



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

 **Nelson City Council**  
te kaunihera o whakatū



# ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012



**Nelson City Council**  
*te kaunihera o whakatū*



"Dance to the Music of Time"  
sculpture by Terry Stringer.

Illustrations by  
Ray Bolderson/Jazz Graphics.



# CONTENTS

Foreword: Mayor and Chief Executive . . . . .	4
Statement of Compliance and Responsibility . . . . .	6
Audit report . . . . .	7
Overview of the year: July 2011 to June 2012 . . . . .	10
Being accountable to the community . . . . .	20
Community outcomes – goals for Nelson . . . . .	21
Working with Māori . . . . .	24
Greenhouse gas emissions: reporting and activities to reduce emissions . . . . .	26
Council activities: the past year . . . . .	29
Water supply . . . . .	30
Wastewater . . . . .	35
Stormwater and flood protection . . . . .	39
Solid waste management . . . . .	43
Heart of Nelson . . . . .	47
Environmental management . . . . .	50
Transport . . . . .	57
Regulatory compliance . . . . .	63
Parks and open spaces . . . . .	69
Recreation and leisure. . . . .	75
Community facilities . . . . .	79
Economic and tourism support . . . . .	83
Managing emergencies and natural hazards . . . . .	88
Social development. . . . .	92
Culture, heritage and arts . . . . .	95
Democracy and administration . . . . .	99
Financial reserves and trusts . . . . .	105
Summary of capital expenditure over \$100,000 . . . . .	106
The money summary: year ended 30 June 2012	
Statement of Comprehensive Income . . . . .	110
Statement of Changes in Equity . . . . .	111
Balance Sheet . . . . .	112
Statement of Cashflows . . . . .	114
Notes to accounts including policies, assets, investments, explanation of variances and more . . . . .	115
Notes to accounts 1-33 . . . . .	116
Financial involvement in CCTOs, other companies or organisations . . . . .	178
Equal employment opportunities. . . . .	196
Liability Management Policy . . . . .	197
Investment Policy . . . . .	202
Summary of individual rates and uniform annual charges . . . . .	206
Contact us . . . . .	207

## MAYOR'S WORD



E ngā mana, e ngā waka, e ngā karangatanga maha o te motu, tēnā koutou  
Ka nui te mihi ki a koutou, ngā tangata o Whakatū  
Ma te kotahitanga e whai kaha ai tātau (in unity, we have strength)

Our city has achieved so much over the past 12 months. Since the start of the 2011/12 financial year in July 2011 we have notched up some major milestones.

The most anticipated event for the country and our city was Rugby World Cup 2011.

The \$1.76m contributed to the local economy by Council to host the event resulted in an economic benefit of \$9.2m in new spending. Visitors' spending made up \$5.1m of this amount.

The event's overall impact on the region, measured by regional gross domestic product (GDP), was \$7m. GDP measures the amount of revenue spent that actually stays in the region. Council came under its RWC 2011 budget by \$96,000, spending \$1.76m of a total budget of \$1.85m for three matches, four teams, two Fanzones, and a festival.

But more than the economic benefits, I note the benefit of the massive community involvement that was so evident. I'm enormously proud of the community's response and that Nelson was showcased so magnificently on the international stage.

Away from the hoopla is the infrastructure, which is vital to the day to day running of our city. The Bell Island duplicate wastewater pipeline, which takes the pressure off the old pipe running through the precious Waimea Estuary, is now complete and is a major achievement for the integrity of both the pipeline and the environment.

At literally the other end of the pipeline equation is the Maitai duplicate water supply pipeline, which carries the lion's share of water to Nelson. This project to protect and future proof our vital supply is now well underway.

The last year has also seen the long-awaited improvement to our public transport with the introduction of NBus. The new and more frequent buses at peak times are proving to be a welcome addition and popular with commuters.

Also on the transport front was the launch of the 38km Dun Mountain Trail which has attracted widespread praise. It was being heralded by experts as world class before it even opened and is proving to be a valuable addition to the New Zealand Cycle Trail system's 'Great Rides'. It was tipped to become a major draw card for visitors to Nelson and the investment in this facility will pay off for years to come.

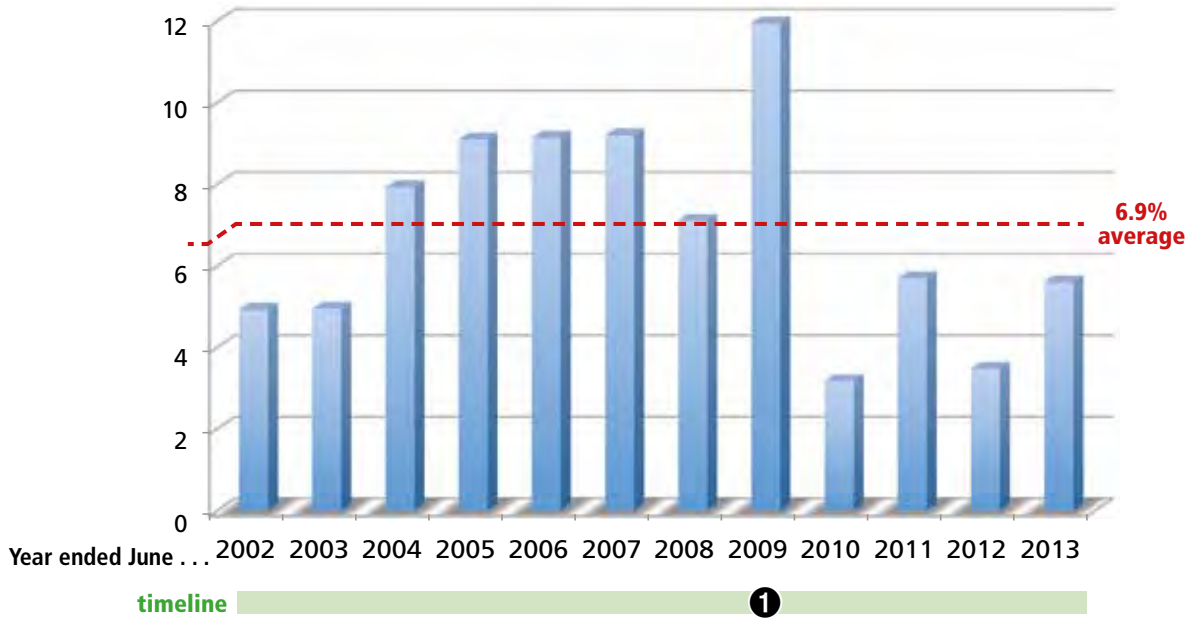
None of these achievements would have been possible without the commitment of Councillors and staff, who deserve my thanks for another year of ensuring Nelson remains a great place to live.

A handwritten signature in black ink, appearing to read 'Aldo Miccio'.

Aldo Miccio  
MAYOR OF NELSON



### Annual increase in average rates & charges



This graph shows the annual percentage increase in average rates and charges over the last decade, including the rate set for the current 2012/13 year. It shows significantly reduced percentages over the past four years mainly in response to the global financial crisis.

## CHIEF EXECUTIVE'S WORD



Who could have foreseen the challenges our city and Council have faced over the past 12 months?

Council plans are debated and locked down a long time ahead. However, events such as the December 2011 rainfall event, the signalling of local government reforms, the amalgamation and Māori Ward polls and the resignation of Council's CEO and the subsequent staff reshuffling until the position is filled combined to ensure staff have had an eventful and demanding 12 months.

While we continue to recover from the December 2011 rainfall event, it showed me the level of resilience of our residents and capability of our staff. This was not just Civil Defence personnel swinging into action; this was many Council staff across the board, from 24 hour telephone services to Building Inspectors and Parks staff.

While unaffected residents enjoyed a family Christmas in 2011, many of our staff continued to work and I am immensely proud of the way they reacted to this event. I acknowledge the impact on their families at what is usually a time of relaxation and family focus.

Despite the challenges, Council staff numbers have remained reasonably constant in an ever-shifting market. Staff turnover is at an all time low, and our recorded level of staff engagement continues to climb above national levels. They remain inspired to deliver excellent customer service to our residents and visitors against a backdrop of financial restraint.

It is no small or easy task running a city. The things we have achieved over the past 12 months show our Councillors and Council staff are focussed on making Nelson a better place. My sincere thanks to you all.

Richard Johnson  
ACTING CHIEF EXECUTIVE

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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

Aldo Miccio  
MAYOR OF NELSON

Richard Johnson  
ACTING CHIEF EXECUTIVE



## Independent Auditor's Report

### To the readers of Nelson City Council and group's annual report for the year ended 30 June 2012

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

We have audited:

- the financial statements of the City Council and group on pages 110 to 177, that comprise the balance sheet as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and particular information required by schedule 10 of the Local Government Act 2002; and
- the nonfinancial performance information of the City Council and group on pages 29 to 105 that includes particular information required by schedule 10 of the Local Government Act 2002.
- the other information that comprises: statement of compliance and responsibility, community outcomes – goals for Nelson, working with Maori and statement of involvement in council controlled trading organisations and other companies or organisations on pages 6, 21 to 25 and 178 to 195.

### Opinion on the financial statements, nonfinancial performance information and other information

In our opinion:

- The financial statements of the City Council and group on pages 110 to 177:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2012; and
    - the results of its operations and cash flows for the year ended on that date.
- The nonfinancial performance information of the City Council and group on pages 29 to 105:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the City Council and group's levels of service for the year ended 30 June 2012, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service and the expected service.

- The other information of the City Council and group in the financial statements and the non financial performance information and on pages 6, 21 to 25 and 178 to 195 under the headings statement of compliance and responsibility, community outcomes – goals for Nelson, working with Maori and statement of involvement in council controlled trading organisations and other companies or organisations, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 30 October 2012. This is the date at which our opinion is expressed.

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

### **Basis of opinion**

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, nonfinancial performance information and other information;
- determining the appropriateness of the reported nonfinancial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, nonfinancial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, nonfinancial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and nonfinancial performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the City Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to its forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

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

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

## Responsibilities of the Auditor

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

## Independence

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

In addition to the audit, we have carried out an assurance engagement providing an auditor's report to the Council's bond trustees. Other than the audit, carrying out the audit of the long term plan, and this engagement, we have no relationship with or interests in the City Council or any of its subsidiaries.



Scott Tobin  
Audit New Zealand  
On behalf of the AuditorGeneral  
Christchurch, New Zealand

### FOR WEBSITE AND CD VERSIONS

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

This audit report relates to the financial statements, non-financial performance information and the other information of Nelson City Council (the City Council) and group for the year ended 30 June 2012 included on the City Council's website. The Council is responsible for the maintenance and integrity of the City Council's website. We have not been engaged to report on the integrity of the City Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other information since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other information named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other information. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other information as well as the related audit report dated 30 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other information presented on this website.

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

## OVERVIEW OF THE YEAR ENDED JUNE 2012

### NELSON CITY COUNCIL'S OVERALL PERFORMANCE

The 2011/12 financial year provided more than the usual highlights and challenges for the Nelson City Council, residents and staff. It began with Rugby World Cup 2011 events, bringing Nelson more visitors and economic activity as well as a broader range of events for locals to enjoy. Then, just before the end of 2011, Nelson was hit by a rainfall event that triggered widespread slips and damage to property and infrastructure, the impact of which is still being felt by many.

The Council still managed to deliver a draft Nelson Long Term Plan for Nelson outlining its priorities for the next three years and giving the community an opportunity to provide informed feedback on the City's priorities for the next decade, although final adoption of the Nelson Long Term Plan 2012 was delayed from June to 19 July 2012.

Despite some significant changes in personnel, notably the departure of Chief Executive Keith Marshall, and changes to the Council committee structure, Council services were maintained and Council met the majority of its targets.

This introduction covers the main headlines of the past year. You can find more detail in the relevant activity sections.

### ALL ABOUT MAKING NELSON A BETTER PLACE

Everything Council did over the year aimed to make Nelson a better place. Residents received a range of public goods, services, infrastructure projects and programmes across the City. Nelson City Council has a broader span of work than most, being one of only six unitary councils in the country, combining local and regional responsibilities.

### LOOK WHAT WE DID

We have summarised some of the services delivered by the Council over the past year. Remember, this is just a small proportion of what we did – look for more throughout this annual report.



*We responded to 3,857 requests to investigate noise, dog, pollution, bylaw and livestock complaints and issues*



*We catered for just over 100,000 visitors, 12 major events and 27 weddings at Founders Heritage Park*



*We facilitated 38 solar saver programme hot water installations, bringing the total to 240 households*

## COUNCIL PERFORMANCE AND PROGRESS

The Council used four key indicators to measure its performance across the whole organisation over the year. These tracked customer satisfaction, financial performance, statutory compliance and staff engagement.

Customer satisfaction was measured through the annual survey of residents and interviews with counter customers. Value for money scored 7% higher at 50% in 2012, up from 43% a year earlier. Customers' perception of counter staff contact was down slightly to 78% from 84% the year before so it did not reach the 5% increase target. The targeted 5% improvement was achieved for residents' perception of overall Council performance, with an 11% increase to 62% from 51% in 2011.

Council ran a statutory compliance programme to ensure compliance with applicable legislation and prioritise progress on the highest risk areas. It also delivered an annual report that exceeded statutory deadlines and received an unqualified Audit New Zealand opinion.

Staff engagement index was three points higher than the year before, at 80.5%, while the overall performance index was up 0.9 to 76.8, short of the targeted 2% increase. Council aimed for the engagement index to reach a level equivalent to the top 25% of all surveyed organisations, not just local government. The result of 80.5 fell only just short of the targeted 80.9, so the target was very nearly achieved.

## FINANCIAL PERFORMANCE

The Council also prioritises sound financial management and tracks performance over the year, which is reported in a range of forms including annual reports and to the Council's Audit, Risk and Finance Committee.

The 2009 Nelson Community Plan initially forecast a 9.9% increase in average rates and charges for 2011/12. The draft Annual Plan for the year updated the work programme and proposed an increase of only 2.5%. Following the consultation process, the final budget in the Annual Plan for 2011/12 showed an average increase in rates and charges of 3.48% excluding GST.

Key financial headlines for 2011/12 were:

- Council prepared its first Financial Strategy, which was included in the Nelson Long Term Plan 2012
- The net cost of the December 2011 rainfall event was \$3.2m, net of NZ Transport Agency subsidy, in 2011/12, which was loan funded, yet despite unanticipated costs, financial results showed continuing prudent financial management
- The net surplus before revaluations was \$6.1m, which was \$1.3m under budget
- Debt levels were \$65.3m compared to \$58.6m in 2010/11. Debt had been budgeted to be \$96.4m net of deposits and was significantly less, mainly because of delayed capital projects as explained in Note 33 beginning page 173
- Average rates including water per average property were \$2,425.80 for the year, or \$7 per day
- Other revenue was \$3.7m over budget, mainly due to a special dividend from Port Nelson Ltd of \$4m, which was used to repay debt.

For the full financial summary, refer to pages 110-114.

### PROGRESS ON PROJECTS FOR THE CITY

Major capital projects that Council began, continued or completed over the year, included:

- Maitai water supply pipeline duplication stage one to provide security of supply
- A water pressure reduction programme to extend the life of the water supply network
- Seymour Ave road and stormwater upgrade to improve amenities and safety
- Iwa Road and stormwater upgrade to improve access and safety
- Cleveland Terrace retaining wall to provide safe access
- Queens Road combined transport, water, wastewater and stormwater upgrade to improve access and utilities
- Locking Street road upgrade to provide a residential shared zone and improved utilities
- St Vincent / Jenner Road upgrade to provide safer access and improved amenities
- The Cricket / Athletics Pavilion at Saxton Field to provide facilities for these sports codes
- Saxton Field entrance Main Road Stoke to improve access to the sporting facilities
- The next stage in developing Wakefield Quay to provide attractive surroundings
- Community housing Orchard Street development with Housing NZ funding
- Marina large berths to cater for more and larger water craft
- The marina building to provide improved facilities including toilets, laundry, office and showers
- Marina pontoon torsion bar replacements to improve marina facilities
- National cycleway development to attract visitors and cater for increasing numbers of resident cyclists
- Rutherford Park tennis lights to support sporting activities
- Marlowe Street stormwater upgrade to improve performance during storm events
- Neale Park gateway artwork to promote public art.



## HEADLINES AND PRIORITIES IN 2011/12

### ***Improved public transport***

The improved NBus services began on 5 March 2012 and resulted in a significant lift in residents' satisfaction with Council's performance on transport activities. Residents had told Council they wanted more public transport, so it initiated the NBus, particularly focusing on commuter services between Nelson and Richmond. NBus offered more frequent peak hour options and racks for customers with bikes. Other transport projects are covered in the Transport section of this report.

### ***Rugby World Cup 2011 a winner***

Council led the Rugby World Cup 2011 events for Nelson as part of New Zealand hosting the major international competition.

An economic impact assessment estimated that Nelson had benefited from a \$9.12m boost in regional Gross Domestic Product, a measure of economic activity, as well as featuring in international media including in the United Kingdom, United States of America, Russia and Australia. International guest nights increased by 35% in September 2011 compared to the year before and showed a 22.8% increase in October 2011, exceeding the national average by 14.9% and 15.7% respectively.

Among a plethora of activities and events for locals and visitors, the Council ran the Game On Festival, which in 2011 incorporated an extended Arts Festival to tie in with Rugby World Cup 2011. For more on Council's support for economic development, refer to the Economic and Tourism Support section.

### ***Natural disasters and downstream effects***

A northerly storm that originated in the tropics led to significant rainfall across the top of the Nelson and Tasman region starting on 13 December 2011. The Councils responded by establishing an Emergency Operations Centre (EOC) on the morning of the 14 December 2011 and operating a Recovery Centre until March 2012. The event included staff from both Nelson City and Tasman District Councils, emergency services and local support agencies, as well as Emergency Operations Staff from outside the area. This was the region's first Declared Civil Defence Emergency since 1990.

The rainfall resulted in surface flooding and multiple slope failures from western Golden Bay to Cable Bay and further east in Nelson. The event involved prolonged and consistent rainfall over a 48 hour period rather than intense rainfall or river flooding. It was most pronounced in eastern Golden Bay and in the foothills behind the Nelson-Richmond urban areas. It was estimated that at Nelson airport the 48 hour rainfall experienced was only likely to occur every 250 years or so.

Although significant flooding occurred in some low-lying areas, the majority of serious damage resulted from landslides, slips and debris flows. Worst affected areas in Nelson were Cable Bay Road, Maitai Valley Road and slopes, reserves including the Grampians, Stanley Whitehead Park and Tasman Heights, the Tahunanui hills and the city's waterways.

The event continues to have an economic impact on the city. Its effects are anticipated to continue into the 2012/13 financial year and beyond. The total net cost to Council was estimated to be around \$5.9m after insurance and other cost recoveries, with most of the repair work to be completed in 2012/13. Recovery costs were \$3.2m up to 30 June 2012, net of NZ Transport Agency subsidy. In response, Council decided to expand its Disaster Recovery Fund and introduced a new Rates Remission Policy for households affected by a natural calamity. This Policy has since been successfully implemented.

Although recovery costs for the clearance of natural waterways and the clearance and stabilisation of slips were substantial, there was minimal damage to council infrastructure assets on the whole with the exception of Cable Bay Road. As the 2.5km stretch of road that was affected will be replaced, the existing road has been written off in these accounts for the full depreciated value of

## OVERVIEW OF THE YEAR

\$451,000. Replacement of the road is budgeted to cost \$3.25m reflecting the roading requirements of the current building code and Land Development Manual.

The immediate effect on the Council's work programme was a number of projects or tasks that were deferred or delayed, most significantly the adoption of the Nelson Long Term Plan 2012 which was delayed from June until 19 July 2012. The community showed great resilience and resourcefulness in its response to the emergency and its aftermath. The Council-led response and recovery went well on the whole and included an assessment of improvements for future events such as this one. For more about the Council's role in civil defence, see the Managing Emergencies section. The impact of the December 2011 rainfall event on different Council activities is also mentioned in the relevant sections, including water supply, wastewater and transport.

### ***Second wastewater pipeline to Bell Island facility***

The Nelson Regional Sewerage Business Unit, of which Nelson City Council is a partner, oversaw the installation of a new duplicate pipeline across Waimea Inlet. This project was designed to provide safe disposal of wastewater from the southern end of Nelson City, as well as for adjacent settlements and industries in Tasman District. With a suite of complementary projects on that network, including more high capacity pumps, the pipeline duplication built in more flexibility to ensure improved continuity of this essential service. This and other wastewater projects are covered in the Wastewater section.

### ***Substantial progress on Maitai water supply pipeline stage one***

Stage one of the duplicate water supply pipeline down the Maitai Valley saw considerable progress over the year. This is a major, multi-year project to maintain essential water supply services in the event of natural disaster and to increase capacity. Stage one included the installation of a new pipeline under the Maitai Valley Road from the Maitai dam to Smiths Ford. Later stages will complete the second pipeline to the Tantragee Water Treatment Plant. Refer to the section on Water Supply for more on Council's performance over the past year.

### ***Parks for all***

Once again, our annual survey of Nelson residents has confirmed they rate Council parks and reserves highly. Of all Council activities, this was ranked at number one on 83%, very similar to the previous year. Of the eight people who expressed some dissatisfaction, it was mostly because they wanted even more parks and green space. National benchmarking against other councils shows that Nelson compares well for overall provision of reserves per capita. Survey results and other parks and reserves highlights are covered in the Parks and Open Spaces section.

### ***Biking facilities taking off***

The Dun Mountain Trail was officially opened in November 2011, the country's third Great Ride to be completed under Nga Haerenga, the New Zealand Cycle Trail. The 38km trail begins in the Brook and follows the route of New Zealand's first railway line before descending into the Maitai Valley and returning to Nelson City. It is tipped to become a major draw card for visitors to Nelson and received \$484,000 of central government funding to upgrade the trail to intermediate rider level.

The Nelson City Council team, working with adjacent Tasman District, also continued development of Nelson's cycle facilities, responding to growing numbers of cyclists in Nelson and to encourage cycle tourism. The Recreation and Leisure section covers cycle facilities and related Council activities.

### ***Progress towards improved safety in Nelson Harbour***

The Navigation Safety Bylaw hearings were held in May 2012. The next steps are for staff to revise the draft bylaw to incorporate that feedback, before it goes back to Council for adoption. This and other public health and safety activities are covered in the Regulatory Compliance section.



### ***Supporting the community to make Nelson a better place***

Community Assistance Funding administered by Council provided \$485,000 through 61 contracts and 47 one-off grants for community organisations to provide services in the Nelson community. This was an increase on the previous year when \$436,284 was provided through 48 contracts and 39 one-off grants. Community assistance is one of Council's many activities that are summarised in the Social Development section.

### ***Nelson Youth Council***

Youth councillors forged even stronger links with senior Council and policy development staff and increased their involvement in full Council meetings over the year. Youth councillors were very active and involved with community groups that were linked with Council. They contributed more feedback to Council than previous years, including on transport, Framing our Future and long term planning. They gathered 1,001 surveys from local youth on issues to provide input on the draft Nelson Long Term Plan 2012.

Youth councillors coordinated youth volunteers for Rugby World Cup 2011, including face painting at rugby matches. Youth councillor delegates attended the Youth in Local Government conference in Invercargill and one youth councillor was recognised by the Ministry of Youth Development to join Aotearoa Youth Voices at the national level. Council's support for the Youth Council is also included in the Social Development section.

### ***Festivals and events***

Survey results showed that Nelsonians and visitors rated our festivals and community events as among the best in the country, and they turned out in droves to enjoy them. Festivals and events included Rose Day and Isel in Bloom, the Nelson Arts Festival, which was included in the Rugby World Cup 2011 Game On Festival and the Summer Festival, which ran from mid-December 2011 to mid-February 2012. During the Summer Festival only the Lantern Celebration was cancelled due to rain in December. All other programmed events took place, including the Buskers Festival, which attracted around 12,000 spectators over five days. These and related Council activities are summarised in the Culture, Heritage and Arts section.

### ***Community housing upgraded***

The major upgrade of the Orchard Street community housing complex in Stoke was completed in 2011/12 with \$1.17m of funding from Housing New Zealand. The 39 units are now much warmer, drier and sunnier after they were brought up to a higher standard. These flats are the oldest of Council's nine community housing complexes. Work included double glazing, improved insulation and better heating. Community housing is one of the activities covered in the Community Facilities section.

### ***Medium-term vision in Nelson Long Term Plan***

By far the most significant policy development process of the year was the Nelson Long Term Plan 2012. Producing the draft for public feedback, processing submissions, running hearings and preparing the final document involved staff from across the organisation, most of it under the additional pressure caused by the December 2011 rainfall event. Adoption of the final Nelson Long Term Plan 2012 was delayed by the rainfall event from June to 19 July 2012.

You can find out more in the Democracy and Administration section, or view the final Nelson Long Term Plan 2012 on the Council website and in Nelson Public Libraries. It can also be viewed or requested through Council's customer service centre.

### ***Longer-term vision in Framing our Future***

The vision statement for the Framing our Future sustainability strategy was developed during 2011/12 through community workshops. The goal was to include the overall vision in the Nelson Long Term Plan to guide both the Council and community over the next decades. Further detail of the strategy and its implementation is being developed in 2012/13 based on additional consultation. Strategic policy development is included in the Democracy and Administration section.

### ***Greenhouse gas emissions up slightly overall***

This Council was one of the first to monitor and report on its greenhouse gas emissions, beginning in 2008. Comparisons with the previous year are the most meaningful, as the inventories for both years use the same emission factors.

Overall, Council carbon emissions for 2011/12 increased by 1% to 1,753 tonnes compared to the year before when carbon emissions were calculated at 1,737 tonnes. Vehicle fuel, Civic House heating, domestic travel and paper use were all lower than 2010/11. Electricity use, fuel use at the crematorium and cemetery and trans-Tasman flights were all higher, giving the 1% net increase overall.

Electricity use is the biggest contributor to Nelson City Council's carbon footprint. There was an overall increase in electricity used to supply water to the city. New facilities at Saxton Field meant higher electricity use there, while there was an overall decrease at the Bell Island wastewater treatment facility. Refer to the chapter on Greenhouse Gas Emissions for more details.

### ***Excellent energy audit result for Bell Island regional facility***

An energy survey by an independent consultant determined that "the [Bell Island] site was found to be highly energy efficient in regards to the operation of existing processes and would fit in the top 1% of Energy Audits we have done for operating efficiency." This excellent performance result was in part due to this Council's involvement in managing the facility for the regional scheme. This was an example of efficiencies Council continues to introduce and refine to both reduce costs and achieve greenhouse gas emission reductions, in line with community aspirations. These issues are covered in the section on Greenhouse Gas Emissions and in the Wastewater chapter.



### ***Award-winning air quality***

Nelson City Council's hard work to improve air quality won two Green Ribbon awards in June 2012. Run by the Ministry for the Environment, the awards celebrate outstanding contributions to protecting and enhancing New Zealand's environment. Council's air quality campaign was recognised in two categories – air quality and public sector leadership.

Nelson breached the National Standard for Air Quality 81 times in the winter of 2001 before the programme began. After introducing the air quality campaign, the airsheds breached the standard just two times over the winter of 2012, 15 times in the winter 2011 and eight times in 2010. While results also depend to some extent on the weather, the overall trend in improved air quality is directly due to phasing out the use of open fires and older, less clean-burning enclosed fires. For more on these results, refer to the Environmental Management chapter.

**Richard Frizzell, Environmental Services and Councillor Shaw with the Green Ribbon awards for air quality leadership.**



*We granted consents  
for \$106.8m of  
building work*

### ***Working with Māori***

This year, Council built on its commitment to provide for the involvement of Māori in Council decision-making. Mechanisms include iwi representation on key advisory committees and the Kotahitanga Hui forum for iwi, mātā waka and Council leaders to discuss strategic issues. Council had hoped to initiate a Māori ward for Nelson to improve representation, which has long been a priority for iwi leaders. A proposal was put to the Nelson Community in May 2012, but the poll result did not support proceeding with the initiative.

Council is also responsible for building the capacity of Māori to participate in Council decisions. The chapter on Working with Māori details some of the processes and examples of Council's support for te Reo Māori, the Māori language.

### ***Economic development and tourism***

The Mayor of Nelson visited China to support the Nelson Regional Economic Development Agency and to help build closer trade relationships that could boost local economic development. A mayoral relationship is crucial for building economic ties with Chinese interests. Refer to the chapter on Economic and Tourism Support for a summary of Council's role in promoting economic wellbeing in Nelson.

### ***Partnerships to make Nelson a better place***

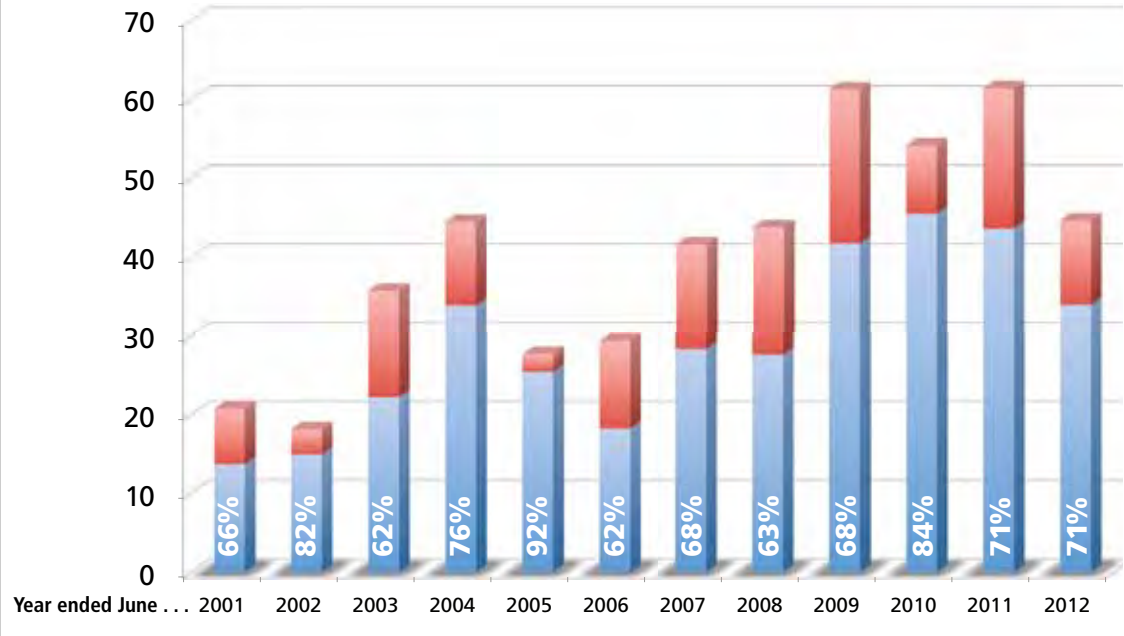
As in previous years, Council worked with literally hundreds of organisations around the city to assist in enhancing the city's environmental, economic, social and cultural wellbeing. Examples included government ministries, agencies and organisations, the Police, NZ Transport Agency, community groups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

### ***How other Annual Plan 2011/12 priorities fared***

- Funding for arts and heritage was picked up for implementation in the Nelson Long Term Plan 2012 work programme
- A rating review that was originally signalled for 2011/12 was subsequently overtaken by uncertainty surrounding the outcome of the NZ Local Government Commission proposal to amalgamate Nelson with Tasman District Council. Council therefore decided to defer this review until it was known what local governance arrangement would be in place. The rating review is now programmed for 2013/14.

## Total capital budget and percentage actually spent

Expenditure  
(\$million)



### *Investment in building the city's assets*

This graph compares actual capital expenditure each year against total annual budgeted capital expenditure (excluding budget carried forward from the prior year). These funds are used to build new city assets. Each year, only a proportion of what was budgeted actually gets spent due to delays including bad weather during construction, unforeseen site conditions especially affecting underground services and consultation delays. Changes in scope, priority or a lack of required materials can also delay construction, causing projects not to be completed in the year for which they had originally been budgeted and some of the under spending was due to budgets being revised downwards to limit rates increases.



**WHAT WAS NOT ACHIEVED AS PLANNED**

- A planned skate park for Stoke was delayed following consultation with residents
- Montgomery Square improvements and the Gambling Policy process were delayed following court action
- There was a decline in freshwater quality in some waterways and Council has made fresh and marine water quality improvement a priority by targeting work to address identified issues such as urban runoff and sedimentation
- The episodes of odours caused by the Nelson North wastewater treatment ponds led to options being developed to address underlying causes. Funding was included in the Nelson Long Term Plan, beginning in 2012/13, which Council hopes will reduce the risk of continued pond ‘crashing’, as part of an ongoing programme to improve management of the facility
- Capital expenditure was under spent, predominantly due to project deferrals including those due to the December 2011 rainfall event. There is more in Note 33, beginning page 173, and in each activity chapter to explain why expenditure was not at the estimated level
- There was uncertainty around governance arrangements over the time of the amalgamation proposal, which Nelson City Council had supported. This meant some work was put on hold until the result was known. The result of the poll on the Local Government Commission proposal was announced in May 2012 and the outcome was the continuation of the current arrangement where Nelson City and Tasman District have separate local authorities. The two Councils continue to work closely together on many projects, work programmes and shared services, many of which are summarised on page 55 of the Nelson Long Term Plan 2012, which is available through the Council website or from its customer service centre.

**COMMUNITY OUTCOMES**

All of Council’s work over the year was delivered to achieve long term goals expressed as six community outcomes. These goals are described in more detail in a later section. Everything Council delivered, including what was highlighted in this section, contributed to bringing Nelson closer to achieving its long term goals. All Council activities and projects contributed to achieving at least one and sometimes all of these outcomes. In summary, the following six community outcomes combine to drive everything that Council aimed to achieve:

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

# BEING ACCOUNTABLE TO THE COMMUNITY

### WHY COUNCIL HAS TO BE ACCOUNTABLE

Nelson ratepayers 'own' the City's assets. The Council manages those assets to deliver what residents, businesses and visitors need. All councils have to manage their finances in a reasonable and prudent way. Elected Councillors oversee where the money goes and are answerable to the community through the election process. Ratepayers and residents, as Council's funders, are entitled to know what they get for the money paid as rates, which provide around half of Council's income.

An audited Annual Report is the main method used by Council to report to the public:

- the extent to which Council completed all the work that it identified in the applicable Nelson Long Term Plan 2012 and Annual Plan for that year; and
- whether Council was effective at achieving what the community wanted.

### THE ACCOUNTABILITY CYCLE

Annual Reports mainly deal with Council's performance; both its financial results for the year just ended and what it actually achieved compared to what it had planned. To provide this information, Council has a two-part system for monitoring and reporting on its performance.

First, it prepares Long Term Plans, updated in Annual Plans for each financial year so the public can give feedback on new priorities or expenditure. Then, after the year ends, it compares actual results with what had been planned and provides this information in the Annual Report. All Council financial years end on 30 June and a complete audited Annual Report is required by the end of October each year to ensure prompt disclosure of performance. The independent audit step provides the community with reassurance that the information provided by the Council is complete and accurate.

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

You can find out what we intended to do in the applicable Nelson Long Term Plan. In the case of the year just ended, from July 2011 to June 2012, this was the 2009 Nelson Community Plan, which was also known then as the Long Term Council Community Plan (LTCCP). As 2011/12 was year three of this plan, an Annual Plan was adopted in June 2011 to strike the rates for that year based on what had changed since the Community Plan. The 2009 Nelson Community Plan mapped out Council's plans for the decade ahead, which has since been updated in the Nelson Long Term Plan 2012 for the ten years following the one reported on here.

This Annual Report compares Council's performance to both the 2009 Nelson Community Plan and the Annual Plan for 2011/12 on which it was based.

The Annual Report includes an explanation of any major exceptions where there was a difference between what had been planned and what was actually delivered, either financially or according to other performance targets. For each Council activity in the 2009 Nelson Community Plan, there is a section in this Annual Report that comments on whether targets and budgets were achieved as planned and further comment where that would help explain variations. Where Council has fallen short of its targets, the Annual Report explains what it plans to do in response to perform better in the future.

## COMMUNITY OUTCOMES – GOALS FOR NELSON

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

### SIX GOALS FOR NELSON

The following six community outcomes are the long term goals that Nelson residents want for their city. Together, they provide an enduring vision of the sort of place we would like to live in now and in the future. They describe the sort of place that draws people to visit and settle here.

These six goals were drafted following extensive consultation with Nelson residents in 2005. More detailed goal statements are grouped under the following themes and are included in the Nelson Long Term Plan 2012, which is available on request from Council. They are all important for community wellbeing and, taken together, deliver environmental, social, cultural and economic wellbeing.

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

The six inter-related goals guide Nelson City Council to align everything it does with what the community wants us to achieve. The Council's programme of work, as expressed in the current Nelson Long Term Plan and relevant Annual Plan, are Council's response to deliver on these outcomes.



### MEASURING PROGRESS TOWARDS ACHIEVING GOALS

Demonstrating the year's progress towards the six goals was mainly done through Council's own and other organisations' measurement of indicators of community wellbeing. The 'big city' quality of life surveys and reports provide benchmarking and comparisons across the country, but they do not include Nelson as a smaller regional centre. The indicators used in these reports helped inform Council's choice of indicators for the Top of the South Indicators Report 2009. You can find out more about the big cities Quality of Life project, indicators and more at [www.bigcities.govt.nz](http://www.bigcities.govt.nz).

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

- People (demographics)
- Knowledge and skills
- Economic standard of living (households)
- Economic development
- Housing
- Health
- Built environment
- Natural environment
- Safety
- Social connectedness
- Civil and political rights.

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

### REPORTING ON PROGRESS IN NELSON

More detailed information on our progress as a city 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](http://www.nelsoncitycouncil.co.nz) or by requesting a copy from the Council. The report is to be updated in late 2012 and will also be available through the Council website or by asking for a copy.

The 2009 report brought together baseline information on environmental, social, cultural and economic wellbeing across the Top of the South, including Nelson. In general, results showed that economic wellbeing was strongly affected by the global recession and therefore the future is unclear, social wellbeing was good, cultural wellbeing was difficult to assess and environmental wellbeing was improving. Social indicators included life expectancy, housing affordability and road safety data. Environmental indicators included air quality, water quality and solid waste volumes per capita. Cultural indicators included the proportion of speakers of te reo Māori and employment in the cultural sector. Economic indicators included business confidence and the proportion of internet access.

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





Maitai duplicate pipeline

## PROGRESS IN NELSON OVER THE 2011/12 YEAR

Everything achieved by Nelson and summarised in this Annual Report contributed to a greater or lesser extent towards making Nelson a better place. During 2011/12, examples of some of the things Council did to promote the social, economic, environmental and cultural wellbeing of the Nelson community included:

- Safe drinking water supplied (social, economic)
- Stormwater system ongoing upgrade programme (environment, economic, social)
- Safer Routes to School and community road safety programmes delivered (social, economic)
- Roads maintained (social, economic, environment)
- Heart of Nelson Strategy implemented (social, cultural, economic, environment)
- Sports facilities at Saxton Field expanded (social)
- Community Assistance grants allocated (social, cultural, environment)
- Annual Ecofest expo delivered (environment, social)
- Biodiversity Strategy implemented (environment)
- Core funding provided for the Nelson Regional Economic Development Agency and Tourism Nelson Tasman Ltd (economic)
- Recycling and waste removal services delivered through Council-Controlled Trading Organisation Nelmac Ltd. (environment, social)
- Memorandum of Understanding with Tangata Whenua implemented (social, economic, environmental, cultural)
- Framing our Future sustainability strategy vision developed (social, economic, environment, cultural)
- Mountain biking tracks expanded (social, economic)
- Environmental scorecards published on freshwater quality, bathing waters and air quality (environment, social).

# WORKING WITH MĀORI

### **OPPORTUNITIES FOR PARTICIPATION IN COUNCIL DECISION-MAKING**

This year, Council continued to consolidate on initiatives that provide for the involvement of Māori in Council decision-making. It built on the range of opportunities for participation and maintained representation on key advisory committees, including the Arts/Heritage advisory group.

Further representation opportunities included draft Treaty settlement discussions on setting up a River and Freshwater Advisory Committee in the future and iwi advice on solid waste management. Other committee-based representation includes for the Nelson Regional Sewerage Business Unit, the Land Transport Committee and rangatahi representatives on the Nelson Youth Council.

### **KOTAHITANGA HUI**

The main rangatira to rangatira forum for iwi and Council leaders continued through Kotahitanga Hui. It involved iwi leaders, mātā waka representatives for Māori from other parts of the country, Councillors and staff. The updated Memorandum of Understanding was substantially confirmed over the year, with final ratification by Tangata Whenua and mātā waka expected during 2012/13.

Kotahitanga Hui participants provided feedback on the draft Nelson Long Term Plan (LTP) 2012 during 2011/12. Council also received submissions on the draft LTP by Māori and took this feedback into account for the final Nelson Long Term Plan.

Kotahitanga Hui indicated it is to investigate establishing a Trust as a potential option to implement initiatives and priorities agreed at the Hui.

### **MĀORI WARD PROPOSED BUT NOT ESTABLISHED**

Council had hoped to initiate a Māori ward for Nelson to provide better representation for Māori, which has long been a priority for local iwi leaders. A proposal was put to the Nelson community as a poll in May 2012, but the result did not support establishing a Māori Ward. This result meant the proposal cannot be considered until after the 2016 local authority elections under current legislation, the Local Electoral Act.

### **CAPACITY BUILDING**

As well as maintaining its commitment to work closely with Māori, Council ensured it honoured its obligations to build the capacity of Māori to participate in Council decisions. Key examples include support to train iwi representatives to be Resource Management Act hearing commissioners, funding to support capacity building for Tiakina te Taiao Ltd, which represents some local iwi, and working with neighbouring Councils and iwi leaders to identify common goals to build capacity across Te Tau Ihu, the top of the South Island.

A potential next step in capacity building is working with Tasman and Marlborough District Council and local iwi leaders to investigate broadening the scope of Nelson's Kotahitanga Hui across the wider region.

Kotahitanga Hui forum is considering the opportunities to work collaboratively with our neighbouring councils to identify common areas of interest and common solutions. This has the potential to offer more efficient use of both iwi and council resources and ensure consistent processes and engagement across Te Tau Ihu, the Top of the South Island.

## SUPPORT FOR TE REO MĀORI

An important priority for iwi is for Council to support our official language, te reo Māori. Council sought opportunities to support te reo Māori, including during Māori Language Week in July 2011. More Council staff took the opportunity to learn te reo Māori, which enabled them to better understand local customs, place names and interact positively with iwi Māori. Many Council staff can introduce themselves, sing waiata, greet others and include the Māori language in everyday work situations. While enjoyment for the staff is an obvious benefit to the organisation it also enables staff to interact positively with our community and presents a unique local kiwi experience for overseas visitors.

## WELCOME TO NELSON

Council took the advice of local iwi in naming the recently-installed sculpture near the corner of Atawhai Drive and QE II Drive *Nau mai ki tōku ahuru mōwai* (below), which means welcome to my safe home, my sheltered haven. Tangata Whenua representatives provided information to explain the sculpture and the history of the area with which it is associated.

A Waharoa (gateway) at ANZAC Park was opened on Saturday 24 September 2011, organised by the eight iwi of Te Tau Ihu, the top of the South, with the support of Nelson City Council. The new monument of remembrance was to honour the members of the 28th Māori Battalion as, until its construction, there was no recognition to acknowledge these soldiers' contribution anywhere across Te Tau Ihu.



## GREENHOUSE GAS EMISSIONS

### OUR COMMITMENT TO SUSTAINABILITY AND GREENHOUSE GAS EMISSIONS REPORTING

#### BACKGROUND

In October 2008 Council made the commitment to monitor and report on Council's greenhouse gas emissions, assess opportunities for reductions and take action to achieve these reductions. Comparisons with the previous year are the most meaningful, as the inventories for both years use the same emission factors. Targets will be reviewed as part of the Framing Our Future Strategy.

The greenhouse gas inventory has been carried out for five years including the 2011/12 financial year. The first year was a set-up and learning year, so the data from that inventory was less comparable than the inventories of the following years.

#### HOW THESE FIGURES WERE CALCULATED

The inventories for each financial year were carried out in August, once all the electricity invoices for the previous financial year were received. The 2011/12 inventory used the 2010 emissions factors from the Ministry for the Environment guidelines. These factors were used to recalculate the emissions for the 2010/11 year. The 2008/09 and 2009/10 inventories used the 2009 emissions factors.

#### THIS YEAR'S RESULTS

Overall, emissions for the 2011/12 year increased by 1% compared to the 2010/11 year. The table below compares greenhouse gas emissions by activity for 2011/12 and the previous year, 2010/11. The scope of each activity relates to the degree of control Council has over the source of the emissions.

#### Greenhouse gas emissions inventory – annual comparison

Scope	Activity	Unit	2010/11		2011/12		Compared to previous year
			Number	Tonnes of carbon emissions	Number	Tonnes of carbon emissions	
1	Heating of Civic House	Litres of diesel	14,035	37.3	11,820	31.4	↓
1	Fuel for crematorium	Litres of diesel	19,798	52.7	20,770	55.2	↑
1	Marsden Cemetery	Litres of diesel	2,331	6.2	2,461	6.5	↑
1	Vehicle fleet	Litres of petrol	18,032	42.2	16,773	39.2	↓
1	Vehicle fleet	Litres of diesel	13,442	36.3	12,679	34.2	↓
2	Electricity, from Trustpower, Contact and Meridian accounts	Kilowatts	10,137,532	1,388.8	10,314,496	1,413.1	↑
3	Electricity losses*	Kilowatts	10,137,532	124.7	10,314,496	126.9	↑
3	Flights – domestic travel	Kilometres	175,011	28.9	153,713	25.4	↓
3	Flights – trans-Tasman	Kilometres	22,748	2.2	30,149	2.9	↑
3	Paper use by Civic House and Elma Turner Library	Kilograms	9,550	17.8	9,520	17.8	↓
	<b>TOTAL</b>			<b>1,737.1</b>		<b>1,752.7</b>	↑

\*transmission and distribution line losses

## WATER USE

Data was also collected on water use as an indicator of the Council's environmental sustainability. Water use in 2011/12 decreased by 36,318m<sup>3</sup>, which was a quarter less than the previous year. Less water was used at Rutherford Park, Saxton Field and Tahunanui reserve, most likely due to higher rainfall over the summer months.

## ACTIVITIES TO REDUCE AND MANAGE GREENHOUSE GAS EMISSIONS

### ELECTRICITY USE

The biggest contributor to Nelson City Council's carbon footprint is electricity use, which contributes over 85% of total carbon emissions. Council's use of electricity for the city increased between 2010/11 and 2011/12 by 1.7 percent or 177,000 kilowatts. The largest annual changes in electricity use are described below:

#### ***Water Supply – increased***

The overall increase in electricity for water supply activity was driven by an increase in electricity used by the Roding pump station, which was up 83,000 kilowatts. More water than usual was delivered from the Roding River while work was done on the construction of the Maitai duplicate pipeline. However, the Roding system also used hydro-generation to produce electricity which was sold back to the grid. This year it produced 236,000 kilowatts.

#### ***Nelson Regional Sewerage Business Unit (NRSBU) Bell Island – decreased***

The NRSBU recorded an overall decrease in electricity use of 181,000 kilowatts, of which Nelson City Council accounted for 39%. This is due to increased pipe size, resulting in less friction, as well as new, more efficient pump stations. These were part of the regional pipeline upgrade.

#### ***Streetlights and Traffic Lights – increased and decreased***

There was an increase in electricity use for streetlights, up 67,000 kilowatts compared with last year, reflecting the growth in the number of street lights in Nelson. However, this was offset by a decrease of 13,000 kilowatts for traffic lights, which was due to the introduction of LED lights.

#### ***Saxton Stadium – increased***

The main stadium used 30,000 more kilowatts in 2011/12 than the year before, reflecting its increasing use and popularity as a venue. This was the third year of use and second full year of operation for the stadium.

#### ***Saxton Oval Pavilion – new***

The cricket/athletics pavilion was officially opened in November 2011 and its electricity use of 24,000 kilowatts was included for the first time in the 2011/12 inventory.



# COUNCIL ACTIVITIES

The following sections cover everything that Council does, organised into financial activities for funding and accountability. For a full description of each Council activity that applied in 2011/12, ten year estimates of spending and more, refer to the 2009 Nelson Community Plan and the Annual Plan for 2011/12. Both documents are available in the Nelson Public Libraries, through the Council website at [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz) or by calling in or contacting our customer service centre on 546 0200.

The following 17 activity groups applied for the last time in 2011/12. These have since been updated into a more streamlined set of ten activities for 2012/13 onwards. The work remains the same although the activity groups will change. Refer to the Nelson Long Term Plan 2012 to compare the two sets of activities.

## Water services

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

## Other activities

- Solid waste management page 43
- Heart of Nelson page 47
- Environmental management page 50
- Transport page 57
- Regulatory compliance page 63
- Parks and open spaces page 69

- Recreation and leisure page 75
- Community facilities page 79
- Economic and tourism support page 83
- Managing emergencies and natural hazards page 88
- Social development page 92
- Culture, heritage and arts page 95

## Corporate services

- Democracy and administration page 99
- Financial reserves and trusts page 105

### A note on resident satisfaction targets and methodology changes

All performance measures in this annual report relate to targets set in the 2009 Nelson Community Plan and were reported on for the last time in this annual report for 2011/12. Those targets were based on a residents' survey with a three point satisfaction scale that was skewed towards positive results: very/fairly/not very satisfied. Survey respondents had to choose one way or the other as there was no 'neither' option. This meant a 75% satisfaction rating was a good result.

The residents' survey methodology changed in 2010 and has since then measured resident satisfaction using a five point scale from very satisfied to very dissatisfied, including a neither option. Typically, 20-40% of respondents say 'neither', which reduces the proportion saying they are satisfied compared to the older three point scale. Previously, an ambivalent response registered as satisfied. Since 2010 it registered as neither, giving comparatively lower satisfaction percentages.

Despite the change in survey methodology, we are still required to report against the targets set in 2009. It is important to note that survey results since 2010 cannot meaningfully be compared to those 2009 targets.

However, resident satisfaction results for 2011/12 can still be compared to the previous two years' results to indicate trends, with a +/- 5% margin of error on each year's results. The residents' survey satisfaction targets have since been reviewed in the Nelson Long Term Plan 2012 service level and performance measure information and will apply from 2012/13.

## WATER SUPPLY

### ABOUT COUNCIL WATER SUPPLY ACTIVITIES

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. Water is metered so it is used efficiently and supply costs are shared fairly. Those who use less are charged less.

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

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

### HOW WE WENT IN 2011/12

#### ***Maitai duplicate pipeline progress***

Stage one of the project to duplicate the main pipeline down the Maitai Valley from the dam to the water treatment plant continued. This was a multi-year project aiming to protect this vital service in the event of natural disaster and to increase capacity.

#### ***Impact of December 2011 rainfall event***

Water supply issues during the December 2011 rainfall event centred around a potential threat to the Maitai pipeline, water having to be shut off to the Grenville Terrace area due to active slipping and the possibility of having to shut down water supply to the whole Tahunanui hillside/Bisley Ave area.

The Maitai pipeline remained intact and the Tahunanui hillside did not require widespread shutdown. The water supply cut to the Grenville Terrace area only a small number of affected properties that were subject to an evacuation order, so there were no significant continuity of supply issues.

#### ***Upgrades and renewals***

Work was completed on the first stage to upgrade the main trunk pipeline via Princes Drive, improving the connection between the main in Moana Avenue and Port Nelson. This provided increased capacity and security for the Port's future use.

Work continued on the ongoing asbestos cement pipe renewal programme.

Some backflow prevention devices were purchased and planning took place to prepare for installation and trials in 2012/13.

*We delivered enough high quality water to fill Riverside Pool 24 times a day on average – around 8,715 times over the year*





## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

<b>Healthy land, sea, air and water</b>	City-wide metered system so water resources were conserved, well managed and environmental impacts reduced
<b>A strong economy</b>	Reliable supply of high quality water enabled businesses to operate in Nelson, thereby supporting economic development
<b>Kind, healthy people</b>	Clean drinking water prevented water-borne disease, a fundamental requirement for a good standard of living, public health and social wellbeing

## WHAT RESIDENTS SAID

The results of the May 2012 Council survey of residents showed that water supply continues to be a Council activity with high satisfaction ratings. It maintained its fourth highest rating of the 15 activities surveyed, with a sound 71% satisfaction rating, very similar to the previous two years, which were 70% and 73%. Dissatisfaction levels were low for the water supply, with only 7% saying they were dissatisfied and none saying they were very dissatisfied. A further 20% said they were neither satisfied nor dissatisfied.

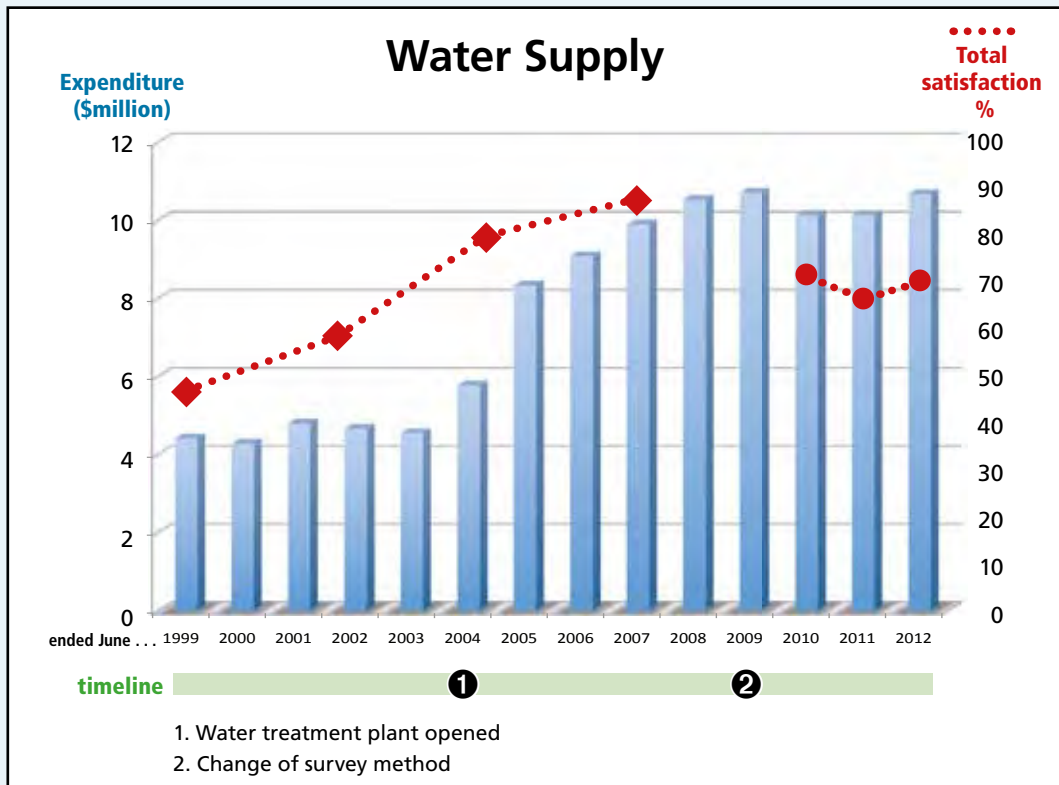
Most of the few who were dissatisfied with the water supply commented on the cost. Council plans to continue charging for water as the fairest way to share costs and to provide an incentive to conserve water. A small number also commented on the taste. Council will continue its programme to replace old pipes, which is one of the main factors affecting the taste of water, despite the very high quality water coming from the Tantragee water treatment plant.

Also, refer to the graph on page 32, which shows how resident satisfaction has changed over time compared to Council's investment in water supply infrastructure.

## CAPITAL PROJECTS OVER \$500,000

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Renewals: 50 &amp; 100 asbestos cement pipes</b>	52	763	815	396
<b>Maitai pipeline duplication</b>	15	4,350	4,365	3,522

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.



**Improved resident satisfaction with water supply**

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



**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council promised	Measures	Target(s)	2011/12 results	Comments
A good quality water supply that meets or exceeds national standards	Water grading	2009/10 Ab 2010/11 Ab 2011/12 Ab 2012/13 Ab 2013/14-2018/19 Aa	Not undertaken 2011/12	Most recent grading was Ab in 2010/11. Grading evaluation was not carried out in 2011/12 because the recovery from the December 2011 storm took priority. Next grading evaluation in 2012/13 Council has planned projects for reticulation storage, pressure reduction and backflow prevention that are likely to maintain grading
A reliable water supply for residents and commercial use	Drought security and provision of water services	1:60 year drought security	Achieved	Maitai Dam has storage capacity to easily cover peak use and provide drought security. The water treatment plant's peak daily production is 39,991m <sup>3</sup> /day, which could meet projected peak requirements for 2012 of 38,733m <sup>3</sup> /day. Peak one day use to date was 28,070m <sup>3</sup> /day in Feb 2012, well within capacity. The peak was 27,000m <sup>3</sup> /day in 2010/11
		Max 24 hr outage (all)	Achieved for ordinary operations	Maximum continuous outage 9.5 hours (10 in 2010/11) apart from during the December 2011 rainfall event when 63 properties around Grenville Terrace, Tahunanui were disconnected, 31 of which were evacuated, on 18 December to reduce slope movement from burst pipes. Water supply was restored by Christmas Day 2011*
		Supply 99.6% available any property	Achieved for ordinary operations	Continuity of supply was 99.6%, the same as in 2010/11, apart from during the December 2011 rainfall event. *See above for affected properties
	A secure water supply	Redundancy (duplication) provided for all key pipe work	Ongoing programme	Design work for stage 2 upgrading Port Hills link for supply to Port Nelson was completed in 2012 with construction programmed for 2012/13 Maitai duplicate pipe line stage 1 saw significant progress over the year. A future strategy is to be developed
A sustainable water supply	Peak demand for water	Capping total demand to less than 50,000m <sup>3</sup> a day, the treatment plant capacity	Achieved	Peak one day demand during the summer of 2011/12 was 28,070m <sup>3</sup> (27,000 in 2010/11)
	Compliance with resource consents	Council complies with all resource consents	Achieved	Compliance report from contractor confirmed consent conditions for Maitai and Roding Rivers were met (same result as 2010/11)
A water supply that meets residents' needs	Water pressure Council expects that all properties will have: Min working pressure >30m head Max working pressure <90m head	Acceptable pressure 2010/11 – 79% 2011/12 – 79% 2012/13 – 85% and by 2018/19 – 100%	Achieved	79% of properties had acceptable pressure in 2010/11 and no works have been completed in 2011/12 that would change this (also 79% in 2010/11) Construction works programmed for 2012/13 will reduce the pressure profile in parts of Russell Street and Washington Valley
	Water flow	Acceptable water flows for fire fighting: 25 litre/s 2009/10 – 99.4% 2010/11 – 99.9% 2011/12 – 99.9% and by 2018/19 – 100%	Not achieved	Modeling shows 98.6% of properties have access to flows complying with NZ Fire Service requirements in 2011/12, the same as in 2010/11 Staff have begun investigating the areas of Nelson that do not yet comply and capital budget has been established for 2013/14 - 2017/18 to bring the network up to full compliance

## STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Revenue</b>			
Water charges	( 10,409)	( 10,834)	( 10,426)
Financial contributions	( 267)	( 318)	( 385)
Other revenue	( 94)	( 109)	( 85)
Total revenue	<u>( 10,770)</u>	<u>( 11,261)</u>	<u>( 10,895)</u>
<b>Expenses:</b>			
Operating and maintenance	5,349	5,555	4,842
Interest on loans	1,515	1,667	1,625
Depreciation	3,868	3,692	3,666
Total operating expenses	<u>10,731</u>	<u>10,913</u>	<u>10,133</u>
<b>Net (surplus)/deficit</b>	<u><b>( 39)</b></u>	<u><b>( 348)</b></u>	<u><b>( 762)</b></u>

## Statement of funding requirement

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Funds required</b>			
Capital expenditure	4,733	6,208	2,105
Non Cash profits and write-ups	0	0	0
Repayment of loan principal	30	30	2,474
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<u>4,763</u>	<u>6,238</u>	<u>4,579</u>
<b>Source of funds:</b>			
Net surplus/(deficit)	39	348	762
New loans raised	590	2,198	2
Transfer from reserve funds	40	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	4,093	3,692	3,816
Sales of assets	0	0	0
<b>Total source of funds</b>	<u>4,763</u>	<u>6,238</u>	<u>4,579</u>

## Variances to budget:

Water total revenue was \$492,000 unfavourable to budget mainly due to water volumes being less than anticipated. This was driven by an uncommonly wet Summer. Development/financial contributions were \$51,000 under budget.

Total expenses were \$182,000 under budget, mainly due to reactive maintenance work not being required.

Capital expenditure was \$1.5 million below budget partly due to delays in the Maitai Pipeline project and partly due to re-prioritisation of resources around the December 2011 rainfall event response and recovery.

The loans raised were \$1.6 million less than budget reflecting lower capital expenditure.

## WASTEWATER

### ABOUT COUNCIL WASTEWATER ACTIVITIES

Council's wastewater activity included the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers. Council manages 370 km of wastewater pipes, 26 pump stations and the Nelson North wastewater treatment plant, which serves the northern residential area of the city from Bishopdale, the Port Hills and the central city to Atawhai. For most of the rest of the City wastewater is discharged to the Nelson Regional Sewerage Scheme (Bell Island) where Council has 50% ownership with Tasman District Council.

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

### HOW WE WENT IN 2011/12

#### **Ground work to improve Nelson North facility**

Work began towards investigating the causes of recurrent odour problems at the Nelson North wastewater treatment plant. Improvement options to address odour issues were identified, including increasing aeration of the ponds and removing sludge. Funding was programmed in the Nelson Long Term Plan 2012 for these projects over the next two years, with aerators installed in 2012/13.

#### **Nelson Regional Sewerage Scheme and Bell Island treatment plant**

An energy survey by an independent energy consultant determined that "the [Bell Island] site was found to be highly energy efficient in regards to the operation of existing processes, and would fit in the top 1% of Energy Audits we have done for operating efficiency".

With the commissioning of all the components upgraded under the Regional Pipeline Upgrade project the Nelson Regional Sewerage Business Unit is now better placed to mitigate overflows at regional pump stations. The improved flexibility built into the network through the duplication of high capacity pumps at the three major pump stations, the installation of permanent generators at the pump stations and the duplication of the pipeline from Monaco to Bell Island, ensure improved continuity of service.

The Nelson Regional Business Unit supports the Bell Island Spit Restoration Group, which has worked effectively towards the restoration of this area of Bell Island following the logging of the area in 2010. The indigenous plant species reintroduced to Bell Island during this restoration project will, in the future, provide a glimpse of what the Waimea estuary margins looked like before human-induced deforestation.

Over 32,000m<sup>3</sup> of biosolids was applied to Tasman District Council and Nelson City Council forests on Rabbit and Bell Island during 2011/12. Independent assessment showed there was an economic benefit for plantation owners with a measurable increase in tree growth. The application of biosolids to land has diverted more than 6,000 tonnes of waste from the York Valley Landfill.

#### **Impact of December 2011 rainfall event**

The December 2011 rainfall event had a limited impact on the wastewater network. Slips disrupted pipes in the Days Track/Grenville Terrace area on Tahunanui hills, and high levels of inflow and infiltration kept the pumps running at the pump stations for extended periods. The Glen and Neale Park pump stations showed the greatest impact, with pump motor failures due to the extended running times. Both have since been repaired.

**Work on upgrades and improvements**

Council completed preliminary investigations and design work for the Corder Park duplicate pump station upgrade. The aim was to reduce pressure in the first section of the pipeline from Neale Park to Corder Park so it lasts longer.

The December 2011 rainfall event burnt out one of the Neale Park pumps, so design work began to prepare to install a replacement.

Other work included further designs for the Marsden Valley trunk main pipe upgrade and the Arapiki catchment trunk main relocation through an alternative route.

Ongoing work continued on the renewal of ageing wastewater pipes and pump stations, as programmed.

**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

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

<b>Healthy land, sea, air and water</b>	Reduced impact on the environment, particularly on waterways and Tasman Bay
<b>People-friendly places</b>	Reduced potentially harmful effects on the landscape and built environment, ensuring continued enjoyment of attractive surroundings
<b>A strong economy</b>	Industrial wastewater treatment allowed businesses to operate successfully and protected tourism from negative effects of untreated wastewater
<b>Kind, healthy people</b>	The network continued to protect public health by limiting water-borne disease and associated health problems

**WHAT RESIDENTS SAID**

Council’s waste water activity was again in the mid-range, ranked eighth of 15 activities on 53%, which was very close to the previous year’s rating of 54% and 51% the year before that. Only 7% said they were dissatisfied with this area of Council’s work, and 2% were very dissatisfied; similar to 2011 results.

As in the previous year, those who expressed dissatisfaction commented on the smell coming from the wastewater treatment facility north of the City. To address these concerns, Council has a significant programme of improvements planned over the next two years. It will spend \$2m in 2012/13 and \$3.1m the following year to improve aeration and remove sludge from the ponds.

**CAPITAL PROJECTS OVER \$500,000**

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Pipe renewals &lt;=150mm</b>	53	506	559	154
<b>Return pipeline from Nelson Regional Sewerage Business Unit</b>	0	550	550	550
<b>Water treatment for the return pipeline, Nelson Regional Sewerage Business Unit</b>	0	1,610	1,610	0

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.



## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2011/12	Comments
<b>A fully operational wastewater treatment plant and network reticulation/pipes</b>	Number of complaints about odour	No odour events for the Nelson North wastewater plant	Not achieved	Sixteen odour events at Nelson North wastewater treatment plant (three in 2010/11) Installation of aerators in 2012/13 and pond de-sludging in 2013/14
	Number of dry weather overflows from pump stations	No dry weather overflows from pump station failures	Achieved	No dry weather overflows from pump stations, the same as previous year
		No more than three odour event complaints associated with any individual pump station	Achieved	Some odour events from Nelson pump stations but no more than three recorded for any one (two in 2010/11) Neale Park pump station due to be replaced by 2019
	Response time to emergencies	Prompt and reliable response to service requests and system failures	Not achieved	Contractor records 99% response within 30 minutes for emergency works (100% in 2010/11) and 100% response within two hours for other non-urgent investigations, the same as 2010/11, for ordinary operations*
		Respond and investigate emergency works within 30 minutes and undertake repairs within eight hours*		99% repairs undertaken within eight hours (100% in 2010/11)
	Resource consent conditions compliance	Comply with all resource consent conditions	Not achieved	Breached odour conditions for Nelson North Wastewater Treatment Plant and Budget approved in Nelson Long Term Plan 2012 for works to address the issue, as in previous year  Complied with all existing conditions for wastewater discharge consents** Consent granted 2011/12 for accidental discharges from the wastewater network

\*See page 35 for an explanation the impact of the rainfall event, which involved temporary suspension of recording and responding to emergency work requests. The recorded response times refer to the period outside the December 2011 rainfall event. From 14 to 20 December 2011 Council staff and contractors were responding to the declared state of emergency and its aftermath, and may not always have been able to record response times fully.

\*\*Resource consent conditions were met. The flows to the Nelson North water treatment plant from the December 2011 rainfall event were greater than usually handled by the plant. However, as the December 2011 rainfall event was a more extreme event than the consent conditions seek to control, there was no breach of the consent.

## WASTEWATER

### STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Waste Water Rate	( 6,263)	( 6,242)	( 6,675)
Development/financial contributions	( 401)	( 265)	( 676)
Other revenue	( 3,792)	( 3,417)	( 4,031)
<b>Total revenue</b>	<b>( 10,457)</b>	<b>( 9,924)</b>	<b>( 11,382)</b>
<b>Expenses:</b>			
Operating	5,854	5,608	5,001
Interest	398	687	459
Depreciation	3,480	3,375	3,291
<b>Total operating expenses</b>	<b>9,732</b>	<b>9,670</b>	<b>8,751</b>
<b>Net (surplus)/deficit</b>	<b>( 725)</b>	<b>( 254)</b>	<b>( 2,630)</b>

#### Statement of funding requirement

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	3,952	6,837	4,197
Repayment of loan	0	650	3,498
Transfer to reserve funds	3,059	0	0
<b>Total funding requirement</b>	<b>7,011</b>	<b>7,487</b>	<b>7,695</b>
<b>Source of funds:</b>			
Net surplus	725	254	2,630
New loans raised	2,042	3,858	1,500
Transfer from reserve funds	625	0	253
Transfer from financial contributions reserve	0	0	0
Non cash loss on revaluation of financial derivatives	38	0	0
Non cash expenditure	3,581	3,375	3,312
Sales of assets	0	0	0
<b>Total funds provided</b>	<b>7,011</b>	<b>7,487</b>	<b>7,695</b>

#### Variiances against budget:

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

Development/financial contributions were \$136,000 favourable to budget.

Other revenue was \$376,000 above budget including trade waste revenue \$349,000 due to greater than anticipated volumes from the Council's two largest customers.

Operating expenses were \$245,000 over budget reflecting recovery costs from the December 2011 rainfall event.

Interest costs were \$289,000 under budget due to both savings and delays in capital expenditure.

Capital expenditure was well below budget by \$2.9 million. Cancellation of the Return Pipeline water treatment project accounts for \$1.6 million, and the remaining \$1.3 million results from delays in the renewals programme and growth projects, the timing of which have been impacted by resource availability around the December 2011 rainfall event.

The reduction in loans raised reflects the reduced capital expenditure and increased Development/financial contributions.



## STORMWATER AND FLOOD PROTECTION

### ABOUT COUNCIL STORMWATER AND FLOOD PROTECTION ACTIVITIES

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

Pump stations and debris filters are also included. In large parts of the city, a fully-piped system is not provided. Stormwater soaks into the ground or flows into road channels, which is often the primary drainage system.

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. Local Government Act changes to allow benchmarking comparisons, separated stormwater and flood protection into two separate activities, with projects split between the two.

### HOW WE WENT IN 2011/12

#### *The December 2011 rainfall event*

The rainfall event introduced a significant volume of new stormwater and flood protection work to enable Council to clean up and repair damage. Much of the work involves gravel removal from water courses and maintenance of the network. Repair work will continue through 2012/13 and in following years.

#### *Old concrete culverts*

Traffic flows were re-routed at the Halifax / Haven Road roundabout as a precautionary measure while Council investigated old concrete culverts over Saltwater Creek. Options for replacing older sections were developed, with work programmed within one to two years. The need to replace parts of the structure is less urgent than initially thought.

#### *Continuing improvements*

Two further pumps were installed in the Neale Park stormwater pump station. Council also completed design work for the next stage of the Wood stormwater reticulation improvements. Work continued on the programme of upgrades to open channels that form part of the stormwater network.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council’s stormwater and flood protection activities contributed to achieving the following community outcomes over the year.

<b><i>Healthy land, sea, air and water</i></b>	Network limited the impact of floods on the environment, designs for upgraded parts of the system took into account the environment and recreational uses of water courses
<b><i>People-friendly places</i></b>	Network continued to be improved to limit the risk of flood damage to homes, businesses and essential infrastructure
<b><i>A strong economy</i></b>	New subdivisions were developed that included stormwater and flood protection features, reducing the costs of disruption following storm events
<b><i>Kind, healthy people</i></b>	Programmed improvements to the network reduced risk and costs to residents in the event of storms

### WHAT RESIDENTS SAID

The rating for Council’s stormwater work appeared to be slightly lower on 41%, compared to 45% the previous year, within the margin of error of +/- 5%. This was a composite rating as stormwater and flood protection were managed as a single activity until 2012, when they were separated into two activities because of changes to Local Government Act requirements.

There were 10% who said they were dissatisfied and 3% who were very dissatisfied with Council’s stormwater activities, with 12% and 1% respectively for flood protection. Comments by those saying they were dissatisfied tended to be location-specific, driven by those who had experienced flooding, slips or blocked stormwater drains. A small number commented on areas that did not have a piped stormwater system. Council is continuing a programme to expand the stormwater and flood protection network, with highest priority areas addressed first.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.



## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council will provide	Measures	Target(s)	Results 2011/12	Comments
<b>Protection for the built and natural environment from flooding and stormwater discharges</b>	Compliance with resource consent conditions	All resource consent conditions met	Achieved for Wood and Centennial Road pump stations Compliance monitoring of other consents not yet completed	A consent granted in 2009 requires monitoring of the composition of street stormwater discharges to freshwater in progress Council is updating its resource consent database to confirm which are currently active and whether there is compliance
	Stream and river stormwater capacity	Streams and rivers to meet Q <sub>50</sub> capacity by 2018	Ongoing programme on track to achieve by target date	Maitai River flood capacity model completed 2011/12
	Ensure appropriate stormwater disposal options are available throughout the city	Ongoing provision of appropriate stormwater reticulation or disposal options	Ongoing programme on track to improve network, targeting areas of highest risk	Land Development Manual 2010 used as basis for new subdivision works December 2011 rainfall event led to increased requests for piped stormwater systems through the Long Term Plan process – Little Go Stream works were brought forward as a result
<b>Provide a prompt and reliable response to service requests and system failures</b>	Response and investigation of problems	Contractors respond to emergencies within 30 minutes	Achieved for ordinary operations outside the period 14-20 December 2011	100% response within 30 minutes (98% in 2010/11) apart from during the December 2011 rainfall event Council's contractors were fully involved in responding to the declared state of emergency and its aftermath*
<b>Integration of recreational uses of rivers and streams with ecological and stormwater disposal requirements</b>	Levels of recreational use of rivers and edges of waterways	River and stream work that recognises and, where possible, enhances ecological and recreational values	Ongoing programme on track to improve outcomes progressively	New stream stormwater designs incorporate provision for recreation uses and ecological values Recovery works from December 2011 rainfall event restored fish passage where possible

\*More detail around the suspension of this measure can be seen on page 37.

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Stormwater rates	( 4,169)	( 4,157)	( 4,021)
Development/financial contributions	( 341)	( 233)	( 356)
Other revenue	( 1)	0	( 11)
<b>Total revenue</b>	<b>( 4,510)</b>	<b>( 4,391)</b>	<b>( 4,388)</b>
<b>Expenses:</b>			
Operating and maintenance	2,436	1,100	1,025
Interest on loans	1,181	1,248	1,103
Depreciation	1,855	1,809	1,753
<b>Total operating expenses</b>	<b>5,472</b>	<b>4,157</b>	<b>3,881</b>
<b>Net (surplus)/deficit</b>	<b>962</b>	<b>( 233)</b>	<b>( 507)</b>

## Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	1,871	2,205	3,105
Repayment of loan principal	403	297	0
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>2,274</b>	<b>2,502</b>	<b>3,105</b>
<b>Source of funds:</b>			
Net surplus	( 962)	233	507
New loans raised	26	460	726
Transfer from reserve funds	1,191	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	2,018	1,809	1,872
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>2,274</b>	<b>2,502</b>	<b>3,105</b>

## Variances against budget:

Development/financial contributions were \$107,000 favourable to budget.

Operating expenditure is over budget by \$1.3 million relating to recovery costs from the December 2011 rainfall event.

Capital expenditure was \$335,000 below budget. The capital programme for Stormwater was impacted less by the December 2011 rainfall event than other activities as the emergency highlighted the importance of these assets.

The decrease in capital expenditure resulted in an increase in loan repayments and decrease in loans raised.

## SOLID WASTE MANAGEMENT

### ABOUT COUNCIL SOLID WASTE MANAGEMENT ACTIVITIES

Council's solid waste management activity included:

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. These activities are now included in a single, wider environment activity.

### HOW WE WENT IN 2011/12

#### ***Less material going to landfill***

The amount of waste going to the York Valley landfill has continued the downward trend that has been observed over the past seven years. The residual waste going to landfill during 2011/12 was 35% less than at the peak in 2005/06 and similar to the tonnages of residual waste disposed of during the late eighties and early nineties.

#### ***Waste minimisation***

With the adoption of the Nelson City Council and Tasman District Council Joint Waste Management and Minimisation Plan in April 2012, Council looks forward to engaging with residents in efforts to further improve waste minimisation through avoidance of waste. Council is encouraged by the continued high level of participation in kerbside recycling by residents and is keen to procure the best value for the effort invested in this initiative. The recycling contractor, Nelmac, is working diligently with Council towards recovering best value for material recycled in Nelson.

#### ***Recycling myths***

Despite some residents mistakenly thinking recyclable material is dumped in the landfill, Council does not do this. No material collected through kerbside recycling and at the recycling centre is dumped. The only way potentially recyclable material gets into the landfill is from the small proportion of residents (7%) who do not separate it from non-recyclables and put it in rubbish bags. Council will continue to expand its efforts to encourage recycling by all households and businesses. To achieve this goal, everyone needs to recycle – residents, businesses and visitors. Council's role is in providing the infrastructure, services and information to make recycling as easy as possible for everyone.

#### ***E-waste recycling supported***

Council supports the e-waste recycling initiative established by the Nelson Environmental Centre at the Pascoe Street transfer station and encourages residents to use this facility. A study commissioned by Council showed that nearly 70% of respondents were willing to make a contribution towards the cost of recycling electronic waste and that most supported a system whereby the cost of recycling should be included in the purchase price of the commodity.

## SOLID WASTE MANAGEMENT

Council will continue to lobby Central Government to set in place a product stewardship programme that will place the responsibility to deal with electronic waste on the manufacturers and retailers of these products.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

<b><i>Healthy land, sea, air and water</i></b>	Minimised waste and ensured it was disposed of safely, encouraging reduction, re-use and recycling
<b><i>People-friendly places</i></b>	City and surroundings protected from damaging disposal of waste, which ensured Nelson continued to be a safe and attractive place to live in and visit
<b><i>A strong economy</i></b>	A reliable, comprehensive and cost-effective waste disposal service was provided for residents, the tourism service sector and businesses
<b><i>Kind, healthy people</i></b>	Public health was protected from the risk of harmful effects of the inappropriate disposal of waste

### WHAT RESIDENTS SAID

Council's solid waste activity was one of two that showed a significant improvement in its satisfaction ratings with 62% and a rank of seventh out of 15 activities. Last year's comparable result was 54% and 53% the year before. Results showed 80% used the recycling facilities and those who use kerbside recycling every week has increased by three percentage points to 70%. The proportion of residents who never recycle has stayed consistent, on 7%.

There were 7% who reported they were dissatisfied with this area of Council's work, and 1% who were very dissatisfied. The reasons why people said they were dissatisfied were mostly to do with the cost of transfer station fees. Others wanted even more done to encourage recycling and expressed concern at recyclable material being dumped with general waste. Council's recently completed Joint Waste Management and Minimisation Plan with Tasman District Council is anticipated to address many of these concerns.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.



**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council will provide	Measures	Target(s)	Results 2011/12	Comments
<b>Measures to encourage the community to reduce waste to landfill</b>	Rate of increase of waste going to landfill	Reduce the rate of increase to landfill to 0%	Achieved Rate of decrease from 2004/05 of 34.9%	Council will continue with its waste minimisation and waste education activities Note: results include Buller District Council residual waste and are still well within target
<b>Provide facilities for the separation and diversion of green waste from landfill (provided costs are no greater than equivalent landfill disposal costs)</b>	Amount of green waste diverted from the landfill	Divert additional tonnages of green waste from landfill each year 2009/10 2000 t then from 2011/12 2500 t p.a.	Not achieved	Green waste diverted from landfill through voluntary separation of green waste peaked in 2005/06 at less than 2,100 t per annum. During 2011/12 1,222 t of separated green waste was diverted  A commercial green waste receiving station that charges less than Council has been operating since 2010. It is not known what quantity of green waste is diverted through this initiative, but it would account for a significant diversion of green waste from landfill, just not by Council  With the adoption of a Joint NCC/TDC Waste Management and Minimisation Plan in April 2012 it is expected that a joint approach to green waste diversion will be formulated and implemented in the future (the same result as previous year)
<b>Solid waste activity uses sustainable practices</b>	Compliance with resource consents	All resource consent conditions are met	Achieved	The Tonkin and Taylor report dated 23 August 2012 confirms compliance with all resource consent conditions, as in 2010/11
<b>Recycling services</b>	Fortnightly kerbside collection of glass	100% of urban households provided with kerbside recycling collection	Achieved Also high level of use of the collection services by residents – 90% use the service regularly (most recent results from 2012 residents survey)	Council provides fortnightly collection of glass and on the alternative week collection of plastics, tins and paper Council aims to continue to provide current services, as in previous years

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	0	0	( 2)
Development/financial contributions	( 7)	( 12)	( 10)
Other revenue	( 2,952)	( 3,026)	( 3,013)
<b>Total revenue</b>	<b>( 2,959)</b>	<b>( 3,038)</b>	<b>( 3,026)</b>
<b>Expenses:</b>			
Operating and maintenance	3,190	2,891	2,525
Interest on loans	0	0	0
Depreciation	262	296	333
<b>Total operating expenses</b>	<b>3,452</b>	<b>3,186</b>	<b>2,857</b>
<b>Net (surplus)/deficit</b>	<b>494</b>	<b>148</b>	<b>( 168)</b>

## Statement of funding requirement

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	238	279	82
Repayment of loan principal	0	0	0
Transfer to reserve funds	39	( 132)	419
<b>Total funds required</b>	<b>278</b>	<b>147</b>	<b>501</b>
<b>Source of funds:</b>			
Net surplus	( 494)	( 148)	168
New loans raised	0	0	0
Transfer from reserve funds	509	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	262	296	333
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>278</b>	<b>147</b>	<b>501</b>

## Variances against budget:

Operating expenditure was \$300,000 over budget due to the revaluation of closure costs for the York Valley Landfill.





## HEART OF NELSON

### ABOUT COUNCIL HEART OF NELSON PROJECTS

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. It included 104 different projects that aimed to maintain the success of our central city while responding positively to changing uses and growth pressures and to build a sense of Nelson’s identity into the city. The Heart of Nelson Strategy involves many actions collectively to enhance the central city area, making it more attractive, vibrant and economically successful.

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This activity was not included separately in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. Heart of Nelson projects are now included in the relevant activity sections for implementation, for example Transport or Parks.

### HOW WE WENT IN 2011/12

Projects completed in 2011/12 include way-finding signs to help visitors and locals find their way around and locate points of interest. A new sculpture was installed beside Atawhai Drive near Miyazu Gardens. Council commissioned the *Dance to the Music of Time* sculpture by Terry Stringer to be installed at the Trafalgar Street/QEII Drive intersection and completed design work for that site and new lighting including an illuminated balustrade was installed on the Trafalgar Street Bridge.

Design work was completed for the Maitai shared pathway, ready for approval by Council. Extensive consultation was undertaken with businesses, property owners and interested parties in Bridge St between Trafalgar and Collingwood St, about enhancement of this area. Design work for this project and the upgrade of the toilets in Buxton Square was completed and is awaiting Council approval.

The planned upgrade of Montgomery Square and Bank Lane was halted by High Court action by two affected landowners. The Council decided not to proceed with the project, but reconsidered it in the Nelson Long Term Plan 2012 process. Council also decided to defer the proposed extension of Bridge Street to connect up directly with Vanguard Street.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

The implementation of Heart of Nelson projects across central Nelson continued to improve the central city for shoppers, residents and visitors. Several projects were completed earlier than originally planned to ensure the city was prepared for the Rugby World Cup 2011.

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

<b>Healthy land, sea, air and water</b>	Project designs ensured good environmental protection features were included in the construction phase, local components were used for way-finding signs
<b>People-friendly places</b>	Attractive, well-designed projects ensured locals and visitors could easily use, enjoy and navigate around the city. Crime prevention through environmental design (CPTED) features were built into projects where applicable
<b>A strong economy</b>	Local businesses and retailers benefited through an increasingly attractive built environment bringing more people to Nelson and the city centre
<b>Fun, creative culture</b>	Designs and public art works incorporated local materials and creative expression, including the way-finding signs that celebrated local stories and culture

### **WHAT RESIDENTS SAID**

Because this activity includes projects under other financial activities, there were no specific questions on the central city financial activity in the annual survey of residents to give a separate satisfaction rating. As in previous years, some respondents commented generally on parking and the provision or quality of public toilets in central Nelson.

### **CAPITAL PROJECTS OVER \$500,000**

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

### **SERVICE LEVELS AND PERFORMANCE**

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

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	( 147)	( 200)	( 122)
Development/financial contributions	0	0	0
Other revenue	0	0	0
<b>Total revenue</b>	<b>( 147)</b>	<b>( 200)</b>	<b>( 122)</b>
<b>Expenses:</b>			
Operating and maintenance	52	80	81
Interest on loans	94	120	41
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>147</b>	<b>200</b>	<b>122</b>
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	378	1,367	960
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>378</b>	<b>1,367</b>	<b>960</b>
<b>Source of funds:</b>			
Net surplus	0	0	0
New loans raised	378	1,367	960
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>378</b>	<b>1,367</b>	<b>960</b>

### Variiances against budget:

Capital expenditure was \$1.0 million below budget due to delays with many of the projects resulting in a corresponding decrease against budget of loans raised.

## ENVIRONMENTAL MANAGEMENT

### ABOUT COUNCIL ENVIRONMENTAL MANAGEMENT ACTIVITIES

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. Council's environmental management activities are now included in a wider environment activity.

### HOW WE WENT IN 2011/12

#### *Air quality*

Significant improvements in Nelson's air quality have been achieved since monitoring started in 2001, but the winter of 2011 saw an increase in the number of times the national air quality standards (NES) were exceeded, increasing from six during the winter of 2010, to 15 in 2011/12. There was no clear explanation why more breaches of the NES occurred during 2011. There were only two breaches in the winter of 2012. The maximum PM<sub>10</sub> concentration for 2011/12 was 64µg/m<sup>3</sup>, slightly higher than 2010/11 levels of 59µg/m<sup>3</sup>. By comparison, 2001 had a maximum concentration of 156µg/m<sup>3</sup>.

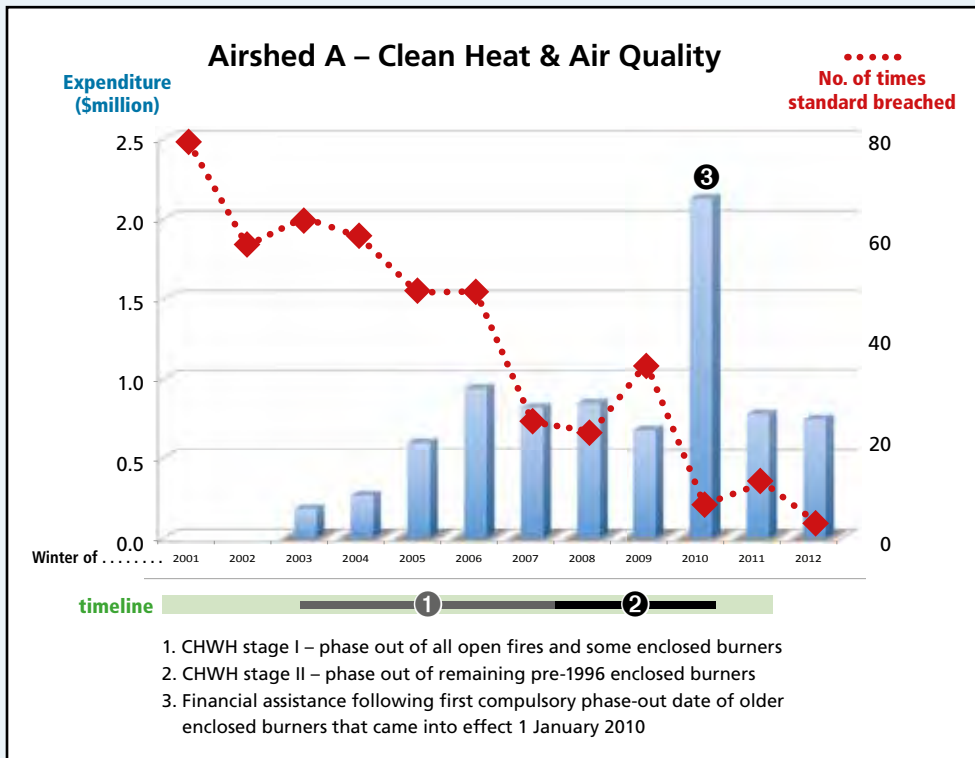
Council won two Green Ribbon Awards from the Minister for the Environment in recognition of its work on improving our air quality and its public sector leadership on this issue.

#### *Water quality*

The Council increased its efforts to improve Nelson's water quality. Our recreational bathing water quality monitoring during 2011/12 showed improved water quality at Maitai and Wakapuaka River swimming holes. However, bacteria levels in the Maitai River at the Collingwood St bridge was worse.

River ecology monitoring showed streams within the Nelson urban area and lowland pastoral areas remained degraded. To address these problems the Council continued the Stoke Streams Rescue project thanks to \$92,000 secured from the Ministry for the Environment. In 2011/12 the project involved production of two catchment improvement reports, a whitebait habitat report, an information brochure distributed to over 7,000 households in Stoke, additional monitoring in conjunction with the river ecology programme, first flush monitoring, Waimaori environmental education workshops and presentations to various sectors of the community. The Cawthron Trust Board joined as a partner, contributing \$10,000 of services over the two year programme.

Environmental advocacy funding was re-allocated to allow the Waimaori stream-care programme to be offered to all Nelson schools in 2011/12. Uptake was variable but 2012/13 participation looks promising. Waimaori is delivered in partnership with Tiakina te Taiao Ltd, the Department of Conservation and Tasman District Council. Waimaori is a partner in the Stoke Streams Rescue project with some of the Ministry for the Environment funding specifically for this



**Investment to clear the air**

The bars on this graph shows the investment Council has put into improving air quality since the monitoring programme began in 2001. The programme included a new Air Quality Plan, promotions, a ban on open fires and funding for the Clean Heat Warm Homes scheme to help homeowners to replace old enclosed burners with cleaner alternatives. The dotted line shows the number of ‘exceedences’, which are the number of times each winter when the maximum air pollutant standard was breached. The target is set at 50 micrograms (µg) of PM<sub>10</sub> – the very small smoke particles that cause health problems when breathed in – per cubic metre of air. The Council has to achieve not more than three breaches of the national standard per winter by 2016 and one by 2020.

purpose. The programme delivered five community workshops in 2011/12 and was involved in the Whitebait Habitat report.

**Sustainability initiatives**

Ecofest 2011 marked its twelfth year with over 5000 visitors showing there was still a strong appetite for this community engagement showcase. It continued to be an excellent vehicle for demonstrating Council priorities and activities.

The Tasman Nelson Environment Awards took place in November 2011. Council began a strategic review of these awards to see how they could be improved to encourage sustainable practices.

A range of waste minimisation activities continued with schools and the wider community to support the new joint Council Waste Minimisation Plan.

Two successful community planting family days took place in 2011/12 with education and hands-on activities supporting the planting. The school planting programme was extended to include intermediates and colleges in 2011/12. In all, 86% of Nelson schools participated in a school planting day with 13,200 plants planted.

## ENVIRONMENTAL MANAGEMENT

The Council extended the national Enviroschools programme with 45% of Nelson schools now participating in the programme. In addition, six Nelson Kindergartens became Enviroschools in 2011/12 through a partnership agreement with Nelson Tasman Kindergartens.

The Sustainability Business Adviser service established by Council came to an end in June 2011. In addition to offering businesses and schools a free energy assessment, projects provided by this service over 2011/12 included trying to identify a reliable and certified supplier of bio-fuels for boilers, exploring potential for solar photovoltaic (PV) generation and installation in the Nelson region, exploring the use of forest waste as a fuel source in the region and investigating opportunities for a regional biogas plant.

### ***Biodiversity initiatives***

Funding gained in 2010/11 from the Biodiversity Condition Fund continued to provide for the removal of old man's beard from an important alluvial forest remnant at Kokorua. Dune planting at Delaware spit continued. These were both three-year programmes.

Council continued to convene quarterly Biodiversity Forum meetings.

A number of landowners took up assistance from Council to fence and plant riparian margins and for biodiversity enhancement planting. The provision of herbicide for control of old man's beard and assistance for trapping groups working on private land continued. Plants were provided to rural landowners to help with soil stabilisation on land affected by the December 2011 rainfall event.

### ***Other achievements***

The Council won a best practice award from the NZ Planning Institute for the Port Nelson noise project. The Port Noise project involved finding a solution through a Resource Management Act process that allowed the Port to keep operating while nearby residents got a good night's sleep. The success of the project was in part seen in the number of complaints about port noise dropping from 73 in 2003 to just 10 in 2011.

Council introduced environmental scorecards covering monitoring trends for air quality, river and stream health and recreational bathing water quality to help the public understand the state of Nelson's environment.



**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

Council’s environmental management activities contributed to achieving the following community outcomes over the year.

<b>Healthy land, sea, air and water</b>	Information was provided to the community on good environmental practices, pest management and results of environmental monitoring including for air quality and freshwater; this information assisted in the protection and improvement of natural environmental quality
<b>People-friendly places</b>	An improved built environment was achieved through the provision of land use and subdivision planning services and reduced air pollution through the Clean Heat Warm Homes programme
<b>A strong economy</b>	Council provided information and support for sustainable business practices to achieve a resilient local economy

**WHAT RESIDENTS SAID**

The Environmental Management activity was ranked similarly in 2012 near the bottom of the ratings at 12 out of 15 activities with a 42% satisfaction level compared to 37% the previous year. It had a better 49% rating the year before that, in 2010. Dissatisfaction levels were not particularly high, at 7% dissatisfied and 2% very dissatisfied. As with Council’s role in social development and its support for economic development, this result predominantly reflects that many residents do not fully understand what Council’s role is in environmental management. The relatively high rate of don’t know responses, at 10%, suggests a lack of understanding of what is a complex role, as does the relatively high 40% who say they are neither satisfied nor dissatisfied with this area of Council’s work. Results suggested that 50% of residents felt they did not know enough about Council’s environmental management performance to be able to form an opinion.

Of those who said they were dissatisfied, most comments expressed a positive view that more needs to be done generally towards the protection of water ways, reserves and environmental education. Many of these concerns will be addressed once the Framing our Future sustainability strategy is developed and implemented over the next decade, as described in the Nelson Long Term Plan 2012.

**CAPITAL PROJECTS OVER \$500,000**

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council will provide	Measures	Target(s)	Results 2011/12	Comments
<b>Cleaner air</b>	Quality of air in Nelson	Meet or exceed current national air quality targets	On track to meet national standard by due date of 2020 Targets of no more than three by 2016 and one by 2020	Exceeded on 15 days* in 2011/12 and on two occasions during the winter of 2012. There were 81 breaches of the standard in 2001 before the programme started, and 7 in 2010/11
		Clean Heat Warm Homes installations planned are: 2009/10 580 2010/11 560 2011/12 370 2012/13 281	Not achieved Below target in 2011/12, 202 installations	The 'below target' for CHWH installations is because fewer people opted to replace their burners under the scheme. It is unclear why, possibly because estimated number of burners needing replacing was inaccurate; burners could have been replaced outside the scheme, or sooner. In 2009/10, 675 were installed when the target was 580
<b>Well-planned city that meets the community's needs</b>	Projects included in long term plan implemented on time and within budget	Implement current programme of plan changes	Not achieved	Behind on programme of plan changes as they required more work than initial estimates Progress made with nine plan changes operative by end of 2011/12
	Residents' satisfaction with Nelson's environment	75% of residents rate their satisfaction with Nelson's environmental management as fairly satisfied or better	Results not able to be compared to target, see page 29	The 75% target no longer applies as it used a different survey method The results in 2012 showed 42% of residents were satisfied or very satisfied with Council environmental management activities (37% in 2011) 40% of those interviewed said they were neither satisfied nor dissatisfied, 9% were dissatisfied/very dissatisfied, 10% said don't know
<b>Cleaner water</b>	Quality of Nelson's coastal and freshwater	Meet swimming water quality standards	Not achieved 2011/12 results: Wakapuaka River at Hira Reserve, Paremata Flats and Maitai River at Collingwood St do not meet national standards	A similar result to the previous year. Although three sites still do not meet national standards the increased effort to improve water quality in natural waterways by Council has coincided with improved water quality at swimming holes in the Maitai and Wakapuaka rivers
		Stream health: Maintain class A & B water bodies in current state Improve class C to B No water bodies worse than class C	Not achieved Groom Stream at Maitai confluence went from B to D, Teal River improved from C to B, as did Poorman at Barnicoat walkway, 9 streams worse than class C, compared to 13 in previous year	Nelson stream health is still better than many parts of the country Council is increasing research and education work addressing stream health in 2012/13 The Nelson Long Term Plan 2012 included initiatives to improve stream health

\*note that weather conditions also have an effect on results, hence the variation between winters





What Council will provide	Measures	Target(s)	Results 2011/12	Comments
<b>Protect and restore native biodiversity</b>	Biodiversity in the Nelson area	Implement Council actions in Nelson biodiversity action plans	Achieved	Council continued to convene Biodiversity Forum meetings old man's beard removal from Kokorua forest remnant & planting at Delaware Spit continued Assistance provided to private landowners
	Results from the Land Cover Database produced by the Ministry for the Environment five yearly	Area of Nelson covered in native vegetation remains the same or increases between 2005 and 2010	Achieved  Area covered in native vegetation has been the same since 2000 based on verified aerial photography	Ongoing work with landowners to protect biodiversity on private land. Programmes include fencing, enhancement planting and weed control, also reviewing regulatory controls
<b>Identify, promote, and protect Nelson's heritage</b>	Support of the Nelson Heritage Strategy	Implement Council actions in Nelson Heritage Strategy	Achieved	Council increased Heritage Project Fund by \$20,000 for 2011/12 Council consulted on the Heritage Inventory and Archaeological sites report and is considering plan changes to the Nelson Resource Management Plan  Review of heritage strategy on hold due to other priorities
		90% of residents rate their satisfaction with heritage management as fairly satisfied or better	Results not able to be compared to target	Most recent resident survey on heritage in 2012 found 62% of residents were satisfied or very satisfied with heritage management compared to 69% in 2009. Refer to methodology change comment at the beginning of activity sections, page 29
<b>Sustainability advocacy</b>	Council and community greenhouse gas emissions	Stabilise Council and community greenhouse gas emissions by 2012 and reduce by 40% in 2020 compared with 2001	Not achieved	The Council's carbon emissions were 1,753 tonnes in 2011/12, up 1% compared with 1,737 tonnes in 2010/11 No inventory of community carbon emissions has yet been carried out Voluntary targets will be considered during the development of the Nelson Sustainability Strategy in 2012/13
		Implement Climate Change and Sustainability action plans	Achieved	Similar result to 2010/11. Actions include: Council greenhouse gas inventory, solar initiatives, support for the Sustainability Forum, employing an Eco Design Adviser and Sustainable Business Adviser, waste minimisation initiatives and education Climate Change and sustainability action plans to be reviewed in the development of the Nelson Sustainability Strategy in 2012/13

## STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2012	Estimate 2012	Actual 2011
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,909)	( 3,095)	( 2,443)
Development/financial contributions	0	0	0
Other revenue	( 749)	( 1,222)	( 631)
Total revenue	<u>( 2,658)</u>	<u>( 4,317)</u>	<u>( 3,074)</u>
<b>Expenses:</b>			
Operating and maintenance	2,224	4,137	2,694
Interest on loans	500	367	246
Depreciation	15	16	16
Total operating expenses	<u>2,739</u>	<u>4,519</u>	<u>2,956</u>
<b>Net (surplus)/deficit</b>	<u><b>81</b></u>	<u><b>202</b></u>	<u><b>( 118)</b></u>

## Statement of funding requirement

	Actual 2012	Estimate 2012	Actual 2011
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	11	4	0
Repayment of loan principal	607	553	464
Loan investment	1,192	2,543	1,424
Non cash - invest write up	189	181	179
Transfer to reserve funds	4	11	16
<b>Total funds required</b>	<u>2,002</u>	<u>3,292</u>	<u>2,083</u>
<b>Source of funds:</b>			
Net surplus	( 81)	( 202)	118
Targeted capital rates	474	0	0
New loans raised	1,206	2,543	1,424
Transfer from reserve funds	61	0	61
Transfer from financial contributions reserve	0	0	0
Non cash - invest write down	195	382	0
Non cash expenditure (depreciation)	15	16	16
Sale of investment	133	553	464
Sales of assets	0	0	0
<b>Total source of funds</b>	<u>2,002</u>	<u>3,292</u>	<u>2,083</u>

## Variances against budget:

Other revenue is under budget by \$473,000. Lower activity relating to Clean Heat Warm Homes and Solar Saver programmes account for \$574,000 under budget, offset by unbudgeted income for the monitoring of contaminated sites.

Operating expenditure was \$1.9 million under due to slower than planned uptake on solar saver and clean heat warm homes schemes, and expenditure relating to resource consents and building services are under budget reflecting reduced staff availability for these activities due to the December 2011 rainfall event.

Interest is over budget by \$133,000 relating to the Clean Heat Warm Homes and Solar Saver schemes. The budget figures published for 2011/12 were incorrect in this instance.

We launched NBus  
5 March 2012



## TRANSPORT

### ABOUT COUNCIL TRANSPORT ACTIVITIES

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; 25km of off-road cycle lanes; 871 car parks in the central city and 237 car parks in Stoke. Council's transport activities include:

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

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

### HOW WE WENT IN 2011/12

#### **More public transport**

The improved public transport service NBus began on 5 March 2012, funded by additional revenue from increasing parking charges in the central city's four parking squares by 50 cents per hour.

#### **Land transport programme and studies**

The 2012-15 Regional Land Transport Programme was adopted by Council on 30 June 2012 and the Regional Public Transport Plan was adopted in November 2011.

There were two studies completed over the year. The Top of the South High Productivity Motor Vehicles (large trucks) study identified productive routes in Marlborough, Nelson and Tasman. There were no additional routes identified in Nelson apart from those already approved, which includes all of the State Highway, the Nelson Port roads and part of Nayland Rd from the State Highway to the Enza site.

The Saxton Field three roundabouts study was completed although it was agreed that further investigation was still required.

### ***Road safety***

Fewer people were killed or seriously injured on roads in Nelson City in 2011 with 14 reported casualties compared to 27 the previous year. NZ Transport Agency five year trend data for 2007 to 2011 showed a downward trend in both fatal and serious injury crashes on local roads and highways. Council continued its key role in the delivering road safety programmes in Nelson.

### ***Schools and carpooling***

School travel plans were completed for the cluster of schools along Nayland Rd, including Nayland Primary, Broadgreen Intermediate and Nayland College.

A new nation-wide car pool website was set up during the year and Nelson's car pooling system was included.

### ***Projects completed***

Work on the Queens Road upgrade began and will continue into 2012/13, as planned.

Several minor improvement projects were completed, including:

- Wakefield Quay pedestrian refuge
- Collingwood Street pedestrian refuge
- Waimea loop road pedestrian improvements
- Nayland College entrance and bus bay improvements
- Bronte / Scotland Street pedestrian crossing improvements
- Atawhai Drive pedestrian link to the QEII Drive shared path
- Kea crossing at Birchwood Primary school
- Nile / Collingwood Street pedestrian improvements.

Work on other minor projects will continue into 2012/13.

The right hand turn rule change for traffic in March 2012 had some implications for Nelson's network, which resulted in the need to complete some line marking work and some minor adjustments to traffic light phasing.

### ***What was not completed as had been planned***

The Transport Activity Management Plan was not adopted, although Council reviewed a draft and used it as the basis for developing the Transport section for the Nelson Long Term Plan 2012.

A number of studies were not started or not completed over the year. The NZ Transport Agency study into a stock effluent facility was started and an interim report was published, although not ratified. Proposed studies into the Waimea / Ridgeway and State Highway / Bisley Ave intersections were not initiated because NZ Transport Agency funding was not forthcoming. Investigation into the Marsden Valley / Ridgeway intersection was deferred until Plan Change 18 – Nelson South and the Enner Glynn and Upper Brook Valley Structure Plan were completed.

A feasibility study had been proposed to consult on options to improve cycle facilities between the city and the start of the Dun Mountain cycle tracks up the Brook Valley. At the same time further options were developed for the Manuka / Tasman St intersection. The option reports were completed, but no consultation has yet been carried out.

**December 2011 rainfall event**

During and following the December 2011 rainfall event, there were a number of temporary road closures with a rapid re-opening of all but Cable Bay Road and the State Highway (Rocks Road). These had reduced access for a time. Council facilitated the resumption of cycle access along Rocks Road after it was initially discouraged.

Work on the pedestrian island on Rocks Road / State Highway 6 at the bottom of Days Track was deferred following the December 2011 rainfall event.

**Impact of NZ Transport Agency funding cuts**

A feasibility study had been proposed to consult on options for cycle and road layout improvements along Vanguard Street and St Vincent Street. This was to be followed by detailed design and construction. The project was deferred due to the New Zealand Transport Agency announcing a moratorium on funding in the middle of the 2011/12 financial year.

**Delays in work with schools**

The school travel plans for Nelson College, Nelson College for Girls and Hampden Street School began but are not yet complete.

School variable speed signs were proposed during the year and the speed limits bylaw was amended to provide for these and some other minor changes, although the signs themselves were not erected by June 2012.

**Other delayed projects**

The Cleveland Terrace retaining walls and Tasman Street upgrade from Halifax to Grove Street were to be completed during the year. Delays resulted in construction spanning into 2012/13 and the Waimea / Motueka Street traffic lights resource consents were not obtained by June 2012. Subsequently, the construction of this project was deferred due to the New Zealand Transport Agency funding moratorium.

Construction of the Princes Drive upgrade was deferred and the funding allocated to the Cleveland Terrace retaining walls.

A number of designs allocated for 2011/12 were not completed by the end of the financial year, including:

- Trafalgar Street entry treatment
- Bishopdale to Chings Road cycle path
- Poormans Bridge design
- Iwa Road walkway
- Princes Drive upgrade
- Tasman Street between Cambria and Grove Streets.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

<b>Healthy land, sea, air and water</b>	Upgrade designs and renewals limited environmental impact and the network provided a range of active travel modes that included those with minimal impact on the environment
<b>People-friendly places</b>	Transport infrastructure was provided that took into account its impact on public spaces and accessibility
<b>A strong economy</b>	The transport network provided efficient movement of people and goods to meet the needs of residents, visitors and businesses
<b>Kind, healthy people</b>	Improved designs and promotion increased safety for drivers, cyclists and pedestrians

## WHAT RESIDENTS SAID

Results for Council's transport activities showed a positive response in satisfaction, mostly following improvements to public transport with the introduction of the NBus service. For the last several years, Council's transport activities had consistently received the lowest satisfaction levels and highest dissatisfaction levels. The 2012 results showed the trend towards higher satisfaction with Transport had continued, with tenth overall out of 15 activities and 57% satisfaction compared to 40% the previous year in 2011. The year before that, in 2010, the satisfaction rating was a very low 22%.

Dissatisfaction levels were correspondingly improved compared to earlier years, with 12% reporting they were dissatisfied with Council's transport activities and 4% saying they were very dissatisfied. The reasons given for dissatisfaction were similar to previous years, with concerns including requests to further improve the coverage and frequency of buses, better maintain roads and footpaths and improve cycle safety. Responses to these concerns were included in the programme outlined in the Nelson Long Term Plan 2012 covering the next ten years. Council's response is to a large extent constrained by the continued reductions in the levels of NZ Transport Agency funding for such works.

## CAPITAL PROJECTS OVER \$500,000

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Road resurfacing</b>	(49)	746	697	1,381
<b>Minor improvements programme</b>	172	334	506	51
<b>Waimea Road/ Motueka Street junction</b>	6	775	781	30
<b>St Vincent Street/Jenner Road</b>	207	55	262	608
<b>Locking Street</b>	510		510	703
<b>Queens Road</b>	4	1,060	1,064	342
<b>Princes Drive</b>	4	530	534	24

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

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.



**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Public transport services</b>	Increasing use of public transport	Increase share of weekday journey to work trips by public transport to at least 10% by 2018	Not achieved	2% (1% in 2010/11) of all weekday trips by public transport from the 2012 survey of residents, with +/- 5% margin of error) Bus service expanded early 2012
		80% households within 400m (5 min walk) of a bus route by 2014	Not achieved	Following the changes to the bus network in March/April 2012, 72% of households are within 400m of a bus route, 79% in 2010/11. The network will be reviewed early 2013
<b>Walkways and cycle ways that meet residents' needs</b>	Increased walking and cycling	Increase the number of vehicles with more than one occupant in the peak period across the Waimea Rd/Rocks Rd screen line to at least 10% by 2018	Achieved	Vehicle occupancy surveys in 2011 & 2012 showed 26% of vehicles carried more than one occupant in 2012 (25% the previous year) on Rocks Road and Waimea Road during peak times. Council will continue to promote the car pooling scheme
		Increase share of weekday journey to work trips by walking and cycling to at least 25% by 2018	On track	Results show increase to 18% total (14% in 2010/11) – cycle 9% and walking 9% in mid-winter 2012 from the survey of residents with a margin of error of +/- 5% Continued improvements and extensions to the cycle and walkway network are proposed to enable more cycle/walking commuting
<b>Walkways and cycle ways that are safe</b>	Number of accidents	Reduce the number of pedestrian and cyclist casualties by at least 20% by 2018 compared to 2008	On track	Target is total pedestrian and cyclist casualties to be no more than 26 by 2018 In 2011 it was 28 and in 2010 the number of casualties was 29 Walking and cycling facilities continue to be developed and safety programmes including 0800CYCLECRASH continued
<b>Well maintained road network</b>	Residents' satisfaction	At least 75% resident satisfaction with roads	Results not able to be compared to target – refer to page 29	In mid-2012, 53% of residents were satisfied or very satisfied with roads/streets, compared with 45% in 2011, an increase of 8 percentage points
	Road roughness achieves New Zealand Transport Agency Standards	Maximum average road roughness: Arterial/principal 90-100 Collector 110 Local 120-140 Rural sealed 110-140 Rural unsealed 110-140	Achieved	A similar result to the previous year – maximum average road roughness targets have been met across all road categories. Rural unsealed roads were not surveyed in 2012 Maintenance and renewal funding constraints in 2012-15 might put this achievement at risk in the future

## TRANSPORT

### STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	( 7,162)	( 7,400)	( 6,709)
Development/financial contributions	( 267)	( 400)	( 472)
Other revenue	( 6,698)	( 6,748)	( 5,561)
Total revenue	<u>( 14,127)</u>	<u>( 14,548)</u>	<u>( 12,742)</u>
<b>Expenses:</b>			
Operating and maintenance	10,209	8,307	7,095
Interest on loans	1,021	1,279	803
Depreciation	4,566	4,394	4,208
Total operating expenses	<u>15,797</u>	<u>13,980</u>	<u>12,106</u>
<b>Net (surplus)/deficit</b>	<b><u>1,670</u></b>	<b><u>( 568)</u></b>	<b><u>( 637)</u></b>

#### Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	6,367	8,519	6,054
Non Cash profits and write-ups	0	0	0
Repayment of loan principal	29	142	1,909
Transfer to reserve funds	281	221	446
<b>Total funds required</b>	<b><u>6,678</u></b>	<b><u>8,882</u></b>	<b><u>8,409</u></b>
<b>Source of funds:</b>			
Net surplus	( 1,670)	568	637
New loans raised	1,946	3,672	2,938
Transfer from reserve funds	824	238	291
Transfer from financial contributions reserve	94	0	80
Non cash expenditure	5,448	4,394	4,438
Sales of assets	36	10	26
<b>Total source of funds</b>	<b><u>6,678</u></b>	<b><u>8,882</u></b>	<b><u>8,409</u></b>

#### Variances to budget:

Development/financial contributions were \$133,000 less than budgeted.

Interest costs were \$258,000 favourable to budget as reduced funding was required due to the timing of capital expenditure.

Operating expenditure was \$1.9 million above budget due to the December 2011 rainfall event and \$882,000 of retired assets.

Capital expenditure was \$2.2 million below budget, of which \$758,000 was due to Waimea/Motueka Street intersection being delayed in line with NZTA funding priorities, the renewals program was below budget by \$385,000, and the minor improvements programme was \$455,000 below budget.

These variances resulted in a decrease against budget in loans raised of \$1.7 million.



## REGULATORY COMPLIANCE: CONSENTS, LICENCES AND PUBLIC HEALTH

### ABOUT COUNCIL REGULATORY COMPLIANCE ACTIVITIES

Council's consents, licensing and monitoring activities include:

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

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

### HOW WE WENT IN 2011/12

#### **Building unit**

Staff assisted the Canterbury emergency management team in the aftermath of the February and June 2011 Canterbury earthquakes. Work included coordinating inspection teams including from other councils, carrying out inspections and administration, to preparing and issuing over 100 Section 124 notices within three days when the declaration was lifted.

A highlight of the year was our Building Consent Authority being re-accredited in August 2011.

The December 2011 rainfall event significantly affected the building staff at Council. All building staff were actively deployed during the event, throughout recovery and the year following. There was a strong customer focus and involvement with the public as a result.

Staff also had to respond to the high public interest about earthquake-prone buildings, particularly Council-owned buildings.

Council began its programme of swimming pool fence education and monitoring.



*We issued 332 resource consents*

*We issued 455 Land Information Memoranda (LIMs)*

### **Resource consents**

Rugby World Cup (RWC) 2011 work included processing the application under the RWC 2011 Empowering Act, rights protection monitoring and enforcement by Environmental Inspections Ltd under the Major Events Empowering Act.

The December 2011 rainfall event affected Council's resource consents team with many requests for Land Information Memorandum (LIM) information. The team also fast tracked applications for slip remediation.

The number of Resource Consents issued during 2011/12 was fewer than during the previous year. There were 322 non-notified and 10 notified in 2011/12 compared to 424 and 14 respectively in 2010/11.

Progress on the Harbour Safety Bylaw continued with public consultation for the amended draft Bylaw closing in March 2012 and a hearing held in May 2012. The Hearings Panel considered all submissions and recommended changes to the amended draft Bylaw, which will proceed to Council for adoption.

### **PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

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

<b>Healthy land, sea, air and water</b>	Regulatory controls through consents and enforcement helped protect the environment
<b>People-friendly places</b>	Policies and bylaws controlled threats to public safety caused by negative effects of dogs, noise or alcohol use
<b>A strong economy</b>	More regulatory services were delivered within statutory timeframes to increase efficiency and reduce compliance costs for businesses
<b>Kind, happy people</b>	Policies and bylaws were implemented to keep residents and visitors safe from harm caused by dogs, noise or alcohol use

### **WHAT RESIDENTS SAID**

Regulatory Compliance was ranked lowest of all Council activities on 30% satisfaction, which was exactly the same as the year before and significantly lower than the 2010 satisfaction rating of 40%. While dissatisfaction ratings were slightly higher than most other activities, at 14% dissatisfied and 6% very dissatisfied, those saying they were neither satisfied nor dissatisfied was a relatively high 41% with another 8% saying they didn't know. In this case, dissatisfaction appeared related to direct experience of those services, while the majority had not used them, even though they received a generalised public good benefit from these services being in place.

Of those expressing dissatisfaction, the reasons given were the time and cost of obtaining consents, which are required by legislation, and concerns about the inadequate control of dogs. Recent publicity about dog attacks and dog control policy was likely to have meant the latter was mentioned more often as a concern. Of the 92 people dissatisfied with Regulatory Compliance, 29 people gave dog control as a reason. Of these, 22 people felt there wasn't enough dog control and six felt there was too much. Intensive consultation on the Dog Control Policy and bylaw, continuing throughout 2012, is anticipated to ensure such concerns are balanced and reflected in the subsequently adopted policies.

Council has continued to improve systems to reduce the time to process consents, which has to be balanced with ensuring the wider environment is protected for the benefit of the whole community. Staff have also initiated user surveys to find ways to improve the service delivered to those applying for consents. Results of these surveys were received after the end of the financial year and are yet to be analysed for actionable improvements and will be covered in the following annual report.

### **CAPITAL PROJECTS OVER \$500,000**

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.



*We issued 447 alcohol-related licences*

**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Building Control team to ensure buildings are built to provide a safe and healthy environment for current and future building owners/users</b>	Compliance with Building Act 2004	100% compliance	Achieved	100% compliance based on statutory reporting, the same as previous year
	Meet statutory timeframes under the Building Act 2004	100% compliance with Building Act requirements	Not achieved (but see IANZ** opinion in comments)	Code Compliance Certificates: 99% completed within 20 working days, average three days, the same as previous year Building Consents: 93% completed within 20 working days, up from 90% the previous year, taking an average 11 days Considered to be substantial compliance by International Accreditation NZ (IANZ)
<b>Building Consent Authority accreditation services &amp; Quality Assurance (QA)</b>	Retention of BCA Accreditation	Assessment by IANZ June 2009 and every two years thereafter Retain Accreditation and obtain Quality Assurance	Achieved	Accreditation assessment completed in June 2011, re-accredited August 2011 Accreditation and Quality Assurance retained by Building Consent Authority
<b>Reduce risk and ensure life safety of the public in buildings if an earthquake occurs</b>	Implementation of Earthquake Prone Building Policy	Priority 1 building owners to be notified by June 2009	Not achieved	Policy implemented, 95% identified by desktop review Policy review postponed until 2013 awaiting finding from Royal Commission into Christchurch earthquakes and review of building standards
		Priority 2 building owners to be notified by December 2009	Not achieved	75% identified by desktop review and building owners notified Buildings also reviewed when building consents lodged
		Priority 3 building owners to be notified by December 2010 (Policy) Actual December 2013	Not achieved	Some heritage buildings have been identified (NRMP) and some building owners notified Voluntary IEP reports are encouraged Buildings also reviewed when building consents lodged for alteration and/or change of use
		Priority 4 building owners to be notified by December 2011 (Policy) Actual December 2013	Not achieved	Some priority 4 buildings have been identified – these are the majority of commercial buildings Some building owners have been notified Voluntary IEP reports are encouraged Buildings also reviewed when building consents lodged for alteration and/or change of use  Priority 3&4 buildings to be reviewed in 2013/14. Additional structural engineer to be hired in 2012/13 to hasten implementation of policy and review work

\*\*International Accreditation NZ (IANZ) is the independent body that assesses Nelson City Council’s Building Consent Authority (BCA) accreditation.



What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Resource Consent processing services</b>	Number of consents processed within statutory timeframes	100% of consents processed within statutory timeframes	Not achieved	97% of non-notified consents processed within statutory timeframes, compared to 89% previous year 100% of notified/limited notified consents were on time, compared to 75% previous year
		The average days to process a non-notified consent is equal to or less than 20 days	Achieved	The average processing days for non-notified consents was 18 days compared to 23 days previous year  The average processing days for notified consents was 66 days compared to 86 days previous year – the aim of achieving 70 days or less has been maintained. Council will continue to monitor and refine its systems to enable it to meet deadlines Delays can still occur outside Council's control
<b>Public health protection services including food and liquor licensing and inspections</b>	The percentage of premises inspected each year	All premises are inspected at least once per year and any failures re-inspected	Achieved	All liquor, on-, off- and club licensed premises received at least one inspection during the year, the same result as the year before
<b>Response to complaints (e.g. pollution response, dogs)</b>	The percent of high priority* complaints responded to within 30 minutes	100% of high priority complaints responded to within 30 minutes, including dogs attacking or showing aggressive behaviour and pollution complaints	Not achieved	79 of the 85 high priority complaints were responded to within 30 minutes (93%)  In the previous year 68 out of 70 high priority complaints were responded to within 30 minutes (97%)
<b>Noise control</b>	The percent of priority complaints responded to within 30 minutes	80% of high priority complaints responded to within 30 minutes	Achieved	91% were responded to within 30 minutes, compared to 86% the previous year

\*High priority complaints are complaints that require immediate response due to a serious imminent threat to the environment or person. For noise, this includes complaints received in the early hours of the morning

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	( 1,903)	( 1,571)	( 1,995)
Development/financial contributions	0	0	0
Other revenue	( 2,993)	( 3,516)	( 2,845)
<b>Total revenue</b>	<b>( 4,896)</b>	<b>( 5,087)</b>	<b>( 4,840)</b>
<b>Expenses:</b>			
Operating and maintenance	4,944	5,015	4,767
Interest on loans	0	0	0
Depreciation	22	27	22
<b>Total operating expenses</b>	<b>4,966</b>	<b>5,042</b>	<b>4,789</b>
<b>Net (surplus)/deficit</b>	<b>71</b>	<b>( 45)</b>	<b>( 51)</b>

## Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	0	0	6
Repayment of loan principal	0	0	0
Transfer to reserve funds	17	72	67
<b>Total funds required</b>	<b>17</b>	<b>72</b>	<b>73</b>
<b>Source of funds:</b>			
Net surplus	( 71)	45	51
New loans raised	0	0	0
Transfer from reserve funds	66	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	22	27	22
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>17</b>	<b>72</b>	<b>73</b>

## Variances against budget:

Other revenue was \$523,000 unfavourable to budget due to the impact of the December 2011 rainfall event on consent numbers. There were no other significant variances.



## PARKS AND OPEN SPACES

### ABOUT COUNCIL PARKS AND RESERVES ACTIVITIES

Council's parks and open spaces activities included:

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. In that Long Term Plan, parks were combined with Council's recreation services into a single, larger financial activity.

## HOW WE WENT IN 2011/12

### ***The Dun Mountain Trail Opened***

The Dun Mountain Trail was officially opened in November 2011, the country's third Great Ride to be completed under Nga Haerenga the New Zealand Cycle Trail. The 38 km trail begins in The Brook and follows the route of New Zealand's first railway line. It winds through forest before crossing an alpine mineral belt, descends to the Maitai River and back into Nelson. The intermediate level trail is one of 18 Great Rides and is tipped to become a major draw card for visitors to Nelson. It received \$484,000 of central government funding to upgrade the trail to an intermediate rider level.

### ***Strategic Land Purchase at Fringed Hill***

Council purchased a 97 ha block of land on the flanks of Fringed Hill to secure legal access for mountain bikes over a section of the Dun Mountain Trail, improve the backdrop to the city and prevent scarring of the land from forestry operations near the city.



*We helped 1,782 students plant 13,200 trees through schools  
and 290 people plant 2,100 trees in 4 reserves*





**Tahunanui Reserve**

Council, with the help of the community, planted many native trees and ground cover plants to offer more shade and bring more native birds to Tahunanui Reserve. Design work for a new youth park at Tahunanui was completed in 2011/12 and the park will be developed in 2012/13.

**Park facilities completed**

- New toilets at Trafalgar Park in time for the Rugby World Cup 2011
- Stage 4 of Wakefield Quay – footpaths and a walkway were built on the section of Wakefield Quay by the Yacht Club.

**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

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

<b>Healthy land, sea, air and water</b>	Increasing protection of a range of environments and biodiversity, including Stoke streams
<b>People-friendly places</b>	The network of parks enabled people to get out and get active
<b>A strong economy</b>	More mountain bike facilities attracted more people to Nelson, benefiting the local economy
<b>Fun, creative culture</b>	Park venues hosted community events, including the Botanics and community festivals at Victory Square

**WHAT RESIDENTS SAID**

As in previous years, Council’s parks and reserves activity has again been well supported by residents and ranked number one on 83%, very similar to its 82% satisfaction rating in 2011 up from 75% in 2010. It had a correspondingly low dissatisfaction rating with approximately 1% dissatisfied and a similar number very dissatisfied. Only 15% said they were neither satisfied nor dissatisfied with Council’s performance on these activities.

The eight people who expressed dissatisfaction wanted even more parks and green space, rather than having any significant concerns about Council performance in this area. Council uses wider national benchmarking against other councils to assess provision levels and performance and regularly reviews the reserves network to identify gaps. Results show Nelson rates well for overall provision of reserves per capita. Council addresses any gaps by location or type that this analysis highlights, for example the recent provision of new reserves in the Upper Brook Valley and Marsden Valley. Council also has a reserve planned for Todd Valley. When opportunities arise and land is offered for sale, Council assesses its potential to enhance the reserves network when considering purchases, as it did for the recent additions to the Grampians Reserve and at Fringed Hill. Council ownership is only one way to achieve community goals for reserves and open space. Biodiversity and open space can be protected through a range of different mechanisms and across different land types and ownerships.

**CAPITAL PROJECTS OVER \$500,000**

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Land purchase: general reserve</b>	(494)	4,350	3,856	828
<b>Reserve development</b>	(5)	506	501	9
<b>Wakefield Quay</b>	272	741	1,013	448

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

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.

## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Neighbourhood parks well distributed throughout the city for residents use and enjoyment</b>	Neighbourhood park distribution	At least one neighbourhood park within 400m of each home in residential areas and within 5km in rural small holdings zones	Not achieved	Target met for all of Nelson, except in The Wood where no suitable land is available to address shortfall – as in 2010/11 Council is seeking sites to provide a neighbourhood park there; other non-neighbourhood park recreation areas nearby include the Botanics, Queens Gardens, Maitai Walkway and Neale Park
<b>Sufficient sportsfield reserves provided to support community's organised sport needs</b>	Area of sportsfield reserves	Maintain at least 2.5 ha of sportsfield reserves per 1000 residents	Achieved	Target maintained for all of Nelson – 2.77 ha per 1000 people in 2010, 2011 and 2012
<b>Well designed and safe play facilities are located within walking distance of every house in the urban area</b>	Playground location distribution	Play facilities located within 800m of every house in the urban area	Not achieved	Target met, except for Brook and Todd Valley Two playgrounds to be developed in mid and upper Brook Valley by December 2012 and one in Todd Valley by December 2013
	Internal and independent audits monitor safety and design standards	Audits according to agreed schedule and recommendations implemented	Achieved	Monthly safety audits were completed, as programmed by Nelmac, with a full independent survey every six years, the next due in 2014
<b>Threats to significant biodiversity values within Conservation and Landscape Reserves are actively monitored</b>	Monitoring system for key species and habitats	Regular system of monitoring of key species and habitats implemented for Conservation and Landscape Reserves and findings reported to Council and community	Not achieved	Prioritisation framework was developed in 2009/10 Monitoring and reporting programme yet to be developed, awaiting National Standard development and Council hopes this will be within two to five years  Development and implementation of monitoring and reporting programme scheduled for 2012/13
<b>City's parks and reserves managed in a sustainable manner</b>	Key indicators show improvement in sustainability	Council-wide system established for monitoring sustainability indicators and targets set for key indicators in parks and reserves	Achieved	Monitoring system established in 2009/10 Actions set each year through Sustainability Action Plan, implemented by Council and Nelmac, Council's contractor Reports show progress towards reducing water use but electricity use is up compared to the previous year due to increased use of Saxton Stadium

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	( 5,820)	( 6,658)	( 5,997)
Development/financial contributions	0	0	0
Other revenue	( 900)	( 808)	( 698)
<b>Total revenue</b>	<b>( 6,720)</b>	<b>( 7,466)</b>	<b>( 6,695)</b>
<b>Expenses:</b>			
Operating and maintenance	4,894	4,711	4,583
Interest on loans	698	795	372
Depreciation	1,009	1,602	1,628
<b>Total operating expenses</b>	<b>6,601</b>	<b>7,108</b>	<b>6,583</b>
<b>Net (surplus)/deficit</b>	<b>( 120)</b>	<b>( 357)</b>	<b>( 112)</b>

### Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	3,514	8,127	5,590
Purchase investment	0	0	0
Repayment of loan principal	0	1,076	159
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>3,514</b>	<b>9,203</b>	<b>5,749</b>
<b>Source of funds:</b>			
Net surplus	120	357	112
New loans raised	699	3,273	2,333
Transfer from reserve funds	213	0	0
Transfer from financial contributions reserve	1,473	3,971	1,675
Non cash expenditure (depreciation)	1,009	1,602	1,628
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>3,514</b>	<b>9,203</b>	<b>5,749</b>

### Variiances against budget:

Other revenue was \$92,000 favourable to budget partly due to an unbudgeted \$43,000 contribution from TDC for Saxton Field operating costs.

Operating expenses were \$183,000 unfavourable to budget due to the December 2011 rainfall event.

Depreciation is \$593,000 under budget due to assets being moved into the community facilities activity.

Capital expenditure was \$4.6 million below budget, mainly in neighbourhood parks due to \$2.3 million land purchases made in the Democracy activity rather than Parks, and a further \$700,000 relating to delays in other land purchases. There is a \$1.2 million underspend in Play Facilities reflecting project delays, and a further \$566,000 underspend against the Wakefield Quay project which has now been spread over two years due to resource constraints.

As a result of this, the loans raised were \$2.6 million below budget, and transfers from the financial contributions reserve were \$2.5 million below budget.

## RECREATION AND LEISURE

### ABOUT COUNCIL RECREATION AND LEISURE ACTIVITIES

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

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

Sports grounds and parks were included in the Parks and Open Spaces activity. Public libraries and Saxton Field facilities were included in the Community Facilities activity.

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. In the Nelson Long Term Plan 2012, parks were combined with Council's recreation services into a single, larger financial activity.

### HOW WE WENT IN 2011/12

#### **Trafalgar Centre progress**

Design work for the northern end upgrade of the Trafalgar Centre was completed and work on the project will begin in 2012/13.

#### **Natureland Zoo**

For the past few years, Natureland has been managed by Orana Wildlife Trust. As reported last year, the Trust's finances were affected by physical impacts from the Christchurch earthquakes and the resultant drop in visitors to their Christchurch facility. In early 2012 the Trust advised Council that it would therefore have to withdraw from managing Natureland. The Council decided to seek Expressions of Interest from other potential operators, which is to take place in 2012/13.

#### **Recreation programmes and events**

A range of recreation programmes were provided including *In Your Neighbourhood* and the very successful *Women's Activator* series, once again attracting large numbers.

The *Get Moving* cycling, walking and running programme continued to grow, supporting entry level activities to get people into physical activity, also including the launch of the website [www.get-moving.org.nz](http://www.get-moving.org.nz). A map of the Grampians was created, highlighting recreational walking and cycling areas on the urban fringe.

Services for older adults included a contribution to the *Mudcakes and Roses* newsletter and an information stand at the *Age2Be* exhibition at the Headingly Centre in Richmond.

Funding was provided to support the *Steppin out in Tahuna* event and for the Tahunanui Community Centre *Way2Go* programme. The Tahunanui Community Centre has grown its programme considerably, which has been well received by the community as an affordable way to be physically active while been engaged in the local community.

**For the children**

Nelson Kindergarten was funded to host a very successful Children’s Day at Saxton Stadium, attended by over 3,000 people. This was a collaboration between this Council and various agencies that support children.

OSCAR holiday programmes have been funded to host workshops for individual programmes including games, arts and crafts, drama and skate skills. The Big Day Out at Bridge Valley camp also received support to host around 400 children for a day.

The Physical Activity Fund provided funding assistance to 17 organisations and supported development of the Broadgreen Fitness Trail at the Railway Reserve and Broadgreen Intermediate School.

**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

Council’s recreation and leisure activities contributed to achieving the following community outcomes over the year.

<b>People-friendly places</b>	Created, supported and maintained leisure and sports facilities and services for residents and visitors
<b>A strong economy</b>	The expanding range of recreational opportunities and facilities helped draw people to Nelson to visit and live
<b>Kind, healthy people</b>	The expanding range of recreational opportunities helped to build and maintain healthy communities
<b>Fun, creative culture</b>	The programmes and facilities meant people could have fun and develop a sense of belonging and wellbeing

**WHAT RESIDENTS SAID**

Recreation and leisure again scored highly at second out of 15 activities with a 78% satisfaction rating, compared to 68% in 2011 and 64% in 2010. The significant 10% lift in satisfaction might be attributed to the residual effect of the Rugby World Cup 2011 event, which in part prompted improved facilities at Trafalgar Park.

There were low levels for dissatisfaction (2%) and only 17% were neither satisfied nor dissatisfied. Of the 12 who said they were dissatisfied, there were a range of general reasons given with no obvious themes emerging that would require improvements by Council. There was some concern at the cost to rates of community facilities such as Saxton Field and the Trafalgar Centre. Others wanted more or better facilities, including swimming pools.

**CAPITAL PROJECTS OVER \$500,000**

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Stoke skatepark</b>	(12)	587	575	5

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

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.



*We hosted 140,000 visits at Riverside and Nayland pools*

## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Natureland established as a high quality visitor attraction</b>	Visitor numbers	Visitor numbers increase annually	Not achieved  Visitor numbers reducing: 33,950 visitors 2007/8 35,959 visitors 2008/9 33,381 visitors 2009/10 31,584 visitors 2010/11 30,400 visitors 2011/12	Natureland is managed by the Orana Park Wildlife Trust. The Trust's overall operations and finances have been affected by a drop in visitors to its Christchurch headquarters due to the earthquakes. During 2012 the Trust advised the Council that it has to withdraw from running Natureland. The Council decided to seek Expressions of Interest from other potential operators and a decision will be made during 2012/13
<b>Trafalgar Centre as a venue that continues to meet needs of the community and attract visitors</b>	Bookings	Bookings increase annually	Not achieved  Local sport bookings reducing as Saxton Stadium builds patronage as planned – 59 bookings in 2009/10, 6 in 2010/11 and 5 for 2011/12 Sport training shows similar trend, down from 105 in 2009/10, to 65 in 2010/11 and 31 in 2011/12 National sport events vary: 22 in 2009/10, 13 in 2010/11 and 23 in 2011/12 Entertainment shows a mixed trend, up from 11 in 2009/10, to 14 in 2010/11 and down to 6 in 2011/12 Commercial bookings increased from 6 in 2009/10 to 8 in 2010/11 but fell back to 5 during 2011/12	With Saxton Stadium coming on line, low value local sports training bookings are generally being replaced with higher value events bookings such as shows, national sports and exhibitions. This was in line with the Trafalgar Centre moving to an events-based venue rather than local sports-based venue, with sports accommodated at Saxton Stadium The drop in entertainment and commercial bookings in 2011/12 was attributed to continued national/global economic conditions

## STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2012	Estimate 2012	Actual 2011
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 3,143)	( 3,432)	( 2,788)
Development/financial contributions	0	0	0
Other revenue	( 741)	( 730)	( 610)
Total revenue	<u>( 3,884)</u>	<u>( 4,162)</u>	<u>( 3,398)</u>
<b>Expenses:</b>			
Operating and maintenance	2,239	2,486	2,258
Interest on loans	897	930	411
Depreciation	749	734	721
Total operating expenses	<u>3,886</u>	<u>4,149</u>	<u>3,390</u>
<b>Net (surplus)/deficit</b>	<u><u>2</u></u>	<u><u>( 12)</u></u>	<u><u>( 9)</u></u>

## Statement of funding requirement

	Actual 2012	Estimate 2012	Actual 2011
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	116	1,402	489
Repayment of loan principal	506	524	578
Non cash - invest write up	4	0	5
Purchase investment	0	0	0
Transfer to reserve funds	177	129	56
<b>Total funds required</b>	<u>803</u>	<u>2,055</u>	<u>1,127</u>
<b>Source of funds:</b>			
Net surplus	( 2)	12	9
New loans raised	0	823	143
Transfer from reserve funds	0	473	159
Transfer from financial contributions reserve	43	0	83
Non cash expenditure - investment write down	0	0	0
Non cash expenditure (depreciation)	749	734	721
Sale of investment	13	13	13
Sales of assets	0	0	0
<b>Total source of funds</b>	<u>803</u>	<u>2,055</u>	<u>1,127</u>

## Variances against budget:

Operating expenditure was \$246,000 under budget reflecting savings in the swimming pools contract pricing and \$58,000 less than expected for the Natureland grant.



## COMMUNITY FACILITIES

### ABOUT COUNCIL COMMUNITY FACILITIES

Council provided community facilities include:

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. The former community facilities financial activity was combined with others into a broader Social group of activities.

### HOW WE WENT IN 2011/12

#### ***Major community housing upgrade completed***

The major upgrade of the Orchard Street community houses in Stoke was completed. The 39 units are now much warmer, drier, up to standard and sunnier. The Orchard Street flats are the oldest of Council's nine community housing complexes and were overdue for an upgrade. The work was completed with \$1.17m of Housing New Zealand funding and included double glazing, improved insulation and better heating.

#### ***Library upgraded***

Planning for the refurbishment of the Elma Turner Library was completed by the end of the financial year, including purchasing major items like carpet, furniture and shelving. Subsequently, the inside of the library was given a significant freshen up in July 2012, with new carpet and an improved layout.

#### ***Marina developed***

The Nelson Marina building was completed, which included toilets, showers, a laundry, common room and the marina manager's office.

#### ***Cricket/Athletics Pavilion Completed at Saxton Field***

The Saxton Oval Pavilion, the new home for representative cricket and athletics at Saxton Field, opened in November 2011. The pavilion is mainly for cricket and athletics but is also available for functions and meetings. The oval-shaped building features internal spaces that work independently of the outer shell and provides international standard cricket facilities, public toilets, administration, bar, kitchen, timekeeping and storage facilities. Complementing the 100m long structure are covered walkways which extend from each end into the central function space, allowing views over the athletics/football area or out to the cricket ground. New ramps and terraced seating provide for spectators. The three changing rooms are unisex; two of these can be split into two smaller areas and the third is for referees.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

<b>People-friendly places</b>	Continued provision and expansion of attractive and useful community buildings, gathering areas and places where public good services could be delivered, often in collaboration with other groups and organisations
<b>A strong economy</b>	Venues benefited community wellbeing and provided employment
<b>Kind, healthy people</b>	Delivery of services and meeting places that benefited residents’ health and wellbeing and met a wide range of community needs
<b>Fun, creative culture</b>	Venues supported the expression of local culture and identity

### WHAT RESIDENTS SAID

Council’s community facilities activities maintained a high level of resident satisfaction, ranked third of 15 Council activities on 76%, similar to 73% in 2011 and significantly higher than 62% in 2010, which reflected high levels of concern about the since discarded Performing Arts and Conference Centre proposal.

Dissatisfaction was very low on 3% and 21% were neither satisfied nor dissatisfied. Of the few who said they were dissatisfied, most were concerned about the condition of public toilets. In response, Council has continued its programme of improvements to servicing, upgrades and replacement of public toilets.

### CAPITAL PROJECTS OVER \$500,000

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
<b>Marina large berths</b>	(14)	525	511	495
<b>Community Housing Orchard Street development</b>	113	510	623	805
<b>Saxton Oval cricket/athletics pavilion</b>	72	1,260	1,332	1,326
<b>Saxton Field entrance Main Road Stoke</b>	0	850	850	457

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

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.



*We had 583,839 library visitors, held 148,977 items in the collections, issued 914,067 items and hosted 166,746 online customers’ user sessions*



*We hosted 313,000 sportspeople at Saxton Stadium*

## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Well-managed facilities with appropriate services for a variety of uses by the community</b>	Residents survey	Minimum of 80% satisfaction with facilities	Achieved Results not able to be compared to target From the survey of residents, 76% of residents were satisfied or very satisfied with community facilities in May 2012 (up from 73% in 2011 and 62% in 2010) This is an excellent result, one of the highest satisfaction ratings	The 80% satisfaction level was the target set in 2009, using a different survey method, see page 29 The satisfaction level improved 14% points compared to the 2010 Residents Survey  Council will continue to analyse use trends and seek feedback from customers and user groups to make improvements Facilities managers bench-mark services internally and with reference to other bodies providing the same or similar services Refurbishment and replacement programmes will be maintained
<b>Nelson Public Libraries are well used and offer a range of services that satisfy the needs of the community</b>	Membership figures / issues per capita compared to national average / holdings per capita compared to national average / residents survey	Membership as % of population equals or betters national average, items per capita, holdings per capita equal or better national average, 85% minimum satisfaction with libraries	Achieved	Library membership 78.2% of population, it was 75% in 2010/11, (national average 50.82%) issues per capita 19.79 (national average 11.71) holdings per capita 3.22 (national average 3.43)* From the most recent survey of residents covering libraries, 85% of residents were satisfied or very satisfied with the public library service in May 2011 (84% in July 2010)
<b>Provide low cost, self-funding community housing for older persons</b>	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  Not achieved Currently community housing rents do not cover maintenance and operations costs	One third of detailed condition assessments undertaken in 2011/12, with the remainder due for completion in 2012/13  Further work is proposed to look at the financial sustainability of community housing

\*Note: this is lower than the national average as Nelson Public Libraries are shifting towards a higher proportion of electronic items at a greater rate than average, which is a desirable outcome

## COMMUNITY FACILITIES

### STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	( 5,570)	( 5,134)	( 5,302)
Development/financial contributions	0	0	0
Other revenue	( 5,215)	( 4,680)	( 5,116)
<b>Total revenue</b>	<b>( 10,785)</b>	<b>( 9,814)</b>	<b>( 10,418)</b>
<b>Expenses:</b>			
Operating and maintenance	5,457	5,421	5,098
Interest on loans	1,535	1,523	2,136
Depreciation	1,652	1,073	1,311
<b>Total operating expenses</b>	<b>8,644</b>	<b>8,018</b>	<b>8,545</b>
<b>Net (surplus)/deficit</b>	<b>( 2,141)</b>	<b>( 1,796)</b>	<b>( 1,873)</b>

#### Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	5,449	5,908	7,463
Purchase investment	0	0	300
Repayment of loan principal	22	427	550
Non cash - invest write up	17	0	0
Transfer to reserve funds	9	0	( 30)
<b>Total funds required</b>	<b>5,497</b>	<b>6,335</b>	<b>8,283</b>
<b>Source of funds:</b>			
Net surplus	2,141	1,796	1,873
New loans raised	1,693	3,045	3,788
Transfer from reserve funds	9	48	107
Transfer from financial contributions reserve	0	0	0
Non cash expenditure - investment write down	0	0	204
Non cash expenditure (depreciation)	1,652	1,073	1,311
Sale of investment	0	0	0
Sales of assets	3	374	1,000
<b>Total source of funds</b>	<b>5,497</b>	<b>6,335</b>	<b>8,283</b>

#### Variiances against budget:

Other revenue was \$535,000 favourable to budget which relates to the Housing NZ grant for Orchard Street flats refurbishment.

Depreciation is \$579,000 over budget due to assets being moved into this activity from parks and open spaces.

Capital expenditure was \$459,000 below budget, due to delays in capital works at Saxton Field, offset by an overspend of \$182,000 on the Orchard St development. This has led to a decrease in net loans raised of \$947,000.

## ECONOMIC AND TOURISM SUPPORT

### ABOUT COUNCIL ECONOMIC AND TOURISM SUPPORT

Council supported economic development in Nelson by contributing to the economic environment and infrastructure so businesses can operate effectively. Other Council services included staff advice, information and assistance for elected members and the community. Council coordinated economic development initiatives by funding the activities of two Council controlled agencies: the Nelson Regional Economic Development Agency and Tourism Nelson Tasman Ltd, which trades as Nelson Tasman Tourism. Both were based in the Council's Millers Acre Centre, Taha o te Awa.

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from July 2012.

### HOW WE WENT IN 2011/12

#### ***Benefits of Rugby World Cup 2011***

The Rugby World Cup 2011 pool games and the South Island Masters Games were two sporting highlights of a busy year. The impact of these events in terms of bringing visitors, expenditure and exposure to the region was extremely positive. The RWC 2011 saw a high level of international exposure. Nelson hosted three matches as part of the Rugby World Cup 2011 in September-October 2011.

The subsequent assessment carried out on the economic impact of the RWC 2011 games showed clearly that, had the games not been held here, Nelson would have suffered a downturn as domestic travel largely halted during the tournament. The economic impact assessment estimated a \$9.198m boost to regional GDP.

#### ***Other major events***

The Events Strategy continued to be implemented, with funds allocated during the year to promising events including Oi, You!, Marchfest, La Bella Italia, the South Island Masters Games, and the one-off production of Kiwi Flyer, a film based on the Nelson Trolley Derby, which premiered in September 2012.

#### ***Economic development in the long term***

Consideration of economic development issues was an important factor when Council developed the Nelson Long Term Plan for 2012. It was agreed that it would include funding for a number of economic development initiatives, such as support for the Economic Development Agency (EDA), Nelson Tasman Tourism (NTT) and investigating business incubators.

#### ***Regional Economic Development Agency (EDA)***

The EDA continued its work on behalf of Council to assist enterprise, allocate events funding, provide economic advice and manage programmes funded by third parties to support economic development in the local economy.

The EDA administered the allocation of Events Strategy funding for eight events that were considered to have economic potential, to a total value of \$356,398.

## ECONOMIC & TOURISM SUPPORT

Several reports and resources were published during the year by the EDA, including:

- The six-monthly Tracking the Nelson Regional Economy report to measure the performance of the region
- Into the Future, a career guide focused on regional employment and training, was developed for schools in conjunction with Careers NZ and NMIT
- An economic impact assessment of the Rugby World Cup 2011 was commissioned and completed
- A Business Incubator investigation was commissioned and completed, with the end result that funds have been allocated by Council in the Nelson Long Term Plan 2012 year to progress this work

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

- The Sustainable Business Advisor – a contract with the Ministry for the Environment, the Nelson City Council and the Tasman District Council to provide a free Sustainable Business Advisory Service
- Nelson Tasman Connections – a contract to provide a monitoring and advisory service for all 15 to 19 year old school leavers in the Nelson Tasman region, funded by the Ministry for Social Development, the Nelson City Council and the Tasman District Council
- The Regional Business Partner Network – a network of 14 regional partners throughout New Zealand who are contracted to NZ Trade and Enterprise and the Ministry of Science and Innovation (MSI)\* to provide business services, programmes and funding. The EDA holds the contract for the Nelson/Tasman/Marlborough area and delivers the services in partnership with the Nelson Tasman and Marlborough Chambers of Commerce. Through this programme \$380,000 was made available to businesses in the region in the 2011/12 year.

In 2011/12, the EDA Chief Executive was also appointed as Chairman of the national body, Economic Development Agencies of New Zealand (EDANZ).

### ***Sister city visits and other economic development programmes***

Two trips to Nelson's Sister City of Huangshi, in Hubei province, were led by the Chief Executive of the EDA, as well as participating in a return delegation to Nelson. These trips cemented favourable relations with a view to creating mutually beneficial economic opportunities. The Mayor of Nelson participated in the visit to China to assist in exploring new trade and investment opportunities between our region and China.

Programmes such as the annual Economic Summit, work with established industry clusters and management of the annual Mayors' Task Force for Jobs Industry Training Organisation Graduation continued successfully over the year.

\* Now the Ministry of Business, Innovation and Employment (MBIE).

## Tourism headlines

### Rugby World Cup 2011 tourism benefits

The Council's goal, as host agency, was for Nelson to be the best host region of the Rugby World Cup 2011 (RWC 2011). Visitor feedback was positive, as was feedback from RWC 2011 event management and teams the region hosted: Italy, USA, Australia and Russia.

Nelson Tasman Tourism had a role in hosting pre-RWC 2011 international media and developing tools to help promote the City. Nelson Tasman Tourism hosted approximately 145 international media during the May-October period related to the RWC 2011 event with exposure to key markets, particularly the United Kingdom, United States of America, Russia and Australia.

Video of the re-enactment of the first game of rugby in New Zealand and haka was distributed to 10,000 media outlets, received 16,000 unique views and featured in print and TV around the world. The Nelson region subsequently won the 2011 Tourism New Zealand award for Best Region: International Media Hosting.

The Nelson region saw an increase of 35.6% additional international guest nights in September 2011 and 22.8% in October 2011 compared to previous year. The region exceeded the national average of international guest nights in September and October 2011 by 14.9% and 15.7% respectively.

Trends and changes in tourism markets included:

- Increased tour group visits because of the Christchurch earthquakes
- Nelson's growing profile as a cycle and culinary tourism destination
- The Economic Development Agency and Nelson Tasman Tourism working together more to develop and market Nelson as a great event destination through the Nelson Events, Marketing & Development Programme (NEMDP)
- Preparations for further small luxury cruise ship visits anticipated over the summer of 2013.

### Promotional tools

Nelson Tasman Tourism developed new promotional tools over the past twelve months including high definition film footage for media and film production companies, posters, content for a variety of international and domestic publications, a new regional visitor guide, a new website launched in 2011, Interislander billboards in Wellington and print advertising.

### Nelson on TV

Nelson featured in a number of TV stories, including:

- the re-enactment and haka of 1200 Nelson College boys
- Rugby World Cup 2011 weather and activities in Nelson
- Nelson initiating 'Hug an Aussie Day'.

### Nelson Tasman Tourism highlights

A key strategy to promote the city and region was to work with media, iSITEs, tourism operators and other organisations to promote the region to a variety of tourism markets. Over the past twelve months, Nelson Tasman Tourism was more active in promoting cycle, culinary, conference and cruise tourism to new markets. The high definition film footage investment by Nelson City Council, Nelson Airport, the Economic Development Agency and Nelson Tasman Tourism is an important way to promote the region. Film tourism is a growing segment and the footage has helped with *Kiwi Flyer*, the *Lord of the Rings* and upcoming *Hobbit* films.

In February and March 2012, the region hosted the Extreme Fishing (UK) show, Adventure Aaron Catch n Cook (USA) and Beyond Travel (China). Domestically, between March and June 2012 Nelson Tasman Tourism assisted with filming of the Free Range Cook Series and a film on the history of the Heaphy Track.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council’s economic and tourism support activities contributed to achieving the following community outcomes over the year.

<b>A strong economy</b>	Continued ownership and part-funding of the Nelson Regional Economic Development Agency (EDA) and, with TDC, joint ownership and funding of Nelson Tasman Tourism supported the local economy, with reliable infrastructure on which local businesses depend
<b>Good leadership</b>	Monitored and facilitated economic activity and advocated for the Nelson economy with central government

### WHAT RESIDENTS SAID

Council’s economic and tourism support work was again rated in the mid range and was ninth of 15 activities with a consistent 44% satisfaction rating compared to 41% the year before in 2011 and 43% in 2010. A notable feature of residents’ perceptions of this aspect of Council’s work was the relatively high 13% who said they did not know and another 33% who said they were neither satisfied nor dissatisfied with these Council activities. As with Council’s work on other broad activities, Environmental Management and Social Development, these results suggest that residents are more uncertain about understanding the breadth of Council’s work.

Of those who commented about why they were dissatisfied, most said they wanted more work done for the local economy, such as promotion and events to attract visitors. Approximately one in four of those commenting wanted less spent. Council plans to continue funding the Regional Economic Development Agency and Nelson Tasman Tourism to facilitate economic development and tourism promotion for Nelson.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

## SERVICE LEVELS AND PERFORMANCE

### Measures from the 2009 Nelson Community Plan

What Council promised	Measures	Targets	Results 2011/12	Comments
<b>Coordination and promotion of economic development</b>	Resident satisfaction	Resident satisfaction with Council performance >80%	Results not able to be compared with target*	44% satisfaction rating with Council performance in this area compared to 41% in the previous year – 13% don’t know responses and 33% neither satisfied nor dissatisfied suggesting low level of knowledge of Council’s performance or role in economic development
<b>Effective Council Controlled Organisations (CCOs) and infrastructure that provide for a sound local economy</b>	Detailed targets for CCOs (EDA and Tourism Nelson Tasman) are in relevant Statements of Intent (SOI)	Targets as specified for each CCO in applicable SOI	Achieved	For full Council controlled organisation results refer to relevant CCO’s Annual Report  Results are summarised in the CCO section later in this report

\*The target was set using a different survey method where good satisfaction results show as higher percentages due to lack of ‘neither’ response option, see page 29 for full explanation



## STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Revenue</b>			
Rates	( 2,686)	( 2,781)	( 1,666)
Development/financial contributions	0	0	0
Other revenue	( 812)	( 20)	( 76)
<b>Total revenue</b>	<b>( 3,498)</b>	<b>( 2,801)</b>	<b>( 1,742)</b>
<b>Expenses:</b>			
Operating and maintenance	3,554	2,788	1,740
Interest on loans	12	13	2
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>3,565</b>	<b>2,801</b>	<b>1,742</b>
<b>Net (surplus)/deficit</b>	<b>67</b>	<b>0</b>	<b>0</b>

### Statement of funding requirement

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Funds required</b>			
Capital expenditure - New	0	67	146
Capital expenditure - Renewals	0	0	0
Purchase investment	25	25	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>25</b>	<b>92</b>	<b>146</b>
<b>Source of funds:</b>			
Net surplus	( 67)	0	0
New loans raised	92	92	146
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>25</b>	<b>92</b>	<b>146</b>

### Variiances against budget:

Other revenue and other expenditure are both over budget relating to recording the gross income and expenditure relating to the Rugby World Cup 2011 rather than the net effect which was budgeted.

## MANAGING EMERGENCIES AND NATURAL HAZARDS

### ABOUT MANAGING EMERGENCIES AND NATURAL HAZARDS

Councils have key responsibilities in civil defence 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 from across the organisation are trained to operate an emergency operations centre (EOC) with Tasman District Council staff in the event of a disaster. The full emergency management service provided by the Council, with other members of the Civil Defence Emergency Management Group (CDEMG), is set out in the Nelson Tasman Civil Defence Emergency Management Group Plan. The group's staff is based out of the Trafalgar Centre in Nelson, administered by the Nelson City Council. Unlike most other Nelson City Council staff, their responsibilities cover the wider Nelson Tasman region.

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from July 2012. This activity was combined with others into a larger single Environment group of activities.

### HOW WE WENT IN 2011/12

The second generation Civil Defence and Emergency Management Group Plan was signed off by the Minister of Civil Defence and Emergency Management in June 2012. Nelson and Tasman now have revised hazards and risks assessment clearly outlined.

Ecofest 2011 provided information and guidance to 6,000 individuals. This follows the Christchurch earthquake leading to a much higher level of awareness and concern.

The Councils' Emergency Management Office increased its emergency power capability by electrically wiring the Nelson Suburban Club for generators and providing a portable generator to be used for Welfare Centres during emergencies.

*We ran 45 Get Ready Get Thru workshops for 1,000 people*

*We responded to the December 2011 rainfall event and coordinated the recovery phase*





The Council team responded to the December 2011 rainfall event by operating an Emergency Operations Centre and Recovery Centre until March 2012. This event included staff from both Nelson City and Tasman District Councils, emergency services and local support agencies, as well as Emergency Operations Staff from outside the area. This was the region’s first Declared Civil Defence Emergency since 1990. The event has continued to have a dramatic psychosocial, building, land stability and economic impact. The effects of the multi-million dollar event will continue into the 2012/13 financial year and beyond.

**PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

Council’s emergency management activities contributed to achieving the following community outcomes over the year.

<b>Kind, healthy people</b>	Assisted community to be prepared in the event of a disaster and increased capacity to manage and recover afterwards
-----------------------------	--

**WHAT RESIDENTS SAID**

The impact of the December 2011 rainfall event was very much reflected in the results for this aspect of Council’s work. Residents predominantly saw Council’s performance as positive and were much more aware of the importance of Council’s civil defence work. The satisfaction rating lifted by the largest amount of any activity with a 21 percentage point increase and sixth ranking of 64%, up from 43% in 2011 and 54% in 2010. The higher level of awareness of the importance of Council’s role in civil defence showed in the ‘don’t knows’ dropping from a relatively high 24% in 2011 to only 8% in 2012. There were still 25% who said they were neither satisfied nor dissatisfied with this activity.

Dissatisfaction ratings were also very low, with 2% dissatisfied and 2% very dissatisfied. Of the 14 who commented, half were not happy with aspects of the response to the December 2011 rainfall event and a small number wanted more information on local civil defence. Council worked with the civil defence team and Tasman District Council staff to debrief after the event and explore how such responses could be improved in the future. Establishing a dedicated Emergency Operations Centre for the region in 2012/13 and increasing the Disaster Recovery Fund in the longer term are anticipated to further improve Council’s capacity to respond quickly and effectively when disasters occur.

**CAPITAL PROJECTS OVER \$500,000**

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

**SERVICE LEVELS AND PERFORMANCE**

**Measures from the 2009 Nelson Community Plan**

What Council will provide	Measures	Targets	Results 2011/12	Comments
<b>Sustainable communities – able to understand and reduce vulnerability to emergencies</b>		Adequate hazard and risk information for Civil Defence Emergency Management (CDEM) planning	Achieved	Results of a regional risk analysis were incorporated into the review of the CDEM Group Plan to guide priorities based on identified risks
<b>Communication with the community</b>	Public preparedness for emergencies	Promotion of personal readiness for emergencies	Achieved	Public education campaigns were delivered, a national survey in 2011 showed our region well above national average Very high level of public interest following the Canterbury earthquakes and December 2011 rainfall event, requiring increased resources for public education and community planning
		Ability to keep public informed in an emergency	Achieved	Regional CDEM website maintained and new system in use
<b>Emergency management planning</b>	Effective CDEM planning for Nelson Tasman region	Review of CDEM Group plan	Achieved	CDEM Group Plan adopted after being drafted in 2010/11
<b>Self-reliant communities prepared to respond to emergencies</b>	Ability to operate effective CDEM Group Emergency Operations Centre (EOC) for Nelson Tasman and alternate EOC		Not achieved	Current arrangements for the Group EOC have been identified as inadequate, therefore funding for a new EOC was provided for 2012/13
<b>Co-ordination with emergency management services</b>	CDEM staff are adequately trained for their roles		Achieved	Civil Defence teams responded to major regional floods, gaining additional invaluable experience
	Radio communications network in place	Effective back-up communications and power	Achieved	Upgrade of radios completed, new satellite communications added
	Exercises programmed every year, together with partner agencies		Achieved	Two multi-agency exercises held to test and improve disaster responses
	Full strength, accredited rescue team (NZ-RT2) is maintained	Maintain specialist volunteer rescue team	Achieved	Team deployed during December 2011 rainfall event, gaining additional experience Accreditation maintained

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012</b>	<b>Estimate 2012</b>	<b>Actual 2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	( 457)	( 442)	( 488)
Development/financial contributions	0	0	0
Other revenue	( 65)	( 45)	( 29)
<b>Total revenue</b>	<b>( 522)</b>	<b>( 487)</b>	<b>( 517)</b>
<b>Expenses:</b>			
Operating and maintenance	486	594	511
Interest on loans	2	8	1
Depreciation	5	5	5
<b>Total operating expenses</b>	<b>492</b>	<b>607</b>	<b>517</b>
<b>Net (surplus)/deficit</b>	<b>( 30)</b>	<b>120</b>	<b>0</b>

### Statement of funding requirement

	<b>Actual 2012</b>	<b>Estimate 2012</b>	<b>Actual 2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	191	185	0
Repayment of loan principal	2	0	0
Transfer to reserve funds	0	0	5
<b>Total funds required</b>	<b>192</b>	<b>185</b>	<b>5</b>
<b>Source of funds:</b>			
Net surplus	30	( 120)	0
New loans raised	123	259	0
Transfer from reserve funds	37	41	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	5	5	5
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>192</b>	<b>185</b>	<b>5</b>

### Variances to budget:

Operating and maintenance expenditure is \$109,000 under budget as the issue of a capital grant to Civil Defence of \$150,000 for new premises has been delayed.

## SOCIAL DEVELOPMENT

### ABOUT COUNCIL SOCIAL DEVELOPMENT ACTIVITIES

Council's social development work included:

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. This financial activity was combined with others into a broader Social group of activities.



*We supported 10 Youth Council meetings*

### HOW WE WENT IN 2011/12

#### ***Youth and employment initiatives***

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

Support was provided for Nelson Youth Council, Youth Nelson, The New Hub, Youth Volunteer Recognition, and the Connections Youth Transition service.

#### ***Community initiatives***

Ministry of Justice funding provided the Safer City project with Street Ambassadors in the central city between November and February, presentations to residents on how to keep their properties safe and parenting forums on youth resiliency.

The Department of Labour-funded Settlement Support programme provided information and support for migrants, refugees and their prospective employers.

#### ***Support for community organisations***

Community Assistance Funding administered by Council provided \$485,000 through 61 contracts and 47 one off grants for community organisations to provide services in the Nelson community. The previous year, \$436,284 was provided through 48 contracts and 39 one off grants.

Council also supported the Trustpower Community Awards.

#### ***Social development policies***

Council adopted the Social Wellbeing Policy in June 2011. Implementation included, with support from the Nelson Marlborough District Health Board, a series of public talks and training on key issues in the Policy. Workshops included Professor Philippa Howden-Chapman speaking on affordable housing, Dr Elizabeth Spellacy speaking on positive ageing and Nathan Mikaere-Wallis



providing training on youth development. The purpose was to provide discussion and ideas on how to put the Social Wellbeing Policy into action. Council staff will develop an action plan to implement the Policy in 2012/13.

### PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

<b>Kind, healthy people</b>	Social development activities support residents to enjoy a good quality of life
<b>Good leadership</b>	Council continued its leadership and coordination of social development work in the community, across the city

### WHAT RESIDENTS SAID

Survey results for 2012 again showed Council’s work on social development was ranked second lowest 36% satisfaction, but this was 8 percentage points higher than the 28% rating in 2011. It was more similar to the 2010 result of 33%.

Once again, the relatively low result is more attributable to the relative invisibility of these Council activities than significant concerns about Council performance. Results showed high levels of don’t know responses at 14% and the highest proportion, 42%, who said they were neither satisfied nor dissatisfied. This suggests that Council’s breadth of work on Social Development is not evident to the community at large.

Dissatisfaction ratings were relatively low, tending to suggest the lower satisfaction ratings were more to do with a lack of knowledge rather than performance concerns. Only 6% said they were dissatisfied and 1% were very dissatisfied. Comments covered a range of issues including the need for employment initiatives and safety concerns. Some said they did not see any work done by Council in this area.

There is a considerable amount of community development work facilitated by Council, including for youth, affordable housing, the aged and support for locally based service providers such as House 44 in Stoke. Council will look at ways to increase the visibility of its role in social development.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

### SERVICE LEVELS AND PERFORMANCE

#### Measures from the 2009 Nelson Community Plan

What Council promised	Measures	Targets	Results 2011/12	Comments
<b>Council policy framework that supports the social wellbeing of residents</b>	Social wellbeing policy reviewed according to schedule	Revised social wellbeing policy adopted by 2009/10 and implemented in 2010/11 and 2011/12 (Yrs 2-3)	Achieved	Revised social wellbeing policy was adopted in 2010/11 and implementation continued through a series of projects and work programmes guided by high-level principles for youth, positive ageing and affordable housing, building on previous years’ work

## STATEMENT OF FINANCIAL PERFORMANCE

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Revenue</b>			
Rates	( 1,085)	( 1,079)	( 815)
Development/financial contributions	0	0	0
Other revenue	( 324)	( 297)	( 339)
<b>Total revenue</b>	<b>( 1,408)</b>	<b>( 1,377)</b>	<b>( 1,154)</b>
<b>Expenses:</b>			
Operating and maintenance	1,431	1,398	1,172
Interest on loans	6	1	2
Depreciation	18	19	19
<b>Total operating expenses</b>	<b>1,455</b>	<b>1,418</b>	<b>1,193</b>
<b>Net (surplus)/deficit</b>	<b>47</b>	<b>41</b>	<b>40</b>

## Statement of funding requirement

	Actual 2012 \$000	Estimate 2012 \$000	Actual 2011 \$000
<b>Funds required</b>			
Capital expenditure	0	0	0
Repayment of loan principal	27	14	14
Transfer to reserve funds	5	4	5
<b>Total funds required</b>	<b>31</b>	<b>18</b>	<b>19</b>
<b>Source of funds:</b>			
Net surplus	( 47)	( 41)	( 40)
New loans raised	0	0	0
Transfer from reserve funds	47	40	40
Transfer from financial contributions reserve	0	0	0
Sale of Investments	13	0	0
Non cash expenditure (depreciation)	18	19	19
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>31</b>	<b>18</b>	<b>19</b>

## Variances against budget:

No significant variances.



## CULTURE, HERITAGE AND ARTS

### ABOUT COUNCIL CULTURE, HERITAGE AND ARTS ACTIVITIES

Council's culture, heritage and arts activities included:

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

Refer to the 2009 Nelson Community Plan for a more detailed description of this activity including its scope, assets, the rationale for its provision, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels. This background information was updated in the Nelson Long Term Plan 2012, which covers the ten years from 2012/13. This activity was combined with social development and community facilities to be managed as a single, wider Social group of activities.

### HOW WE WENT IN 2011/12

#### **Art for all**

As a result of Council's Arts Strategy, more public art has been installed. A major gateway sculpture *Nau mai ki toku Ahuru Mowai*, by international artist Juanjo Novella was sited at the junction of Atawhai Drive and QEII Drive. *Up the creek without a paddle*, a light-hearted sculpture by local artist Fiona Sutherland, was installed in the Saxton Creek spillway. A mural was completed at Tahunanui and was created with the help of Tahunanui Primary School. An art walk was created in Huangshi Gardens in English and Chinese and launched during the Chinese Ambassador's Sister City visit, adding to the range of arts and heritage walks for residents and visitors to enjoy.

#### **Festivals and events**

Council ran two successful community events, Rose Day and Isel in Bloom, attracting large numbers from the community. Isel in Bloom was included in the Rugby World Cup 2011 event calendar.

The Nelson Arts Festival was held in October 2011 over a longer 17 days to tie in with the Rugby World Cup 2011. Highlights included Piki Mai, an abstract audio visual projection on to the Church Steps and Nelson Cathedral, which was a huge success attracting approximately 20,000 people over the 17 days of the festival.

The Game On Festival was produced as an attraction to visitors and residents during the Rugby World Cup 2011. Events included the re-enactment of the first game of rugby held at the Botanic Gardens preceded by a mass

*We ran 70 festivals  
and community events*



haka on the Church Steps by Nelson College students, both attracting approximately 7000 people. There were also three Arts Markets held at the top of Trafalgar Street as well as three Fanzones, one for each of the semi finals and one for the final of the Rugby World Cup 2011.

The Summer Festival ran from mid-December 2011 until mid-February 2012. The Lantern Celebration was cancelled due to rain in December but all the other events took place including the Buskers Festival with around 12,000 attending over five days.

### **Founders Heritage Park**

Founders Heritage Park welcomed just over 100,000 visitors into the park in the last 12 months. This is an increase from 90,000 visitors in 2010/11.

Visitors through the doors during usual open hours are 20% domestic from elsewhere in New Zealand, 16% international, 64% Nelson/Tasman visitors. This equates to 12,000 paying visitors generating over \$40,000 in admission income. Just over 16,000 Nelson and Tasman visitors enjoyed the facility for free.

An additional 12,000 people visited the park to use the facility as a venue hire, including a record 27 weddings throughout the year. Over the last 12 months 63,500 people visited events within the park.

The Book Fair volunteers raised \$125,500 this year, breaking all previous records. These funds enabled the Granary kitchen to undergo a full refurbishment in order to meet Health and Safety standards.

### **Heritage Week highlights**

Nelson's third Heritage Week, held 15-22 April 2012, had a social education theme and looked at Nelson's public libraries and churches. An interpretative panel about the Nelson Synagogue was installed at the original site. Sixteen new PROW stories were added to the website including two on Māori women. The programme was circulated to include Tasman District this year. Public attendance and support from community heritage organisations increased. A week long Royal Jubilee programme run by Melrose House was a new addition and a range of lunchtime speakers and guided walks and tours were popular.

### **Creative communities**

The Council, in partnership with Creative New Zealand, continued its support for the Creative Communities programme holding three funding rounds. In 2011/12, the funding priorities set by the local assessment committee were for projects developing new ideas and initiatives that would become self-sustaining. Creative NZ increased the per capita allocation from 60 cents to 67 cents during the year and also gave a one-off payment of \$1000 to each council to distribute. The scheme continues to be an important source of funds for the arts in Nelson.

## **PROGRESS ON ACHIEVING COMMUNITY OUTCOMES**

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

<b>People-friendly places</b>	Council included arts, heritage and cultural elements and activities into our surroundings
<b>A strong economy</b>	Support for the arts, culture and heritage sector contributes to the local economy
<b>Kind, healthy people</b>	Facilities and events supported the development of community cohesion and feelings of belonging
<b>Good leadership</b>	Council continued to lead the development of Nelson's arts, culture and heritage activities



### WHAT RESIDENTS SAID

Surveyed residents rated Council’s culture, heritage and arts activities relatively highly, with a fifth ranking 65% satisfaction compared to 61% the year before in 2011. This maintained an improvement seen from 2010 when these activities had a 49% satisfaction rating. Those saying they were neither satisfied nor dissatisfied were in the mid-range, on 25%.

Dissatisfaction was relative low, with 5% saying they were dissatisfied with this aspect of Council’s work and 2% who said they were very dissatisfied. The reasons given for this were split between about one third of the 7% who wanted less spent on culture, heritage and the arts and others saying they wanted more spent. Of the latter, the Nelson Provincial Museum, a performing arts venue and the Suter art gallery were mentioned. The museum and the Suter are to receive ongoing Council funding over the next ten years, but Council has not allocated funding for a performing arts venue in the Nelson Long Term Plan 2012 because of the need to limit rates increases and fund higher priorities for the community.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

### SERVICE LEVELS AND PERFORMANCE

#### Measures from the 2009 Nelson Community Plan

What Council promised	Measures	Targets	Results 2011/12	Comments
<b>Support for arts access, participation and visibility and facilitation of the arts as a major economic driver for Nelson</b>	Regional Arts Strategy and Arts Policy	Nelson Tasman Regional Arts Strategy and Nelson Arts Policy developed (Yr 1) and implementation begun (Yrs 2-3)	Achieved	Arts Policy developed and published in July 2010, implemented since then The Arts Activity Management Plan was updated in 2011/12, aligned with the Arts Policy
<b>Delivery of a range of arts events and festivals that provide entertainment and education for the community</b>	Customer surveys undertaken during events and festivals	Minimum 80% customer satisfaction	Achieved 88% customer satisfaction with the Arts Festival, up 1% on 2010/11	Council completed a study of Council-funded arts festivals to inform future planning and decision making Recommendations informed the review of the Arts Activity Management Plan
<b>Heritage assets that are managed to ensure their protection and ongoing financial sustainability</b>	Condition assessment of heritage assets, cost to rates, visitor numbers	Heritage assets maintained to a level 3 (average) or better condition. Comparison across all heritage assets shows cost of maintaining heritage attractions is commensurate with visitor numbers	Achieved	All four NCC heritage assets – Founders Park, Isel House, Broadgreen and Melrose House – were maintained at a better than level 3 average condition – the average was 2.6, where lower numbers denote better condition Next assessment is due in 2012/13 The Heritage Activity Management plan was updated in 2011/12, as planned

## STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	( 3,797)	( 3,829)	( 3,445)
Development/financial contributions	0	0	0
Other revenue	( 858)	( 792)	( 986)
<b>Total revenue</b>	<b>( 4,655)</b>	<b>( 4,620)</b>	<b>( 4,431)</b>
<b>Expenses:</b>			
Operating and maintenance	4,427	4,759	4,076
Interest on loans	185	207	170
Depreciation	95	86	89
<b>Total operating expenses</b>	<b>4,706</b>	<b>5,051</b>	<b>4,335</b>
<b>Net (surplus)/deficit</b>	<b>52</b>	<b>431</b>	<b>( 96)</b>

## Statement of funding requirement

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	307	254	191
Loan investment	0	0	0
Non cash investment write up	79	94	73
Purchase of investment	8	0	25
Repayment of loan principal	57	48	73
Transfer to reserve funds	133	124	129
<b>Total funds required</b>	<b>583</b>	<b>520</b>	<b>491</b>
<b>Source of funds:</b>			
Net surplus	( 52)	( 431)	96
New loans raised	442	752	173
Transfer from reserve funds	98	113	134
Transfer from financial contributions reserve	0	0	0
Non-Cash - Investment write down	0	0	0
Non cash expenditure (depreciation)	95	86	89
Sale of investment	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>583</b>	<b>520</b>	<b>491</b>

## Variances against budget:

Operating expenses were \$332,000 favourable to budget mainly due to the capital grant earmarked for the Bishop Suter Art Gallery for redevelopment costs being under budget due to delays in the project. No other significant variances.

## DEMOCRACY AND ADMINISTRATION

### ABOUT COUNCIL DEMOCRACY AND ADMINISTRATION ACTIVITIES

The following activities were included under democracy and administration:

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

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

### HOW WE WENT IN 2011/12

#### ***Two polls for Nelson residents***

Council administered two polls of electors during the year, both contracted through ElectionNZ Ltd in Christchurch. The first in April 2012 was the proposal to combine the Tasman District Council with Nelson City Council. The proposal received more than 50% support in Nelson and less than 50% support in Tasman so the union did not proceed, in line with current legislation.

The second poll followed in May 2012 on the Māori ward proposal. The result was that the proposal did not receive the level of support needed to proceed.

#### ***Changes to committee structure and delegations***

During 2011/12, the Mayor reviewed the Committee structure and revised Councillor portfolios. As a result, delegations were adjusted to align with the new structure. These changes were communicated to residents through a range of media including the Council website and its *Live Nelson* publication. The Governance Statement was also revised to reflect the new committee structure.

#### ***Earthquake prone buildings and Council properties***

During the 2011/12 financial year, Council completed a number of initial and detailed assessments of its Council-owned buildings. Initial assessments that were completed included the Refinery building on Halifax Street, Hunters Furniture building in Wakatu Square, the Bata building (also known as the Hub on New Street) and the former Hunting and Fishing building in Wakatu Square.

Detailed assessments that were undertaken included the State Advances building on Trafalgar Street and the Mediterranean Food Warehouse building on Halifax Street. The Council, as property owner, had received three Section 124 notices as at September 2012 issued by the Territorial Authority. These notices required the hazard to be reduced or removed by a specified date and apply to the State Advances Building, the Mediterranean Food Warehouse building and the Riverside pool façade.

The result of the detailed assessment of the State Advances Building was that Council made the decision to vacate the building and relocate staff to an adjacent building. The Section 124 notice for the Mediterranean Food Warehouse stipulated that Council had to demolish or strengthen by January 2022. The façade of the Riverside Pool is scheduled to be strengthened by 2013/14, with detailed design for this work underway during the 2012/13 financial year. The tenant of the Bata building on New Street made the decision to voluntarily vacate the premises.

Council had not made any decisions as to the future of any of its Council-owned buildings as at the time of preparing this Annual Report. It has approved an amount of \$200,000 to begin the process of undertaking initial assessments of all its building assets. This work is underway and will continue from 2012/13.

### **Staff numbers**

As at 30 June 2012, Council employed 260 people, the same number as at the same time the year before. This included full and part time staff in 238.8 full time equivalent positions. In June 2011, there were just over 225 full time equivalent positions.

### **Organisational performance**

Council continued its in-house work over 2011/12 on:

- An internal statutory compliance framework, review and reporting
- A request for service system and a programme and project office
- An extended quality management system (QMS)
- A leadership development programme for staff.

This work assisted in improving performance across the organisation and provided the basis for some key performance indicator results.

### **Results for Key Performance Indicators**

The Council Remuneration Committee received results at its meeting on 17 August 2012 and noted that some key performance indicators were not achieved. Overall, the Committee thought Council had a successful year given the issues to which staff had to respond, including the December 2011 rainfall event and administering the amalgamation proposal.

There were three over-riding priorities for the year, which were intended to underpin what was delivered:

- Stakeholder engagement
- Customer service excellence
- Precision delivery

*We distributed  
25 issues to over  
19,000 households*





Goal	Measure	Target	Result 2011/12	Comment
<b>Core key performance indicators, whole organisation</b>				
Compliance with applicable legislation	Statutory compliance	Review annually, identify and report progress on 5 top risks Unqualified audit report for 2010/11 Annual Report	Achieved Achieved	Both targets met
Prudent financial management	Operating expenditure	Operating budgets not exceeded	Not achieved	Affected by December 2011 rainfall event. Refer to financial commentary
Prudent financial management	Capital expenditure	Projects over \$750,000 within +/- 5%  Total capital budget achieved	Not achieved for some projects Not achieved	Affected by December 2011 rainfall event. Refer to financial commentary
Customer service excellence	Customer satisfaction	Resident perception of value for money up 5% Counter users perception up 5% Residents perception of overall Council performance up 5%	Achieved Not achieved Achieved	Resident perception of value for money up 7% to 50% (43% in 2011) Perception of counter staff contact down 6% to 78% (84% in 2011) Resident perception of overall Council performance up 11% to 62% (51% in 2011)
Engaged staff	Staff satisfaction	Performance index up 2%  Engagement index up 2%  Engagement index in top 25% of all organisations	Not achieved Achieved Not achieved	Performance index 0.9 higher, at 76.8 (75.9 in 2011) Engagement up 3 points to 80.5 (77.5 in 2011) Top 25% ranking – target was 80.9, actual was 80.5, so close to achieved
<b>Key areas of focus</b>				
Long Term Plan	Preparation of document	Draft prepared by 31 March	Achieved	Timeline was revised with Audit NZ in January 2012 due to December 2011 rainfall event*
Amalgamation	Support provision	Submission by 19 August 11 Administration for poll Transition committee support if applicable	Achieved	Submission sent by due date Poll administered Transition committee not applicable
Public transport	Plan and services	Draft public transport plan to Council by 31 December 2011 Extended services begin	Achieved	Draft public transport plan considered by Council Extended NBUS services began 5 March 2012
Rutherford Park developments	Plans in place	Rutherford Park Development Plan by 30 June 2012 Projects prepared to begin in 2012/13	Achieved	Projects and funding confirmed in the Nelson Long Term Plan 2012
Organisational capacity monitoring	Tools	Update and report Project Balance to Council quarterly Extend Project Balance use	On track	Use of Project Balance tool for staff planning was extended
<b>Multi-Year Goals</b>				
Sustainability Strategy	Progress	Develop draft strategy for Nelson Long Term Plan by 30 June 2012	Partly achieved	Process ensured Long Term Plan input Some diversion of staff to priority projects delayed progress
Nelson Development Strategy	Progress	Prepare scope to link to other planning processes by 31 March 2012	Not achieved	Scope reviewed in Long Term Plan, progress delayed, in work programme for 2012/13 onwards

**\*Impact of December 2011 rainfall event** – The process to develop the Nelson Long Term Plan (LTP) for 2012 was significantly affected by the rainfall event, its impact on financial processes and subsequent shift in priorities towards recovery projects. As a result, the date of formal adoption of the LTP was moved beyond the statutory date of 30 June. Council reached decisions for the final LTP on 29 June 2012, followed by the completion of the audit process and its adoption on 19 July 2012.

## PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's democracy and administration activities contributed to achieving the following community outcomes over the year.

<b>Good leadership</b>	These services supported the delivery of all Council activities, provided leadership for the city and therefore contributed to achieving all six community outcomes
------------------------	---

## WHAT RESIDENTS SAID

The Democracy and Administration activity is not assessed in the same way as the other financial activities. Questions are targeted at specific aspects of Council's decision making and consultation processes, communication and perceptions of Council's overall performance.

The 2012 survey of residents included questions on customer service, communication and consultation. Just over one half of those responding (51%) had made contact with Council in some way over the year. Of those who had made contact, 22% were not satisfied with the way their enquiry was handled, defined as those who reported they were neither satisfied nor dissatisfied and those who said they were dissatisfied or very dissatisfied. Four out of five respondents were satisfied with Council's customer service.

Almost one third (32%) were not satisfied with the opportunities available to provide feedback and take part in Council decision making. Of that group, 26% said they felt Council did not listen.

The number of respondents who were satisfied or very satisfied with Council's overall performance was greater in 2012 (62%) compared to 2011 (51%). Of those who reported they were dissatisfied (7%) the main reason given was a perceived lack of consultation on spending and spending too much in some areas.

More respondents agreed that Council services and facilities were good value for money in 2012 (50%) than in 2011 (43%). Both these results were a significant improvement compared to 2010 when only 36% agreed that Council services and facilities were good value for money.



*Our Customer Service Centre responded to 63,777 service requests and answered 93,615 phone calls and processed 45,960 transactions*

*Our Customer Service Centre was awarded runner up out of all Council service centres across New Zealand*





### CAPITAL PROJECTS OVER \$500,000

Description	Carry over from 2010/11 \$000	Estimate for 2011/12 \$000	Total budget available for 2011/12 \$000	Actual spent in 2011/12 \$000
Strategic land purchases	0	0	0	2,337
Computer hardware	(12)	821	809	48

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

See the Summary of Capital Expenditure on page 106 for a full list of all capex projects over \$100,000.

### SERVICE LEVELS AND PERFORMANCE

#### Measures from the 2009 Nelson Community Plan

What Council promised	Measures	Targets	Results 2011/12	Comments
<b>An effective and impartial elections administration service that meets or exceeds legislative requirements</b>	Elections held in 2010 without any significant problems	Completion of election process on target and within budget	Achieved in 2010	No election in 2011/12, next local government election in October 2013
<b>Community engagement processes that meet or exceed good practice and enable community participation in Council decision making</b>	Public satisfaction with community engagement by Council	Run optimum number of consultation processes according to best practice	Achieved	Series of consultations ran over the year, the largest of which was on the draft Nelson Long Term Plan 2012 attracting over 800 submissions Major consultations ran through Live Nelson and the Council website Survey of residents results showed 52% satisfied with opportunities to take part in decision making and 69% thought the amount of information was 'about right'
<b>Participation of Māori in decision making</b>	Implementation of the Memorandum of Understanding with Nelson Iwi	Implementation of MOU action plan according to agreed deadlines	Not achieved	MOU review still to be finally signed off by all iwi representatives – Council's part of process complete Refer to section on working with Māori for more about the MOU
<b>Efficient and prudent administration of Council assets and control of Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO)</b>	Completion of CCO statements of intent	All CCO statements of intent and annual reporting requirements met	Not achieved	All CCO/CCTOs except Ridgeways joint venture met annual reporting deadlines and requirements in 2011/12 The independent Arms Length Organisation Review was deferred until after the result of the union proposal for the Nelson and Tasman Councils was known in April 2012 Statements of Expectation are in place for Nelmac, the Nelson Regional Economic Development Agency, The Suter, and Tasman Bays Heritage Trust

**STATEMENT OF FINANCIAL PERFORMANCE**

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Revenue</b>			
Rates	1,574	1,157	1,168
Financial contributions	0	0	0
Other revenue	( 17,089)	( 14,333)	( 11,913)
Total revenue	<u>( 15,515)</u>	<u>( 13,176)</u>	<u>( 10,744)</u>
<b>Expenses:</b>			
Operating and maintenance	10,273	7,540	6,467
Interest on loans	3,933	4,857	4,264
Depreciation	1,068	984	874
Total operating expenses	<u>15,273</u>	<u>13,381</u>	<u>11,606</u>
<b>Net (surplus)/deficit</b>	<b><u>( 241)</u></b>	<b><u>205</u></b>	<b><u>862</u></b>

**Statement of funding requirement**

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Funds required</b>			
Capital expenditure	3,213	1,489	4,520
Investments	( 5)	1	8
Non cash forestry and investment write up	88	0	120
Repayment of loan principal	845	6,863	0
Transfer to loan repayment reserve	0	536	2,317
Transfer to reserve funds	3,218	0	0
<b>Total funds required</b>	<b><u>7,360</u></b>	<b><u>8,890</u></b>	<b><u>6,966</u></b>
<b>Source of funds:</b>			
Net surplus	241	( 205)	( 862)
New loans raised	0	7,264	2,678
Transfer from loan repayment reserve	2,376	0	3,005
Transfer from reserve funds	934	345	0
Sale of investments	0	480	150
Non cash forestry and investment write down	0	0	35
Non Cash loss on IRS Revaluation	2,716	0	1,058
Non cash expenditure (depreciation)	1,068	984	874
Sales of assets	24	21	28
<b>Total source of funds</b>	<b><u>7,360</u></b>	<b><u>8,890</u></b>	<b><u>6,966</u></b>

**Variances to budget:**

Other revenue was favourable to budget by \$2.8 million mainly due to the Nelson Port Ltd special dividend of \$4 million and the Nelson Airport Ltd late declaration of the 2011 dividend of \$235,000 offset by internal interest below budget by \$1.6 million.

Operating expenses were \$2.7 million unfavourable to budget including \$2.8 million relating to interest rate swap revaluation. Unbudgeted expenditure of \$932,000 was attributable to response costs for the December 2011 rainfall event, and offset by savings of \$194,000 in Community Relations, \$173,000 in insurance and rent, and a large number of less significant savings in other areas.

Interest was \$924,000 favourable to budget due to delays in capital projects and lower interest rates.

Capital expenditure was \$1.7 million above budget mainly due to a strategic property purchase (\$2.3 million) offset by \$306,000 savings in Civic House capital works, \$112,000 savings related to a delay in updating council major signage caused by the need to await the outcome of the amalgamation debate, and \$335,000 underspent on the IT programme.

## FINANCIAL RESERVES AND TRUSTS

### ABOUT COUNCIL FINANCIAL RESERVES AND TRUSTS

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

From 2012/13, financial reserves are not managed as a separate financial activity and are instead reported as part of Council's Corporate group of activities.

### CAPITAL PROJECTS OVER \$500,000

This Council activity did not include any major projects over \$500,000 in 2011/12. Refer to the summary of capital projects over \$100,000 later in this report.

### STATEMENT OF FINANCIAL PERFORMANCE

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Revenue</b>			
Rates	0	0	0
Financial contributions	( 5,234)	( 5,769)	( 9,219)
Other revenue	( 246)	( 489)	( 156)
<b>Total revenue</b>	<b>( 5,481)</b>	<b>( 6,259)</b>	<b>( 9,375)</b>
<b>Expenses:</b>			
Operating and maintenance	39	163	74
Interest on loans	0	0	0
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>39</b>	<b>163</b>	<b>74</b>
<b>Net (surplus)/deficit</b>	<b>( 5,442)</b>	<b>( 6,096)</b>	<b>( 9,301)</b>

### Statement of funding requirement

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Funds required</b>			
Capital expenditure	3,638	4,769	7,389
Repayment of loan principal	0	0	0
Transfer to reserve funds	1,803	1,326	1,912
<b>Total funds required</b>	<b>5,442</b>	<b>6,096</b>	<b>9,301</b>
<b>Source of funds:</b>			
Net surplus	5,442	6,096	9,301
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>5,442</b>	<b>6,096</b>	<b>9,301</b>

### Variiances against budget

The vested assets were \$1.1 million under budget at \$3.6 million, and contributions to the reserve fund were \$0.5 million over budget.

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

SUMMARY OF CAPITAL EXPENDITURE

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

	Carry over 2010/11 \$000	Estimate 2011/12 \$000	Aavailable 2011/12 \$000	Actual 2011/12 \$000
<b>Water Supply</b>				
Water main relocation re Founders train	(1)	170	169	0
Renewals: 50 & 100 AC	52	763	815	396
Princess Dr link	27	447	474	0
Ridermains	32	143	175	0
Pressure reduction	0	0	0	473
Ridermains	0	0	0	140
Maitai pipeline duplication	0	4,365	4,365	3,522
System improvements	0	123	123	0
Sundry	45	197	242	202
<b>Total Water Supply</b>	<b>155</b>	<b>6,208</b>	<b>6,363</b>	<b>4,733</b>
<b>Wastewater</b>				
Pipe renewals <150mm	53	506	559	154
Renewals: pump stations	1	208	209	0
Emergency 2011 response	0	0	0	128
Marsden Valley trunk main	(10)	200	190	0
Pipeline ex regional sewerage	0	550	550	550
Nelson North wastewater plant	14	146	160	0
Water treatment regional sewerage	0	1,610	1,610	0
Neale Park pump station	0	157	157	72
Corder Park pump station	0	0	0	131
Sundry	16	296	313	431
	74	3,672	3,747	1,465
Nelson Regional Sewerage Scheme (50%)	0	3,165	3,165	2,488
<b>Total Wastewater</b>	<b>74</b>	<b>6,837</b>	<b>6,912</b>	<b>3,952</b>
<b>Stormwater and Flood Protection</b>				
Stormwater renewals	84	232	316	74
Haven Road / St Vincent Street culvert	0	0	0	160
Private drains	0	126	126	0
Private / Public Drains	13	181	194	228
Queens Rd	6	389	395	391
Tasman Street: Halifax-Grove	28	371	399	0
Marlowe Street	0	318	318	402
Piping ditches	0	115	115	0
New pumps	17	179	196	195
Sundry	329	294	624	421
<b>Total Stormwater and Flood Protection</b>	<b>476</b>	<b>2,205</b>	<b>2,682</b>	<b>1,871</b>
<b>Solid Waste Management</b>				
Landfill road extension	19	150	169	146
Sundry	(2)	129	127	92
<b>Total Solid Waste Management</b>	<b>17</b>	<b>279</b>	<b>296</b>	<b>238</b>

	Carry over 2010/11 \$000	Estimate 2011/12 \$000	Aavailable 2011/12 \$000	Actual 2011/12 \$000
<b>Heart of Nelson</b>				
Montgomery Square market	0	127	127	0
Pocket parks	(71)	338	267	2
Speed tables	(10)	257	247	60
CCTV	0	130	130	104
Sundry	125	515	639	212
<b>Total Heart of Nelson</b>	<b>44</b>	<b>1,367</b>	<b>1,411</b>	<b>378</b>
<b>Environmental Management</b>				
Sundry	0	4	4	11
<b>Total Environmental Management</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>11</b>
<b>Transport</b>				
<b>Subsidised</b>				
Renewals: pavement rehabilitation	(1)	316	316	16
Renewals: road resurfacing	(49)	746	697	1,381
Renewals: major drainage	114	240	354	8
Replacement of bridges and structures	4	355	359	4
Renewals: associated improvements	62	238	301	0
Renewals: traffic services	4	128	132	118
Stoke footpath	0	0	0	139
Queens Road	0	305	305	284
Minor improvements programme	172	334	506	51
Waimea Road / The Ridgeway junction	20	318	338	0
Waimea Road / Motueka Street junction	0	781	781	30
School speed signs	0	370	370	1
Streetlights	0	250	250	106
Bishopdale to The Ridgeway shared path	0	390	390	23
<b>Unsubsidised</b>				
St Vincent Street / Jenner Road	207	55	262	608
Renewals: streetlights	125	128	253	130
Renewals: footpaths	(21)	189	168	6
Sundry land purchases	15	282	297	237
Cleveland Terrace retaining wall	0	0	0	189
Seymour Avenue	0	242	242	264
Tasman Street: Halifax-Grove	0	221	221	22
Minor improvements top up	0	300	300	1
Council share development contributions	135	223	358	110
Walkway connections	181	55	236	133
Locking Street	510		510	703
Iwa Road	0	196	196	214
Atawhai Drive	0	132	132	143
Queens Rd	4	1,060	1,064	342
Princes Drive	4	530	534	24
Sundry	428	134	562	1,079
<b>Total Transport</b>	<b>1,915</b>	<b>8,519</b>	<b>10,434</b>	<b>6,367</b>

## SUMMARY OF CAPITAL EXPENDITURE

	Carry over 2010/11 \$000	Estimate 2011/12 \$000	Aavailable 2011/12 \$000	Actual 2011/12 \$000
<b>Regulatory Compliance</b>				
Sundry	(6)	0	(6)	0
<b>Total Regulatory Compliance</b>	(6)	0	(6)	0
<b>Parks and Open Space</b>				
<b>Horticultural Parks</b>				
Church steps toilet	0	153	153	52
<b>Neighbourhood Parks</b>				
Branford Park	0	106	106	8
Land purchase: general reserve	(494)	4,350	3,856	828
Toilet: Basin Reserve	0	165	165	0
Reserve development	(5)	506	501	9
<b>Esplanade and Foreshore Reserves</b>				
Planting	(1)	132	132	133
General artworks	(5)	138	133	10
Acessway / carparks	0	157	157	43
Tahunanui resouce management plan implementation	2	212	214	90
Wakefield Quay	272	741	1,013	448
<b>Walkways</b>				
Acessway / carparks	81	69	150	68
National cycleway	(13)	304	291	270
Walkway development	0	85	85	111
<b>Sportsfields</b>				
Rutherford Park tennis lights	5	144	149	181
Rutherford / Trafalgar Parks development plan	0	0	0	273
Sundry	589	866	1,455	990
<b>Total Parks and Open Space</b>	432	8,127	8,560	3,514
<b>Recreation and Leisure</b>				
<b>Play Facilities</b>				
Playgrounds	0	354	354	54
Skatepark	(12)	587	575	5
Youth park	2	372	374	21
Sundry	155	(46)	110	37
<b>Total Recreation and Leisure</b>	146	1,267	1,413	117
<b>Community Facilities</b>				
<b>Libraries</b>				
Renewals: specialised library equipment	3	161	164	125
Book purchases	13	329	342	344
Library refurbishment	0	126	126	128
<b>Marina</b>				
Torsion bar replacements	0	306	306	252
Toilet / shower facility	225	0	225	281
Large berths construction	(14)	525	511	495
<b>Maitai Club</b>				
Building purchase	0	410	410	427
<b>Community Housing</b>				
Renewals	0	169	169	187
Orchard Street development	113	510	623	805



	Carry over 2010/11 \$000	Estimate 2011/12 \$000	Aavailable 2011/12 \$000	Actual 2011/12 \$000
<b>Saxton Field</b>				
Cricket / athletics pavillion	72	1,260	1,332	1,326
Walkways / cycleways	10	193	203	0
General development	(126)	571	445	97
Entrance Main Rd Stoke	0	850	850	457
<b>Regional Community Facilities</b>				
Performing arts centre	0	184	184	2
Trafalgar Centre north end	0	200	200	36
Sundry	63	235	298	487
<b>Total Community Facilities</b>	359	6,028	6,387	5,449
<b>Economics and Tourism Support</b>				
Sundry	0	67	67	0
<b>Total Economics and Tourism Support</b>	0	67	67	0
<b>Managing Emergencies</b>				
Building: fire station	0	185	185	174
Sundry	0	0	0	17
<b>Total Managing Emergencies</b>	0	185	185	191
<b>Culture, Heritage and Arts</b>				
Art works programme	0	215	215	5
Queen Elizabeth II Drive gateway artwork	0	0	0	102
Neale Park gateway artwork	0	0	0	196
Sundry	32	55	87	3
<b>Total Culture, Heritage and Arts</b>	32	270	302	307
<b>Democracy and Administration</b>				
<b>Council Publicity</b>				
Major signage	0	124	124	12
<b>Civic House</b>				
Buildings	3	250	253	50
Plant & equipment	9	106	115	24
<b>Rental Properties</b>				
Strategic land purchases	0	0	0	2,337
<b>Administration</b>				
Computer hardware	(12)	821	809	48
Computer rollout 2011/12	0	0	0	129
Sundry	36	189	225	613
<b>Total Democracy and Administration</b>	36	1,489	1,526	3,213
<b>Financial Reserves and Trusts</b>				
Vested assets	0	4,769	4,769	3,646
<b>Total Financial Reserves and Trusts</b>	0	4,769	4,769	3,646
<b>Total Capital Expenditure</b>	3,681	47,623	51,303	33,986

## STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2012

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2012	2012	2011	2012	2011
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates revenue	3	53,700	54,095	51,163	53,700	51,163
Other revenue	4	41,836	38,183	39,882	41,231	42,341
Other gains	5	406	0	329	442	365
<b>Total Operating Revenue</b>		<b>95,942</b>	<b>92,278</b>	<b>91,374</b>	<b>95,373</b>	<b>93,869</b>
<b>Expenditure</b>						
Employee benefit expenses	6	16,093	15,710	15,136	23,930	22,451
Depreciation and amortisation	14,15	18,762	18,110	17,969	19,500	18,670
Other expenses	7	50,953	46,923	39,634	46,894	35,272
Finance costs	8	4,006	4,094	3,509	4,009	3,515
<b>Total Operating Expenditure</b>		<b>89,814</b>	<b>84,837</b>	<b>76,248</b>	<b>94,333</b>	<b>79,908</b>
		6,128	7,441	15,126	1,040	13,961
Share of associate's surplus/(deficit)	18	0	0	0	6,129	3,922
<b>Operating surplus before taxation</b>		<b>6,128</b>	<b>7,441</b>	<b>15,126</b>	<b>7,169</b>	<b>17,883</b>
Taxation	9	(8)	0	8	383	301
Net Surplus		6,136	7,441	15,118	6,786	17,582
Gains/(Losses) on property revaluation	14	24,619	24,830	27,255	24,619	27,255
Share of associates revalued movements	18	0	0	0	(540)	243
<b>Total comprehensive income for year</b>		<b>30,755</b>	<b>32,271</b>	<b>42,373</b>	<b>30,865</b>	<b>45,080</b>

The accompanying notes form part of these financial statements.

See Note 33, beginning page 173, for explanations of variances against budget.



## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2012

	Note	Council			Group	
		Actual 2012	Estimate 2012	Actual 2011	Actual 2012	Actual 2011
		\$000	\$000	\$000	\$000	\$000
<b>Balance as 1 July</b>		1,145,673	1,128,553	1,103,300	1,218,812	1,173,732
Total comprehensive income		30,755	32,271	42,373	30,865	45,080
<b>Equity at end of year</b>	24	<u>1,176,428</u>	<u>1,160,824</u>	<u>1,145,673</u>	<u>1,249,677</u>	<u>1,218,812</u>

The accompanying notes form part of these financial statements.  
See Note 33, beginning page 173, for explanations of variances against budget.

## BALANCE SHEET AS AT 30 JUNE 2012

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2012	2012	2011	2012	2011
		\$000	\$000	\$000	\$000	\$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	2,413	2,888	98	3,780	1,692
Trade and other receivables	11	12,011	13,425	13,922	13,140	14,748
Inventories	12	224	85	237	761	688
Other financial assets	13	0	0	0	364	419
Taxation	11	76	140	104	0	0
Total current assets		14,724	16,538	14,361	18,045	17,547
<b>Non-current assets</b>						
Trade and other receivables	11	7,127	9,101	6,664	7,127	6,664
Property, plant and equipment	14	1,212,190	1,225,460	1,174,062	1,226,652	1,187,747
Intangible assets	15	1,350	1,639	1,249	1,420	1,272
Forestry assets	16	4,235	4,225	4,142	4,235	4,142
Investment properties	17	840	910	840	840	840
Investments in associates & subsidiaries	18	21,183	21,183	21,183	77,564	78,490
Other financial assets	13	140	140	140	418	402
Deferred Taxation	9	0	0	0	188	180
Total non-current assets		1,247,065	1,262,658	1,208,280	1,318,444	1,279,737
<b>Total assets</b>		<b>1,261,789</b>	<b>1,279,196</b>	<b>1,222,641</b>	<b>1,336,489</b>	<b>1,297,284</b>

The accompanying notes form part of these financial statements.

See Note 33, beginning page 173, for explanations of variances against budget.

		Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2012	2012	2011	2012	2011
		\$000	\$000	\$000	\$000	\$000
<b>Current liabilities</b>						
Bank overdraft	10	410	0	172	410	172
Trade and other payables	20	13,078	16,177	14,819	13,257	15,144
Taxation payable	20	0	0	0	93	0
Provisions	21	0	0	0	15	15
Employee benefit liabilities	22	1,417	1,114	1,331	2,334	2,188
Borrowings	23	39,717	10,000	9,953	39,774	10,010
Derivative Financial Instruments	23a	16	0	0	16	0
Total current liabilities		54,638	27,291	26,275	55,899	27,529
<b>Non-current liabilities</b>						
Provisions	21	972	487	588	972	588
Employee benefit liabilities	22	326	426	313	393	382
Borrowings	23	25,540	90,168	48,645	25,663	48,826
Derivative Financial Instruments	23a	3,885	0	1,147	3,885	1,147
Total non-current liabilities		30,723	91,081	50,693	30,913	50,943
<b>Total liabilities</b>		85,361	118,372	76,968	86,812	78,472
<b>Total net assets</b>		1,176,428	1,160,824	1,145,673	1,249,677	1,218,812
<b>Equity</b>						
Retained earnings	24	331,034	318,292	324,956	360,078	352,802
Other reserves	24	845,394	842,532	820,717	889,599	866,010
<b>Total equity</b>		1,176,428	1,160,824	1,145,673	1,249,677	1,218,812

The accompanying notes form part of these financial statements.

See Note 33, beginning page 173, for explanations of variances against budget.

## STATEMENT OF CASHFLOWS FOR YEAR ENDED 30 JUNE 2012

Note	PARENT			CONSOLIDATED	
	Actual	Estimate	Actual	Actual	Actual
	2012	2012	2011	2012	2011
	\$000	\$000	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>					
Rates and Other Revenue	85,380	83,902	81,037	91,783	87,077
Interest received	131	0	101	221	183
Dividends received	6,853	2,508	2,408	6,513	2,114
Payments to suppliers and employees	(61,256)	(61,814)	(53,152)	(66,160)	(57,129)
Interest paid	(3,662)	(4,094)	(3,253)	(3,666)	(3,256)
Taxation (paid)/refunded	36	(63)	(162)	(298)	(541)
Net GST movement	1,177	0	(961)	1,321	(1,056)
Net cash inflows from operating activities	25	28,659	20,439	26,018	29,714
<b>Cash Flows From Investing Activities</b>					
Sale of fixed assets	240	405	936	294	968
Sale of investments	570	560	567	570	567
Repayment of loans/advances	0	566	0	0	0
Goodwill on sale of business	0	0	0	0	0
Purchase of fixed assets	(32,608)	(42,603)	(35,076)	(33,808)	(36,212)
Purchase of intangibles	(414)	(250)	(339)	(1,050)	(342)
Purchase of investments	(1,029)	0	0	(472)	(1,880)
Loans and advances	0	(2,569)	(1,863)	0	0
Net cash outflow from investing activities		(33,241)	(43,891)	(35,776)	(34,466)
<b>Cash Flows From Financing Activities</b>					
Cash was provided from loans raised		45,590	29,606	19,923	45,590
Cash was applied to repayment of loans		(38,931)	(10,623)	(12,741)	(38,988)
Net cash inflows/outflows from financing activities		6,659	18,983	7,182	6,602
Net increase/(decrease) in cash held		2,077	(4,469)	(2,576)	1,850
Plus opening cash balance		(74)	7,357	2,502	1,520
Closing Balance		2,003	2,888	(74)	3,370
<b>Represented by:</b>					
Cash and cash equivalents	10	2,413	2,888	98	3,780
Bank Overdraft	10	(410)	0	(172)	(410)
		2,003	2,888	(74)	3,370
					1,520

The accompanying notes form part of these financial statements.

See Note 33, beginning page 173, for explanations of variances against budget.

# NOTES TO ACCOUNTS

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

Note No.	Covering	Page
1	Accounting policies . . . . .	116
2	Summary cost of service . . . . .	128
3	Rates revenue . . . . .	130
4	Other revenue . . . . .	131
5	Other gains . . . . .	132
6	Employee benefit expenses . . . . .	132
7	Other expenses . . . . .	133
8	Finance costs . . . . .	133
9	Taxation . . . . .	134
10	Cash and cash equivalents . . . . .	135
11	Trade and other receivables . . . . .	136
12	Inventories . . . . .	138
13	Other financial assets . . . . .	139
14	Property, plant and equipment . . . . .	140
15	Intangible assets . . . . .	144
16	Forestry assets . . . . .	145
17	Investment properties . . . . .	146
18	Investments in associates and subsidiaries . . . . .	147
19	Joint ventures . . . . .	149
20	Trade and other payables . . . . .	150
21	Provisions . . . . .	151
22	Employee benefit liabilities . . . . .	152
23	Borrowings . . . . .	153
23a	Derivatives . . . . .	154
24	Equity . . . . .	155
25	Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities . . . . .	157
26	Capital commitments and operating leases . . . . .	158
27	Contingent liabilities . . . . .	159
28	Related party transactions . . . . .	161
29	Remuneration – executive salaries and Councillor payments . . .	164
30	Severance payments . . . . .	165
31	Events after the balance sheet date . . . . .	165
32	Financial instruments . . . . .	166
33	Explanation of major variances against budget . . . . .	173
34	Capital Management . . . . .	177

## NOTES TO ACCOUNTS

### Note 1 – Accounting Policies

#### STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

##### *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 2012. The financial statements were authorised for issue by Council on 30 October 2012.

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 Surplus or Deficit and shows the amount of equity held in Investments in the Statement of Financial Position. An associate organisation is one in which the Council has an equity interest of between 20% and 50% and the capacity to significantly influence the policies of that organisation. As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method.

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

### **Joint ventures**

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

### **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/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/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 historical buildings and monuments.
- Infrastructural Assets – infrastructural assets are the fixed utility systems owned by the Council. These include the roading, water, sewer, and stormwater networks.

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

- Land – operational and restricted land, and infrastructure land with a title has been valued at net current value by Quotable Value NZ as at 30 June 2010. Quotable Value NZ has confirmed this as being appropriate for financial reporting purposes.
- Land under Roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is now considered to be deemed cost.
- Infrastructural Assets – excluding specialised Infrastructural assets and infrastructure land with a title have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2012. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually.



- Specialist infrastructural assets – include dams, water reservoirs and wastewater treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2012 by an independent registered valuer and will be revalued annually.
- Nelson Regional Sewerage Business Unit – land is valued at market valuation as at 1 September 2009 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by an independent valuer. The latest valuation was conducted as at 30 June 2012 by C.P.G. New Zealand Ltd, consultant engineers and will be revalued annually.
- Heritage Assets – museum assets have been valued on the basis of what a willing buyer would be prepared to pay a willing seller. The valuation was undertaken by Dunbar Sloane registered valuer as at 30 June 1999. The Cawthron Steps and Broadgreen House have been valued on the basis of depreciated replacement cost by Quotable Value at 30 June 2002. Founders Park has been valued on the basis of depreciated replacement cost by Telfer Young at 30 June 2002. The Cawthron Steps, Broadgreen House and Founders Park were included in 2002 for the first time and are deemed to be at cost.
- New Council assets that are added between valuations are recorded at cost except for vested assets.
- Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current “in the ground” cost of providing identical services.

### REVALUATION

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

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

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

### ADDITIONS

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

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

Property, plant and equipment are initially recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### DISPOSALS

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

**Depreciation**

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

Assets depreciated are as follows:

<b>ASSET</b>	<b>DEPRECIABLE LIFE (YEARS)</b>
<b>Operational</b>	
Buildings . . . . .	50 - 100
Improvements . . . . .	Nil-20
Motor vehicles . . . . .	7
Plant and equipment . . . . .	2 - 30
Library books . . . . .	3 - 10
Marina . . . . .	30 - 50
<b>Restricted</b>	
Buildings . . . . .	50 - 100
Improvements . . . . .	Nil – indefinite
<b>Roading</b>	
Roads formation . . . . .	n/a
Sub-base . . . . .	n/a
Basecourse . . . . .	.5 - 80
Surfacing (sealed) . . . . .	.2 - 50
Surfacing (unsealed) . . . . .	n/a
Bridges . . . . .	20 - 100
Retaining/sea walls . . . . .	75 - 150
Box culverts . . . . .	.60 - 90
Footpaths . . . . .	.5 - 100
Carparks . . . . .	10 - 100
Streetlights . . . . .	.30 - 60
Signs . . . . .	15
<b>Water Supply</b>	
Pipeline . . . . .	55 - 120
Manholes . . . . .	55 - 120
Reservoirs and tanks . . . . .	.45 - 100
Dams . . . . .	.16 - 200
<b>Wastewater</b>	
Pipeline . . . . .	40 - 120
Manholes . . . . .	80
Pump stations . . . . .	10 - 50
Oxidation pond . . . . .	.22 - 139
<b>Stormwater</b>	
Pipeline . . . . .	.50 - 80
Bank protection . . . . .	.25 - 100
Manholes . . . . .	90
<b>Solid waste</b>	
Pipes . . . . .	.60 - 90
Ponds and dam . . . . .	100
Gas Flare . . . . .	20
Resource consents . . . . .	24



**BIOLOGICAL ASSETS**

- Forestry – forestry assets are valued annually. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2012.

Changes in the valuation of the forestry assets are recognised in the Surplus or Deficit.

**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 Surplus or Deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

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

### ***Inventory***

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

### ***Work in progress***

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

### ***Investment property***

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 Telfer Young (Nelson) Limited and changes in valuation are recognised in the Surplus or Deficit.

### ***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 Surplus or Deficit.

### ***Derivative financial instruments***

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

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

The Council does not apply hedge accounting for its derivative financial instruments in its parent financial statements.

### ***Trade and other receivables***

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

### **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 asset or group of financial assets is impaired. Any impairment losses are recognised in the Surplus or Deficit.

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

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that 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 Surplus or Deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

### **Good and services tax (GST)**

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

### **Allocation of overheads – significant activities**

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

### **Financial reserves**

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

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

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

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

### **Statement of cashflows**

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

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

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

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

### **Leases**

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

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

### **Changes in accounting policies**

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

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

- Amendments to NZ IAS 1 *Presentation of Financial Statements*. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 24.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed (note 14 has been updated for these changes). See pages 118 and 119 for other valuation information.
- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures* – The amendment reduces the disclosure requirements relating to credit risk. Note 11 and 32 have been updated for the amendments.

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

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

- NZ International Financial Reporting Standard (IFRS) 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ International Accounting Standard (IAS) 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised rate 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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework, incorporating a Tier Strategy, developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.



Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public entities from their scope.

### ***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 Surplus or Deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.
- The revaluation of infrastructural assets is carried out in-house by council engineering staff, and is then peer-reviewed by experienced independent valuers.

**Note 2 - Summary cost of service**

	<b>Actual</b>	<b>Estimate</b>	<b>Actual</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Income</b>			
Water supply	361	427	470
Sewage disposal	4,194	3,682	4,707
Stormwater and flood protection	341	233	367
Roading and transport	6,965	7,148	6,033
Solid waste management	2,959	3,038	3,023
Environmental management	749	1,222	631
Regulatory compliance	2,993	3,516	2,845
Parks and open spaces	900	808	698
Recreation and leisure	741	730	610
Community facilities	5,215	4,680	5,116
Economic and tourism support	812	20	76
Managing emergencies and natural hazards	65	45	29
Social development	324	297	339
Culture, heritage and arts	858	792	986
Democracy and administration	17,089	14,333	11,913
Reserves	5,481	6,259	9,375
Heart of Nelson	0	0	0
Total activity income	50,046	47,230	47,217
Less: internal interest	( 7,971)	(9,607)	( 7,018)
remissions	( 269)	(194)	( 194)
General rates received	33,128	33,055	30,237
Water rate	10,409	10,834	10,424
Sewerage rate	6,263	6,242	6,675
Stormwater rate	4,169	4,157	4,021
Civil Defence	3	1	4
Ridgeways joint venture	164	426	154
Sundry	0	133	( 147)
<b>Total Income</b>	<b>95,942</b>	<b>92,278</b>	<b>91,373</b>

	<b>Actual 2012 \$000</b>	<b>Estimate 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Expenditure</b>			
Water supply	10,731	10,913	10,133
Sewage disposal	9,732	9,670	8,751
Stormwater and flood protection	5,472	4,157	3,881
Roading and transport	15,797	13,980	12,106
Solid waste management	3,452	3,186	2,857
Environmental management	2,739	4,519	2,956
Regulatory compliance	4,966	5,042	4,789
Parks and open spaces	6,601	7,108	6,583
Recreation and leisure	3,886	4,149	3,390
Community facilities	8,644	8,018	8,545
Economic and tourism support	3,565	2,801	1,742
Managing emergencies and natural hazards	492	607	517
Social development	1,455	1,418	1,193
Culture, heritage and arts	4,706	5,051	4,335
Democracy and administration	15,273	13,381	11,606
Reserves	39	163	74
Heart of Nelson	147	200	122
<b>Total activity expenditure</b>	<b>97,697</b>	<b>94,163</b>	<b>83,581</b>
Less: internal interest	(7,971)	(9,607)	(7,018)
remissions	(269)	(194)	(194)
taxation	8	-	(8)
Civil Defence	(85)	4	(44)
Ridgeways	63	139	56
Sundry	371	332	(125)
<b>Total expenditure</b>	<b>89,814</b>	<b>84,837</b>	<b>76,248</b>

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

**Note 3 - Rates revenue**

	<b>Actual 2012</b>	<b>Actual 2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>General rates</b>	32,859	30,043
<b>Targeted rates:</b>		
Water	10,409	10,424
Sewerage	6,263	6,675
Stormwater	4,169	4,021
Total revenue from rates	<u>53,700</u>	<u>51,163</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.

Land affected by natural calamity

Households with dependant relatives in an additional unit

Heating appliance replacement (qualifying ratepayers)

Maintenance and protection of heritage buildings

	<b>Actual 2012</b>	<b>Actual 2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Total rates revenue</b>	53,969	51,357
<b>Rates remissions</b>		
Community, sporting and other organisations	67	62
Rates penalties	40	0
Rates for residential properties in commercial/industrial areas.	10	9
Rates on land protected for natural, historic or cultural conservation purposes.	0	0
Rates on cemeteries.	20	19
Rates on low value properties.	1	1
Heritage	66	63
Clean heat warm homes	47	38
Dependent relative	2	2
Land affected by natural calamity	16	0
Total remissions	<u>269</u>	<u>194</u>
Rates revenue net of remissions	<u>53,700</u>	<u>51,163</u>

## Note 4 - Other revenue

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
User charges	9,486	9,812	9,681	10,011
NZ Transport Authority grants	3,646	2,874	3,646	2,874
Regulatory revenue	2,762	2,677	2,762	2,677
Rental income and investment properties	5,797	5,235	5,857	5,294
Infringements and fines	741	739	741	739
Petrol tax	331	335	331	335
Vested assets	3,646	7,389	3,990	7,389
Interest income	126	100	205	198
Dividend income	6,853	2,394	0	0
Development/Financial contributions	2,879	3,728	2,879	3,728
Grants/donations <sup>1</sup>	3,343	3,166	3,999	3,661
Rugby World Cup cost recovery	783	0	783	0
Other	1,444	1,432	6,357	5,434
	<u>41,836</u>	<u>39,882</u>	<u>41,231</u>	<u>42,341</u>

### 1 - Grants/Donations

Includes contributions from Tasman District Council and others for Saxton Field and other regional developments of \$1.0 million (\$1.5 million in 2011).

A grant of \$400,000 was received in December 2011 from the New Zealand Lottery Grants Board towards construction of the Saxton Oval Pavilion. The facility and its uses are described in the Community Facilities section of the Annual Report.

**Note 5 - Other gains**

	Note	Council		Group	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Gain on changes in fair value of forestry assets	16	93	81	93	81
Gain on disposal of property, plant and equipment	14	24	17	60	40
Gain on sale of investments		0	0	0	0
Gain in fair value of investments		0	0	0	12
Provision discount unwinding		288	231	288	231
Gain on changes in fair value of investment property	17	0	0	0	0
<b>Total gains</b>		<b>406</b>	<b>329</b>	<b>442</b>	<b>365</b>

**Note 6 - Employee benefit expenses**

	Council		Group	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Salaries and wages	16,093	15,136	23,930	22,451
Employer contributions to multi-employer defined benefit plans	0	0	0	0
<b>Total employee benefit expenses</b>	<b>16,093</b>	<b>15,136</b>	<b>23,930</b>	<b>22,451</b>

## Note 7 - Other expenses

Note	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Payments to auditors for financial statement audit	121	121	177	175
Payments to auditors for other services	4	0	4	0
Payments to auditors for Long Term Plan and amendments	81	5	81	5
Impairments of receivables	18	41	18	41
Loss on disposal of property, plant and equipment	14	1,448	1,457	790
Loss on changes in fair value of forestry assets	16	0	0	0
Loss on changes in fair value of financial derivatives	23a	2,754	2,754	1,147
Decrease in value of investments		0	15	35
Other Operating Expenses		46,526	42,389	33,079
<b>Total other expenses</b>		<b>50,953</b>	<b>46,894</b>	<b>35,272</b>

In 2012 NCC's auditors provided other services in the form of audits relating to its Debenture Trust Deed and its amendment of the Investment Management Policy.

## Note 8 - Finance costs

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Interest costs	3,811	3,305	3,814	3,311
Write down interest free loans	195	204	195	204
<b>Total finance costs</b>	<b>4,006</b>	<b>3,509</b>	<b>4,009</b>	<b>3,515</b>

**Note 9 - Taxation**

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Components of tax expense</b>				
Current tax expense	(8)	8	411	308
Deferred tax expense	0	0	(27)	(7)
<b>Income tax expense</b>	<b>(8)</b>	<b>8</b>	<b>384</b>	<b>301</b>

**Relationship between tax expense and accounting profit**

Surplus/(deficit) before tax	6,130	15,126	7,170	17,884
Tax at 28% (30% 2011)	1,716	4,538	2,008	5,365
Non taxable income/adjustments	(1,724)	(4,530)	(1,624)	(5,064)
<b>Tax expense</b>	<b>(8)</b>	<b>8</b>	<b>384</b>	<b>301</b>

**Deferred tax assets/(liabilities)**

Balance 1 July	0	0	180	173
Opening Balance Adjustment	0	0	(19)	0
Charged to profit and loss	0	0	27	7
<b>Balance 30 June</b>	<b>0</b>	<b>0</b>	<b>188</b>	<b>180</b>

**Deferred taxation movements statement - Group**

	Property, Plant & Equipment	Provisions	Employee Entitlements	Other	Total
Balance as at 1 July 2010	18	19	159	(23)	173
Current year charge	4	(2)	17	(12)	7
Closing balance 30 June 2011	22	17	176	(35)	180
Balance as at 1 July 2011	22	17	176	(35)	180
Opening Balance Adjustment	(19)	0	0	0	(19)
Current year charge	8	(2)	15	6	27
Closing balance 30 June 2012	11	15	191	(29)	187



## Note 10 - Cash and cash equivalents

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Cash at bank and in hand	213	98	1,180	1,692
Short term deposits maturing three months or less from date of acquisition (Note 13)	2,200	0	2,600	0
<b>Total cash and cash equivalents</b>	<b>2,413</b>	<b>98</b>	<b>3,780</b>	<b>1,692</b>
Bank overdraft	(410)	(172)	(410)	(172)

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	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Cash at bank and in hand	213	98	1,180	1,692
Short term bank deposits maturing within three months	0	0	0	0
Bank overdrafts	(410)	(172)	(410)	(172)
<b>Total cash and cash equivalents</b>	<b>2,003</b>	<b>(74)</b>	<b>3,370</b>	<b>1,520</b>

**Note 11 - Trade and other receivables**

Note	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Rates receivables	2,510	2,138	2,510	2,138
Other receivables	4,314	6,445	5,401	7,248
Dividend receivable	1,600	1,600	1,600	1,600
Sundry debtors	2,566	2,752	2,612	2,779
	10,990	12,935	12,123	13,765
Less provision for impairment of receivables	0	0	4	4
	10,990	12,935	12,119	13,762
Prepayments	374	427	374	427
Community loans	6,574	6,102	6,574	6,102
Loans to related parties	1,200	1,121	1,200	1,121
	19,138	20,585	20,267	21,412
Less non-current portion:				
Loans to related parties	1,200	1,121	1,200	1,121
Community loans	5,927	5,543	5,927	5,543
<b>Total non-current portion</b>	<b>7,127</b>	<b>6,664</b>	<b>7,127</b>	<b>6,664</b>
<b>Current portion</b>	<b>12,011</b>	<b>13,922</b>	<b>13,140</b>	<b>14,748</b>
<b>Current Taxation Asset</b>	<b>76</b>	<b>104</b>	<b>0</b>	<b>0</b>

The loan to related parties is a loan of \$1.2 million to Tasman Bays Heritage Trust at zero interest rate.

Community loans include the following:

- Solar Saver \$1.0m (2011: \$0.9m). Term 10 yrs, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, Face value \$4.1m (2011: \$3.8m), term 10 yrs, zero interest rate. The loan has been written down based on a discounted interest rate of 6.25% (2011: 6.5%)
- Theatre Royal. Face value \$1.5m (2011: \$1.5m), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 6.25% (2010: 6.5%)
- Others \$1.5m (2011: \$1.4m), various repayment terms and interest rates.

*Fair value*

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

*Impairment*

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

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

The status of receivables as at 30 June 2012 and 2011 are detailed below:

	2012			2011		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	8,439	0	8,439	10,673	0	10,674
Past due 1 - 60 days	1,565	0	1,565	1,447	0	1,447
Past due 61 - 120 days	530	0	530	815	0	815
Past due > 120 days	456	0	456	0	0	0
<b>Total</b>	<b>10,990</b>	<b>0</b>	<b>10,990</b>	<b>12,935</b>	<b>0</b>	<b>12,936</b>
<b>Group</b>						
Not past due	9,281	0	9,284	11,341	0	11,342
Past due 1 - 60 days	1,813	(3)	1,810	1,597	(3)	1,594
Past due 61 - 120 days	566	0	566	824	0	824
Past due > 120 days	463	(1)	462	2	(1)	1
<b>Total</b>	<b>12,123</b>	<b>(4)</b>	<b>12,123</b>	<b>13,765</b>	<b>(3)</b>	<b>13,762</b>

**Note 12 - Inventories**

	<b>Council</b>		<b>Group</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Ridgeways properties	222	237	222	237
Civil Defence Inventories	2	0	2	0
Civic Trust - flag stocks	0	0	8	3
The Bishop Suter Gallery Stocks	0	0	25	26
Nelmac - stocks	0	0	348	287
Nelmac - work in progress	0	0	156	135
<b>Total inventories</b>	<b>224</b>	<b>237</b>	<b>761</b>	<b>688</b>

## Note 13 - Other financial assets

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	0	0	364	419
Total current portion	0	0	364	419
<b>Non-current portion</b>				
Unlisted shares -NZ LG Insurance Corp Ltd	140	140	140	140
Civic Trust - 1st NZ Securities	0	0	278	262
<b>Total non current portion</b>	140	140	418	402

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

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

**Note 14 - Property, plant and equipment**

<b>2012</b>	<b>Cost/ revaluation 30 June 2011 \$000</b>	<b>Accumulated depreciation and impairment charges 1 July 2011 \$000</b>	<b>Carrying amount 30 June 2011 \$000</b>	<b>Current year additions \$000</b>	<b>Current Yr net disposals/ transfers \$000</b>
<b>Council operational assets</b>					
Land	66,607		66,607	1,170	1,225
Buildings	28,562	(7,997)	20,565	1,789	(1,225)
Other improvements	1,411	(297)	1,114	299	
Landfill post closure	1,074	(481)	593		(128)
Library books	5,326	(3,644)	1,682	430	(3)
Plant and equipment	16,123	(12,197)	3,925	767	
Motor vehicles	1,077	(543)	534	80	(24)
Marina	8,767	(658)	8,109	777	
Total operational assets	128,947	(25,817)	103,129	5,312	(155)
<b>Council infrastructural assets</b>					
Sewerage system	127,646		127,646	4,557	(23)
Water system	126,414		126,414	5,085	
Drainage network	116,386		116,386	2,596	
Solid waste	5,076		5,076	159	
Roading network	239,246		239,246	7,074	
Roading land	276,472		276,472	1,054	(36)
Total infrastructural assets	891,240	0	891,240	20,525	(59)
<b>Council restricted assets</b>					
Land	92,397		92,397	832	
Buildings	48,206	(4,754)	43,453	2,819	
Other improvements	50,648	(6,806)	43,843	4,101	
Total restricted assets	191,251	(11,560)	179,693	7,752	0
<b>Total NCC property, plant and equipment</b>					
	1,211,438	(37,377)	1,174,062	33,589	(214)
<b>Subsidiaries property, plant and equipment</b>					
Land	1,408		1,408		
Buildings	4,027	(760)	3,267	49	
Leasehold improvements	22	(13)	9		
Plant and equipment	5,575	(3,592)	1,983	696	(26)
Motor vehicles	1,335	(841)	494	331	
Art Collection	6,499		6,499	428	
Capitalised work in progress	25		25	62	(25)
Total subsidiaries	18,891	(5,206)	13,685	1,566	(51)
<b>Total Group property, plant and equipment</b>					
	1,230,329	(42,583)	1,187,747	35,155	(265)

The above cost includes \$12.4 million work in progress, (\$17.7 million in 2010/11).

Nelson City Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. These assessments are being undertaken by independent consultants. It is likely that some buildings will be assessed as earthquake prone. Buildings assessed as earthquake prone will either require seismic strengthening or demolition in the longer term. Nelson City Council therefore expects that these seismic assessments may lead to the impairment of some buildings in coming years. Nelson City Council expects that the programme to complete all of the required assessments will extend over a number of years. See page 99 for more information on earthquake prone buildings.

Current year profit on disposal \$000	Current year Loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2012 \$000	Accumulated depreciation and impairment charges 30 June 2012 \$000	Carrying amount 30 June 2012 \$000
				69,002		69,002
		(660)		29,131	(8,662)	20,469
		(53)		1,710	(350)	1,360
		(10)		853	(397)	456
		(382)		5,731	(4,003)	1,728
		(783)		16,884	(12,974)	3,910
		(72)		1,072	(553)	519
		(189)		9,544	(847)	8,697
0	0	(2,149)	0	133,927	(27,786)	106,141
	(177)	(3,515)	17,481	145,970		145,970
	(226)	(3,857)	2,762	130,179		130,179
	(163)	(1,854)	(6,017)	110,948		110,948
		(231)	913	5,918		5,918
	(882)	(4,331)	9,480	250,587		250,587
24				277,514		277,514
24	(1,448)	(13,788)	24,619	921,116	0	921,116
		0		93,229		93,229
		(813)		51,025	(5,566)	45,459
		(1,698)		54,749	(8,504)	46,245
0	0	(2,511)	0	199,003	(14,070)	184,933
24	(1,448)	(18,448)	24,619	1,254,046	(41,856)	1,212,190
				1,408		1,408
		(109)		4,076	(869)	3,207
		(2)		22	(15)	7
		(506)		5,884	(3,736)	2,148
		(122)		1,508	(805)	703
				6,927		6,927
				62		62
0	0	(739)	0	19,887	(5,425)	14,462
24	(1,448)	(19,187)	24,619	1,273,933	(47,281)	1,226,652

## NOTES TO ACCOUNTS

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



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

**Note 15 - Intangible assets**

	<b>Council Computer Software \$000</b>	<b>Council Total \$000</b>	<b>Group Computer Software \$000</b>	<b>Group Total \$000</b>
<b>Balance 1 July 2011</b>				
Cost	2,545	2,545	160	2,705
Accumulated amortisation and impairment	(1,296)	(1,296)	(137)	(1,433)
Opening carrying amount	<u>1,249</u>	<u>1,249</u>	<u>23</u>	<u>1,272</u>

Additions	414	414	57	471
Disposals	-	-	(11)	(11)
Amortisation charge	(314)	(314)	1	(313)
Closing carrying amount	<u>1,350</u>	<u>1,350</u>	<u>70</u>	<u>1,420</u>

<b>Balance at 30 June 2012</b>				
Cost	2,960	2,960	206	3,166
Accumulated amortisation and impairment	(1,610)	(1,610)	(136)	(1,746)
Closing carrying amount	<u>1,350</u>	<u>1,350</u>	<u>70</u>	<u>1,420</u>

	<b>Council Computer Software \$000</b>	<b>Council Total \$000</b>	<b>Group Computer Software \$000</b>	<b>Group Total \$000</b>
<b>Balance 1 July 2010</b>				
Cost	2,209	2,209	157	2,366
Accumulated amortisation and impairment	(1,070)	(1,070)	(127)	(1,197)
Opening carrying amount	<u>1,139</u>	<u>1,139</u>	<u>30</u>	<u>1,169</u>

Additions	336	336	3	339
Amortisation charge	(226)	(226)	(10)	(236)
Closing carrying amount	<u>1,249</u>	<u>1,249</u>	<u>23</u>	<u>1,272</u>

<b>Balance at 30 June 2011</b>				
Cost	2,545	2,545	160	2,705
Accumulated amortisation and impairment	(1,296)	(1,296)	(137)	(1,433)
Closing carrying amount	<u>1,249</u>	<u>1,249</u>	<u>23</u>	<u>1,272</u>

## Note 16 - Forestry assets

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Balance at 1 July	4,142	4,061	4,142	4,061
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	110	496	110	496
Decreases due to sales	0	0	0	0
Decrease due to harvest	(17)	(415)	(17)	(415)
<b>Balance 30 June</b>	<b>4,235</b>	<b>4,142</b>	<b>4,235</b>	<b>4,142</b>

The Nelson City Council owns 615 hectares, (580 at 30 June 2011), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1976 and 2011. Stands of other species totalling 8.6 hectares, (8.6 at 30 June 2011), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2012. A discount rate of 7%, (7% in 2010/11), has been used in discounting the present value of expected after tax cash flows.

**Note 17 - Investment properties**

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Balance at 1 July</b>	840	875	840	875
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Fair value gains/(losses) on valuation (Note 7)	0	(35)	0	(35)
<b>Balance at 30 June</b>	<b>840</b>	<b>840</b>	<b>840</b>	<b>840</b>

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

The June 2012 revaluation indicated a gain of \$80k, subject to an impairment for remedial work for earthquake strengthening. A report has been commissioned from WR Andrew to indicate the potential scope and cost of the remedial work. As this cost is unknown at balance date but assumed to be substantial, the revaluation gain has not been taken up.

## Note 18 - Investments in associates and subsidiaries

<b>Council</b>	<b>Proportion of ownership</b>	<b>2012</b>	<b>2011</b>
		<b>\$000</b>	<b>\$000</b>
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
<b>Council total</b>		<b>21,183</b>	<b>21,183</b>
<b>Group</b>		<b>2012</b>	<b>2011</b>
		<b>\$000</b>	<b>\$000</b>
Port Nelson Limited		65,938	67,371
Tasman Bays Heritage Trust		7,363	7,346
Nelson Airport Limited		4,223	3,753
Tourism Nelson Tasman Limited		40	20
<b>Total Group Investment</b>		<b>77,564</b>	<b>78,490</b>

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

## NOTES TO ACCOUNTS

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance	78,489	76,422
Prior period adjustment	0	0
New investment	25	0
	<u>78,514</u>	<u>76,422</u>
Disposals	0	0
	<u>78,514</u>	<u>76,422</u>
Share of recognised revenues and expenses	6,130	3,922
Share of revaluations	(568)	243
	<u>84,077</u>	<u>80,588</u>
Share of dividend	6,513	2,100
	<u>6,513</u>	<u>2,100</u>
<b>Balance as at 30 June 2012</b>	<u><u>77,564</u></u>	<u><u>78,488</u></u>

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Assets	221,212	223,077
Liabilities	66,087	66,098
Equity	155,125	156,979
Revenues	50,011	46,632
Surplus/(deficit)	12,258	7,844

## Note 19 - Joint Ventures

2012	Regional Sewerage	Ridgeways	Civil	Total
	Scheme	JV	Defence	
	\$000	\$000	\$000	\$000
Current assets	67	395	166	629
Non-current assets	29,068	0	90	29,158
Current liabilities	1,314	15	2	1,330
Non-current liabilities	8,563	0	-	8,563
Income	3,780	187	291	4,258
Expenses	3,129	86	204	3,418

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

**Note 20 - Trade and other payables**

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Trade payables	9,069	10,730	8,876	10,559
Deposits and bonds	416	589	416	589
Accrued expenses	1,089	1,085	1,127	1,135
Income in advance	1,982	1,973	2,316	2,419
Trust accounts	130	133	130	133
Amounts due to customers for contract work	112	116	112	116
Other	280	193	280	193
<b>Total trade and other payables</b>	<b>13,078</b>	<b>14,819</b>	<b>13,257</b>	<b>15,144</b>
Taxation	0	0	93	0

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



## Note 21 - Provisions

	Council		Group	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>Current provisions are represented by:</b>				
Warranty provisions	0	0	15	15
<b>Total current provisions</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>15</b>
<b>Non-current provisions are represented by:</b>				
Landfill redemption	972	588	972	588
<b>Total non current provisions</b>	<b>972</b>	<b>588</b>	<b>972</b>	<b>588</b>
Balance 1 July	588	468	588	468
Reassessment of liability	363	78	363	78
Provision for year based on consumption	6	18	6	18
Interest	15	25	15	25
<b>Balance 30 June</b>	<b>972</b>	<b>589</b>	<b>972</b>	<b>589</b>

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

The remaining capacity of the site is 1.298 million cubic metre (refuse, clean fill and cover).

The estimated remaining life is 29 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 nine to fifty nine years time, (between 2041 and 2071). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.5% (6.5% in 2010/12), and an inflation rate of 2.5% (2.5% in 2010/11)

**Note 22 - Employee Benefit Liabilities**

	<b>Council</b>		<b>Group</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Accrued pay	305	225	508	407
Annual leave	977	974	1,643	1,609
Long service leave	254	238	295	278
Retirement gratuities	171	169	246	238
Sick leave	36	38	36	38
<b>Total employee benefit liabilities</b>	<b>1,743</b>	<b>1,644</b>	<b>2,728</b>	<b>2,570</b>
Comprising:				
Current	1,417	1,331	2,334	2,188
Non-current	326	313	393	382
<b>Total employee benefit liabilities</b>	<b>1,743</b>	<b>1,644</b>	<b>2,728</b>	<b>2,570</b>

## Note 23 - Borrowings

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Current</b>				
Secured loans	0	0	0	0
Commercial Paper	39,687	9,923	39,687	9,923
EECA loan	30	30	30	30
The Bishop Suter Gallery loans	0	0	57	57
<b>Total current borrowings</b>	<b>39,717</b>	<b>9,953</b>	<b>39,774</b>	<b>10,010</b>
<b>Non-current</b>				
Secured loans	25,535	48,610	25,535	48,610
EECA loan	5	35	5	35
The Bishop Suter Gallery loans	0	0	123	181
<b>Total non-current borrowings</b>	<b>25,540</b>	<b>48,645</b>	<b>25,663</b>	<b>48,826</b>

The Council's and Regional Sewerage secured loans and Commercial Paper are secured over the city's rates.

As at 30 June 2012 the Council had borrowing facilities of \$82.5 million with Westpac Banking Corporation and \$15m with ANZ National Limited. At balance date \$25.5 million of the total \$97.5m facility was drawn down.

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

The interest rates on the Council and Regional Sewerage borrowings range from 3.03% to 3.95%. The weighted average interest rate on the above loans was 3.34%, (4.46% in 2010/11).

**Note 23a - Derivative Financial Instruments**

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Current Liability</b>				
Interest Rate Swaps	16	0	16	0
<b>Total current liability</b>	<u>16</u>	<u>0</u>	<u>16</u>	<u>0</u>
<b>Non-current Liability</b>				
Interest Rate Swaps	3,885	1,147	3,885	1,147
<b>Total non-current liability</b>	<u>3,885</u>	<u>1,147</u>	<u>3,885</u>	<u>1,147</u>
<b>Total derivative financial instrument liabilities</b>	<b>3,901</b>	<b>1,147</b>	<b>3,901</b>	<b>1,147</b>

The Council has \$75m notional principal of interest rate swaps (2011: \$61m), with maturity dates between December 2012 and March 2022. Fixed interest rates range from 2.77% to 5.365%.

\$18m of that notional principal are forward start swaps, with start dates between July 2012 and May 2015

## Note 24 - Equity

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Retained earnings</b>				
As at 1 July	324,956	309,844	352,802	334,503
Transfers to:				
Restricted reserves	(1,918)	(1,988)	(1,918)	(1,988)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment	0	0	529	162
	0	0	0	0
Restricted reserves	1,860	1,982	1,860	1,982
Surplus/(deficit) for the year	6,136	15,118	6,786	17,582
Associates revaluation	0	0	19	561
<b>As at 30 June</b>	<b>331,034</b>	<b>324,956</b>	<b>360,078</b>	<b>352,802</b>
<b>Restricted reserves</b>				
As at 1 July	2,438	2,432	2,438	2,432
Transfers to:				
Retained earnings	(1,860)	(1,982)	(1,860)	(1,982)
Transfers from:				
Retained earnings	1,918	1,988	1,918	1,988
<b>As at 30 June</b>	<b>2,496</b>	<b>2,438</b>	<b>2,496</b>	<b>2,438</b>
<b>Hedging Reserve</b>				
Port Nelson Limited:				
As at 1 July	0	0	(679)	(637)
Fair value movement	0	0	(677)	(61)
Deferred tax movement	0	0	170	19
<b>As at 30 June</b>	<b>0</b>	<b>0</b>	<b>(1,186)</b>	<b>(679)</b>
<b>Contingency reserve</b>				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
<b>As at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

## NOTES TO ACCOUNTS

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Asset revaluation reserve</b>				
As at 1 July	818,229	790,974	864,201	837,386
Revaluation gains/(losses)	24,619	27,255	24,619	27,255
Share of associates revaluation	0	0	(52)	(278)
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	0	0	(529)	(162)
<b>As at 30 June</b>	<b>842,848</b>	<b>818,229</b>	<b>888,239</b>	<b>864,201</b>
Asset revaluation reserve consists of:				
<b>Nelson City Council:</b>				
Land	146,628	146,628	146,628	146,628
Sewerage infrastructure	100,956	86,848	100,956	86,848
Water infrastructure	108,328	105,566	108,328	105,566
Drainage infrastructure	78,960	84,977	78,960	84,977
Solid waste infrastructure	5,434	4,521	5,434	4,521
Roading infrastructure	391,338	381,858	391,338	381,858
<b>Regional Sewerage Scheme</b>				
Land	840	840	840	840
Forestry	16	16	16	16
Plant and equipment	3	3	3	3
Sewerage infrastructure	10,345	6,972	10,345	6,972
<b>Port Nelson:</b>				
Land	0	0	38,658	39,222
Wharves	0	0	5,123	5,123
Buildings	0	0	456	456
Associate's revaluation reserve	0	0	76	93
<b>Tasman Bays Heritage Trust - land</b>	0	0	511	511
<b>Nelmac - land</b>	0	0	567	567
Total asset revaluation reserve	842,848	818,229	888,239	864,201
<b>Total Other Reserves</b>	<b>845,394</b>	<b>820,717</b>	<b>889,599</b>	<b>866,010</b>
<b>Total Equity</b>	<b>1,176,428</b>	<b>1,145,673</b>	<b>1,249,677</b>	<b>1,218,812</b>

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

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Surplus/(deficit) after tax</b>	6,136	15,118	6,786	17,582
<b>Add non-cash items:</b>				
Depreciation and amortisation	18,760	17,969	19,499	18,670
Write down interest free loan	195	204	195	204
Revaluation of derivative Instruments	2,754	1,058	2,754	1,058
Impairment charges	0	0	0	0
Provision for discount unwinding	(288)	(231)	(288)	(231)
Increase in deferred tax	0	0	(8)	(7)
Vested assets	(3,646)	(7,389)	(3,990)	(7,389)
Non cash donations/grants	0	0	0	0
Associated (surplus) ex dividends	0	0	384	(1,808)
(Gains)/losses in fair value of forestry assets	(93)	(81)	(93)	(81)
(Gains)/losses in fair value of investments	0	35	15	35
Movement in landfill liability	384	121	384	121
<b>Add/(less) items classified as investing or financial activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	1,424	773	1,397	750
(Gains)/losses on disposal of investments classified as fair value through equity	0	0	0	0
(Gains)/losses on fair value of investments	0	0	0	(12)
Movement in non current provisions	0	0	0	0
Movement in capital creditors	2,639	23	2,696	102
Movement in borrowings related accrual	0	0	0	0
Movement in investment related accounts receivable	551	1,323	551	1,174
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	1,449	(2,192)	1,145	(2,161)
Inventories	13	8	(73)	60
Accounts payable	(1,746)	(733)	(1,889)	(736)
Income tax payable	28	(154)	93	(232)
Employee benefits	98	164	156	292
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28,659</b>	<b>26,018</b>	<b>29,714</b>	<b>27,394</b>

**Note 26 - Capital commitments and operating leases**

	Council		Group	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
<b>Capital commitments</b>				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	3,291	5,424	3,291	5,424
Civic Trust	0	0	13	16
Nelmac	0	0	0	68
The Bishop Suter Trust	0	0	0	0
Tasman Bay Heritage Trust	0	0	0	0
Tourism Nelson Tasman Ltd	0	0	2	2
Port Nelson Ltd	0	0	4	299
Nelson Airport Ltd	0	0	0	1,382
	<u>3,291</u>	<u>5,424</u>	<u>3,310</u>	<u>7,191</u>
<b>Operating leases as lessee</b>				
Less than one year	0	0	117	160
One to five years	0	0	96	223
Over five years	0	0	0	0
	<u>0</u>	<u>0</u>	<u>213</u>	<u>383</u>
<b>Operating lease as lessor</b>				
Nelson City Council	57	57	57	57
Nelson Airport Limited	0	0	795	749
Port Nelson Limited	0	0	13,892	13,196
	<u>57</u>	<u>57</u>	<u>14,744</u>	<u>14,002</u>



## Note 27 - Contingent Liabilities

Contingent liabilities are as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Council</b>		
Weather tight homes	344	172
Celtic Rugby Football Club	145	145
Housing NZ Loan for Orchard Flats refurbishment	1,170	392
	1,659	709
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture (see below)	0	0
<b>Total Council</b>	1,659	709
Port Nelson Limited (see below)	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	111	109
<b>Total Group</b>	1770	818

### Weather Tight Homes:

During the 2010, 2011 and 2012 financial years the Board of RiskPool made calls for \$172,454 in each year. When initially invoicing the \$172,454 in 2010 the Board noted that there were likely to be similar calls in each of the two subsequent years, but pointed out that the actual calls would "... depend upon the evolution of the liability environment and the flow-on effect on open claim provisions." Both of these calls have subsequently occurred and were expensed in June 2011 and June 2012. Riskpool have recently confirmed that a further call will be made in 2013, for the same amount, and have foreshadowed one further likely call in 2014. As at July 2012, Riskpool were unable to quantify the likely 2014 call as the Board were yet to see the accounts to 30 June 2012. For the purposes of this note we assume that the 2014 call will be the same as for prior years.

### Celtic Rugby Football Club

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

### Housing NZ Loan for Orchard Flats Refurbishment

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

### Port Nelson:

2012: The Calwell Slipway basin contains contaminated seabed sediments. Port Nelson has title to this area of seabed. While the marine engineering and vessel coating industries in and around the slipway area are now controlled the historical contamination still persists in the sediments. The on-going sedimentation of the basin now requires dredging to allow for the on-going operation of the slipway. Port Nelson, together with Nelson City Council, has obtained funding from the Ministry for the Environment (MFE) to undertake Remediation Planning (Phase Three) work to establish a preferred approach for the remediation of the contaminated sediments. It is hoped that once Phase Three is successfully completed funding from MFE for Site Remediation (Phase Four) will also be obtained. Phase Three is scheduled to be completed in the 2013 financial year and at that stage Port Nelson hopes to be able to quantify any liability associated with the eventual remediation works.

2011: Port Nelson continues to have an obligation to Stage 3 property owners to provide technical advice, where requested, and to consider providing financial assistance for mitigation works (50% of costs). The decision on whether to provide financial assistance will be based on a recommendation made to Port Nelson by the Port Noise Liaison Committee. Port Nelson cannot currently quantify the cost of this obligation at 30 June 2012. The Noise Variation within the Nelson City Resource Management Plan was notified with effect on 14 July 2008. Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase 11 closest properties in the residential zone adjacent to the port. (These are houses that are exposed to night time Ldn from port generated noise of 65 dBa or more). For properties in the 55 to 59.9dBa and 60 to 64.9 dBa areas, offers have been made by Port Nelson to owners in these areas to cover 50 percent of the noise mitigation cost. There is no offer for the purchase of these properties required. For properties in the 60 to 64.9dBa area Port Nelson is required to approach all owners with this offer. For properties in the 55 to 59.9 dBa area the owners are required to approach Port Nelson and seek approval for this. Offers will include 50 percent of the costs of building work, any professional fees, building consents, preparation of drawings and project management. The contingent asset associated with UNIMAR in 2010 and the vessel the Marsol Pride was not realised.

### **Ridgeways Joint Venture**

2012: The joint venture has received an insurance claim for damage to an adjacent property, which has been claimed was caused as a result of earthworks undertaken by the joint venture. The joint venture will defend the claim.

### **The Bishop Suter Trust**

2012: The Trust has a contingent liability with the Nelson Suter Art Society, as per a Deed of Agreement made in 1978. This liability comes into effect only if the Trust breaches the term of the deed.

## Note 28 - Related party transactions

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

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

It also has five associates:

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

and three joint ventures:

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

The following matters are therefore disclosed:

	<u>2012</u>	<u>2011</u>
	<u>\$000</u>	<u>\$000</u>
<b>Nelmac Limited</b>		
Amounts paid by Nelson City Council	12,042	10,691
Amounts paid to Nelson City Council	482	476
Dividend paid to Nelson City Council	340	294
Amount payable by Nelson City Council	1,600	1,765
Amount payable to Nelson City Council	43	38
<b>Nelson Regional Economic Development Agency</b>		
Amounts paid by Nelson City Council	714	741
Amounts paid to Nelson City Council	34	36
Amount payable by Nelson City Council	35	10
Amount payable to Nelson City Council	1	1
<b>The Bishop Suter Trust</b>		
Amounts paid by Nelson City Council	549	527
Amounts paid to Nelson City Council	0	3
<b>Port Nelson Limited</b>		
Amounts paid by Nelson City Council	45	12
Amounts paid to Nelson City Council	398	433
Dividend paid/payable to Nelson City Council	6,100	2,050
Amount payable by Nelson City Council	3	2
Amount payable to Nelson City Council	12	8

## NOTES TO ACCOUNTS

	<u>2012</u>	<u>2011</u>
	\$000	\$000
<b>Nelson Airport Limited</b>		
Amounts paid to Nelson City Council	286	296
Dividend paid/payable to Nelson City Council	413	0
Amount payable to Nelson City Council	11	13
Nelson Airport Limited leases the airport land from the Nelson City Council under a 60 year evergreen lease for peppercorn rental.		
<b>Tasman Bays Heritage Trust</b>		
Amounts paid by Nelson City Council	860	762
Loan from Nelson City Council	1,200	1,200
<b>Tourism Nelson Tasman Limited</b>		
Amounts paid by Nelson City Council	427	480
Amounts paid to Nelson City Council	58	57
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	0	0
<b>Nelson Regional Sewerage Business Unit</b>		
Amounts paid by Nelson City Council	2,780	2,701
Amounts paid to Nelson City Council	154	144
Amounts paid to Nelson City Council as return on investment	560	884
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	1,437	2,661
<b>Nelson Tasman combined Civil Defence Organisation</b>		
Amounts paid by Nelson City Council	273	225
Amounts paid to Nelson City Council	12	12
Computer equipment rental payable to Nelson City Council	3	11
Amount payable by Nelson City Council	288	98
<b>Ridgeways Joint Venture</b>		
Amounts paid to Nelson City Council	23	184

### 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).

### Councillors

Councillor Boswijk's partner Eelco Boswijk is a 50% owner of Marchfest Ltd and during 2011/12 the Council paid the company \$205 (\$9,059 in 2010/11)

Councillor Rainey is a director of Eventiac Limited and during 2011/12 the Council paid the company \$nil (\$5,750 in 2010/11)

Councillor Copeland provided design services through her company, Divine Design and during 2011/12 the Council paid Divine Design \$1,250 (\$1,000 in 2010/11)

Councillor Copeland's partner Huup Waagen provides event production services to council and during 2011/12 the Council paid him \$21,045 (\$18,937 in 2010/11).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2010/11 \$Nil).

#### *Key management personnel compensation:*

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Salaries and other short term employee benefits	2,239	2,090
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	69

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. Since 17/4/12 Nelson City Council has had an Acting Chief Executive pending a new appointment.

Chief Executive remuneration for the year to 30 June 2012 was:

1/7/11 to 16/4/12	\$311,402	including annual leave owing of \$63,672
17/4/12 to 30/6/12	<u>\$43,941</u>	
	<u>\$355,343</u>	(\$288,542 in 2010/11).

### Elected representatives

Total remuneration:

	Council		Group	
	2012	2011	2012	2011
Mayor Marshall (Mayor to Oct 2010)	0	30,977	0	30,977
Mayor Miccio (Mayor from Oct 2010)	106,219	82,144	106,219	82,144
Councillor Barker	37,925	35,782	37,925	35,782
Councillor Boswijk	37,792	36,260	37,792	36,260
Councillor Collingwood	37,792	36,755	37,792	36,755
Councillor Cotton	0	8,505	0	9,198
Councillor Henigan	0	8,505	0	8,505
Councillor Holmes	0	10,627	0	10,627
Councillor McAlpine	0	8,505	0	8,505
Councillor Thomas	0	10,627	0	10,627
Councillor Rainey	37,792	36,260	37,792	36,260
Councillor Reese	37,926	40,737	37,926	40,737
Councillor Shaw	31,173	30,636	31,173	30,636
Councillor Copeland	30,333	20,665	30,333	20,665
Councillor Davy	30,333	20,665	30,333	20,665
Councillor Fulton	30,333	20,665	30,333	20,665
Councillor Matheson	30,333	20,665	30,333	20,665
Councillor Rackley	30,333	20,665	30,333	20,665
Councillor Ward	31,173	20,665	31,173	20,665
	<u>509,457</u>	<u>500,310</u>	<u>509,457</u>	<u>501,003</u>

Councillor Cotton was a director of Nelmac Limited and received directors fees of \$0 (\$693 in 2010/11).

This is included in the group total remuneration above

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

	<b>2012</b>	<b>2011</b>
Councillor Barker	974	527
Councillor Collingwood	0	1,649
Councillor Reese	974	1,785
Councillor Shaw	0	723
	<u>1,948</u>	<u>4,684</u>

The salaries paid to the Executive Team during the year ended 30 June 2012 in bands of \$10,000 and over \$100,000 are as follows:

<b>Range of earnings for year</b>	<b>No.</b>	
\$310,000 - 320,000	1	Part year, including annual leave owing
\$190,000 - 200,000	1	
\$180,000 - 190,000	3	One of which changed position during the year
\$170,000 - 180,000	1	Part Year
\$160,000 - 170,000	1	
\$150,000 - 160,000	1	
\$110,000 - 120,000	2	Both of which changed position during the year

### **Note 30 - Severance payments**

For the year ended 30 June 2012 Nelson City Council made 4 (4 in 2010/11) severance payments to employees of \$34,432 (\$117,173 in 2010/11).

The value of each of the severance pays was \$2,500 and \$13,500 and \$8,432 and \$10,000 (\$69,371, \$1,500, \$10,000 and \$36,302 in 2010/11).

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

There were no significant post balance date events.

## Note 32 - Financial instruments

### A. Financial instrument categories

	Council		Group	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	2,413	98	3,780	1,692
Trade and other receivables	10,990	12,936	12,123	13,766
Other financial assets				
- term deposits	0	0	364	419
- community loans	6,574	6,102	6,574	6,102
- loans to related parties	1,200	1,121	1,200	1,121
Total loans and receivables	21,177	20,257	24,041	23,100
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	0	0	0	0
Civic Trust - Investments	0	0	278	262
<b>Fair value through other comprehensive income</b>				
Shares in NZ Local Govt Insurance Corp Ltd	140	140	140	140
	21,317	20,397	24,459	23,502

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

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

### Financial Liabilities

#### Financial liabilities at amortised cost

Creditors and other payables	13,078	14,816	13,257	15,139
- Bishop Suter Gallery loans	0	0	180	238
- bank overdraft	410	172	410	172
- EECA loan	35	65	35	65
- commercial paper	39,687	9,923	39,687	9,923
- secured loans	25,535	48,610	25,535	48,610
Total financial liabilities at amortised cost	78,745	73,586	79,104	74,146
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	3,901	1,147	3,901	1,147
Total fair value through profit and loss	3,901	1,147	3,901	1,147



## B. Fair value hierarchy disclosures

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

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

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

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

### 2012 Council

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
<b>Financial Assets</b>				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
<b>Financial Liabilities</b>				
Derivative financial instruments	3,901	0	3,901	0

### 2012 Group

	Total	Quoted market price	Valuation technique observable inputs	Significant non- observable inputs
<b>Financial Assets</b>				
Derivative financial instruments	0	0	0	0
shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	278	0	0	278
<b>Financial Liabilities</b>				
Derivative financial instruments	3,901	0	3,901	0

## NOTES TO ACCOUNTS

### 2011 Council

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

### 2011 Group

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

### C. Financial instrument risks

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

#### Market risk

##### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Nelson City Council only holds short term investments with the major banks, and holds no listed equity instruments.

##### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Nelson City Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

### **Interest rate risk**

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into rate options or interest rate swap agreements. As at 30 June 2012 the Council had entered into interest swap agreements to a value of \$ 75 million at interest rates between 2.77% and 5.365%, (\$61m in 2010/11).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 3.10%.

The interest rates on Nelson City Council borrowings are disclosed in note 23.

### **Fair values**

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

### **Credit risk**

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

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

Details of the investments are outlined in Notes 10 and 18. There are no investments held with the major banks (nil in 2010/11).

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

### **Community Loans**

Nelson City Council has \$6.6 million of community loans and there is a risk that some of these could be defaulted on. Nelson City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for a mortgage securing a community loan with a face value of \$1.5 million, (\$1.5 million in 2010/11).

### **Maximum exposure to credit risk**

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

	<b>Council</b>		<b>Group</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and term deposits	2,413	98	4,144	2,111
Trade and other receivables	10,990	12,936	12,123	13,766
Community and related party loans	7,774	7,223	7,774	7,223
Financial guarantees and possible claims	1,659	709	1,659	709
Derivative financial instruments	0	0	0	0
	<b>22,836</b>	<b>20,966</b>	<b>25,700</b>	<b>23,809</b>

## NOTES TO ACCOUNTS

### **Credit quality of financial assets**

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

	<b>Council</b>		<b>Group</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Counterparties with Credit Ratings				
Cash and cash equivalents:				
AA-	2,413	98	3,780	1,692
Other financial assets - Loans and receivables				
AA-	0	0	364	419
Derivative financial assets				
AA-	0	0	0	0
Counterparties without credit ratings				
Community Loans:				
Existing counterparty with no defaults in the past				
	6,574	6,102	6,574	6,102
Loans to related parties:				
Existing counterparty defaulted at 30 June 2012, loan arrangements under review.				
	1,200	1,121	1,200	1,121
Unlisted shares:				
Existing counterparty with no defaults in the past				
	140	140	140	140
Investments:				
Existing counterparty with no defaults in the past				
	0	0	278	262

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

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

## Liquidity risk

### Management of liquidity risk

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

Council provide security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2012 had security stock issued of \$124m and debenture stock issued of \$40m. These stock amounts provide security for bank facilities, swap facilities and commercial paper.

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

The policy was amended through the Long Term Plan 2012-22 to allow the Council to borrow from the Local Government Funding Agency, however these changes to the policy don't come into effect until adoption of the LTP 2012-22 on 19 July 2012.

Nelson City Council has an overdraft facility of \$200,000, against which \$410,000 was drawn at balance date (2011: \$172,000). The overdraft occurred when a single cheque in the amount of \$797,000 was cleared earlier than anticipated.

2012 Council	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	2,413	2,413			
Trade and other receivables	10,990	10,990			
Other financial assets					
- term deposits	0	0			
- community loans	6,574	647	647	1,796	3,484
- loans to related parties	1,200	0	1,200		
Derivative financial instruments	0	0			
	<u>21,177</u>	<u>14,050</u>	<u>1,847</u>	<u>1,796</u>	<u>3,484</u>

<b>Contractual maturity analysis of financial liabilities</b>					
Creditors and other payables	13,078	13,078			
- bank overdraft	410	410			
- EECA loan	35	30	5		
- commercial paper	39,687	39,687			
- secured loans	25,535	0	25,535		
Derivative financial instruments	3,901	16	192	1,714	1,979
	<u>82,646</u>	<u>53,221</u>	<u>25,732</u>	<u>1,714</u>	<u>1,979</u>

2012 Group	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	3,780	3,780			
Trade and other receivables	12,123	12,123			
Other financial assets					
- term deposits	364	364			
- community loans	6,574	647	647	1,796	3,484
- loans to related parties	1,200	0	1,200		
Derivative financial instruments	0	0			
	<u>24,041</u>	<u>16,914</u>	<u>1,847</u>	<u>1,796</u>	<u>3,484</u>

## NOTES TO ACCOUNTS

### Contractual maturity analysis of financial liabilities

Creditors and other payables	13,257	13,257		
- bank overdraft	410	410		
- EECA loan	35	30	5	
- commercial paper	39,687	39,687		
- secured loans	25,535	0	25,535	
Suter Loans	180	57	123	
Derivative financial instruments	3,901	16	192	1,714 1,978
	<u>83,005</u>	<u>53,457</u>	<u>25,855</u>	<u>1,714 1,978</u>

### Sensitivity analysis

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

Council	2012 \$000				2011 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- local authority stock	0	0	0	0	0	0	0	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(3,088)	0	2,926	0	(3,681)	0	1,228	0
<b>Total sensitivity to interest rate risk</b>	<u>(3,088)</u>	<u>0</u>	<u>2,926</u>	<u>0</u>	<u>(3,681)</u>	<u>0</u>	<u>1,228</u>	<u>0</u>

Group	2012 \$000				2011 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- local authority stock	0	0	0	0	0	0	0	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(3,088)	0	2,926	0	(3,681)	0	1,228	0
<b>Total sensitivity to interest rate risk</b>	<u>(3,088)</u>	<u>0</u>	<u>2,926</u>	<u>0</u>	<u>(3,681)</u>	<u>0</u>	<u>1,228</u>	<u>0</u>

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

## Note 33

### EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from Nelson City Council's estimated 2011/12 figures are as follows:

#### *Statement of comprehensive income*

The December 2011 rainfall event had a significant impact on the results for 2011/12. \$3.8 million unbudgeted operating expenditure was incurred in total, offset by emergency grants of \$604,000 from the New Zealand Transport Agency. Democracy (relating to immediate response costs), Transport, and Stormwater were impacted most severely by these unexpected costs. The diversion of staff to deal with the event impacted the Regulatory activity in particular, driving down both income and expenditure. The capital programme was also affected, causing significant delays in projects as staff and other resources were directed towards the response and recovery.

Other revenue was \$3.7 million favourable to budget mainly due to a special dividend from Port Nelson Ltd of \$4 million.

There were many other unders and overs that largely net off. The major ones were:

- Waste water is \$376,000 favourable to budget, where trade waste charges were \$349,000 over budget due to better than anticipated volumes from the Council's two largest customers.
- Transport is over budget by \$50,000, resulting from \$604,000 extra income from NZTA in relation to repairs after the December 2011 rainfall event offset by parking income under budget by \$433,000.
- Regulatory compliance down \$523,000 reflecting current activity levels and staff time spent on the December 2011 rainfall event.
- Environmental Management is under budget by \$473,000. Lower activity relating to Clean Heat Warm Homes and Solar Saver programmes account for \$574,000 under budget, offset by unbudgeted income for the monitoring of contaminated sites.
- Economic and Tourism Support recoveries are above budget by \$792,000 reflecting recovery of costs relating to the Rugby World Cup 2011. There is a direct offset to this in other expenditure.
- Community facilities was \$535,000 over, where the Housing NZ loan for Orchard Street Flats refurbishment was treated as a grant.
- The dividend from Nelson Airport Ltd was also above budget by \$235,000, as a result of the late declaration of the 2010/11 dividend.
- Development/financial contributions were over budget by \$55,000.

Depreciation was \$652,000 unfavourable to budget mainly due to 30 June 2011 asset revaluations, the effect of which was underestimated in the budget.

Finance costs were \$88,000 favourable to budget due to the use of Commercial Paper funding to minimise the average interest rate.

The other expenses are \$4.0 million unfavourable to budget largely due to the effect of the Interest Rate Swap revaluation (\$2.8 million), with other significant variances as follows:

Water supply being \$206,000 under budget mainly due to unplanned maintenance expenditure not occurring.

- Waste water being \$246,000 over budget reflecting recovery costs from the December 2011 rainfall event.
- Stormwater expenditure is over budget by \$1.3 million relating to recovery costs from the December 2011 rainfall event.
- Transport is over budget by \$1.9 million, \$882,000 relating to the write-down of retired assets, and the remainder as a result of recovery costs from the December 2011 rainfall event.

## NOTES TO ACCOUNTS

- Solid Waste being \$300,000 over budget due to the revaluation of closure costs for the York Valley Landfill.
- Environmental management was \$1.9 million under due to slower than planned uptake on solar saver (\$172,000) and clean heat warm homes schemes (\$802,000), and staff costs under budget by \$660,000 due to reallocation of resources.
- Parks and Open Space was \$183,000 above budget relating to recovery costs from the December 2011 rainfall event.
- Recreation and Leisure was \$247,000 under budget reflecting savings in the swimming pools contract pricing and \$58,000 less than expected for the Natureland grant.
- Economic and Tourism support is \$766,000 over budget relating to Rugby World Cup 2011, and offset in Other Revenue.
- Managing Emergencies and Natural Hazards is \$109,000 under budget as the issue of a capital grant to Civil Defence of \$150,000 for new premises has been delayed.
- Culture, Heritage and Arts is under budget by \$332,000 mainly due to the capital grant earmarked for the Bishop Suter Art Gallery for redevelopment costs being under budget due to delays in the project.
- Democracy is \$2.7 million over budget including \$2.7 million relating to the interest rate swaps revaluation and \$932,000 relating to immediate response costs around the December 2011 rainfall event. These overspends have been offset by savings of \$194,000 in Community Relations, \$173,000 in insurance and rent, and a number of less significant savings.

The infrastructure assets are re-valued every year to smooth out the large fluctuations. The revaluation as at 30 June 2011 resulted in an increase in asset value of \$21.6 million.

### **Balance Sheet**

The most significant variation was in property, plant and equipment, which was \$13.3 million below budget mainly due to the capital expenditure being significantly less than budget.

Borrowings, including derivative financial instruments and net of cash and cash equivalents, were \$33 million below budget, mainly due to many of the capital expenditure projects not proceeding as planned.

The impact of the reduced capital expenditure and borrowings is that retained earnings are greater than budget by \$16 million.

### **ACTIVITY SUMMARIES**

#### **Water supply**

Water total revenue was \$492,000 unfavourable to budget mainly due to water volumes being less than anticipated. This was driven by an uncommonly wet Summer. Development/financial contributions were \$51,000 under budget.

Total expenses were \$182,000 under budget, mainly due to reactive maintenance work not being required.

Capital expenditure was \$1.5 million below budget partly due to delays in the Maitai Pipeline project and partly due to re-prioritisation of resources around the December 2011 rainfall event response and recovery.

The loans raised were \$1.6 million less than budget reflecting lower capital expenditure.

#### **Wastewater**

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



Development/financial contributions were \$136,000 favourable to budget.

Other revenue was \$376,000 above budget including trade waste revenue \$349,000 due to greater than anticipated volumes from the Council's two largest customers.

Operating expenses were \$245,000 over budget reflecting recovery costs from the December 2011 rainfall event.

Interest costs were \$289,000 under budget due to both savings and delays in capital expenditure.

Capital expenditure was well below budget by \$2.9 million. Cancellation of the Return Pipeline water treatment project accounts for \$1.6 million, and the remaining \$1.3 million results from delays in the renewals programme and growth projects, the timing of which have been impacted by resource availability around the December 2011 rainfall event.

The reduction in loans raised reflects the reduced capital expenditure and increased Development/financial contributions.

### **Stormwater and flood protection**

Development/financial contributions were \$107,000 favourable to budget.

Operating expenditure is over budget by \$1.3 million relating to recovery costs from the December 2011 rainfall event.

Capital expenditure was \$335,000 below budget. The capital programme for Stormwater was impacted less by the December 2011 rainfall event than other activities as the emergency highlighted the importance of these assets.

The decrease in capital expenditure resulted in an increase in loan repayments and decrease in loans raised.

### **Transport**

Development/financial contributions were \$133,000 less than budgeted.

Interest costs were \$258,000 favourable to budget as reduced funding was required due to the timing of capital expenditure.

Operating expenditure was \$1.9 million above budget due to the December 2011 rainfall event and \$882,000 of retired assets.

Capital expenditure was \$2.2 million below budget, of which \$758,000 was due to Waimea/Motueka Street intersection being delayed in line with NZTA funding priorities, the renewals program was below budget by \$385,000, and the minor improvements programme was \$455,000 below budget.

These variances resulted in a decrease against budget in loans raised of \$1.7 million.

### **Managing solid waste**

Operating expenditure was \$300,000 over budget due to the revaluation of closure costs for the York Valley Landfill.

### **Environmental Management**

Other revenue is under budget by \$473,000. Lower activity relating to Clean Heat Warm Homes and Solar Saver programmes account for \$574,000 under budget, offset by unbudgeted income for the monitoring of contaminated sites.

Operating expenditure was \$1.9 million under due to slower than planned uptake on solar saver and clean heat warm homes schemes, and expenditure relating to resource consents and building services are under budget reflecting reduced staff availability for these activities due to the December 2011 rainfall event.

Interest is over budget by \$133,000 relating to the Clean Heat Warm Homes and Solar Saver schemes. The budget figures published for 2011/12 were incorrect in this instance.

## NOTES TO ACCOUNTS

### **Regulatory compliance**

Other revenue was \$523,000 unfavourable to budget due to the impact of the December 2011 rainfall event on consent numbers. There were no other significant variances.

### **Parks and open spaces**

Other revenue was \$92,000 favourable to budget partly due to an unbudgeted \$43,000 contribution from TDC for Saxton Field operating costs.

Operating expenses were \$183,000 unfavourable to budget due to the December 2011 rainfall event.

Depreciation is \$593,000 under budget due to assets being moved into the community facilities activity.

Capital expenditure was \$4.6 million below budget, mainly in neighbourhood parks due to \$2.3 million land purchases made in the Democracy activity rather than Parks, and a further \$700,000 relating to delays in other land purchases. There is a \$1.2 million underspend in Play Facilities reflecting project delays, and a further \$566,000 underspend against the Wakefield Quay project which has now been spread over two years due to resource constraints.

As a result of this, the loans raised were \$2.6 million below budget, and transfers from the financial contributions reserve were \$2.5 million below budget.

### **Recreation and leisure**

Operating expenditure was \$246,000 under budget reflecting savings in the swimming pools contract pricing and \$58,000 less than expected for the Natureland grant.

### **Community facilities**

Other revenue was \$535,000 favourable to budget which relates to the Housing NZ grant for Orchard Street flats refurbishment.

Depreciation is \$579,000 over budget due to assets being moved into this activity from parks and open spaces.

Capital expenditure was \$459,000 below budget, due to delays in capital works at Saxton Field, offset by an overspend of \$182,000 on the Orchard St development. This has led to a decrease in net loans raised of \$947,000.

### **Economics and tourism support**

Other revenue and other expenditure are both over budget relating to recording the gross income and expenditure relating to the Rugby World Cup 2011 rather than the net effect which was budgeted.

### **Managing emergencies and natural hazards**

Operating and maintenance expenditure is \$109,000 under budget as the issue of a capital grant to Civil Defence of \$150,000 for new premises has been delayed.

### **Social development**

No significant variances.

### **Culture, heritage and arts**

Operating and maintenance expenses were \$332,000 favourable to budget mainly due to the capital grant earmarked for the Bishop Suter Art Gallery for redevelopment costs being under budget due to delays in the project. No other significant variances.

### **Democracy and central administration**

Other revenue was favourable to budget by \$2.8 million mainly due to the Nelson Port Ltd special dividend of \$4 million and the Nelson Airport Ltd late declaration of the 2011 dividend of \$235,000 offset by internal interest below budget by \$1.6 million.

Operating expenses were \$2.7 million unfavourable to budget including \$2.8 million relating to interest rate swap revaluation. Unbudgeted expenditure of \$932,000 was attributable to response costs for the December 2011 rainfall event, and offset by savings of \$194,000 in Community Relations, \$173,000 in insurance and rent, and a large number of less significant savings in other areas.

Interest was \$924,000 favourable to budget due to delays in capital projects and lower interest rates.

Capital expenditure was \$1.7 million above budget mainly due to a strategic property purchase (\$2.3 million) offset by \$306,000 savings in Civic House capital works, \$112,000 savings related to a delay in updating council major signage caused by the need to await the outcome of the amalgamation debate, and \$335,000 underspent on the IT programme.

### **Financial Reserves and trusts**

The vested assets were \$1.1 million under budget at \$3.6 million, and contributions to the reserve fund were \$0.5 million over budget.

## **Note 34**

### **CAPITAL MANAGEMENT**

The Council's capital is its equity or ratepayers' funds, which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

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

The Council has the following Council-created reserves:

- Reserves for different areas of benefit
- Self-insurance reserves
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## STATEMENT OF INVOLVEMENT IN COUNCIL CONTROLLED TRADING ORGANISATIONS AND OTHER COMPANIES OR ORGANISATIONS

### COUNCIL INVOLVEMENT IN OTHER ORGANISATIONS

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

The organisations whose performance is summarised in this section are:

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

Unless otherwise stated, results reported here are from each organisation's draft Annual Report for 2011/12 as, at the time of preparing this Annual Report, the CCO's Annual Reports were in the final stages of adoption and presentation to Council, so not all were finalised. Results are measured against targets set in their applicable Statement of Intent.

### PORT NELSON LTD

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

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

#### Financial results

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	41,018	38,326
Expenses	29,078	28,346
Net Surplus Before Taxation	11,940	9,980
Provision for Taxation	(1,573)	(3,396)
Net Surplus for Year after Taxation	10,367	6,584
Other comprehensive income	(1,042)	426
Total comprehensive Income	9,325	7,010
Retained Earnings Brought Forward	136,751	133,935
Dividend	(12,200)	(4,200)
Deferred tax adjustment	(3)	6
<b>Retained earnings carried forward</b>	<b>133,873</b>	<b>136,751</b>

### Performance – Port Nelson Ltd

Measures	Target	Result	2011/12	2010/11	2009/10
Lost Time Injury Frequency Rate	<1.5	<b>Not achieved</b>	<b>2.5</b>	3.9	2.8
Net Debt / Equity Ratio	<45.0%	<b>Achieved</b>	<b>29.8%</b>	28.4%	27.1%
Dividends Declared	\$4.2m	<b>Achieved</b>	<b>\$12.2m</b>	\$4.2m	\$4.1m
Cargo Throughput (Cargo Tonnes)	2.79m	<b>Not achieved</b>	<b>2.65m</b>	2.71m	2.72m
Shipping Tonnes (Gross Registered Tonnes)	8.2m	<b>Not achieved</b>	<b>6.9m</b>	7.8m	8.2m
Ships Visits	864	<b>Not achieved</b>	<b>733</b>	849	841
Revenue	\$39.5m	<b>Not achieved</b>	<b>\$38.8m</b>	\$38.3m	\$38.0m
Return on Average Shareholders' Funds	6.0%	<b>Achieved</b>	<b>7.7%</b>	4.9%	2.6%
Return on Funds Employed	9.0%	<b>Not achieved</b>	<b>8.2%</b>	7.3%	7.2%
Capital Expenditure	<\$3.6m	<b>Achieved</b>	<b>\$3.3m</b>	\$10.3m	\$4.1m
Incidents Leading to Pollution of Harbour	Nil	<b>Not achieved</b>	<b>3</b>	Nil	Nil
Compliance with all Resource Consent Conditions	Full	<b>Achieved</b>	<b>Full</b>	Full	Full
Compliance with NZ Maritime Safety Standards	Full	<b>Achieved</b>	<b>Full</b>	Full	Full

### NELMAC LTD

Nelmac was established 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 management, maintenance and construction of its natural and built environment including: key facilities, key infrastructure such as water and waste, parks/reserves and sportsfields.

#### Financial results

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	17,417	15,044
Expenses	16,166	14,071
Net Surplus Before Taxation	1,251	973
Provision for Taxation	(346)	(293)
Net Surplus for Year after Taxation	905	680
Retained Earnings Brought Forward	2,491	2,105
Dividend	(340)	(294)
<b>Retained earnings carried forward</b>	<b>3,056</b>	<b>2,491</b>

## COUNCIL CONTROLLED ORGANISATIONS

### Performance – Nelmac Ltd

Measures/targets	Results 2011/12	Comments
<p>Non-shareholder business</p> <p>Have regard to the ratio of Nelson City Council work to non-Council work (target 32.3%) and ensure that all non-Nelson City Council work contributed to the profitability of the company</p>	Not achieved	Other work 30.4%
<p>Equity ratio</p> <p>Financial risk limited by maintaining a ratio of shareholders funds to total assets of not less than 65%</p>	Achieved	The actual rate 67%
<p>Staff morale/turnover</p> <p>Staff turnover excluding retirement, redundancy and internal transfers between 5% and 15%</p>	Achieved	Actual turnover 11.8%
<p>Quality of service</p> <p>Maintain ISO 9001:2000 accreditation</p> <p>Comply with the Nelson City Council contract key performance measures for the year ending 30 June 2012, reported monthly</p> <p>Register congratulations and complaints</p>	Achieved	<p>Maintained</p> <p>Complied</p> <p>Maintained, congratulations to complaints ratio of 3:1</p>
<p>Staff health and safety</p> <p>Active promotion of health and safety within the workplace with the aim of achieving less than 1% workday losses to accidents</p>	Achieved	<p>In the year to 30 June 2012 time lost to work related accidents was 0.15%</p> <p>Tertiary level ACC workplace safety management compliance also maintained</p>
<p>Environmental</p> <p>Environmentally responsible business fully compliant with all relevant statutory and contractual obligations</p>	Achieved	<p>Systems maintained that, as far as known, ensured compliance with all environmental legislation</p> <p>Also adopted a sustainability policy as a compass for guiding company decisions</p>

## NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with the Tasman District Council owning the other half.

The main objective of the company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

### **Financial results**

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

	<u>2012</u>	<u>2011</u>
	<b>\$000</b>	<b>\$000</b>
Revenue	5,060	4,558
Expenses	<u>2,807</u>	<u>2,729</u>
Net Surplus Before Taxation	2,253	1,829
Provision for Taxation	<u>(489)</u>	<u>(568)</u>
Net Income for Year after Taxation	1,764	1,261
Retained Earnings Brought Forward	5,105	3,844
Dividend	<u>(825)</u>	<u>0</u>
<b>Retained earnings carried forward</b>	<u><u>6,044</u></u>	<u><u>5,105</u></u>

**Performance – Nelson Airport Ltd**

Measures / targets	Results 2011/12	Comments
Pass all Civil Aviation certification audits at a satisfactory standard	Achieved	All Audits were passed with no findings, continuous improvement model achieved
Achieve financial performance targets as represented in annual plan	Achieved	Income and expenditure targets met
Hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide it with appropriate monitoring information	Achieved	Regular meetings of the Nelson Airport Noise Environment Advisory Committee were held and appropriate monitoring information was recorded and provided
Ensure the Airport Company complies with all employment-related legislation	Achieved	Continued to monitor employment legislation and reviews contracts accordingly, no breaches identified
Ensure long term airport development requirements are identified as much as possible, advise shareholders of such plans and develop implementation timetable	Achieved	A five year projection of major development and maintenance expectations was provided to shareholders
Continue to support the expansion of the aviation service industry in Nelson through the Nelson Aviation Cluster and the Top of the South Aviation Strategy	Achieved	Full participation in Top of the South Aviation Strategy opportunity identification and strategic planning continued
Complete a long term development plan for the airport by April 2011	Achieved	Master Plan 2011–2030 finalised and published on the Airport Company web site
Take positive steps to record and reduce the Airport's carbon footprint	Achieved	Nelson Airport Ltd measures and records carbon emissions utilising Carbon Conscious structure and has made positive steps in a number of areas towards reducing carbon emissions
Re-design terminal traffic access in a manner that takes account of and reduces both security and safety issues by October 2010	Achieved, but not by target date	A long term strategy and plan for terminal access has been developed and stages towards implementation have been identified
Complete the Airport Company Strategic Plan by September 2010	Achieved, but not by target date	The Strategic Plan completed and will be published on the Company's web site once audited financial data is available for the year ended 30 June 2012
Review emergency preparedness for customer safety and infrastructure assets	Achieved	Continued monitoring by Operations Support
Work with Nelson Golf Club towards resolving their issues of water storage and practice range location for mutual benefit of both parties	Achieved in part	Regular meetings between management and Golf Club officials were held Practice range relocation depends on General Aviation activity extension



## NELSON TASMAN TOURISM LTD

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

### *Financial results*

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	1,814	1,885
Expenses	1,824	1,858
Net Surplus Before Taxation	(10)	27
Transfer to Reserves	(19)	0
Retained Earnings Brought Forward	40	13
<b>Retained earnings carried forward</b>	<b>11</b>	<b>40</b>

**Performance – Nelson Tasman Tourism**

Measures/targets	Results 2011/12	Comments
<b>Goal 1. Destination marketing</b>		
Growth in visitor numbers to the region, increase tourism sector investment in destination marketing, improve conference sector performance and use of information	Achieved in part	Numbers and investment affected by global financial situation – Nelson region still fared comparatively well nationally with 1,227,601 total guest nights Rugby World Cup 2011 showed growth in visitor numbers and reduced seasonality The December 2011 rainfall event also affected visitor numbers Total guest nights down -0.3% compared to previous year, domestic up 1.1%, international down -2.6% Nelson Convention Bureau improved ranking from 10th to 8th equal nationally Tourism sector investment increased by 12.6%
<b>Goal 2. Strategic destination management and tourism development</b>		
Nelson Tasman Tourism is a leader in planning the strategic growth of the tourism sector, reviewing the region's Strategic Plan in time for the Nelson Long Term Plan 2012 and engaging proactively with key stakeholder groups	Not achieved	Strategy was not prepared in time for input into Nelson Long Term Plan 2012 but a submission was made to Council in June 2012 In 2011/12 Nelson Tasman Tourism attended 100 meetings with industry operators and 33 meetings in a guest speaker capacity with other stakeholder groups to provide information on the importance tourism has as a major economic driver for the region, educate groups on the role of Nelson Tasman Tourism and identify new opportunities for growth in tourism and for stakeholders
Improve economic performance as a visitor destination	Not assessed	No updated economic performance research for 2012 Most recent Regional Economic Development Report (2010) suggests a net contribution of \$128m towards regional GDP and annual tourism expenditure of \$349.5m
Assist with development of convention facilities and cycle way projects	Achieved	Nelson Tasman Tourism (NTT) actively supported establishing a convention facility and cycleway development/promotion NTT will continue to support developing convention and cycle tourism to increase visitor numbers during shoulder and winter months of the year
Nelson Tasman region is a leader in environmentally sustainable tourism practices	Achieved	Nelson Tasman Tourism encourages industry operators to introduce or retain environmental and sustainable best practice in their operations – of 113 tourism businesses, 62% have 'Qualmark' rating of Enviro bronze or Silver mark Nelson iSITE improved from bronze mark to silver (June 2012) Submission placed on Draft Abel Tasman Foreshore Scenic Reserve Management Plan and continued leadership role supporting industry with issues affecting future sustainable practices and operations
Improve the reputation of Nelson Tasman as a visitor-friendly destination	Not assessed	No tourism question in 2012 residents survey carried out by Nelson City Council or mystery shopper survey conducted by iSITE New Zealand
Include Tangata Whenua in tourism and encourage involvement	Achieved	Four meetings were held in the year with the Māori Tourism Council of New Zealand and Nelson City Council representatives to discuss cultural and Māori tourism development opportunities Whakatū Marae now included on an inbound tour operator's itinerary for an overnight stay

## STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

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

The balance date for this joint venture is 31 March each financial year. In the past financial year it again breached reporting dates for the preparation of its financial statements within three months of its balance date. However, its financial statements have since been prepared and presented to Council and are the basis for this summary.

The subdivision and development work was completed several years ago and the sale of as yet unsold sections is the only stage to be completed. The current expectation is that the last sections will not be sold until March 2013 or later, given the current economic climate. In 2010 there were 21 sections available for sale and four sold. In 2011, 19 were available and two sold. It was forecast that five of the remaining sections would be sold in the current reporting period, but only two sold leaving 17 still to sell.

### Financial results

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	374	342
Expenses	172	145
Net Surplus Before Taxation	202	197
Retained Earnings Brought Forward	559	662
Distribution	0	(300)
<b>Retained earnings carried forward</b>	<b>761</b>	<b>559</b>

### Performance – Ridgeways Joint Venture

	2010/11	Forecast 2011/12	Actual 2011/12
Number sections sold	2	5	2
Number of sections available for sale	19	-	17
Ratio of partners funds to total assets	96%	-	96%

The ratio of total section sales value to total listed selling price for the year ending 31 March 2012 was 100%, compared to 94.6% in the previous year.

The joint venture had a target that it would document any issues or complaints received by the joint venture or the Nelson City Council, relating to activities covered by the joint venture agreement. No complaints relating to the joint venture were received through the Council. The Financial Statements record that all complaints and issues received were documented and addressed by the joint venture.

**NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)**

The Nelson Regional Economic Development Agency (EDA) is a Nelson City Council CCO. The EDA mission statement is ‘facilitate sustainable development of the region that enhances economic vitality, taking into account the region’s cultural and environmental values’. The EDA is funded by both the Nelson and Tasman Councils.

This agency led the development of the Nelson-Tasman Regional Economic Development Strategy (REDS), which was updated in 2010. The EDA Board stated its intent to continue to pursue its three operational strategic objectives, which were stated in the previous 2009 Nelson Community Plan:

1. Facilitate economic development projects that build national and international competitiveness
2. Provide economic advice to the Region
3. Provide ongoing assessment of the Region’s performance.

The performance of the EDA is linked to and measured against these three objectives.

**Financial results**

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	1,343	1,224
Expenses	1,266	1,157
Net Surplus Before Taxation	77	67
Provision for Taxation	(45)	0
Net Surplus for Year after Taxation	32	67
Retained Earnings Brought Forward	322	255
<b>Retained earnings carried forward</b>	<b>354</b>	<b>322</b>



The following tables review performance against the deliverables specified in the Economic Development Agency's Statement of Intent.

**Performance of EDA Strategic Objective One**

Primary facilitator of economic development projects that build national and international competitiveness				
Ref.	Intended Achievement	Measurement	Date	Progress
1.1	Facilitate the development of the Horoirangi Aquaculture project	Project Steering Group formed	November 2011	The Minister announced approval of \$1.69m for the Cawthron part of the project
1.2	Facilitate feasibility study to investigate the opportunity to develop an industrial park / incubator for the Natural Products Sector	Feasibility study completed	July 2011	Project was completed with a very comprehensive report
1.3	Communicate the advantages of doing business in the Nelson Tasman region	Assistance to new businesses that enhance social, cultural, environmental and economic value, to consider and become established in the region	Ongoing	Opportunities identified on a regular basis The Navigator web page was added to our website in early 2012
1.4	Review Regional Economic Development Strategy (REDS) recommendations identified for action by EDA	Recommendations implemented	Ongoing	Discussion paper delivered to Board of Trustees
1.5	Workforce Development Strategy	Workforce strategy plans aligned with key government agencies and industry	Ongoing	The EDA worked with Careers NZ and Nelson Marlborough Institute of Technology (NMIT) to produce a regional Into the Future education and work guide, published May 2012
1.6	Facilitate a wine marketing and distribution project for the Top of the South region (Project Braveheart)	Funding application approved and project completed	October 2011	Project complete
1.7	Facilitate the Events Strategy in conjunction with the Nelson City Council and Nelson Tasman Tourism	Identify and assist with development of suitable events	Ongoing	A successful year with some great events sponsored and held A new Event Evaluation Model was developed in-house, which lead to more organiser engagement and post-event surveys
1.8	Establish potential opportunities under the Immigration Investment Policy that exist for Nelson	Nelson businesses identified to receive potential investment	March 2012	No further activity on this to date
1.9	Manage the Young Enterprise Scheme (YES) in the region	All YES programmes are available to the region's schools and supported by the appointed coordinator	Ongoing, annual contract	This was managed successfully for the year and the EDA remains committed to sponsorship and other forms of support
1.10	Facilitate the Venture Accelerator Network (VAN)	High potential business ventures provided with appropriate assistance to facilitate development	Ongoing	EDA is revisiting the format of VAN with the intention of managing it in-house Product development seminars held for businesses, aiming to encourage innovation EDA also supported the Nelson Entrepreneurs' Exchange (NEXT)

## COUNCIL CONTROLLED ORGANISATIONS

Primary facilitator of economic development projects that build national and international competitiveness				
Ref.	Intended Achievement	Measurement	Date	Progress
1.11	Actively contribute to the development of economic legacies that maximize the benefits of the region's involvement in Rugby World Cup (RWC 2011)	Opportunities identified for the region's business sectors to benefit from RWC 2011	October 2011	Rugby World Cup 2011 Economic Impact Analysis completed and received by Council
1.12	Regional Business Partner Network – NZ Trade and Enterprise (NZTE) and the former Ministry of Science and Innovation (now Ministry of Business, Innovation and Employment)	Regional companies supported to take advantage of NZTE and the Ministry's Science and Innovation group <sup>1</sup> capability development and research and development funding programmes	Ongoing	A successful year with good levels of funding being accessed by regional companies through the programmes. In the financial year 2012/13, funding from NZTE to deliver the programmes will be increased by 30%
1.13	Cluster group facilitation	Continued support of industry clusters such as the Engineering Cluster and the Aviation Cluster	Ongoing	In addition to the Aviation and Engineering clusters, the EDA provided support to other emerging clusters. A Cluster Specialist meeting in November 2011 was well attended and positively received.
1.14	Oil and Gas industry	In conjunction with Taranaki, Otago and Southland regions, identify opportunities in servicing the oil and gas industry	Ongoing	Several Nelson businesses have registered on the Oil and Gas database.
1.15	Facilitate and contribute to the Regional Branding Project	In conjunction with Nelson Tasman Tourism, work with key stakeholders to develop a regional brand proposal	June 2012	With the Rugby World Cup 2011 completed, the EDA can now engage in this project, which was put on hold until the results of the amalgamation issue were resolved in April 2012



**Performance of EDA Strategic Objective Two**

Primary facilitator of economic development projects that build national and international competitiveness				
Ref.	Intended Achievement	Measurement	Date	Progress
2.1	Ensure the region's Councils are given the most appropriate information to enable them to make informed decisions on issues that affect the retention of existing business and the capacity for business growth	Where Council decisions are made that affect regional business retention or growth, the EDA has informed decision makers of any relevant information and/ or the consequences of their decisions	Ongoing	John Cook and Associates engaged to provide an economic assessment of the potential of the Under 20 FIFA Soccer World Cup The Chief Executive of the Ministry of Economic Development <sup>1</sup> presented to EDA Board, key Councillors and Executive staff
2.2	Encourage the region's Councils to provide or advocate to central government for key infrastructure that can deliver future economic benefit	Advocacy for infrastructure development	Ongoing	See 2.4
2.3	Investigate the opportunity to establish the Nelson Regional Economic Development Agency as the regional provider to Kiwi Expat Association (KEA)	EDA accepted as KEA's local provider	November 2011	Yet to be discussed with KEA executive
2.4	Lee Valley Water Augmentation project	Lee Valley Dam approved for construction	Ongoing	The economic impact analysis of the Lee Valley Dam was completed and presented to stakeholders Prime Minister, Minister for Economic Development and MP Nick Smith met with Tasman District Council, EDA and members of Waimea Water Storage committee
2.5	Annual Economic Summit	Annual Economic Summit organised and held with good attendance.	June 2012	The summit was attended by approximately 170 people with very positive feedback received
2.6	Sustainable Business Advisory Service	Sustainable Business Advisory service provided as contracted with Ministry for the Environment and targets met	June 2012	The programme ended on schedule on 30 June 2012 after a successful third year of delivery In 2012/13 some of these functions will be brought in-house, into the EDA

<sup>1</sup> Since July 2012, the Economic Development Group of the Ministry of Business, Innovation and Employment

**TASMAN BAYS HERITAGE TRUST (NELSON PROVINCIAL MUSEUM)**

The Tasman Bays Heritage Trust was established in 2000 as a Council-Controlled Organisation owned 50% by the Nelson City Council and 50% by the Tasman District Council. The Trust took over the operation of the Nelson Provincial Museum, which was initially based in Stoke. It is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region. The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005. It provides a combination of permanent displays and changing exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

**Financial performance**

	<u>2012</u>	<u>2011</u>
	<b>\$000</b>	<b>\$000</b>
Revenue	2,119	1,887
Expenses	<u>1,982</u>	<u>1,915</u>
Net Surplus Before Taxation	137	(28)
Other comprehensive income	<u>743</u>	<u>0</u>
	880	(28)
Retained Earnings Brought Forward	<u>16,574</u>	<u>16,602</u>
<b>Retained earnings carried forward</b>	<u><u>17,454</u></u>	<u><u>16,574</u></u>





**Performance – Tasman Bays Heritage Trust / Museum**

Measures / targets	Result for 2011/12	Comment
<b>Museum collections care and development</b>		
Maintain care and preservation of collection objects held in storage and on public display, continue a programme of changeovers and enhancements in the permanent exhibition focusing on textile based objects	Achieved	Inventories carried out for collections; almost 20,000 objects available for public display
Transfer objects stored in unstable environmental conditions, containers and at Founders Heritage Park to improved storage	Not achieved	500 items from Founders identified for transfer; further items estimated at approximately 200 are at Founders and require identification and return to Museum
Seek input from manawhenua iwi of Te Tai Ihu with intent of refreshing one or more of the six iwi displays	Not achieved	For action later in 2012
Acknowledge all donations; create record for new acquisitions within six months of being accessioned into permanent collection	Achieved	All such records will be reported in new museum data dashboard to show progress towards measureable strategic plan targets
Collection database development	Achieved	1100 data records created; user manual drafted; Digital Collection Policy reviewed; digital storage server installed
Glass plate relocation and digitisation project – 5,000 images relocated and digitised per quarter	Achieved	50,000 completed by end of 2011/12 year; Lotteries and local benefactor grants enabled work; public kiosk installed for access
Enhance facilities at Isel Park Research Facility	Achieved	Conditions improved in reception, photographic research area and library foyer, toilets and research library
Inventory of priority sections of regional collection	Achieved	Inventory project under way; initial focus on rare books then Oldman collection and Māori taonga; next will be film collection
<b>Museum exhibitions, education and visitor experience</b>		
Add/modify permanent exhibition to maintain interest for local visitors	Achieved	New projectors for photographs; display to commemorate 370th anniversary of Abel Tasman visit
Deliver exhibitions for broad audience, aligned with Exhibition Policy	Achieved	Anne Frank and Extraordinary Frontiers exhibitions successful; Cawthron exhibition response positive; Hats exhibition developed by Education team; Rugby World Cup 2011 displays increased turnover to \$10,000 and Bamiyan exhibition attracted 225 visitors in one day
Report on logistics and finances for touring exhibitions	Achieved	Report completed concluding most are small exhibitions with regional focus; would require more investment than is available
Education opportunities for region's school students, target of at least 5,000	Achieved	7,176 students in 2011/12 financial year; Periodic Table display travelled to high schools reaching 600 further students
Secure financial support for education resources development	Achieved	Good level of sponsorship by regional business; reduced cost through bus sponsorship for students
<b>Museum public information and access</b>		
Collaborative projects with other organisations including The Prow and Nelson Photo News digitisation	Achieved	Photo News attracting photo orders; The Prow site popular also attracting photo orders; working with libraries; display cases loaned to other regional institutions; presentations to Nelson Historical Society, Rotary and Probus groups
Informative website content and monthly email newsletter to increase public awareness	Achieved	E-news to 2,500; sought email addresses from regional visitors; visitor survey showed 5-10% receive e-newsletter
Add content to museum electronic public access catalogue at 500 images and records per quarter	Achieved	Public kiosks install at Provincial Museum and at Isel Park facility; over 16,000 images available online; website attracted over 4,000 visits over last 6 months peaking in September 2011 during Rugby World Cup 2011

**THE BISHOP SUTER TRUST (SUTER GALLERY)**

The Council established The Bishop Suter Trust in 2008 as a Council Controlled Organisation to govern The Suter Art Gallery. The Trust is responsible for providing public art gallery services and protecting a significant collection of artworks on behalf of the Nelson Tasman region. The Suter complex comprises exhibition galleries, Shop, Café, Theatre and is also the home of the Nelson Suter Art Society, on its own site adjacent to the Queen’s Gardens and Albion Square which it has occupied since 1898. It provides a programme of regularly changing exhibitions and activities and is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

**Financial performance**

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	1,313	1,051
Expenses	879	895
Net Surplus Before Taxation	434	156
Retained Earnings Brought Forward	10,080	9,924
<b>Retained earnings carried forward</b>	<b>10,514</b>	<b>10,080</b>

**The Suter in 2011/12**

Nineteen exhibitions were mounted by The Suter, of which 13 were curated in house. There were two Suter touring exhibitions – the Port Nelson Suter Biennale Sleight of Hand contemporary art project was shown at the Sarjeant Gallery in Wanganui and artworks from the Collection, Woollaston 101, was shown at the Eastern Southland Gallery in Gore and at several other galleries from mid-2012.

Over 80,000 people visited The Suter to enjoy the exhibitions, Café, Theatre, Suter Store or to be involved in the Nelson Suter Art Society’s activities. Saturdays were the most popular day to visit. The exhibitions’ programme was enhanced with 27 floor talks, lectures and other activities. The Suter’s education service is well regarded, which was demonstrated by achieving 100% satisfaction rating from the teachers whose classes experience Suter Educator-led learning experiences outside the classroom (LEOTC) programmes. 26 Primary/ Intermediate schools and 7 secondary schools accessed Suter LEOTC. A record 5,318 school students attended classes at The Suter.

The Collection had some very valuable art works added to it, remarkably all through benefaction: three artworks were purchased for the Collection, with the 10x10 Acquisitions Fund and bequests and 46 were donated thanks also to the incredible generosity of Suter supporters.

The Preliminary Plan for the redevelopment of The Suter was completed by architects Marc Barron of Jerram Tocker + Barron and Ralph Roberts of Warren & Mahoney.

## Performance – The Suter

Objective & Goal	Target	Achievement 2011/2012	Compared 2010/11
<b>1.1 Operate The Suter as a successful visual arts centre and public art gallery</b>			
Total number of visits to all parts of The Suter complex	80,000 p.a.	Achieved: 81,004* *As recorded at reception, and does not include all after-hours activity in the Theatre, NSAS activities or people who enter via the Cafe	75,014*
Days open to the public as advertised	Every day except Christmas Day, New Year day and Good Friday, 10.30am-4.30pm	Not achieved as the building was closed to the public one day during December 2011 due to flooding	Achieved
<b>1.2 Ensure sufficient resources to operate the Suter and deliver services to the public</b>			
1.2.1. The Suter operates within its agreed annual plans	Meets/exceeds its annual net income target	Achieved : \$906,074	Achieved \$929,636
1.2.2	Generates at least 20% revenue it needs to operate	Achieved: 31% revenue generated – \$280,858	34% revenue generated – \$323,574
<b>1.3 Residents and visitors are satisfied with the services The Suter provides</b>			
1.3.1 Residents and visitors are satisfied with the services The Suter provides	The Suter rates 80% 'good'/'very good' in NCC Annual Residents' Survey	The Suter was included in a NCC Residents' Survey on cultural facilities and survey indicated that the Suter has a high level of repeat visitation suggesting satisfaction	Not measured
<b>1.4 Maintain and develop The Suter facilities</b>			
1.4.1 Prioritise and undertake deferred maintenance	A deferred maintenance plan is established by 1 October 2011	Plan developed, approved by Trust Board and given to NCC Original Gallery exterior restoration project Stage II completed	Plan developed
1.4.2 Restoration of the Original Gallery	Restoration and redevelopment of the interior of the Original Gallery completed by 30/12/2012 <sup>2</sup>	Unlikely to be achieved, due to need to undertake seismic strengthening work first Some interior maintenance undertaken however	Not achieved to date
1.4.3 Establish a Gallery redevelopment plan	Redevelopment plan including funding and fundraising established by 31/12/2011	The preliminary architectural plan completed in January 2012 facilitated a funding proposal for the Nelson Long Term Plan. Options for other funding explored	In progress
<b>2. INFORM AND ENGAGE AUDIENCES</b>			

<sup>2</sup> Completion by target subject to funding

## COUNCIL CONTROLLED ORGANISATIONS

Objective & Goal	Target	Achievement	Compared 2010/11
<b>2.1 Present a diverse and stimulating programme of exhibitions</b>			
2.1.1 Present a diverse and stimulating programme of exhibitions	A minimum of 15 exhibitions are installed a year	Achieved: 19 *not including NSAS Spring and Autumn exhibitions	Achieved: 18
2.1.2	A minimum of 30,000 visits to the exhibition galleries a year	Not achieved: 28,000	Achieved: 30,712
<b>2.2 Provide public programmes which enhance appreciation and enjoyment of exhibitions</b>			
2.2.1 Provide public programmes that enhance appreciation and enjoyment of exhibitions	A minimum of 20 talks/activities/ events offered	Achieved: 27 Suter initiated and hosted talks/ activities/events.	Achieved: 38
<b>2.3 Provide learning experiences for school students:</b>			
2.3.1 Deliver a Ministry of Education LEOTC for the Nelson / Tasman region <sup>3</sup>	3,000 students from 25 schools use the service <sup>4</sup>	Achieved: 5,373 students in 251 Educator led classes, 5171 LEOTC; from 33 schools, accompanied by 1,258 teachers and helpers	Achieved: 4,203 students in LEOTC Educator led classes; 4,854 <sup>5</sup> school students in classes accompanied by 1,032 teachers and helpers, from 32 schools
	Post visit teacher evaluations indicate at least 90% satisfaction ratings of 'fine' to 'great'	Achieved: 100% satisfaction	Achieved: 100% satisfaction
2.3.2 Provide out of school activities	55 sessions delivered a year	Achieved: 63 Suter Kids Club sessions held with 814 attendees	Achieved: 103 sessions with 951 attendees

<sup>3</sup> The Suter had a Ministry of Education funded Contract for provision of LEOTC 1 July 2011-30 June 2013

<sup>4</sup> This is the annual learning experiences outside the classroom (LEOTC) contract delivery target

<sup>5</sup> This figure includes LEOTC, self-led repeat classes and groups of children that are not covered by LEOTC such as home schoolers



3. COLLECT AND PRESERVE				
Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 10/11
<b>3.1 The Collection is managed and developed for the enjoyment and education of current and future generations</b>				
3.1.1 Collection is developed in accordance with The Suter's Collection Policy	All acquisitions comply with the Collection Policy	Achieved: 46 works were gifted and three works were purchased. (Est. value of donated works:\$344,000)		Achieved
3.1.2 An Acquisitions Fund for the Collection is maintained and developed to allow active collecting to occur	Acquisitions Fund meets/exceeds budget <sup>6</sup>	Achieved: Funds used to assist with purchase of Bill Hammond painting All Along The Heaphy Highway and Bequest funds used to purchase Bensemman, Williams and Trusttum paintings		Achieved: Fund met budget (including G. Appleby bequest)
3.1.3 The Collection is maintained in optimal conditions for its long term preservation	Environmental standards for collection storage are in line with accepted practice <sup>7</sup>	Achieved in collection store room, but not in galleries Latter do not meet standards in summer months		Achieved in collection store room, but not in galleries
3.1.4 Information about the Collection is publicly available	100% of Collection items are imaged by 2012	On track: Imaging >96% completed Some collection items on website, NZ Museums on line		On track: Imaging >95% completed

4. PARTNERSHIPS				
Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 10/11
<b>4.1 Engagement in partnerships to support programmes and develop projects</b>				
4.1.1 Suter's relationship with Iwi and Māori are strengthened	M.o.U. with Ko Te Pouaranga honoured	M.o.U. signed with Ko Te Pouaranga, openings supported, Iwi Komiti meetings attended, representation on Suter Trust Board		M.o.U. signed with Ko Te Pouaranga. Openings supported. Iwi Komiti meetings attended. Representation on Suter Trust Board.
4.1.2 Suter engages in active partnerships to develop exhibitions and/or public programmes with groups and organisations in the community	Minimum of two projects a year initiated with groups or organisations	Achieved: Project with Maitai School; docent programme for Rita Angus exhibition; participation in NMIT Advisory Committee for Creative Industries; Site ReScene exhibition and involvement of local artists with collection; Wish You Were here link to Abel Tasman commemorations		Achieved: 50/50 exhibition and fundraiser developed in conjunction NSAS. NMIT 2010 graduate exhibition; <i>Tohara Whales</i> floor talk.
<b>4.2 Suter staff contribute to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage</b>				
4.2.1 Suter engages with and contributes expertise to support Councils' provision of cultural wellbeing	Contribute to implementation of the regional Arts Strategy, Heritage Strategy and other initiatives	Director appointed to NCC Art Selection Panel		Contributed to development of Regional Arts Strategy

<sup>6</sup> The Acquisitions Fund comprises designated bequests (invested) and the 10x10 Acquisitions Fund (donations of \$10,000)- a tagged fund exclusively for Collection development

<sup>7</sup> Consistent temperature of 20°C and Rh 65%, dust minimised, pests eradicated

### **EQUAL EMPLOYMENT OPPORTUNITIES**

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

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

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

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

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

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



# LIABILITY MANAGEMENT POLICY INCLUDING BORROWING POLICIES

## ***New Borrowing Policies***

The following section was updated as part of the draft Annual Plan process in early 2011. It includes the borrowing policies and updates the Nelson Community Plan 2009, which otherwise still applies to the 2010/11 financial year. Because the Annual Plan was adopted 23 June 2011, these new limits apply as at 30 June 2011. The full, updated Liability Management Policy follows.

## ***Interest rate exposure***

Interest rate exposure refers to the impact that changes in interest rates can have on the Council's cash flow. The Council's policy for interest rate risk management is to take a conservative, risk-averse approach by requiring a certain percentage of the Council's borrowing to be fixed rate or hedged borrowing. Both the long-term nature of the Council's assets and the need for intergenerational equity mean it is important that the Council should:

- Have predictable interest costs and
- Avoid increases in annual rates caused by interest rate rises

## ***How interest rate risk is managed: the rules***

The Council's core net debt should be within the following fixed/floating interest rate risk control limits:

<b>Master Fixed / Floating Risk Control Limits</b>	
<b>Minimum Fixed Rate</b>	<b>Maximum Fixed Rate</b>
55%	95%

"Fixed Rate" is defined as an interest rate re-pricing date beyond 12 months forward on a continuous rolling basis.

"Floating Rate" is defined as an interest rate re-pricing within 12 months.

The percentages are calculated on the rolling 12 month projected net debt level calculated by management and signed off by the Council's Chief Executive. Net debt is the amount of total debt net of cash or cash equivalents. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

## FINANCIAL POLICES

The fixed rate amount should be within the following maturity bands:

Fixed Rate Maturity Profile Limit		
Period	Minimum Cover	Maximum Cover
1 to 3 years	20%	60%
3 to 5 years	20%	60%
5 years plus	10%	60%

- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased). Otherwise both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate 'in-the-money'
- Purchased borrower swaptions mature within 12 months
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation

The forward start period on swaps and collar strategies is to be no more than 24 months, and the underlying cap or swap starts within this period.

### ***Risk management instruments***

The following instruments may be used for interest rate risk management activity

Category	Instrument
Interest rate risk management	<p>Forward rate agreements ("FRAs") on:</p> <ul style="list-style-type: none"> <li>• Bank bills</li> <li>• Government bonds</li> </ul> <p>Interest rate swaps including:</p> <ul style="list-style-type: none"> <li>• Forward start swaps (start date &lt;24 months)</li> <li>• Swap extensions and shortenings</li> </ul> <p>Interest rate options on:</p> <ul style="list-style-type: none"> <li>• Bank bills (purchased caps and one for one collars)</li> <li>• Government bonds</li> <li>• Interest rate swaptions (purchased swaptions and one for one collars only)</li> </ul>



- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate 'in-the-money'
- Purchased borrower swaptions and swaption collars mature within 12 months
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation
- Forward start period on swaps to be no more than 24 months from deal date

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

### **Liquidity and funding risk management**

Liquidity risk management refers to the practice of making sure funds can be available when needed, without incurring penalties for breaking investments before time. The Council does not hold all its reserves in cash and must anticipate and plan for drawings against reserves.

The Council's objective for funding risk management is to minimise the risk of large concentrations of debt being reissued at a time when interest rates are high for reasons beyond the Council's control.

### **Policy**

The Council's policy for liquidity and funding risk management is:

- Ensure that the Council's committed debt facilities and term loans mature over a wide time period
- Term loans and committed debt facilities must be maintained at an amount of 110% over projected peak net debt levels over the next 12 months
- Diversify borrowing over a range of bank and debt capital market lenders

### **Rules**

The Council's rules for managing liquidity and funding risk are that the maturity profile of the total committed funding in respect to all loans and committed debt facilities is to be controlled by the following system:

Period	Minimum Cover	Maximum Cover
0 to 3 years	20%	60%
3 to 5 years	20%	60%
5 years plus	0%*	60%

\*a minimum of at least 10% should core debt amounts increase above \$50m.

A maturity schedule outside these limits will require specific Council approval.

### ***Credit exposure***

The Council imposes a minimum long term credit rating on its bank lenders of A+ or better, as determined by Standard and Poor's or equivalent international credit rating agency. Hedging facilities are only with organisations that have a long term A+ or better credit rating.

### ***Debt repayment***

The Council repays borrowings from rates, debt raising, surplus funds, proceeds from the sale of investments and fixed assets.

Note that the proceeds from sales of fixed assets and investments may also be used for the acquisition of other fixed assets.

### ***Borrowing mechanisms***

The Council will borrow through a variety of market mechanisms including approved financial instruments as follows:

Category	Instrument
Cash management and borrowing	<ul style="list-style-type: none"> <li>• Bank overdraft</li> <li>• Committed cash advance and bank accepted bill facilities (short term and long term loan facilities)</li> <li>• Uncommitted money market facilities</li> <li>• Retail and Wholesale Fixed Rate Bond and Floating Rate Note (FRN) issuance</li> <li>• Commercial paper (CP)</li> </ul>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

### ***Specific borrowing limits***

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

Item	Borrowing Limit
Net interest expense on external debt as a percentage of total revenue to be less than:	15%
Net interest expense on external debt (secured by rates) as a percentage of rates revenue to be less than:	20%
Net external debt (secured by rates) as a percentage of total revenue to be less than:	150%
Net external debt (secured by rates) as a percentage of equity to be less than:	20%

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue. Revenue excludes non government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total debt less liquid cash or cash equivalents.

**Security policy**

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or *pari passu* (on equal terms in all respects, at the same rate, or proportionately) with other lenders.

From time to time, with Council and Trustee approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance)
- Council considers a charge over physical assets to be appropriate
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed

# INVESTMENT POLICY

## TREASURY INVESTMENTS

### Background

The Council maintains treasury investments, including general reserves and restricted reserves, in order to invest:

- surplus cash, and working capital funds
- funds allocated for the purpose of accumulating surplus
- funds allocated for approved future expenditure, implementing strategic initiatives, supporting intergenerational allocations and proceeds from the sale of assets

### Policy

The Council’s policy for its treasury investments is to use only credit-worthy counterparties with a strong Standard and Poor’s rating or equivalent international credit agency.

### Rationale

The Council’s primary objective is the protection of its investment.

### Benefits

The main benefit of treasury investments is that they provide funds for capital expenditure as needed.

### Risk

The fixed rate investment is vulnerable to changes in interest rates and this can impact on both the returns available, and the capital value of the investment, if sold before maturity.

The amount invested and return is at risk from a counterparty default, where the party is unable to repay principal and interest amounts as they fall due.

## INVESTMENT LIMITS AND CONTROLS

### Policy and rules

The Council ensures it receives amounts owed to it in full and on due dates by undertaking investments only with institutions that have a strong Standard and Poor’s or equivalent international credit agency credit rating and by applying the following rules for investment counterparty controls:

- Limit total exposure to prescribed amounts, as set out below

### Rules on investment risk

Approved financial instruments are as follows:

Category	Instrument
Cash management investments (up to six months)	<ul style="list-style-type: none"> <li>• Call and short term bank deposits</li> <li>• Bank certificates of deposit (RCDs)</li> <li>• Treasury bills</li> <li>• Promissory notes/commercial paper (senior)</li> </ul>

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved.

### Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Counterparties and limits can only be approved on the basis of long-term Standard and Poor's or equivalent international credit rating agency credit rating being A+ and above or short term rating of A-1 or above.

Limits should be spread among a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits:

Counterparty/ issuer	Minimum long term/short term credit rating	Investments maximum per counterparty (\$million)	Interest rate risk management instrument maximum per counterparty (\$million)	Total maximum per counterparty (\$million)
NZ Government	N/A	Unlimited	None	Unlimited
NZ Registered Bank	A+ / A-1	10.0	10.0	20.0
Corporate CP	A+ / A-1	2.0	None	2.0

In determining the use of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Principal x Weighting 100% unless a legal right of set-off exists
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional x Maturity (years) x 3%
- Foreign Exchange – Transactional face value amount x the square root of the Maturity (years) x 15%

### 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 pages 178 and 179.

#### ***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 pages 179 and 180.

***Nelson Airport Limited***

The Council's policies for Nelson Airport are to:

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

**RESULT**

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

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

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

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

**RESULT**

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

## SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

	<b>General Account</b>	<b>Water Account</b>	<b>Sewerage Account</b>	<b>Stormwater Account</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance 1 July 2011	746	0	0	0	746
Rate Take/Water charges 2011/12	33,128	10,409	6,263	4,169	53,969
	33,874	10,409	6,263	4,169	54,715
Net Expenditure 2011/12	32,043	10,409	6,263	4,169	52,884
<b>Balance 30 June 2012</b>	<b>1,831</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,831</b>

The 2012/13 Annual Plan and Estimates forecast a brought forward balance at 30 June 2012 of \$1724,000 and so there is a surplus of \$107,000 in the funds available in 2012/13.



## CONTACT US

### COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays in Civic House, corner Halifax and Trafalgar St, 110  
Trafalgar Street, PO Box 645, Nelson  
Telephone 546 0200 24 hour, 7 day service  
Fax 546 0239

### WEBSITE AND EMAIL

[www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz) or email [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### CORRESPONDENCE

Address written correspondence to the Council to:  
Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239

### ATTENDING A COUNCIL MEETING

Council meetings are advertised in Live Nelson. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987

### PUBLIC FORUMS

There is a public forum at the beginning of most ordinary Council meeting where up to five minutes will be available for members of the public to speak to Councillors. Book a time before the meeting by contacting a Council Administration Adviser on 546 0200

### DEPUTATIONS

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, must be made in writing at least 10 days before the meeting. Contact a Council Administration Adviser on 546 0200

### PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Administration Adviser on 546 0200

## NELSON CITY COUNCILLORS OCTOBER 2010-



Top L-R: Crs Kate Fulton, Ruth Copeland, Eric Davy, Paul Matheson, Derek Shaw, Jeff Rackley, Mike Ward.

Seated L-R: Crs Pete Rainey, Ian Barker, Ali Boswijk (Deputy Mayor), Aldo Miccio (Mayor), Gail Collingwood, Rachel Reese.





**Nelson City Council**  
te kaunihera o whakatū

PO Box 645 Nelson 7040 • 03 546 0200 • [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz)

