prior to Nelson Tasman CDEM Group Plan review. Community response plans prepared
Self-reliant communities prepared to respond to emergencies Co-ordination of emergency management services	Ability to operate effective CDEM Group Emergency Operations Centre (EOC) for Nelson Tasman, and Alternate EOC CDEM staff are adequately trained for their roles Radio communications network in place Exercises programmed every year, together with partner agencies Full strength, accredited rescue team (NZ-RT2) is maintained	Effective back-up communications and power Maintain specialist volunteer rescue team	Achieved Effective responses to emergency events like Chilean tsunami, Tapawera flood and Glenhope fire. Improvements made to processes and staffing of Group Emergency Operations Centres (EOCs) Expanded Group Training Programme being implemented to continue ongoing training and development and to address training gaps Achieved Improvements made to extent and resilience of Group radio communications network Achieved Exercises held in Nelson and in outlying areas. Planning took place for participation in national exercise in October 2010 Achieved Volunteer response team is at full strength and achieving expected training levels

Statement of financial performance

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Revenue			
Rates	(380)	(417)	(322)
Financial contributions	0	0	0
Other revenue	(35)	(14)	(641)
Total revenue	(415)	(430)	(963)
Expenses:			
Operating and maintenance	409	425	2,694
Interest on loans	1	1	2
Depreciation	5	3	5
Total operating expenses	415	430	2,701
Net (surplus)/deficit	0	0	1,738

Statement of funding requirement

	Actual 2010	Estimate 2010	Actual 2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	0	0
Repayment of loan principal	0	0	3
Transfer to reserve funds	5	3	3
Total funds required	5	3	6
Source of funds:			
Net surplus	(0)	0	(1,738)
New loans raised	0	0	0
Transfer from reserve funds	0	0	1,739
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	5	3	5
Sales of assets	0	0	0
Total source of funds	5	3	6

See Note 33 on page 80 for explanations of variations.



SOCIAL DEVELOPMENT

WHAT WE DID 2009/10

Many of our activities over the year involved building and strengthening partnerships with the community. Council worked with and/or provided funding for a number of community organisations that work to improve community wellbeing including House 44 in Stoke, Tahunanui Community Centre and Victory Community Centre.

Council continued to host the Settlement Support service, offering assistance and local information to new migrants and refugees. This service was boosted by the launch of the Nelson Tasman Settlement Support website in 2009. The issue of crimes against ethnic minorities was highlighted during the year. Staff supported the Safer Community Council's project to develop a racist crime reporting system in collaboration with the Multicultural Council.

Council also worked closely with the Nelson Tasman Housing Trust on their development of the Brook Street Housing project which accessed funding from Housing New Zealand to provide new affordable housing for the city. Council subsequently gifted the land known as the OK Corral to the Trust for the development of nine residential units.

Community Assistance funding

Over \$416,000 of community assistance funding was allocated during 2009/10 to more than 100 different projects. Seed funding was used by both House 44 and Tahunanui Community Centre to promote wellbeing and resilience within their communities, and has resulted in an expansion in the services that they can now provide.

Graffiti free communities

Council worked with seven community organisations to develop community pride in their neighbourhoods. As a result, seven new murals were created, 700 children heard the graffiti-free message and the seven community organisations built links with each other and Council. The painting of the murals brought people from different sections of the community together to take ownership of improving the urban environment and also to form new social connections.

Youth initiatives

Council joined with the Nelson Youth Council to celebrate the completion of development of the Tahunanui Beach Reserve barbecue area, including the barbecues and shelter, a new path, the stage and some amazing art work. 'The Big Tahunu' event attracted around 1500 people and was the culmination of three years work.

Council successfully applied for funding from the Ministry of Youth Development's Youth Partnership Fund. The project focused on developing young peoples' leadership potential through a series of training workshops on a variety of topics including media training, youth rights and participation and communication skills. A total of 225 young people attended the various sessions.

The Nelson Youth Council had another very busy year. In addition to attending ten Youth Council meetings, the Youth Councillors made a number of submissions to both local and Central Governments. They contributed to the festivities of the Arts Festival by organising both the 'Afterglow' dance party and a special movie screening of 'Year One'.

Youth Councillors played an active role in organising The Youth Volunteer Awards, which gave recognition to the huge amount of voluntary work done by young people in the community. They also organised the Youth Week Tree Planting event, planting 3000 trees in under two hours at the Tahunanui Reserve.

Social development policies

The review of the Social Wellbeing Policy continued over the year, with its scope expanding to include affordable housing and accessibility, in addition to youth and positive ageing.

The Gambling Policy was reviewed, with the cap on gaming machines being reduced to 285 from the 301 allowed under the previous policy.

What you say

In the mid-2010 survey of residents, 33% were satisfied with Council's social development activity, 13% were dissatisfied and 49% were neither. The main reasons for dissatisfaction were a mix of opinions that Council should do more in this area, while other residents thought it should do less.





BACKGROUND

Social development included a range of efforts to improve the social wellbeing of Nelson residents. Most of this work is the responsibility of Government agencies, particularly the Ministry of Social Development. Council has a role in the local coordination of this work. Council's programmes primarily aim to build a resilient community – supporting projects that allow people to help themselves and others to improve their wellbeing. Council also has a direct role in improving wellbeing by providing open spaces, community facilities, events and festivals.

Indicators of Social Wellbeing

The Ministry of Social Development's Social Report defines social wellbeing as:

“...those aspects of life that society collectively agrees are important for a person's happiness, quality of life and welfare.”

A number of indicators are used to measure the community's wellbeing. These include:

- Physical environment
- Social connectedness
- Cultural identity
- Economic standard of living
- Health
- Paid work
- Civil and political rights
- Leisure and recreation
- Safety
- Knowledge and skills

Council reported on the state of wellbeing in Nelson as part of the 'Top of the South Indicators Report 2009'.

What we do

Council's social development work included:

- Community liaison and support
- Community assistance funding
- Employment initiatives, including Mayors' Taskforce for Jobs and Connections Service
- Strategic Housing issues
- Youth development
- Settlement Support (Dept. of Labour funded) and services for new migrants
- Safe City Nelson Project – Keeping Nelson Safe (Ministry of Justice funded)
- Monitoring key social wellbeing indicators.

Community outcomes

Council is the only organisation in Nelson with overall responsibility for the wellbeing of Nelson residents. Under the Local Government Act, Council’s purpose is to enhance the overall wellbeing of the people in this area. Social wellbeing is one of the four components of community wellbeing, is a public good with a variety of benefits, and requires the collective provision of services to be effective. Council’s social development initiatives contributed to achieving these Community Outcomes over the year:

Outcomes/goals	How this activity contributed
Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.	Through supporting members of the community to enjoy healthy lifestyles.
Good leadership Our leaders are proactive, innovative and inclusive.	Through leadership and coordination of social development work in the community.

Social development service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
Council policy framework that supports the social wellbeing of residents	Social wellbeing policy reviewed according to schedule	Revised social wellbeing policy adopted (by Yr 1) and implementation begun (Yrs 2-3)	Not yet achieved Social Wellbeing policy was reviewed and is due for completion in 2010/11 and then implementation



Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(779)	(934)	(537)
Financial contributions	0	0	0
Other revenue	(326)	(263)	(292)
Total revenue	(1,105)	(1,197)	(829)
Expenses:			
Operating and maintenance	1,120	1,222	850
Interest on loans	3	5	1
Depreciation	19	10	7
Total operating expenses	1,142	1,237	858
Net (surplus)/deficit	37	40	29

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	0	31	93
Repayment of loan principal	14	7	0
Transfer to reserve funds	5	1	5
Total funds required	19	39	98
Source of funds:			
Net surplus	(37)	(40)	(29)
New loans raised	0	29	50
Transfer from reserve funds	37	40	66
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	19	10	7
Sales of assets	0	0	4
Total source of funds	19	39	98

See Note 33 on page 80 for explanations of variations.

CULTURE, HERITAGE AND ARTS

WHAT WE DID 2009/10

The Nelson community is rightly proud of its cultural heritage. Council continues to celebrate this through the provision of a diverse range of culture, heritage and arts activities and events, recognising that these play an important in making Nelson the city it is.

Arts

Council's new Arts Policy was adopted in July 2010. This sets out how Council intends to implement the Regional Arts Strategy, and included:

- A new arts fund for Council arts projects
- Priority sites for art on Council land
- An art selection panel to provide Council with expert advice
- Themes of 'water' and 'light' to provide cohesion for Council arts projects

A series of murals was commissioned during the year, including the Shoreline mural in Pioneers Park and the Kerr mural in the old Bank Reserve. Council also oversaw the restoration of the world famous Aotearoa mural on Wakefield Quay.

Festivals and events

The Nelson Arts Festival continued to go from strength to strength. The Summer in Nelson Festival featured a range of events including the trolley derby, the teddy bears' picnic plus a host of free street performances in and around the city centre. The 2010 Opera in the Park was also a free event and was held for the first time at the Tahunanui Domain, with a record crowd of over 14,000 people experiencing a diverse musical programme.

Heritage

Nelson certainly has a rich heritage, both in terms of buildings, places and objects of importance. It is vital that they are identified and assessed so they can be protected. The Heritage Inventory Project resulted in a review of the existing heritage items listed in the Nelson Resource Management Plan (NRMP). 81 additional items were short listed and were evaluated for possible inclusion in the NRMP. Heritage items include a diverse range of public- and privately-owned object, buildings and places around Nelson. Broadgreen gardens, the central city Boulder Bank kerbstones, the Albion Square military magazine building, Newman's building, Harley House, School of Music and Rocks Rd chain fence are all heritage items.

New heritage trails, with accompanying audio guides, were created, including the 'Nelson Literary Ramble', the 'Mayoral Memorial Walk' and the 'Nine Near Nile walk'. These were launched at the first ever 2010 Nelson



Heritage Week – a celebration of all things heritage that engaged the whole community, starting on World Heritage Day and culminating in the ANZAC day commemorations.

Founders Park

Founders Park continued to be developed as a community venue for events and activities, a significant visitor attraction and is evolving into a popular conference facility with a difference. Over the year Founders hosted a wide range of events including the Arts Festival, the Pro Rider NZ Motorbike Show, March Fest, the Festival of Opportunities, the Waitangi Day Kai Festival with the adjacent marae and Founders' signature annual fundraising event, the Founder's Book Fair.

Work began on new interpretative panels of unique Nelson Stories linking to the displays in the park to enhance the visitors' experience. Work progressed on developing a shared exhibition space with the neighbouring Whakatū Marae, including two Council-commissioned pou whenua to cement this relationship.

The park also benefited from capital projects funded by the Book Fair fundraising efforts. These projects included a new public toilet block, a new book sorting room and tearoom facilities for staff and volunteers, and new verandas in Mechanics Lane to assist with preservation and display of agricultural heritage items.





BACKGROUND

Council recognises that cultural wellbeing is an important aspect of community wellbeing, and acknowledges the need to invest in sustaining and developing the heritage and arts of Nelson. Cultural wellbeing, according to the Ministry for Culture and Heritage, relates to the vitality that communities and individuals enjoy through participation in recreation, creative and cultural activities; and the freedom to retain, interpret and express their arts, history, heritage and traditions. Cultural wellbeing in its broadest definition included:

- Arts, creative and cultural activities
- Languages, film and broadcasting
- History and heritage
- Recreation
- Sense of place
- Local identity and heritage

Local identity

Of the aspects of cultural wellbeing, Nelson City Council mainly contributed towards the arts, local heritage, recreation and creating a sense of place and belonging. Council's contribution to enhance cultural wellbeing is part of a wide range of community involvement in the arts, heritage and cultural activities in Nelson. Council has a significant part to play in making Nelson a fun and creative place to live in and visit and in celebrating our city's rich and diverse heritage. Council protects some of the city's heritage assets on behalf of the community including:

- Historic houses (Broadgreen, Melrose and Isel)
- Founders Heritage Park
- The Nelson Provincial Museum jointly owned by the Nelson and Tasman Councils. Since July 2000, the Tasman Bays Heritage Trust has the responsibility for managing the museum
- Historic cemeteries such as the Wakapuaka Cemetery
- A recent addition in 2009/10 to Council's responsibilities was the establishment of The Bishop Suter Art Gallery as a Council controlled organisation.

Community institutions

Council contributed towards a range of non-Council institutions such as the Theatre Royal and the Nelson School of Music. Council also carries out inspections and management of heritage listed trees on public and private land as identified in the Nelson Resource Management Plan. Council also has community contracts with a variety of arts, culture and heritage groups under its Community Assistance Policy.



What we do

Council’s culture, heritage and arts activities include:

- Heritage and arts planning
- Support for the Tasman Bay Heritage Trust and the Suter Art Gallery
- Historic buildings and facilities such as Broadgreen House, Isel and Melrose historic houses and Founders Park
- Historic cemeteries including Holloway, Wakapuaka, Hira, Seaview and others
- Arts and heritage grants
- Festivals, events and street decorations
- Sister City links

Community outcomes

Council invested in the culture, heritage and arts of Nelson because of the significant positive contribution to making Nelson a socially cohesive, attractive and thriving place. It helped foster and encourage local creativity, build people’s sense of belonging and pride in their home town and their region, and gave shared social and economic benefits to the wider community. Council support for culture, heritage and the arts contributed to achieving these Community Outcomes over the year:

Outcomes/goals	How this activity contributed
<p>People-friendly places We build healthy, accessible and attractive places and live in a sustainable region.</p>	By including beautiful and inspiring art, heritage and cultural activities as part of our surroundings.
<p>A strong economy We all benefit from a sustainable, innovative and diversified economy Through a thriving arts, cultural and heritage community that provides employment for many.</p>	Monitoring of economic indicators showed a trend towards viability of the arts, culture and heritage sectors.
<p>Kind, healthy people We are part of a welcoming, safe, inclusive and healthy community.</p>	By providing facilities and events that supported the development of community cohesion.
<p>Good leadership Our leaders are proactive, innovative and inclusive.</p>	By leading the development of Nelson’s arts, culture and heritage.

Culture, heritage and arts service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
Support for arts access, participation and visibility and facilitation of the arts as a major economic driver for Nelson	Regional Arts Strategy and Arts Policy	Nelson Tasman Regional Arts Strategy and Nelson Arts Policy developed (Yr 1) and implementation begun (Yrs 2-3)	Achieved Council's Arts Policy was adopted 15 July 2010. Annual work plan will guide its implementation
Delivery of a range of arts events and festivals that provide entertainment and education for the community	Customer surveys undertaken during events and festivals	Minimum 80% customer satisfaction	Achieved Wide range of popular festivals and events are established part of Nelson arts scene. 93% of those surveyed stated that they were satisfied with the Nelson Arts Festival 49% of surveyed residents were satisfied with Council's Culture Heritage and Arts activities in July 2010, 11% dissatisfied and 37% were neither
Heritage assets that are managed to ensure their protection and ongoing financial sustainability	Condition assessment of heritage assets, cost to rates, visitor numbers	Heritage assets maintained to a level 3 (average) or better condition. Comparison across all heritage assets shows cost of maintaining heritage attractions is commensurate with visitor numbers	Achieved Heritage Strategy in place and being implemented. Isel House, Melrose House and Broadgreen House all assessed as level 1 (excellent) or level 2 (good) condition. Founders buildings all assessed as level 2 or better. Culture Heritage and Arts Activity Management Plan being prepared to allow cost benefit assessment



Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	(3,186)	(3,034)	(3,150)
Financial contributions	0	0	0
Other revenue	(1,068)	(897)	(1,223)
Total revenue	(4,254)	(3,931)	(4,373)
Expenses:			
Operating and maintenance	4,009	3,688	4,002
Interest on loans	153	139	182
Depreciation	82	81	80
Total operating expenses	4,244	3,909	4,264
Net (surplus)/deficit	(10)	(22)	(109)

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	316	438	31
Loan investment	0	0	0
Non cash forestry and investment write up	69	80	114
Repayment of loan principal	0	0	26
Transfer to reserve funds	137	108	123
Total funds required	522	625	294
Source of funds:			
Net surplus	10	22	109
New loans raised	392	451	20
Transfer from reserve funds	38	71	85
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	82	81	80
Sale of investment	0	0	0
Sales of assets	0	0	0
Total source of funds	522	625	294

See Note 33 on page 80 for explanations of variations.

DEMOCRACY AND ADMINISTRATION

WHAT WE DID 2009/10

A major achievement for the year was the opening of the Customer Service Centre in December 2009. This facility has made a significant contribution to improving customer service for visitors and residents of Nelson.

During the year, Council also made the decision to hold fortnightly Council meetings with Councillor portfolios, replacing the previous six weekly Council and Committee meeting cycle. This enabled Council to better integrate its decision making and communication with residents.

Council worked with iwi representatives to update their Memorandum of Understanding and associated action plan. The MOU continue to will provide a framework to support our working relationship, which is particularly important for the wider Nelson community in the context of imminent Treaty settlements.

Staff numbers

As at 30 June 2010, Nelson City Council employed 245 people, which was 216 full-time equivalents (FTEs). At that date, there were 11 vacancies, bringing the total of approved FTEs to 225.3 positions.

Chief Executive's performance indicators

A significant new feature of the 2009 Community Plan was the inclusion of the Chief Executive's key performance indicators, which included improving Council's overall performance. The results of these indicators is summarised here for the 2009/10.

- Statutory duties – Achieved. Statutory compliance process in place, Audit and Risk Committee established.
- Economic performance – Not Achieved because of market factors and Council decisions. Operating budgets were achieved but capital project budgets were under spent.
- Customer satisfaction – Achieved. Customer Service Centre has improved service.
- Residents' satisfaction – Not Achieved. Review of consultation and communication model as a result.
- Staff satisfaction – Achieved. Increase in performance measured by staff survey. Just over 96% of staff completed the survey, which reflects staff commitment to improving the Council. The performance index was 74.1% in 2010, up 3% from 2009, and the engagement index was 77.2% up 1.5% from 2009 results.





Key areas of focus:

- Organisational development – Achieved. Significant changes initiated over the year.
- Relationship with Tasman District Council – Achieved. Range of staff involvement.
- Performing Arts and Conference Centre – Awaiting decision.
- Arms Length Organisations Review – Stage 1 Achieved.
- Heart of Nelson/central city strategy implementation – Achieved. All milestones met as planned.
- Sustainability Strategy – Achieved. Plan for development in place.
- Tahunanui Beach/waterfront strategy. Delayed until Arterial Traffic Study decisions in place.

Customer satisfaction survey

The results from the survey of customers who had contact with Council showed a 20% increase from 40% to 60%. This result is a Net Promoter Score, where the detractor score is subtracted from the promoter score. Opening of the customer service centre together with the focus on improving customer service contributed to this excellent result.

Annual residents survey

Another significant project was the annual survey of residents, which this year focused primarily on the environment with additional questions on transport, sustainability and overall Council performance. The latter question was asked for the first time in 2009 to provide a baseline assessment of residents' level of satisfaction with Council's performance overall. The July 2010 results showed that 45% were either satisfied or very satisfied with Council's services facilities and overall performance, which was down from 57% in 2009. The target was to improve the level of satisfaction, so this was not achieved in July 2010. There was a corresponding 10% increase to 38% who were neither satisfied nor dissatisfied, up from 28% in 2009. A similar number were either dissatisfied or very dissatisfied – 15% in 2010, and 13% in 2009. The phone survey of 400 residents was used a quota system to ensure a representative sample.

Governance review

A major review of the Council's governance and committee structure began during the previous year and culminated in the confirmation of a new set of arrangements in August 2009. This included a proposal to reduce the total number on Council from 13 to 11, including the Mayor, and the replacement of the main standing committees with fortnightly full Council meetings and the assignment of Councillor portfolios. After consideration of submissions, Council decided to maintain the maintain the number of elected representatives at 13, including the Mayor.

BACKGROUND

Council separately accounts for the costs associated with providing the local governance, representation and democracy processes for the Nelson community, which included strategic asset and investment management and running the local body election process every three years. Councillors' meeting fees and expenses are included, as well as consultation processes, public communications, annual planning, annual reporting and general administrative support provided by Council staff. This service also included facilitating the participation by Māori in Council's decision making processes, as required by the Local Government Act. Information on payments made over the previous year to the Mayor and Councillors is included in this Annual Report.

There are three 'sub-activities' included under democracy and administration:

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

Council has a legal duty to provide most of the democracy and administration work covered by this activity, and the majority of this is a core task of all local authorities. The basis for these requirements is that Council is responsible under the Local Government Act for including the community in decision making. Council must be accountable to the community, the residents and ratepayers of Nelson. Council's democracy and administration work contributed towards achieving this purpose. Provision of this service by the Council ensures that elected members have the capacity, support systems and procedures that enable democratic decision making. It included ensuring that the necessary risk management, transparency and accountability requirements are in place and are regularly audited.

Community outcome

Council provision of democracy and administration services contributed primarily towards achieving this community outcome over the year:

Outcome/goal	How the activity contributed
<p>Good leadership Our leaders are proactive, innovative and inclusive.</p>	<p>Council's provision of these services supported all other Council activities, thereby contributing to the achievement of all six Community Outcomes.</p>



CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Civic House – buildings	144	1,300	1,444	1,091
Computer equipment	8	657	665	687

Democracy and administration service levels and performance measures set in the 2009-19 Nelson Community Plan

What Council will provide	Measures	Targets	2009/10 Results
An effective and impartial elections administration service that meets or exceeds legislative requirements	Elections held in 2010 without any significant problems	Completion of election process on target and within budget	Elections in October 2010 managed by Electionz.com
Community engagement processes that meet or exceed good practice and enable community participation in Council decision making	Public satisfaction with community engagement by Council	Run optimum number of consultation processes according to best practice	Achieved Twenty major consultations ran over 2009/10, plus numerous minor informal consultations as required Public satisfaction to be assessed in 2011 Residents Survey on three year cycle
Participation of Māori in Council decision making	Implementation of the Memorandum of Understanding (MOU) with Nelson iwi	Implementation of MOU action plan according to agreed deadlines	Achieved MOU review under way for implementation in 2010/11
Efficient and prudent administration of Council assets and control of Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs)	Completion of CCO statements of intent	All CCO statements of intent and annual reporting requirements met	Achieved All Council's arms length organisations were independently reviewed Results are included in this report on page 143. Generally, CCOs complied with performance targets

Statement of financial performance

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Revenue			
Rates	2,558	2,495	3,469
Financial contributions	0	0	0
Other revenue	(12,184)	(12,253)	(12,296)
Total revenue	(9,626)	(9,757)	(8,827)
Expenses:			
Operating and maintenance	5,014	5,527	6,139
Interest on loans	3,047	3,821	2,651
Depreciation	862	945	809
Total operating expenses	8,923	10,293	9,599
Net (surplus)/deficit	(703)	537	772

Statement of funding requirement

	Actual	Estimate	Actual
	2010	2010	2009
	\$000	\$000	\$000
Funds required			
Capital expenditure	1,918	2,246	1,258
Investments	8	8	0
Non cash forestry and investment write up	427	0	0
Repayment of loan principal	20,981	6,144	11,759
Transfer to loan repayment reserve	518	202	3,689
Transfer to reserve funds	173	181	715
Total funds required	24,025	8,781	17,421
Source of funds:			
Net surplus	703	(537)	(772)
New loans raised	7,041	7,849	15,902
Transfer from reserve funds	2	1	0
Transfer from loan repayment reserve	14,913	202	207
Sale of investments	500	300	275
Non cash forestry and investment write down	0	0	952
Non cash expenditure (depreciation)	862	945	809
Sales of assets	4	20	48
Total source of funds	24,025	8,781	17,421

See Note 33 on page 80 for explanations of variations.



FINANCIAL RESERVES AND TRUSTS

CAPITAL PROJECTS – OVER \$500,000

Project	Carry over from 2008/09 \$000	Estimate for 2009/10 \$000	Total budget available in 2009/10 \$000	Actual spent 2009/10 \$000
Vested assets	0	5,000	5,000	7,199

Statement of financial performance

The following financial report summarises all the transactions to or from various reserves other than transfers from other Activities.

	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000
Revenue			
Rates	0	0	0
Financial contributions	(8,478)	(5,700)	(1,580)
Other revenue	(154)	(462)	(265)
Total revenue	(8,632)	(6,162)	(1,845)
Expenses:			
Operating and maintenance	104	154	119
Interest on loans	0	0	0
Depreciation	0	0	0
Total operating expenses	104	154	119
Net (surplus)/deficit	(8,528)	(6,008)	(1,726)

Statement of funding requirement

	Actual 2010 \$000	Estimate 2010 \$000	Actual 2009 \$000
Funds required			
Capital expenditure	7,199	5,000	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	1,329	1,008	1,726
Total funds required	8,528	6,008	1,726
Source of funds:			
Net surplus	8,528	6,008	1,726
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
Total source of funds	8,528	6,008	1,726





SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

	Carry Over 2008/09 \$000	Estimate 2009/10 \$000	Available 2009/10 \$000	Actual 2009/10 \$000
Water supply				
Ridermains	18	135	153	19
Maitai pipeline duplication	14	115	129	175
System improvements	9	101	110	83
Stoke high level reservoir	0	1,000	1,000	698
Backflow prevention	0	330	330	0
Sundry	219	95	314	803
Total water supply	260	1,776	2,036	1,778
Waste water				
NCC:				
North Nelson wastewater plant	89	2,460	2,549	2,284
Neale Park pump station	0	100	100	92
Cemetery/Marsden Rd	0	400	400	311
Awatea Place	180	0	180	0
Sundry	203	872	1,075	747
	471	3,832	4,304	3,434
Nelson Regional Sewerage Scheme (50%)	800	3,229	4,029	2,661
Total waste water	1,271	7,061	8,333	6,095
Stormwater and flood protection				
Arapiki Stream	(124)	291	167	216
Private drains	77	108	185	2
Piping ditches	69	108	177	26
Nayland Rd / Saxton Rd	(48)	1,112	1,064	802
Stanley Cres / Beachville Cres	0	225	225	295
Atawhai Dr	24	200	224	0
Orphanage Creek	41	400	441	117
Founders Park	8	213	221	162
Sundry	476	594	1,070	195
Total stormwater	523	3,251	3,774	1,815
Solid waste management				
Sundry	35	93	128	109
Total solid waste management	35	93	128	109
Heart of Nelson				
Trees and plants	0	206	206	60
Pocket parks	0	195	195	106
Maitai River walkway	0	100	100	77
Carpark toilet improvements	0	100	100	0
Sundry	0	287	287	109
Total Heart of Nelson	0	888	888	352

SUMMARY OF CAPITAL EXPENDITURE

	Carry Over 2008/09 \$000	Estimate 2009/10 \$000	Available 2009/10 \$000	Actual 2009/10 \$000
Transport				
Subsidised:				
Drainage control	(7)	230	223	231
Minor safety project	43	348	391	386
Sealed roads surfacing	(40)	690	650	691
Pavement reconstruction	13	320	333	688
Associated improvements	(6)	215	209	234
Unsubsidised:				
Sundry land purchases	284	100	384	53
Council share development contribution	(16)	210	194	122
Retaining walls	(32)	0	(32)	103
Ridgeway connection construction	652	0	652	1,578
Marsden Rd / The Ridgeway	117	0	117	60
Toi Toi St upgrade	132	0	132	271
Tosswill Rd	177	0	177	398
Nayland Rd	(18)	238	220	313
Atawhai Dr	(5)	330	325	15
Footpaths:				
Renewals	0	175	175	180
Nayland Rd	0	140	140	140
Cycleways:				
Trafalgar 200 connection via Collingwood St	15	135	150	112
Sealing Railway Reserve	109	0	109	110
Sundry	(131)	944	813	787
Total transport	1,284	4,075	5,359	6,472
Regulatory compliance				
Sundry	0	90	90	81
Total regulatory compliance	0	90	90	81
Parks and open spaces				
Horticultural parks				
Park upgrades	64	80	144	86
Anzac toilets	155	0	155	141
Neighbourhood parks				
Land purchase: general reserves	1,212	1,480	2,692	438
Branford Park	147	0	147	128
Glen toilet & development	32	240	272	219
Basin Reserve toilet	2	137	139	0
Esplanade & foreshore				
Wakefield Quay	418	0	418	50
Tahuna RMP implementation	142	908	1,050	871
Accessway / carparks	101	304	405	267
Planting	15	125	140	113
Wakapuaka sandflat	104	100	204	0
General artworks	101	70	171	3
Walkways				
Upgrade accessways / carparks	47	65	112	11
Walkway development	21	80	101	47
Sportsfields				
Saxton Field development	159	0	159	13
Greenmeadows toilet / changing	146	0	146	133
Greenmeadows redevelopment	271	497	768	542
Services	(5)	180	175	169
Rutherford Park redevelopment	228	473	701	95
Southern Neale Park	0	150	150	5
Sundry	374	1,320	1,694	1,296
Total parks and open spaces	3,734	6,209	9,943	4,627



	Carry Over 2008/09 \$000	Estimate 2009/10 \$000	Available 2009/10 \$000	Actual 2009/10 \$000
Recreation and leisure				
Natureland				
Capital development	180	0	180	0
Trafalgar Centre				
Upgrade kitchens	0	200	200	0
Play facilities				
Playgrounds	194	100	294	69
Play equipment	0	200	200	197
Sundry	349	661	1,010	237
Total recreation and leisure	723	1,161	1,884	503
Community facilities				
Library				
Book purchases	7	331	338	315
Marsden Cemetery				
Building upgrade	117	0	117	13
Marina				
Akersten St development	89	401	490	413
Toilet / shower facility	(42)	350	308	18
Talisman	148	0	148	93
Large berths dredging	50	1,000	1,050	825
Torsion bar replacement	0	351	351	215
Saxton Field				
Cricket / athletics pavilion	(9)	3,300	3,291	193
Cricket practice strips	0	150	150	157
General development	0	540	540	658
Maintenance shed	0	990	990	922
Softball all weather diamond	0	350	350	294
Hockey / softball pavilion	0	2,000	2,000	1,776
Contingency for unspent capital	0	(2,000)	(2,000)	0
Regional community facilities				
Performing arts centre	(4)	5,000	4,996	401
Saxton Field stadium	(532)	507	(25)	795
Trafalgar Centre west side	27	470	497	40
Trafalgar Park	0	7,400	7,400	6,714
Sundry	685	718	1,403	422
Total community facilities	536	21,858	22,394	14,264
Social development				
Sundry	0	31	31	0
Total social development	0	31	31	0
Culture, heritage and arts				
Founders				
Toilet	0	140	140	284
Covered extension to workshop	0	250	250	0
Sundry	0	23	23	32
Total culture, heritage and arts	0	413	413	316
Democracy and administration				
Civic House - buildings	144	1,300	1,444	1,091
Administration - Motor vehicles	30	113	143	65
Computer equipment	8	657	665	687
Sundry	20	176	196	75
Total democracy and administration	202	2,246	2,448	1,918
Financial reserves and trusts				
Vested assets	0	5,000	5,000	7,199
Total financial reserves and trusts	0	5,000	5,000	7,199
Total Capital Expenditure	8,567	54,151	62,721	45,529





STATEMENT OF FINANCIAL INVOLVEMENT IN CCOs AND OTHER COMPANIES OR ORGANISATIONS

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

The organisations whose performance is summarised in this section are:

- Port company – Port Nelson Ltd (50%)
- CCTOs – Nelmac Ltd, Nelson Airport 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%), the Bishop Suter Trust.

Unless stated otherwise, the results reported here are from each organisation's draft (unaudited) 2010 Annual Report and are measured against targets set in their 2009/10 Statement of Intent.



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.

	2010	2009
	\$000	\$000
Revenue	37,949	37,997
Expenses	28,243	30,406
Net Profit before tax	9,706	7,591
Provision for Taxation	(6,282)	(2,664)
Net Surplus for Year after Taxation	3,424	4,927
Other comprehensive income	801	(1,451)
Total comprehensive income	4,225	3,476
Retained Earnings Brought Forward	133,810	134,344
restatement effect	327	
Dividend	(4,100)	(4,000)
Retained earnings carried forward	133,936	133,810

Performance Measures

OBJECTIVES

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



MEASURE OF PERFORMANCE AGAINST OBJECTIVES

	Target	2010	2009	Target Met?
Lost Time Injury Frequency Rate	<1.5	2.8	3.9	No
Net Debt / Equity Ratio	<66.67%	27.1%	31.1%	Yes
Dividends Declared	\$4.1m	\$4.1m	\$4.0m	Yes
Cargo Throughput (Cargo Tonnes)	2.66m	2.75m	2.78m	Yes
Shipping Tonnes (Gross Registered Tonnes)	8.6m	8.2m	8.3m	No
Ships Visits	923	841	922	No
Revenue	\$37.9m	\$38.0m	\$38.0m	Yes
Return on Average Shareholders Funds	6.0%	2.6%	3.7%	No
Return on Funds Employed	9.0%	7.2%	6.1%	No
Capital Expenditure	<\$4.4m	\$3.2m	\$8.5m	Yes
Incidents Leading to Pollution of Harbour	Nil	NIL	2	Yes
Compliance with all Resource Consent Conditions	Full	Full	Full	Yes
Compliance with NZ Maritime Safety Standards	Full	Full	Full	Yes

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.

	2010	2009
	\$000	\$000
Revenue	14,429	13,496
Expenses	13,460	12,635
Net Profit before tax	969	861
Provision for Taxation	(382)	(282)
Net Profit before tax	587	579
Retained Earnings Brought Forward	2,057	1,756
	2,644	2,335
Dividend	(539)	(278)
Retained earnings carried forward	2,105	2,057

Performance Measures

1. Non-shareholder business

Maintain the current ratio of Nelson City Council work to non-Nelson City Council work. Achieved 30.3% from other work (target 33.4%).

Ensure that all non-Nelson City Council work contributed 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%. With the payment of a special dividend this year the Company's ratio of shareholders funds to Total Assets at 63% is just below the target.

3. Staff morale/turnover

Staff turnover (excluding retirement, redundancy and internal transfers) between 5% and 15% for the year ending 30 June 2009. Actual turnover was 10.5%.

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 2009, reported on monthly. Achieved.

In accordance with its Statement of Intent Nelmac Ltd kept a register of congratulations and complaints. The actual level of congratulations averaged 3.5 per month against a target of 2 per month, while the actual level of complaints registered was 0 against a target of 2 per month. Achieved.

5. Staff health and safety

The company has continued to actively promote health and safety within the workplace with the aim of achieving less than 1% workday losses to accidents. In the year to 30 June 2010 time lost to work related accidents was 0.24%. Achieved.

Tertiary level ACC workplace safety management compliance maintained.

6. Environmental

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

In addition NELMAC has adopted a sustainability policy which is acting as a "compass" for guiding company decisions.



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.

	2010	2009
	\$000	\$000
Revenue	4,188	4,311
Expenses	2,223	4,624
Net Profit before tax	1,965	1,687
Taxation	(1,823)	(496)
Net Income for Year after Taxation	142	1,191
Retained Earnings Brought Forward	4,023	3,107
	4,165	4,298
Dividend	(321)	(275)
Retained earnings carried forward	3,844	4,024

Performance Measures

1. To pass all Civil Aviation certification audits at a satisfactory standard

All Audits were passed with no findings. The continuous improvement model was achieved.

2. To achieve Financial Performance Targets as represented in annual plan.

Income and Expenditure targets were met however the change in depreciation on buildings has a significant impact on the taxation expense under IFRS.

3. To hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with the appropriate monitoring information.

Regular meetings of the Nelson Airport Noise Environment Advisory Committee have been held and appropriate monitoring information has been recorded and provided.

4. To ensure the Company complies with all Employment related legislation.

The company continues to monitor employment legislation and reviews its contracts accordingly.

5. **To ensure long term airport development requirements are identified as much as possible and advise shareholders of such plans and that an implementation timetable is developed**

Nelson Airport Ltd is developing a formal Long Term Development Plan for presentation to shareholders and other stakeholders. The plan is expected to be completed by June 2011.

To support the expansion of the Air Nelson engineering facilities to completion.

The expansion is now complete and functioning.

6. **In partnership with Air New Zealand to complete the office and administration extension on Hangar 2 in a timely manner.**

The office and administration block was completed on time and on budget.

7. **To encourage and maintain an aviation services cluster in order to attract and grow commercial activity at Nelson Airport**

The Nelson Airport Cluster continues to have Nelson Airport Ltd's support and commercial activity continues to grow at the airport with a number of significant advances having occurred over the last year.

8. **To complete a review of traffic flow and parking facilities by October 2009**

A review was completed by October 2009. Planning is currently underway to develop and enhance the terminal access and parking areas and additional parking machinery has been installed.

9. **To review maintenance and renewal expenditure requirements forecast for next 10 year period by December 2009**

The maintenance and renewal expenditure forecast review was completed in August 2009

10. **To complete the preparation of a Sustainability Action Plan for Nelson Airport Ltd by September 2009 which sets clear targets for reducing our impact on the environment.**

The Sustainability Action Plan for Nelson Airport Ltd was completed in August 2009 and a number of actions and processes have been put in place.





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.

	2010	2009
	\$000	\$000
Revenue	1,802	2,004
Expenses	1,778	1,911
Surplus/(Deficit)	24	93
Retained Earnings Brought Forward	(11)	(104)
Retained earnings carried forward	13	(11)

Performance Measures

Destination Marketing

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

Total economic value of tourism to region shows zero growth and a net GDP of \$128 million. The four other driver industries all measured a decline in GDP over the period.

2. Increase the tourism sector investment in destination marketing

Total tourism sector direct investment in Nelson Tasman Tourism programs has declined by 39%. The decrease is due to decisions not to produce the Nelson Tasman Trade Directory in 2010, the contracting out of Nelson Tasman Visitor Guide and the one-off funding received in 2009 from Tasman Bay Promotions for the Spring Campaign.

Destination Strategic Management and Tourism Development

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

Leadership via Nelson Tasman Tourism Strategy implementation (NTSS) deferred till 2010/2011.

Progress has been made against a range of strategy projects owned by Nelson Tasman Tourism .

2. Improve the regions extreme tourism seasonality

Little progress has been in addressing this issue. NTT made a submission in support of a conference and performing arts centre in Dec 2009. Subsequently NTT has developed a policy which is generally in support of similar proposals in the future.

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

Nelson Tasman tourism is a member of the sustainability forum, which brings together diverse stakeholders to discuss sustainability issues. Nelson Tasman Tourism acknowledges through their newsletters sustainability awards received by tourism businesses in the region.

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

Visitor and/or ratepayer visitor opinion via annual surveys

No survey was undertaken on tourism in 2009.

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. It is now expected that the last of the sections will not be sold until March 2013.

	2010	2009
	\$000	\$000
Revenue	1107	550
Expenses	581	209
Surplus/(Deficit)	526	341
Retained Earnings Brought Forward	1136	1345
	1662	1686
Distribution	(1000)	(550)
Retained earnings carried forward	662	1,136



Performance Measures

	Forecast	2008/09	2009/10
Number of sections sold	2	3	4
Number of sections available	17	28	21
Ratio partners funds to total assets	100%	100%	98%

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. No complaints have been received.

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.

	2010	2009
	\$000	\$000
Revenue	1242	941
Expenses	1235	928
Surplus/(Deficit)	7	13
Retained Earnings Brought Forward	248	235
Retained earnings carried forward	255	248

Service Performance

EDA Strategic Objective	Intended Achievement	Measurement	Date	Progress
1. Facilitate economic development projects that build national and international competitiveness	1.1 Facilitate the development of the Horoirangi Aquaculture project	A successful application for Enterprise Partnership Funding to MED	August 2009	Government funding of \$1.69 million has been confirmed for Cawthron's project portion. No decision has been made on the balance of funding.
	1.2 Assist with the Lee Valley Water Augmentation project	Successful funding application	Dec 2009	This application was declined by NZTE but the EDA continues to work with the project.
	1.3 Facilitate feasibility study to investigate the opportunity to develop an industrial park / incubator for the Natural Products Sector	Feasibility study completed	August 2009	This project is underway with a revised timeline.
	1.4 Facilitate projects that inform potential new businesses of the advantages Nelson-Tasman offers	Reported new jobs and businesses that are sustainable and suitable for the region	Ongoing	The EDA continues to identify opportunities on a regular basis and works with both NCC and TDC informing potential business.
	1.5 Facilitate REDS recommendations identified for action by EDA	Recommendations implemented	Ongoing	All recommendations have been reviewed and implemented where appropriate. The EDA continues to advise both NCC and TDC of recommendations that could have further input.
	1.6 Identify further appropriate projects to assist with Regional Economic Development that qualify for Regional Strategy Funding	Development projects identified and applications for funding sought		The EDA successfully applied for funding to investigate development of a wine distribution channel to USA.
	1.7 Broaden the scope of the Work Force Development Strategy to be more inclusive of industry sectors	Workforce strategy plans aligned with key government agencies and industry	Ongoing	The EDA has engaged with key government agencies and businesses as required.
	1.8 Facilitate further development and identify opportunities for NMI (ICT)	NMI has appropriate structure and direction confirmed. Opportunities available to the region are identified and implemented	Dec 2009 Ongoing	The Broadband Challenge project is complete and a Broadband Atlas has been produced. Both NCC and TDC have been informed of any future opportunities.

EDA Strategic Objective		Intended Achievement	Measurement	Date	Progress
1.9	1.9	Facilitate the Events Strategy in conjunction with Nelson City Council and Nelson Tasman Tourism	Interactive content, manageable website, identify and assist with development of suitable events	June 2010	Events that meet required criteria have been funded and facilitated.
	1.10	Continue involvement in the Apples Future Initiative in conjunction with the Otago and Hawkes Bay regions	Raise the profile of the quality of NZ apples with low/no residue in international markets	Ongoing	This project has successfully completed and is now part of Pipfruit New Zealand's normal function.
	1.11	Project manage the Education for Enterprise (E4E) contract	Implementation by the region's secondary schools of the enterprising curriculum practices reflecting the region's key industries	June 2010	Funding for the E4E programmes is now finished. The project has been extremely successful and now E4E has been well integrated into the curricula of the region's schools.
	1.12	Facilitate the Venture Accelerator Network	High potential business ventures provided with appropriate assistance to facilitate development	Ongoing	Networking events are held regularly with high profile guest speakers to inform and motivate.

EDA Strategic Objective	Intended Achievement	Measurement	Date	Progress
2. Provide economic advice to the Region	2.1 Develop a robust process that ensures the region's Councils are given the most appropriate information to enable them to make informed decisions on issues that affect the retention of existing business and the capacity for business growth	Where Council decisions are made that affect regional business retention or growth, the EDA has informed decision makers of any relevant information and/or the consequences of their decisions	Ongoing	Council Liaison Group made up of councillors from both councils acts as an information group and the EDA continues to work with all Councillors to provide information as required.
	2.2 Ensure that all relevant information gathered within the region is coordinated and shared	Consider and decide on the need for a person to be working with both Councils government agencies and industry to coordinate and analyse all the relevant information gathered in the region	June 2010	Up to date information on the region's economic performance has been co-ordinated and shared. More work is to be carried out in the 2010/11 year on sharing of information between government agencies.
	2.3 Encourage the region's councils to provide or advocate to central government for key infrastructure that can deliver future economic benefit to the region	Upgrade of Transit roads, development of sustainable energy infrastructure, construction of a convention centre, increased telecommunication capacity, development of water storage projects	Ongoing	Discussions are ongoing and we participate on committees wherever possible. The CEO is a member of both Regional Transport Committees.



EDA Strategic Objective	Intended Achievement	Measurement	Date	Progress
3. Provide ongoing assessment of the Region's performance	3.1 Provide quarterly monthly key statistical information to Councils and the community on relevant performance measures	Information is received to key personnel that is relevant and timely, and is in a form that allows for informed decision making	Ongoing	The EDA produced the first Tracking the Nelson Regional Economy in July 2009. It was intended to produce this document quarterly however the statistical changes over a three month period were not sufficient to warrant quarterly updates, rather these have been changed to six monthly. It is available in hard copy and on the EDA website.
	3.2 Development of Genuine Progress Indicators (GPIs)	GPIs available for use	June 2010	The development of genuine progress indicators into a user friendly form that would be beneficial for the region has been cost prohibitive. Much of the information gathered to date has been able to be used in conjunction with the region's well being measures. The EDA does not intend to pursue this project further.
4. Business Strategic Goals	4.1 The Board shall ensure that the EDA has a Sustainability Policy so that the principle of sustainability and consideration of sustainable approaches become one of the factors in the EDA's decision making, as identified by the Local Government Act 2002, part 6/	A demonstrated sustainability policy that reflects the Nelson City Council's sustainability policy and values, identifies training opportunities and ensures goods and services are procured from suppliers who have socially responsible practices and provide the best value for money over the whole of their life, rather than having the lowest capital cost.	Oct 2009	Sustainability policy has been implemented into the workplace. Measures that have been taken within the EDA include: reducing power consumption, use of an economical diesel vehicle, recycling all waste. The EDA also employs a Sustainability Business Advisor to audit and inform business owners on best sustainable practice.

TASMAN BAYS HERITAGE TRUST (PROVINCIAL MUSEUM)

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

	2010	2009
	\$000	\$000
Revenue	2,205	2,159
Expenses	2,056	2,157
Surplus/(Deficit)	149	2
Other comprehensive income	1,776	
Total comprehensive income	1,925	2
Retained Earnings Brought Forward	14,619	14,617
Retained earnings carried forward	16,544	14,619

Performance Measures

1. **To begin a second term of the Memorandum of Understanding with our stakeholders, given financial commitments, enhanced communications and ongoing delivery of the Museum's public services**

Nelson City Council and Tasman District Council have been in negotiation to reach agreement on a second term of the MOU. This has been facilitated through the Joint Shareholder Committee (JSC). The Trust received a draft document in February 2010 and made amendments in relation to the long-term Council loans. The Trust has signalled to the JSC that repayment of these loans is not possible at the due date in 2012. The MOU went to the JSC in July 2010.

2. **To adhere to the Governance Charter adopted December 2008 and to evaluate Board performance against this charter**

The Trustees have worked as a full board and in advisory committees. The workload is challenging. The Trust Board conducted a self-evaluation in March. The conclusions were that the Trust Board processes are good. The Trustees believe that the strategic issues facing the care of the collection of the Nelson Provincial Museum, Pupuri Taonga o Te Tai Ao require prioritisation and that a number of these represent critical risk management.



- 3. To commence a new term on the primary loan (mortgage) at competitive rates to enable financial planning by repayment and interest over a fixed term and a staged reduction in debt**

The Trust Board reduced the principal in the first quarter and then signed a new agreement with NBS in November 2009. This placed a portion of the loan on a 15 year repayment term and at a fixed interest rate for 12 months. The balance remained on the 90 day bill rate. The Trust Board operated a 'parking arrangement' with reserves offset against the loan. This has proved to be prudent treasury practice.

- 4. To engage Councils in renegotiation of the capital structure or 'forgiveness' of the long term loans**

The Trust Board has informed the Councils that the call on the long-term loans cannot be met at the due date. The negotiations to consider alternative arrangements will continue after the signing of the MOU.

- 5. To expand awareness of the museum and extend audiences for the public services we provide**

The public profile has been positive in the last twelve months. This is evidenced by the website front page news, publication of the e-newsletter and local media, in particular The Nelson Mail, and sponsorship by MoreFM and Classic Hits. The support of the Hon. Dr N Smith MP and local school principals for retention of the LEOTC education programme put the Nelson Provincial Museum into the headlines.

- 6. To initiate relocation of the assets in our museum collection to safe and secure long-term storage**

The Trust Board commissioned two independent surveys, 1. OPUS, 2. Space & Storage Review (A Stuart) and completed the project tender of the Feasibility Study, with the appointment of OCTA in June 2010.

- 7. Continue the preservation and conservation of the Marsden Collection and install selected objects in Isele House for public display**

We have a total of 70 objects on public display at Isele House including 11 recently conserved paintings, and a selection of ceramics and furniture.

- 8. Enhance the standard of care of the Photographic Collection by relocating at-risk sections of it to custom-built storage and coolstore facilities**

This is work in progress. The photographic collection remains in its existing storage. The Trust board has prioritised this as a critical risk management issue.

9. **Review public access to the Archives, Library and Photographic collection with a view to clarifying public expectations and certainty of service without unduly compromising staff ability to continue resource development**

Over 350 visitors have been surveyed about access to the IseI Park Research Facility, archives, library, photographic and general collections, with a 40% response rate. The survey included questions about services and facilities. The report is being readied for publication.

10. **Develop policy, procedures and infrastructure to enable the museum to collect digital heritage items such as images, video and audio files from prospective donors**

The policy is in place and we have the infrastructure and software necessary for delivering the product. The range of digital material available in our Online Collection has expanded considerably. Video and audio material in the collection is not currently in a form suitable for on-line delivery.

11. **Enhance the permanent exhibition with planned refreshment designed to increase the attraction of first time visitors and offer repeat visitors different experiences and opportunities such as interactive elements**

A number of sensitive paper- and fabric-based objects have been replaced in the permanent exhibition. An important enhancement of the entry foyer was completed in July 2009. The total visitor numbers for the year was very close to 50,000. Of the non-school adult visitors surveyed in the last four months 2009, 25-33% of respondents had visited previously, mostly inside the previous 12 months. The percentage varies significantly in the peak summer season.

12. **Deliver a programme including both internally-developed and externally-sourced exhibitions that seek to meet the needs and interests of a broad audience, including concept development for a small scale touring exhibition**

The mix of internal and external exhibitions has attracted a good range of visitors. Both *NZ Fossils* and *Sounds Amazing* achieved their targets as touring exhibitions and surveys indicate a strong uptake from local families – the 31-50 demographic with accompanying under 12s. This continued into 2010 with *Butterflies Returning*, *Appo Hocton* and *Shelter from the Storm* – all internally produced, and then *Treaty2U* from Te Papa. Visitor surveys indicate a broader demographic with stronger attendances from those aged 51-70 and also in the 19-30 age group. *The Butterflies* exhibition toured regionally to four other venues and we have three exhibitions on offer nationally.



13. Deliver education programmes under the LEOTC contract to school students to meet the Ministry of Education targets of 7500 students from 60 regional schools

The targets have been met and exceeded in terms of totals. The total number of students in the last 12 months was over 10,800, a sure indication of the attracting power of the smaller exhibitions. Attracting secondary school groups remains an issue that we are currently unable to resolve. We have signed a new contract with the Ministry of Education for the provision of Education Services to schools in the region.

14. Complete the development of at least two new long term education programmes that utilise existing resources and meet National curriculum needs

New programmes have been developed for classes working in te reo Māori. A sculpture walk is under development. Two new programmes have been added to our offering. *Nga mahi a te rehia* explores games and pastimes of early Māori designed to encourage physical and mental agility. *Nga koiora a raranga* makes use of the weave stained glass window to explore legends and stories of animals special to Te Tai Ihu.

15. Continue the digitisation project by selecting projects of significant relevance and interest which add value to existing partnerships such as The Prow website and the Coming Home project

Significant enhancement has continued on digital projects with major work on the Nelson Photo News, descriptions of portraits from the Fletcher Collection, the Art Collection, Nina Jones botanical drawings, the scans of the proof of Geoffrey C Wood, one of Nelson's prominent photographers. All these offer enhanced resources for staff, and searchable records for on-line and walk-in visitors. The cataloguing project has made a significant in-road into the art collection. Student migration stories developed alongside the *Appo Hocton* exhibition have been placed on the Prow website

16. Continue the development of a monthly email newsletter to interested parties and enhance the museum website with expanded digital content, an increased range of services, information on visitor programmes and links to other regional institutions

In 18 months we have built the e-news up from zero to over 1700 email addresses monthly. The responses and feedback from visitors suggests that this is valuable work. We have added a new feature that will focus on an object or image each month. Links are in place that cross reference and cross link between the newsletter, the website and such resources as the Nelson ItsOn website. In the past year the e-news has been responsible for driving a number of programmes such as the Hochstetter lecture and the Shackleton lecture with virtually no other marketing required.

THE BISHOP SUTER TRUST

In August 2008 the new Council Controlled Organisation, "The Bishop Suter Trust" held its inaugural meeting. The first Statement of Intent was adopted in June 2009. The financial position for the Trust as at end of June 2010 is set out below and performance measures will be included in following years Annual Reports.

	2010	2009
	\$000	\$000
Revenue	1065	10462
Expenses	819	784
Total comprehensive income	246	9678
Retained Earnings Brought Forward	9678	0
Retained earnings carried forward	9,924	9,678



EQUAL EMPLOYMENT OPPORTUNITIES

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

- The elimination of any discrimination
- The provision of equal opportunities
- Selection based on merit.

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

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

- Recruitment
- Selection and appointment
- Education
- Training and development
- Career path planning
- Promotion
- Employment conditions
- Disciplinary action

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



BORROWING OBJECTIVES AND POLICIES

OBJECTIVES

Nelson City Council's broad objectives in managing the borrowing that 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 liability management 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 are 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 June 2010
Total interest payable on net external debt that is funded from rates	20% of total annual rates plus water by meter and similar charges	7.0% (7.8% in 2008/09)
Net external public debt that is funded from rates	2 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	1.04 times total annual rates plus water charges by meter and similar charges (1.13 in 2008/09) \$1,115 per capita (\$1,140 in 2008/09)

The actual figures show that the Council's borrowing as at 30 June 2010 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 were reviewed by Council on 17 June 2010. Council resolved to update the maturity targets from 12-24 months to 48-60 months in order to take a longer term view of interest rates and to achieve stable, low cost borrowing over multiple years. This change is a departure from the 12-24 months stated in the 2009 Nelson Community Plan and the policy will be amended under section 83 of the Local Government Act 2002 during the 2011/12 Annual Plan consultation process in early 2011.

Rule	Result
No more than 40 percent of the Council's total external debt may mature in any financial year	19.5% will mature in 2010/11
Until 17 June 2010: The weighted average of the term to maturity of the Council's external debt is to be between 12 and 24 months Since 17 June 2010: The weighted average of the term to maturity of the Council's external debt is to be between four and five years	As at 30 June 2010 the average term to maturity of the underlying loans was 10.5 months but the Westpac facility runs until 2013. This was brought within the 48-60 month policy target when interest rate swaps were transacted on 29 July 2010

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 are described in this section.

General policy on investments

The Council's general policy on investments is that:

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

Result

The Council has followed these general policies throughout the year.





SPECIFIC POLICIES

Port Nelson Limited

Nelson City Council's policy for Port Nelson is:

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

Result

The Council has retained 50% ownership and the results of the company's operations are summarised on page 182.

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 183.

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).





SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

	General Account \$000	Water Account \$000	Sewerage Account \$000	Stormwater Account \$000	Total \$000
Balance 1 July 2008	939	0	0	0	939
Rate Take/Water charges 2009/10	28,355	10,226	5,669	3,789	48,039
	29,294	10,226	5,669	3,789	48,978
Net Expenditure 2009/10	28,005	10,226	5,669	3,789	47,689
Balance 30 June 2010	1,289	0	0	0	1,289

The 2010/11 Annual Plan and Estimates forecast a brought forward balance of \$905,000 and so there is a surplus of \$384,000 in the funds available in 2010/11.



COUNCIL INFORMATION

HOW TO CONTACT US

Customer service centre

The service centre is open from 8.30am to 5.00pm weekdays

Civic House, corner Halifax and Trafalgar St

110 Trafalgar Street

Nelson

Telephone: (03) 546 0200 24 hour, 7 day service

Fax: (03) 546 0239

Website and email enquiries

Website: www.nelsoncitycouncil.co.nz

Email: enquiry@ncc.govt.nz

Correspondence

Written correspondence to the Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to (03) 546 0239.

Attending a council meeting

Meetings are advertised in the Live Nelson. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

Public forums

There is a Public Forum at the beginning of most ordinary Council meetings where up to 5 minutes will be available for members of the public to address the Committee on matters of concern. You need to book a time before the meeting by contacting Council servicing staff on (03) 546 0200.

Deputations

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, needs to be made in writing at least 10 days before the meeting. Contact Council servicing staff on (03) 546 0200.

Petitions

The presentation of a petition to Council or its Standing Committees also has to conform to certain rules. Contact Council servicing staff on (03) 546 0200.



NELSON CITY COUNCILLORS 2007-2010

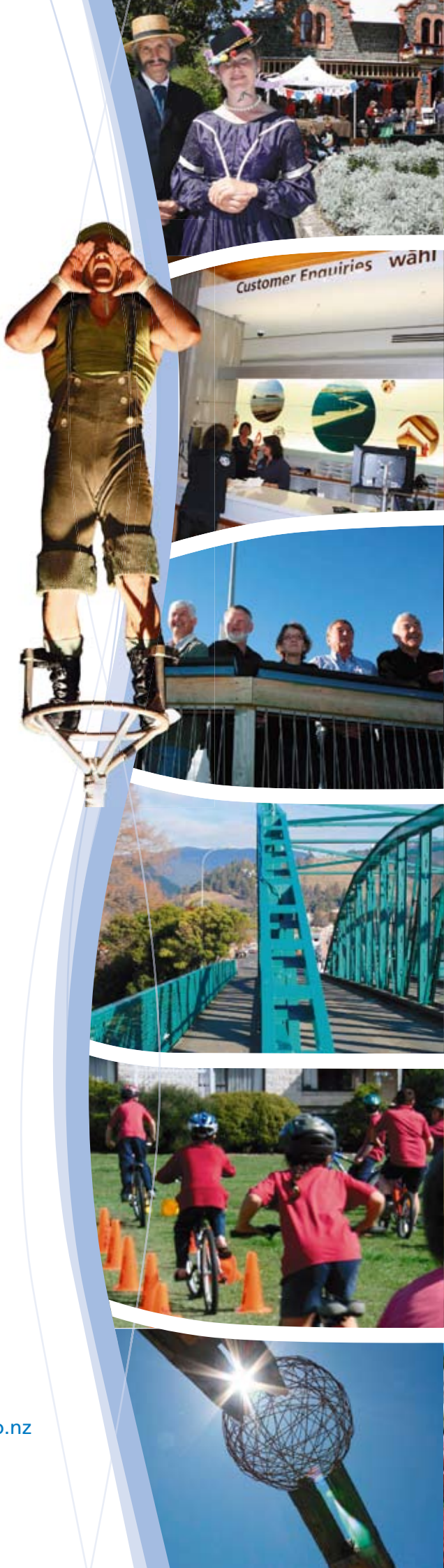


Top L-R: Cr Denise Henigan, Cr Aldo Miccio, Cr Ali Boswijk, Cr Ian Barker, Cr Pete Rainey, Cr Graeme Thomas.

Seated L-R: Cr Gail Collingwood, Cr Mark Holmes, Chief Executive Keith Marshall, Mayor Kerry Marshall, Cr Rachel Reese (Deputy Mayor), Cr Alison McAlpine.

The two councillors absent are Cr Mike Cotton and Cr Derek Shaw.





Nelson City Council
te kaunihera o whakatū

PO Box 645 Nelson 7040 • 03 546 0200 • www.nelsoncitycouncil.co.nz