



Nelson City Council - Keeping the community informed

The Annual Report Summary 2007 – 2008

A summary of Council's achievements for the year ended 30 June 2008

It's been another busy and vibrant year for Nelson. Here is a summary of Nelson City Council's achievements during the 2007/08 financial year, as reported in the 2008 Annual Report adopted by Council on 2 October. The annual report covers all 15 Council activities, which are broad service areas like water supply or environmental management. The summary Council provides here for residents must represent, fairly and consistently, the major matters dealt with in the annual report. It cannot provide as complete a review as the full Annual Report, which is available at Civic House, the Nelson Public Libraries or online at nelsoncitycouncil.co.nz.

An Annual Report is an audited record of Council's performance and is an important part of Council's accountability to the public. It sets out whether Council did what it planned and budgeted to do and, if not, why there were differences. Project budgets may be underspent, for example, because of adjustments to completion times.

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



Untitled sculpture by Nelson artist Jim McKay in the Suter Gallery garden.



The Early Settlers Memorial Wall, Wakefield Quay.



Volunteer Weedbusters at work.



'Slo' and 'Flo' promoting road safety at the Atawhai Shared Pathway opening.



An introduction from the Mayor

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

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

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

forward-looking blueprint for the future.

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

Complementing this long term approach for the central city, Council is taking climate change and related issues seriously. Council approved a new Sustainability Policy and developed a Climate Change Action Plan to coordinate its response to these critical issues.

One area I would like to highlight is the cleaning of the city's air. Air monitoring over the past year has shown continued improvement. The open fire ban is in place, the air in the hospital valley is perceptibly cleaner

and Council has launched a new scheme, with some Central Government funding, that focuses on replacing older enclosed burners to continue this positive trend. Council is now also turning its attention towards reducing industrial sources of air pollution.

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

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

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Want to be a Youth Councillor? page 10





Developers contributions fund new footpaths and stormwater drains.



Dame Kiri Te Kanawa performed at Sealord Opera in the Park.



Natureland got a new owner.

Key Council projects and achievements for the year to 30 June 2008

The Performing Arts and Conference Centre

An agreement was negotiated to acquire land for the Performing Arts and Conference Centre. The agreement has still to be finalised at year end but it is hoped that planning for this long awaited community facility will soon be able to progress.

Festivals

Council led a great Arts Festival in October 2007, followed by a stunning Summer Festival. Who could forget the once in a lifetime experience of the Dame Kiri te Kanawa concert in February? It was an amazing event for the thousands of locals and visitors who attended.

Community Planting

Another great series of community planting days saw large turnouts including around 200 volunteers at Oyster Island. Community planting days are fine examples of Council working with enthusiastic locals to improve our city environment.

Iwi

A maturing relationship with iwi Māori, including the inclusion of contemporary designs on the re-built Aratuna Normanby Bridge telling the story of the Maitai River and its eel ponds.

Ecofest

Ecofest continued to build on its previous successes with around 6,000 people flocking to enjoy the festival of the environment in a brand new venue, Founders Heritage Park.

Cycling awards

Council's innovation in cycling was once again rewarded with top honours in the SPARC Cycle-Friendly Awards and we recently celebrated the opening of the extension to the Atawhai shared pathway. It now provides a safer off road walking and cycling link from Clifton Terrace to Nelson City.

Economic Development

The newly reviewed Regional Economic Development Strategy is up and running. Tasman District Council has joined Nelson City in co-funding the regional Economic Development Agency.

Chinese Gardens

The superb Chinese Gardens opened in November 2007. The beautiful garden was four years in the making and built as an example of traditional garden design and to symbolise Nelson's sister city relationship with Huangshi in the Hubei Province of China. The \$645,000 cost of the garden was offset by many charitable donations from New Zealand and Chinese organisations.

The Two Trafalgars

The new grandstands were completed at Trafalgar Park in time for the

highlight of the Summer Festival, Opera in the Park with Dame Kiri, and on the other side of the river the Trafalgar Centre re-vamp began. The new look Trafalgar Centre is due to re-open in February 2009 as a vastly improved and more energy efficient facility.

Natureland

Natureland was retained in a new and exciting guise. Management of this family favourite attraction was passed to the Orana Wildlife Trust in October. The Trust has many plans to improve the Park including introducing new exotic animals and increasing conservation initiatives, while retaining the popular farmyard animals.

Nelson North Wastewater Plant

The final performance testing step was completed in the Nelson North wastewater plant upgrade. This means cleaner effluent being discharged into Tasman Bay with far fewer odour problems. The next stage is development of the wetlands, which are planned for 2009/10.

Seniors Parking Pass

The trial 'free senior parking permit' became a permanent fixture. The annual pass allows seniors to park in the CBD for one hour per day without the payment of any fee. The annual pass costs \$20 and will be price adjusted every two years in line with the consumer price index.

Sk8park

The Neale Park skatepark opened in May with a huge crowd attending and is a great success with the park being in almost constant use by keen skaters of all ages.

The Waterfront

Wakefield Quay developments continued along our world-class waterfront. This included the unveiling of the Early Settlers Memorial Wall, which, thanks to the sponsorship of Nelson families, lists the names of our earliest immigrants and details of the ships they arrived on.

Saxton Field Stadium

Work began on the new \$12.5 million Saxton Field Sports Stadium. It has been a real community effort to bring a project to fruition that promises such outstanding benefits to the region. The stadium will accommodate basketball, netball, volleyball and table tennis with facilities suitable for national-level competition. It is scheduled to open in September 2009.

Building Consents Accreditation

Council received accreditation as a Building Consent Authority; one of the first wave of Councils to meet these rigorous standards.

The Suter

The Suter Art Gallery became a Council Controlled Organisation (CCO) after year end and a new Trust Board was appointed to oversee its operation.

How did Council perform?

Council activities	Targets met or exceeded	Close to target or on track for multi-year projects	Target not achieved	Results not assessed this year	Examples of service level	Target	Result 😊 Achieved or exceeded 😐 Close to target or on track 😞 Not achieved
Water supply	8	2	1	-	Ministry of Health water supply grading	A' grading for source and 'b' for distribution	Ab 😊
Sewage disposal	5	1	1	1	Reliability - the number of pump stations overflows	Less than two dry weather overflows per annum	No dry weather overflows in 2007/08 😊
Stormwater and flood protection	4	1	-	2	Response times	Blocked inlet structures during rain have repairs completed within 1 hour, 90% of the time	97% compliance 😊
Transport	11	2	7	1	Resurface of roads	Resurface 8km of roads each year	4.9km resurfaced 😞
Solid waste management	4	-	1	-	Landfill volumes Recycling	Reduce rate of increase to 0% by 2009 80% of households recycling at kerb	Decrease of 15% achieved 😊 88% participating 😊
Environmental management	14	5	2	2	Air quality standards. PM ₁₀ levels (small particles level) Strategic planning documents	Downward trend in breaches of the National Environmental Standards (NES) Port noise variation operative by June 2008	The trend in winter pollution is down 😊 Hearings were held in May 2008 😊
Regulatory compliance	5	2	5	1	Processing times	Complete 90% of building consent applications within the timeframes set in the Building Act	63% were completed within the timeframes 😞
Parks and open space	5	2	-	-	Level of public reserves	More than 4 hectares per 1000 people	18 hectares per 1000 people 😊
Recreation and leisure	1	-	-	4	Access to services by groups and individuals	Survey results show that physical and other barriers are minimised	Not measured during the year 😞
Community facilities	10	-	1	5	Public toilets - location of facilities	80% of the public are satisfied or very satisfied with locations	87% of residents satisfied 😊
Economic and tourism support	-	-	-	1	Resident satisfaction with how Nelson is coping with growth	At least 80% of residents satisfied or very satisfied	Not measured during the year 😞
Managing emergencies and natural hazards	-	-	-	-			Not measured during the year 😞
Social development	-	1	-	4	Public perception of benefit/dollars spent	At least 80% of residents satisfied or very satisfied	77% of residents satisfied 😊
Culture, heritage and arts	-	-	-	5	Participants' approval of events, service or facility	At least 80% of residents satisfied or very satisfied	Not measured during the year 😞
Democracy and administration	1	1	2	-	Residents satisfied with telephone service	At least 80% of residents satisfied or very satisfied	79% of residents satisfied 😊
Totals	68	15	20	28			

Working with Māori

The major joint achievement for Council and Māori this year was the continuing implementation of the 2005 Memorandum of Understanding (MOU) between Tangata Whenua Whakatu and Nelson City Council. This framework is intended to assist Council and Tangata Whenua to work towards shared goals, and provide opportunities for all Māori to participate in decisions that shape Nelson's future.

Other key activities of Council that provided opportunities for Māori to contribute to its decision-making processes over the year were:

- Three Kotahitanga Hui where rangatira (local leaders) met with Council leaders to discuss strategic and policy issues
- The Council Kaumātua advised the Mayor and Chief Executive, and assisted Council to meet its legal obligations to Māori
- Supporting iwi on kaitakitanga (guardianship) of the Nelson environment.
- Iwi monitors were engaged during major earthworks near significant sites including Oyster Island and the Nelson North Wastewater Treatment Plant upgrade



Nelson carver Brian Flintoff designed the eel motif for the Normanby Bridge walkway.

Financial results for the year

Council recorded a surplus for the year ended 30 June 2008 of \$21.5 million, which was \$3.7 million over budget. The reasons for this are listed in the Annual Report, but the most significant reason was the vested assets which were \$6.7 million over budget. The proceeds from the Ridgeway development were \$0.5 million under budget due to the downturn in property sales.

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

Council posted a rating surplus of \$1.03 million largely due to savings in many of Council's activities, where projects were not completed during 2007/08. These projects will be carried over into the current 2008/09 year and funded from the balance carried forward.

Council borrowings at \$36.7 million were lower than the budgeted \$58.3 million because of delays with capital projects such as the Regional Sewerage Scheme upgrade, the Campbell and Collingwood Street upgrades, and regional community facilities such as the Saxton Field Stadium and the south end of the Trafalgar Centre.



The Normanby Bridge was completed in June.

Notes:

- These summary financial statements have been prepared in compliance with 'Financial Reporting Standard No. 43 Summary Financial Statements' issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants (May 2007).
- The financial information is shown in New Zealand dollars.
- This Summary has been authorised for issue by the Mayor and Chief Executive, 30 October 2008.
- This Summary Financial Report has been extracted from the Nelson City Council 2007/08 Annual Report dated 2 October 2008 and was audited by Audit New Zealand who issued an unqualified opinion dated 2 October 2008.

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

Statement of financial performance for the year ended 30 June 2008

	Actual 2008 \$000	Parent		Group	
		Estimate 2008 \$000	Actual 2007 \$000	Actual 2008 \$000	Actual 2007 \$000
Total operating revenue	82,776	76,631	81,369	83,889	73,134
Total operating expenditure* **	61,176	60,866	55,565	65,071	58,602
Surplus/(deficit) before tax	21,600	15,765	25,804	18,818	14,532
Share of associates surplus/(deficit)		2,052		4,222	3,711
Taxation	(52)	(1)	(87)	(327)	(267)
NET SURPLUS/(DEFICIT)	21,548	17,816	25,717	22,713	17,976

Movements in equity for the year ended 30 June 2008

EQUITY AT START OF YEAR	969,696	1,003,036	912,240	1,018,088	966,577
Revaluation gains/(losses) taken to equity	34,453	25,517	31,739	43,844	35,535
Surplus/(deficit) for year	21,548	17,816	25,717	22,713	17,976
Total recognised revenue and expenditure for year	56,001	43,333	57,456	66,557	51,511
EQUITY AT END OF YEAR	1,025,697	1,046,369	969,696	1,084,645	1,018,088

Balance sheet as at 30 June 2008

Current assets	21,651	17,403	21,148	23,741	22,799
Non-current assets	1,054,161	1,099,551	997,074	1,112,159	1,044,696
Total assets	1,075,812	1,116,954	1,018,222	1,135,900	1,067,495
Current liabilities	24,075	21,725	20,554	25,158	21,358
Non-current liabilities	26,040	48,860	27,972	26,097	28,049
Total liabilities	50,115	70,585	48,526	51,255	49,407
Total net assets	1,025,697	1,046,369	969,696	1,084,645	1,018,088
Equity					
Retained earnings	270,475	992,227	247,201	283,246	258,807
Other reserves	755,222	54,142	722,495	801,399	759,281
Total Equity	1,025,697	1,046,369	969,696	1,084,645	1,018,088

Statement of cashflows as at 30 June 2008

Cashflows from operating activities	21,685	26,028	22,957	23,163	24,029
(Cashflows from investing activities)	(27,035)	(41,740)	(15,716)	(28,517)	(16,280)
Cashflows from financing activities	1,325	15,500	6,300	1,325	(6,300)
Net increase/(decrease) in cash held	(4,025)	(212)	941	(4,029)	1,449
Plus opening cash balance	10,295	8,107	9,354	11,222	9,773
CLOSING BALANCE	6,270	7,895	10,295	7,193	11,222

Represented by:

Cash and cash equivalents	6,538	7,895	10,844	7,461	11,771
Bank overdraft	(268)	0	(549)	(268)	(549)
	6,270	7,895	10,295	7,193	11,222

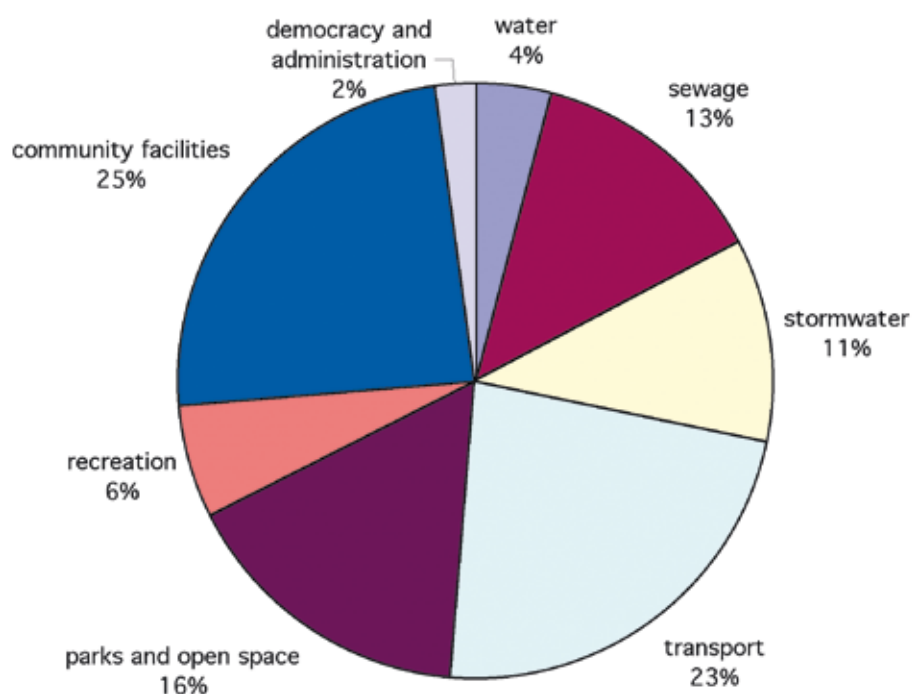
* Refer to the commentary on financial results for further explanation of the surplus

** Includes finance costs of: 2,699 3,164 2,633 2,699 2,633

Capital expenditure

Total actual capital expenditure for 2007/08 was \$27.6 million, compared to the estimate of \$43.8 million. The main areas of under spending were delays in Regional Community Facilities, (\$10.8 million due to delays in Saxton Field Stadium and the Trafalgar Centre), Community Housing (\$1.5 million for the Orchard Street redevelopment), and the marina, (\$1.3 million for the Akersten Street development). These delays have resulted in lower operating and maintenance, interest and depreciation costs. They also resulted in reduced borrowings and lower sales of assets (Akersten Street properties).

In addition to the activities shown in the graph there were small amounts of capital expenditure, less than 1% of the total, for regulatory services, recreation and leisure, emergency management, social development and culture, heritage and arts activities.



From the Chief Executive



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

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

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

Viesturs Altmants

Audit Report

To the readers of Nelson City Council and Group's Summary Annual Report

For the year ended 30 June 2008

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 2 October 2008, on:


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

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, which includes being auditor of the Council's Long Term Council Community Plan, we have no relationship with or interests in Nelson City Council or any of its subsidiaries.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

 Scott Tobin, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
30 October 2008



Nelson Intermediate School students enjoying bagels and free cycle safety gifts at World Environment Day free breakfast at 1903 Square on 5 June 2008; from left: Sissel, age 12; Naomi, age 12; Hanna, age 12; Monica, age 12.