



Nelson City Council
te kaunihera o whakatū



ANNUAL REPORT 2013 – 14
FOR THE YEAR ENDED 30 JUNE 2014

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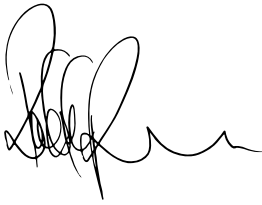
FOREWORD: MAYOR AND CHIEF EXECUTIVE

Rachel Reese
MAYOR OF NELSON

Clare Hadley
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.



Rachel Reese
MAYOR OF NELSON



Clare Hadley
CHIEF EXECUTIVE



AUDIT REPORT



INDEPENDENT AUDITOR'S REPORT

To the readers of Nelson City Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Nelson City Council (the City Council) and group. The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the City Council and group that comprise:
 - » the balance sheet as at 30 June 2014 on pages 89 and 90;
 - » the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 87, 88 and 91;
 - » the funding impact statement of the City Council on pages 92 and 93;
 - » the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 17 to 84; and
 - » the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 99 to 151;
- the statement of service provision (referred to as Council activities: the past year) of the City Council and the funding impact statements in relation to each group of activities of the City Council on pages 17 to 80; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 94 to 97 and page 98.

In addition, the Auditor-General has appointed me to report on whether the City Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - » internal borrowing on page 127;
 - » council controlled organisations on pages 152 to 170;
 - » reserve funds on pages 131 and 132;
 - » each group of activities carried out by the City Council on pages 17 to 80;
 - » remuneration paid to the elected members and certain employees of the City Council on page 140;
 - » employee staffing levels and remuneration on page 141;
 - » severance payments on page 141;
 - » rating base units on page 98; and
 - » insurance of assets on page 151.



- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on pages 15 and 16; and
- a statement of compliance signed by the mayor of the Council, and by the City Council and group's chief executive on page 5.

Opinion

Audited information

In our opinion:

- the financial statements of the City Council and group on pages 87 to 98 and pages 100 to 151:
 - » comply with generally accepted accounting practice in New Zealand; and
 - » fairly reflect:
 - the City Council and group's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the City Council on pages 92 and 93, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 17 to 84, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long term plan or annual plan.
- the statement of service provision of the City Council on pages 17 to 80:
 - » complies with generally accepted accounting practice in New Zealand; and
 - » fairly reflects the City Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the City Council on pages 17 to 80, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long term plan.



- the disclosures on pages 94 to 97 and page 98 represent a complete list of required disclosures and accurately reflects the information drawn from City Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the City Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2014. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service provision. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;



- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result, we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service provision 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 forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long term plan;



- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with or interests in the City Council or any of its subsidiaries.

Bede Kearney

AUDIT NEW ZEALAND

On behalf of the Auditor-General

Christchurch, New Zealand

COMMUNITY OUTCOMES AND COUNCIL PRIORITIES

The six community outcomes and Council's seven priorities are the Council's objectives for Nelson. They reflect Council's understanding of what the community wants for its future based on extensive consultation over many years. Together, they provide an enduring vision of the sort of place we would like to live in now and in the future. The Nelson Long Term Plan 2012–22 provides detailed goal statements grouped under these themes.

Community outcomes:

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

These six inter-related outcomes guide Nelson City Council to align everything it does. The Council's programme of work set out what it will to deliver on these outcomes. The individual activity sections of this report provide detail on how each activity contributes to the relevant community outcomes.

Council has developed a number of priorities which form the key focus areas in its work towards the community outcomes. More details on these priorities can be found in the Nelson Long Term Plan 2012–22.

Council priorities:

- A leading lifestyle
- A rich diverse community
- Developing community hubs
- Easy access to an active lifestyle
- The Nelson edge
- The natural environment
- A creative city.



OVERVIEW OF THE YEAR: JULY 2013 TO JUNE 2014

During 2013/14 key developments for Council included electing a new Council and Mayor, embedding new processes in response to amendments to the Local Government Act 2002 and commencing its planning for the next Long Term Plan. In addition, staff resources were diverted to the recovery effort following the April 2013 rainfall event.

The net surplus before revaluations was \$15.4 million, which was \$ 7.0 million more than budgeted in the Annual Plan. Explanation of this variance can be found in note 33 in the Notes to the Accounts section. Council borrowings totalled \$71.8 million, \$3.6 million more than the previous year, and \$27.7 million less than budget Annual Plan.

TRANSPORT

Nelson City Council and the New Zealand Transport Agency worked together to improve walking and cycling in Nelson. Projects included putting a separated two-way cycleway along St Vincent Street, widening Willow Walk and the shared path next to Saxton Field and improvements to the pedestrian facilities at several schools.

A major upgrade of the Maitai Walkway between the Trafalgar Street and QEII Drive bridges commenced during the year. Construction included widening the pathways, adding wooden decking, a floating pontoon, boat ramp access, a lookout deck, building river terraces, park areas, seating and planting.

This year saw remedial work at more than 28 locations along a 2.6km section of the Cable Bay Road repairing extensive damage caused by the 2011 storm event.

Council extended 40km/h variable speed school zones around the following schools: St Josephs, Nelson College for Girls, Nelson College, Nelson Intermediate, Victory School and Tahunanui schools.

WATER SUPPLY

In 2013/14 the final stage of the eight kilometre duplicate pipeline from the Maitai dam to the water treatment plant was completed. The pipeline provides a more secure water supply line for the City and helps protect against loss of supply during storms and earthquakes.

The construction of an additional reservoir at Observatory Hill was completed. This reservoir is designed to allow the residential development in the area to continue with a secure water supply.

WASTEWATER

During the winter, sludge was dredged from Nelson's Wastewater Treatment Plant at Wakapuaka. The desludging project aims to be a long-term solution to reducing odours from the plant. This method was chosen because it has the least impact on the local environment, is the easiest to manage and is the most cost effective.

Large express sewer mains were installed to direct flows from the Arapiki/Ridgeway/Panorama Drive and Marsden Valley areas to the new Songer Street pump station.

STORMWATER

The December 2011 and April 2013 severe rain events required resource to be diverted from the planned 2013/14 work programme into recovery works.

Regular inspections were started at the St Vincent Street culvert and will continue until a replacement is designed and constructed.

In response to submissions from residents concerned about stormwater, extra funding of \$500,000 was added to the 2013/14 budget to address urgent stormwater and flood control issues.

FLOOD PROTECTION

The April 2013 severe rain event caused surface flooding in the Stoke area and damaged streams in Ngawhatu Valley and Aniseed Valley. Saxton Stadium and Sports House both suffered extensive flood damage. Repairs to the

stadium included insuring wall panels and the 3,800 square metre hardwood sports-floor.

The first stage in the York Stream flood capacity upgrade was completed with the construction of concrete piping around the Tipahi/Kawai Street intersection.

ENVIRONMENT

The amount of waste going to landfill continued the downward trend observed over the last ten years. Waste to landfill during 2013/14 was 42% less than at the peak in 2004/05.

Council allocated \$512,000 towards the construction of a pest proof fence at the Brook Waimarama Sanctuary.

A project to improve the health of the Maitai River was begun. The Maitai provides drinking water, acts as a flood channel, receives stormwater and is an important community recreation asset.

Air quality continued to improve in Nelson. There was a decrease in the number of times national air quality standards were exceeded in Nelson's most polluted airshed (Airshed A), from eight in 2012/13 to four in 2013/14.

SOCIAL, ARTS AND HERITAGE

A \$2.3 million grant from the Ministry for Arts, Culture and Heritage brought the Suter gallery's fundraising campaign to a successful completion. The Suter's fantastic effort in raising \$6 million towards its refurbishment project was matched by a \$6 million allocation of ratepayer funding for the major upgrade, which is to get underway in 2014/15.

Council worked closely with both the Theatre Royal and the Nelson School of Music to protect these assets for the community. Funding allocated for the earthquake strengthening and refurbishment of the School of Music was rolled over to future years to give the Trust time to develop its plan.

During 2013/14, the central business district received attention from Council. The Buxton Square toilets were upgraded and new toilets were built behind the Cathedral. Bridge Street received enhancement in the form of colour, lighting and seating to enliven the street and lanes to Buxton Square.

PARKS AND ACTIVE RECREATION

Council revoked the Council Camping Bylaw 2011 after changes to the Freedom Camping Act 2011. Nelson wants to be welcoming to visitors who camp responsibly, respect public and private property and follow simple rules.

Nelson was named one of the 14 host cities for the 2015 ICC Cricket World Cup and three games will be played at Nelson's Saxton Oval.

After an extensive consultation process, Council decided on a development plan for Trafalgar and Rutherford Parks, which will be staged over 10 to 20 years.

Earthquake prone buildings continued to receive attention. The Trafalgar Centre closed for public use in December 2013 after Council received information about the building's susceptibility to earthquake risk. Events booked at the Centre have been moved to other venues, including Saxton Stadium.

Work on seismic strengthening of the Riverside Pool façade took place during the year and the project included upgrading fire safety, improving accessibility for wheelchairs and new office space.

Consultation with the community on the future needs of Stoke residents took place. This included consideration of recreation and community facilities and the use of Greenmeadows Reserve.

A new mountain bike track, the Widdershins Trail, was opened. The trail goes through Marsden Valley and the Barnicoat Range and adds to the many mountain bike options in the region such as Codgers Bike Park and the Dun Mountain Trail. The latter carries more than 10,000 riders each year.



ECONOMIC

The Nelson region's convention activity ranking has improved from 10th to 9th position. This reflects the number of days that conference delegates spend in the region and shows that Nelson is a desired conference destination.

The 2013/14 year saw a return to growth in visitor trends after a difficult three-year period. This included a 5% increase in international guest nights in our region.

CORPORATE

The local body elections resulted in five new Councillors and a new Mayor.

As at 30 June 2014 Council employed 220 people, compared with 257 at the same time last year. This includes full and part time staff in 190 full time equivalent positions, compared with 227 at 30 June 2013.

CAPITAL WORKS

City Council continued to successfully deliver its capital works programme. Total capital expenditure in 2013/14 was \$39.7 million and more than 80% of the physical capital works were delivered.

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

- Construction of a new reservoir and pump station at Observatory Hill
- Construction of a new toilet next to the Cathedral (jointly funded with the Cathedral)
- An upgrade to Princes Drive Road to provide a footpath and repair slips
- The third and final stage of the Maitai Duplicate Pipeline. This provided security to the City's water supply
- Construction and fit-out of a new Group Emergency Operations Centre in Richmond
- Upgrading of a section of Tasman Street between Grove and Cambria Streets to provide new footpaths and improved stormwater collection
- Replacement of various sections of ageing 100mm Asbestos Concrete water mains
- Desludging of the ponds at the Wastewater Treatment Plant at Wakapuaka as well as other upgrades to address odour issues
- Commencement of the Marsden Valley Trunk/Express sewer project. This will increase the capacity of the network and allow for future growth
- Installation of the Quarantine/Songer sewer trunk main
- Reconstruction of Cable Bay Road following the 2011 severe weather event, as well as a number of other recovery projects
- Installation of variable speed zones around schools together with other improvements at school frontages to improve safety
- Commencement of constructing a shared walkway/cycleway along the bank of the Maitai River
- Relocation of overhead 66kV power cables at Saxton Field to allow greater sportsfields use and continuation of a shared path along Main Road Stoke
- Revival and revitalisation of the inner city with the Bridge Street Enhancement and the upgrade of the Buxton Toilets
- A number of minor stormwater improvements around the Railway Reserve in Stoke.

WORKING WITH MĀORI

OPPORTUNITIES FOR PARTICIPATION IN COUNCIL DECISION-MAKING

The relationship with Māori has evolved as a result of the Treaty of Waitangi Settlement Acts for Te Tau Ihu, which came into effect on 1 August 2014, legislative changes to the Resource Management Act and the Local Government Act (2002) and implementing the National Freshwater Policy Statement. Nelson City Council appreciates the intergenerational Kaitiakitanga (guardianship) responsibilities of iwi for the region.

Discussion to establish an effective process to accommodate the needs of the Iwi of Te Taihū (top of the South), Nelson City Council, neighbouring Councils and the wider community is ongoing. For Nelson City Council a more substantive change is the statutory acknowledgement of the two iwi, Rangitāne and Ngāti Apa ki to Ra in the Nelson City takiwa (area). Previously these two iwi were considered to be Wairau based.

The Kotahitanga forum was established in 2005 for a higher level conversation between Nelson City Council, the six iwi associated with Whakatū Marae and mātāwaka (Māori from another area). In 2014, the Terms of Reference for this rōpū (group) was reviewed to assess its effectiveness with the Treaty Settlement legislation.

ENVIRONMENTAL DECISION-MAKING

Significant discussion was held on the best practice models. This is required under the Treaty Settlement legislation, as well as Local Government Act and Resource Management Act reforms.

Support of iwi aspirations to be involved in environmental management, as part of the Nelson City Council's capital projects is ongoing.

The need to develop an effective and efficient working relationship with nine iwi groups (this includes Ngāi Tahu) across Te Tau Ihu remains a priority of Council and is directed by legislation.

CAPACITY BUILDING AND ECONOMIC DEVELOPMENT

Both iwi and Council appreciate the potential of iwi economic contributions to the Nelson business community. As a substantial investor in the region it is appropriate that Council has a relationship with iwi that reflects their role as a ratepayer and employer in the Nelson City region.

Staff worked with iwi to increase understanding of Te Ao Māori (the Māori world) and iwi continue to support Council initiatives where ever possible. This partnership allows tikanga, kawa me ōna kaitiakitanga o ngā taonga tuku iho (Māori processes, how this is delivered and guardianship of ancestor treasures) to be included in Council initiatives and projects.

The Council Kaumātua supported the Mayor and Councillors at civic events and provided support to outside groups that are involved with Council. Two citizenship ceremonies were held at the Marae in 2013/14 and there is potential to offer this opportunity more often if new migrants desire this.

SUPPORT TE AO MĀORI AND CULTURAL CELEBRATIONS

The Council, through Founders Park and in partnership with the Marae, enjoyed Waitangi Day celebrations in February 2014 and provided a free bus service to the Marae. The celebrations included national and international flavours for the Kai Festival and the opportunity for the wider Whakatū Community to be welcomed onto the marae and become part of the Marae whānau.

Matariki 2014 (Māori New Year) and Te Wiki o Te Reo Māori (Māori Language Week) were supported by Council with activities and displays throughout Nelson.

Council provided opportunities for staff to learn pronunciation and basic Te Reo Māori and in 2013/14 three ten-week courses were held at Elma Turner Library.



Council and Nelmac staff worked with tohunga raranga (weaving experts) to ensure that appropriate taonga (treasures), species flaxes and raw materials were available for those in the community who are interested in raranga. The Council is developing safe areas for mahinga kai (food gathering) within Nelson City Takiwa and will continue to support the development of traditional activities.

The Arts Festival team worked with experts in Māori Arts, rangatahi Māori (Māori youth) and the Nelson Marlborough Institute of Technology to provide opportunities for exposure of the community to Toi Māori (Māori Arts).

Council and Iwi partnered in the pōwhiri process for national and international visitors.

COUNCIL ACTIVITIES: THE PAST YEAR

INTRODUCTION TO COUNCIL ACTIVITIES

The following sections are organised into financial activities for funding and accountability and cover everything that Council does. For a fuller description of Council activities, including ten year estimates of spending, scope, assets, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels, refer to the Nelson Long Term Plan 2012–22. This is available in Nelson Public Libraries, through the Council website at nelson.govt.nz or by contacting our customer service centre on Telephone 546 0200.

The activity groups for reporting are:

- Transport*Page 18
- Water supply*Page 24
- Wastewater*Page 30
- Stormwater*Page 35
- Flood protection*Page 40
- EnvironmentPage 45
- Social including arts and heritagePage 55
- Parks and active recreationPage 62
- EconomicPage 69
- CorporatePage 75

* It is mandatory for Council to report on these activities following the amendments to the Local Government Act in 2010. This is to enable performance comparisons between Councils.



TRANSPORT INCLUDING ROADS AND FOOTPATHS

ABOUT COUNCIL TRANSPORT ACTIVITIES

The transport activity of Council covers the provision, operation and maintenance of physical infrastructure and the environment, on road reserves for driving, cycling and walking as well as safety, parking control, traffic control and public transport services.

COUNCIL'S TRANSPORT ACTIVITIES INCLUDE:

- A road network including footpaths, cycle ways, road safety, street cleaning, and lighting
- Public transport including the NBus service and the Total Mobility Scheme to provide access for people with disabilities
- Inner city parking including regulation and Central Business District development
- Management of properties on road reserve.

HIGHLIGHTS FOR 2013/14

The level of service performance measures for the transport network is generally positive. Road roughness is being maintained at a cost effective level for both ratepayers and users and the travel demand measures (e.g. bus patronage and walk and cycle mode share) are in line with targets. The social cost of crashes is trending down, as is the arterial traffic volume and arterial peak travel time.

The Rocks Road Walking and Cycling project was started in 2013/14. Completing the investigation and community consultation phases will extend into the 2014/15 year.

The Stock Effluent Facility, to be located near Richmond, was designed in 2013/14. This is needed as part of a network of facilities to avoid safety and environmental hazards caused by spillage of waste from stock transport trucks. Construction will occur in 2014/15.

Road safety and capacity improvements were made to the intersection of Waimea Road and Motueka Street by installing traffic signals.

An attractive, separated and direct cycle facility along St Vincent Street was built. The cycleway connects to the Railway Reserve.

Variable speed signs were installed outside five schools. These are to protect vulnerable road users by reducing speeds.

A footpath was constructed to complete the connection on Princes Drive between Moana Avenue and Observatory Terrace. This included fixing the slumped ground caused by the December 2011 severe rain event and improvements to the road surface and stormwater infrastructure in the area.

Respondents to the 2014 Residents' Survey were asked how satisfied they were with Nelson City Council in the area of Transport, which includes roads, cycle lanes, footpaths, and public transport. Just over half (55%) were satisfied, or very satisfied, in 2014. This is similar to recent years (52% in 2013 and 57% in 2012).

The highest levels of satisfaction with Council's transport network were for shared pathways, with 79% of residents satisfied, or very satisfied. Increases were seen in satisfaction ratings for street lighting (64% compared with 56% in 2012) and cycle lanes (60% compared with 53% in 2012). All other measures were similar with previous years' results.

If respondents were dissatisfied, or very dissatisfied, they were asked why. Dissatisfaction was generally about poor condition of roads, footpaths and walkways. Dissatisfaction about public transport was driven by the perception that it was not extensive enough. Concerns about cycle lanes were that they were narrow and dangerous.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|----------------------------------|--|
| Healthy land, sea, air and water | The network provided a range of active travel modes, including those with minimal impact on the environment. Designs for upgrades and renewals endeavoured to limit environmental impact |
| People-friendly places | Transport infrastructure took into account its impact on public spaces and accessibility, including a bylaw amendment to provide for additional variable speed school zones |
| A strong economy | The transport network provided efficient movement of people and goods to meet the needs of residents, visitors and businesses |
| Kind, healthy people | Improved designs and promotion increased safety for drivers, cyclists and pedestrians |

SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|--|---|-----------------|--|
| Walking and cycling are easy and attractive transport choices | Percentage of the community that travel to work by walking or cycling based on Annual Survey of Residents and/or national census | 18% | Achieved 18.3% | Based on Census 2013 results, 8.7% cycled to work and 9.6% walked or jogged |
| An efficient transport system that enables people and freight to move efficiently | Average AM and PM peak hour travel times on Waimea Road and the State Highway between Annesbrook and Haven Road roundabout, based on the RLTS annual monitoring report | Average peak hour travel time delays are no greater than 5 minutes above uncongested travel times | Achieved | The 2013/14 car survey showed that the average travel time delays ranged from one minute on the Rocks Road route in the morning, to almost three minutes on the Waimea Road route in the morning |



| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|--|--|-----------------|---|
| Minimised social and economic costs of crashes on the transport network | Total five year average social cost of urban crashes (injury and non-injury) at the worst ten intersections | The annual total social cost is below the previous five year average | Achieved | The social cost for 2013/14 worst ten intersections was \$4.2 million compared with an average of \$4.6 million for the previous five years This is based on NZTA social crash cost and the CAS data base which is populated by the Police and managed by NZTA |
| Public transport services that meet the transport needs of the community with an equitable sharing of costs | The fare recovery ratio | 30–35% | Achieved | The fare recovery ratio was 62% |
| Supply and pricing of short stay parking managed to encourage commercial activity in the city centre | Percentage of short stay parking spaces occupied in midweek peak in December | 95% | Not measured | Surveys in 2012 showed that 81% of short stay parking spaces were occupied in midweek peak in December No survey completed in 2013/14. Data is collected on a four-yearly cycle |
| Supply and pricing of long stay parking managed to incentivise greater use of transport options other than cars | Availability of long stay parking spaces between peak travel times as a percentage of the total long stay spaces within a 20min walk of the central city, excluding CBD long stay spaces | No less than 5% | Not measured | Surveys on the CBD in 2012 showed that, during peak times, about 30% of the total numbers of long stay car parks are not occupied No survey completed in 2013/14. Data is collected on a four-yearly cycle |

FINANCIAL PERFORMANCE – TRANSPORT INCLUDING ROADS AND FOOTPATHS

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 8,076 | 8,417 | 8,104 | 8,054 |
| Operating income | 7,821 | 5,651 | 5,405 | 5,526 |
| Capital income | 3,457 | 2,801 | 4,288 | 4,471 |
| Total revenue | 19,354 | 16,869 | 17,797 | 18,051 |
| Expenses | | | | |
| Payments to staff and suppliers | 13,450 | 9,099 | 9,346 | 9,782 |
| Finance costs | 1,141 | 1,258 | 991 | 1,022 |
| Depreciation | 4,793 | 5,110 | 5,005 | 5,061 |
| Total operating expenses | 19,384 | 15,467 | 15,342 | 15,865 |
| Net surplus (deficit) | (30) | 1,402 | 2,455 | 2,186 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 10,193 | 8,532 | 15,009 | 13,636 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | (2,475) | (6) | (1,677) | (1,790) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 7,718 | 8,526 | 13,332 | 11,846 |
| Source of funds | | | | |
| Net surplus (deficit) | (30) | 1,402 | 2,455 | 2,186 |
| Non cash expenditure | 4,793 | 5,110 | 5,005 | 5,061 |
| Increase (decrease) in debt | 2,935 | 1,994 | 5,852 | 4,212 |
| Gross proceeds from sales of assets | 20 | 20 | 20 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 387 |
| Total source of funds | 7,718 | 8,526 | 13,332 | 11,846 |



| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 8,076 | 8,417 | 8,104 | 8,054 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 3,740 | 1,825 | 2,138 | 2,048 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 503 | 503 | 225 | 190 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 4,081 | 3,826 | 3,042 | 3,288 |
| Total operating funding | 16,400 | 14,571 | 13,509 | 13,580 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 13,450 | 9,099 | 9,121 | 9,138 |
| Finance costs | 158 | 157 | 141 | 117 |
| Internal charges and overheads applied* | 1,486 | 1,604 | 1,075 | 1,162 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 15,094 | 10,860 | 10,337 | 10,417 |
| Surplus (deficit) of operating funding | 1,306 | 3,711 | 3,172 | 3,163 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 3,277 | 2,617 | 4,104 | 4,228 |
| Development and financial contributions | 180 | 184 | 184 | 243 |
| Increase (decrease) in debt | 2,935 | 1,994 | 5,853 | 4,212 |
| Gross proceeds from sale of assets | 20 | 20 | 20 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 6,412 | 4,815 | 10,161 | 8,683 |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 1,389 | 1,344 | 1,450 | 353 |
| – to improve level of service | 5,464 | 4,993 | 8,558 | 8,667 |
| – to replace existing assets | 3,340 | 2,195 | 5,001 | 4,616 |
| Increase (decrease) in reserves | (2,475) | (6) | (1,677) | (1,790) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 7,718 | 8,526 | 13,333 | 11,846 |
| Surplus (deficit) of capital funding | (1,306) | (3,711) | (3,172) | (3,163) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.

Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 1,306 | 3,711 | 3,172 | 3,163 |
| Subsidies and grants for capital expenditure | 3,277 | 2,617 | 4,104 | 4,228 |
| Development and financial contributions | 180 | 184 | 184 | 243 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | (387) |
| Depreciation | (4,793) | (5,110) | (5,005) | (5,061) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | (30) | 1,402 | 2,455 | 2,186 |

Funding impact statement variances against budget

Capital expenditure is \$1.4 million under budget. This was due to some projects delayed by third party stakeholders (\$686,000), contingency budgets for land purchases not fully utilised (\$150,000), progress in expenditure terms on the Maitai Walkway multi year project behind annual plan expectation, and some savings have been realised.

The reduced increase in debt for the year is largely the result of unspent capital budget.

Losses on disposal relate to abandoned assets.



WATER SUPPLY

ABOUT COUNCIL WATER SUPPLY ACTIVITIES

This activity covers the supply of high quality water to Nelson households and businesses through a piped network. The work in this area includes maintaining water pump stations, water treatment plants, dams and reservoirs.

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. 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.

HIGHLIGHTS FOR 2013/14

In 2013/14 approximately \$6.6 million was spent on capital projects. A major area of work was the last stage of the duplicate pipeline from the Maitai Dam to the Water Treatment Plant. This project has installed a new buried pipeline in the Maitai Road to ensure the city has a backup supply line in event of emergency. Duplication of the line from the Water Treatment Plant to the city is to be undertaken in the next three years.

The programme to renew older asbestos cement pipes continued and pipes were replaced on the following three streets: Jellicoe, Palm and Nikau. These pipes are prone to failure, which can disrupt significant areas of the city.

The construction of an additional reservoir at Observatory Hill was completed. This reservoir is designed to allow the residential development in the area to continue with a secure water supply.

Additional work was undertaken on a further stage of installing backflow prevention devices to commercial and industrial properties, to help secure the network from contamination. There is a further 11 years of work programmed.

Many smaller projects to improve the network for fire flows were completed.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|---|--|
| Healthy land, sea, air and water | Ensured water resources are well managed and reduced the human impact on the environment. Council is required to comply with water consent conditions to protect the environment |
| A strong economy | Supported economic development, business and tourism sector in Nelson with a quality and reliable water supply |
| Kind, healthy people | Provided safe drinking water, which prevents disease and improves public health. Water testing is carried out regularly |

SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|-----------------------------------|--|--|-----------------|--|
| Good quality water | Grading under Drinking Water Standards for NZ 2005/08 sampling and test standards | Maintain Ab grading | Achieved | The water grading of Ab was re-confirmed by the Ministry of Health |
| A reliable supply of water | Day to day continuity of supply | 1 in 60 year drought security for at least the next 50 years | Achieved | <p>Maximum daily demand of 27,902m³ was recorded in February 2014. Maximum daily supply capacity is approximately 40,000m³</p> <p>The dam holds approximately 3,000,000m³ which is enough to supply the city for 107 days with no rain. The city currently has enough water</p> <p>Completion of the Maitai duplicate pipeline and treatment filters can lift supply capacity to close to 50,000m³ per day and improve supply security</p> |
| Acceptable water pressure | Percentage of customers with acceptable pressure, defined as minimum 30m head, max 90m head and maximum fluctuation <35% | 84% in 2013/14 | Not achieved | Computer modelling identified 83% of properties had acceptable water pressure. Although no physical measure was taken in 2013/14, the computer modelling has been checked and confirmed as providing accurate results |
| Adequate flows of water | Proportion of properties with NZ Fire Service fire minimum flows of 24 litre/s and therefore adequate domestic, commercial, industrial minimum flows | 99.3% in 2013/14 | Not achieved | Computer modelling identified 99.1% of properties had acceptable water flows, compared with 98.6% in 2010/11 and 2011/12, and 99.1% in 2012/13 |



| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|---|--|-----------------|---|
| A prompt emergency response | Meet response times for emergencies identified in external works contract | Maximum 24 hour outage (all) Supply 99.6% available at any property | Achieved | There were six water main shut downs recorded, which exceeded eight hours cumulative total. Only one of these exceeded 24 hours but the water main involved was in a new subdivision and there were no consumers affected |
| A network that protects the natural environment | Level of compliance with resource consents | 100% compliance | Not achieved | Compliance reporting from contractor is for the 2012/13 financial year (data is received one year in arrears). Maitai River results showed flow conditions were met. Temperature conditions were not met on 10 occasions during the year. Roding river showed compliance with minimum flows |

FINANCIAL PERFORMANCE – WATER SUPPLY

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 0 | 0 | 0 | 0 |
| Operating income | 11,047 | 11,449 | 11,373 | 10,991 |
| Capital income | 610 | 625 | 626 | 413 |
| Total revenue | 11,657 | 12,074 | 11,999 | 11,404 |
| Expenses | | | | |
| Payments to staff and suppliers | 6,093 | 5,793 | 5,939 | 6,009 |
| Finance costs | 1,375 | 1,527 | 1,283 | 1,393 |
| Depreciation | 3,941 | 4,126 | 4,146 | 4,052 |
| Total operating expenses | 11,409 | 11,446 | 11,368 | 11,454 |
| Net surplus (deficit) | 248 | 628 | 631 | (50) |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 7,729 | 7,902 | 7,084 | 6,625 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | (393) | 0 | 0 | (256) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 7,336 | 7,902 | 7,084 | 6,369 |
| Source of funds | | | | |
| Net surplus (deficit) | 248 | 628 | 631 | (50) |
| Non cash expenditure | 3,941 | 4,126 | 4,146 | 4,052 |
| Increase (decrease) in debt | 3,147 | 3,148 | 2,307 | 2,335 |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 32 |
| Total source of funds | 7,336 | 7,902 | 7,084 | 6,369 |



| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 9 | 10 | 10 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 11,015 | 11,365 | 11,263 | 10,887 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 23 | 74 | 100 | 104 |
| Total operating funding | 11,047 | 11,449 | 11,373 | 10,991 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 6,093 | 5,793 | 5,939 | 5,784 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 1,375 | 1,527 | 1,283 | 1,586 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 7,468 | 7,320 | 7,222 | 7,370 |
| Surplus (deficit) of operating funding | 3,579 | 4,129 | 4,151 | 3,621 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 134 |
| Development and financial contributions | 610 | 625 | 626 | 279 |
| Increase (decrease) in debt | 3,147 | 3,148 | 2,307 | 2,335 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 3,757 | 3,773 | 2,933 | 2,748 |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 98 | 510 | 1,007 | 983 |
| – to improve level of service | 6,258 | 5,393 | 5,048 | 4,660 |
| – to replace existing assets | 1,373 | 1,999 | 1,029 | 982 |
| Increase (decrease) in reserves | (393) | 0 | 0 | (256) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 7,336 | 7,902 | 7,084 | 6,369 |
| Surplus (deficit) of capital funding | (3,579) | (4,129) | (4,151) | (3,621) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.

Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 3,579 | 4,129 | 4,151 | 3,621 |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 134 |
| Development and financial contributions | 610 | 625 | 626 | 279 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | (32) |
| Depreciation | (3,941) | (4,126) | (4,146) | (4,052) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 248 | 628 | 631 | (50) |

Funding impact statement variances against budget

Operating funding is \$382,000 less than budget as water meter income has fallen short of that anticipated at the time of the budget. Water usage is dependent on a number of inputs including economic conditions and the weather, and is therefore difficult to predict.

Internal charges are greater than budget by \$303,000 due to transfers into the disaster recovery fund.

Unbudgeted subsidies and grants for capital of \$134,000 were received from Nelson Electricity Ltd, Transfield Services NZ Ltd and Chorus relating to work carried out on their behalf. Development and financial contributions are \$347,000 less than budget reflecting the timing of development activity.

Savings in capital expenditure are related to the progress of the Maitai duplicate pipeline, changes in the renewals programme and the timing of the backflow prevention programme.



WASTEWATER

ABOUT COUNCIL WASTEWATER ACTIVITIES

Council provides a wastewater system for the collection, treatment and disposal of wastewater discharged into Nelson's sewers.

Council manages 370 km of wastewater pipes, 26 pump stations and the Nelson 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), which Council has 50% ownership with Tasman District Council.

HIGHLIGHTS FOR 2013/14

In 2013/14 approximately \$4.2 million of new capital projects were undertaken across the city. Large express sewer mains were installed to direct flows from the Arapiki/Ridgeway/Panorama Drive and Marsden Valley areas to the new Songer Street pump station. These pipelines will provide good capacity for flows into the future as the upper areas of Stoke are developed. The main project is for the Stoke area at this stage.

Works to address the odour issues at Nelson Wastewater Treatment Plant by installing covers to trickling filters and desludging the oxidation pond were started. Investigations for stopping stormwater infiltration into sewers continued.

Design work was completed on the proposed new pump station at Corder Park. This project will replace the existing small pump station with a larger facility that can work in tandem with the main station at Neale Park to transfer wastewater from the city to the Nelson Wastewater Treatment Plant adjacent the Boulder Bank. Construction is programmed for 2014/15 to 2015/16.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|----------------------------------|--|
| Healthy land, sea, air and water | Reticulated wastewater and treatment plants reduced the impact of the city on the environment |
| People-friendly places | Controlling wastewater reduced harmful effects on people as well as the natural and built environment |
| A strong economy | Controlling wastewater allowed businesses to operate safely in Nelson and protected the tourism sector from negative impacts |
| Kind, healthy people | Controlling wastewater minimised disease and health problems |

SERVICE LEVELS AND PERFORMANCE

Measures from Year 1 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|--|-----------------|---|
| A fully operational wastewater treatment plant | Level of compliance of treatment plant with resource consent conditions | 100% compliance | Achieved | One biochemical oxygen demand reading exceeding 50gm ³ was recorded in October 2013 (the Resource Consent allows for one). No odour conditions were breached during the year |
| Emergency response | Time taken to respond and investigate emergencies | Respond and investigate emergency works within 30 minutes and repairs within eight hours | Not achieved | Two incidents were not investigated within 30 minutes. These were one overflowing manhole during the June 2014 rain event and one broken sewer main in May 2014, which was reported as non-urgent There were five reported instances of overflowing manholes not resolved in eight hours |
| Environmental protection | Level of compliance with resource consent conditions for accidental discharges from the network | 100% compliance | Achieved | Pump station discharges were sampled within the required timeframes |
| | Number of confirmed odour complaints per annum associated with a pump station | No more than three confirmed odour complaints a year associated with a pump station | Not achieved | There were four complaints from Vanguard Street pump station in 2013/14 |



FINANCIAL PERFORMANCE – WASTEWATER

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 6,436 | 6,514 | 6,800 | 6,836 |
| Operating income | 3,658 | 4,036 | 3,583 | 3,362 |
| Capital income | 540 | 553 | 553 | 343 |
| Total revenue | 10,634 | 11,103 | 10,936 | 10,541 |
| Expenses | | | | |
| Payments to staff and suppliers | 5,983 | 8,984 | 9,166 | 6,635 |
| Finance costs | 605 | 669 | 477 | 405 |
| Depreciation | 3,730 | 3,992 | 4,034 | 3,844 |
| Total operating expenses | 10,318 | 13,645 | 13,677 | 10,884 |
| Net surplus (deficit) | 316 | (2,542) | (2,741) | (343) |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 5,884 | 4,173 | 5,159 | 4,207 |
| Non cash profits and write-ups | 0 | 0 | 0 | 8 |
| Increase (decrease) in reserves | (1,760) | (350) | (2,573) | 38 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 4,124 | 3,823 | 2,586 | 4,253 |
| Source of funds | | | | |
| Net surplus (deficit) | 316 | (2,542) | (2,741) | (343) |
| Non cash expenditure | 3,730 | 3,992 | 4,034 | 3,844 |
| Increase (decrease) in debt | 78 | 2,373 | 1,293 | 602 |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 150 |
| Total source of funds | 4,124 | 3,823 | 2,586 | 4,253 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| <i>Sources of operating funding</i> | | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 6,436 | 6,514 | 6,800 | 6,836 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 3,658 | 4,036 | 3,583 | 3,354 |
| Total operating funding | 10,094 | 10,550 | 10,383 | 10,190 |
| <i>Applications of operating funding</i> | | | | |
| Payments to staff and suppliers | 5,983 | 8,984 | 9,166 | 6,392 |
| Finance costs | 605 | 584 | 454 | 405 |
| Internal charges and overheads applied* | 0 | 85 | 23 | 93 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 6,588 | 9,653 | 9,643 | 6,890 |
| Surplus (deficit) of operating funding | 3,506 | 897 | 740 | 3,300 |
| <i>Sources of capital funding</i> | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 87 |
| Development and financial contributions | 540 | 553 | 553 | 256 |
| Increase (decrease) in debt | 78 | 2,373 | 1,293 | 602 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 618 | 2,926 | 1,846 | 945 |
| <i>Applications of capital funding</i> | | | | |
| Capital expenditure – to meet additional demand | 1,616 | 258 | 1,655 | 1,451 |
| – to improve level of service | 2,927 | 2,932 | 2,683 | 2,135 |
| – to replace existing assets | 1,341 | 983 | 821 | 621 |
| Increase (decrease) in reserves | (1,760) | (350) | (2,573) | 38 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 4,124 | 3,823 | 2,586 | 4,245 |
| Surplus (deficit) of capital funding | (3,506) | (897) | (740) | (3,300) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 3,506 | 897 | 740 | 3,300 |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 87 |
| Development and financial contributions | 540 | 553 | 553 | 256 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | (20) |
| Depreciation | (3,730) | (3,992) | (4,034) | (3,844) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 8 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | (130) |
| Net surplus (deficit) before taxation in statement of financial performance | 316 | (2,542) | (2,741) | (343) |

Funding impact statement variances against budget

Payments to staff and suppliers are \$2.8 million less than budgeted as the proposed desludging activity at the Nelson Wastewater Treatment Plant has now been spread over a number of years.

Capital expenditure is \$952,000 less than anticipated because of tender and construction savings in the multi-year Marsden Valley trunk main/express sewer project and savings due to a change of solution in the Nelson Wastewater Treatment Plant remediation works.

The funding required for capital purchases from reserves and loans has been reduced by the extra operating surpluses.

Development and financial contributions are \$297,000 less than budget reflecting the timing of development activity.

STORMWATER

ABOUT COUNCIL STORMWATER ACTIVITIES

This activity disposes of stormwater through a system that has two parts: a natural component of 27km of rivers and streams and a constructed stormwater system of mains, pump stations and outfalls to rivers, streams or the sea.

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. The focus of stormwater activity is expanding the piped network to areas of the city where this is lacking.

HIGHLIGHTS FOR 2013/14

In 2013/14 approximately \$1.8 million was spent expanding and upgrading the network. Projects of particular significance were upgrading the Seaview Road stormwater, extending the network along the North end of the Stoke Railway reserve, and completing the Tasman Street upgrade and initial stages of the Northesk Street upgrade.

Detailed investigation and options reports were prepared for Wastney Terrace and Washington Valley. Wastney Terrace requires an upgraded stormwater system to cope with increased development in the area. Washington Valley has a number of areas that are subject to flooding and slips that will be addressed with network upgrades.

Design work was completed on the replacement culvert for Salt Water Creek under Haven Road. Construction is programmed for 2014/15.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|---|---|
| Healthy land, sea, air and water | Council reduced effects of excess rainfall on the environment by complying with resource consent conditions. New works took into account natural and recreational needs |
| People-friendly places | Upgrade and remedial works reduced the likelihood of excess rainfall damaging homes, businesses or essential infrastructure |
| A strong economy | Programmed upgrading of streams helped remove restrictions on developing land by ensuring adequate drainage is provided |
| Kind, healthy people | Upgrade and remedial works reduced the likelihood of people being affected by excess rainfall. Council has emergency management systems in place to protect people and property |



SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|--|---|-----------------|--|
| Environmental protection For the built and natural environment from flooding and stormwater discharges | Level of compliance with resource consent conditions | 100% compliance | Not achieved | Ongoing monitoring of stormwater from six urban catchments was completed Reports are required by 31 August 2014 so although were not available at reporting date the target is on track to being achieved |
| | Ensure appropriate stormwater disposal options are available throughout the city | Planned work programme completed to improve network, targeting highest risk areas | Not achieved | Delay in finalising easements led to reduction in scope for two projects. All other projects completed to plan |
| Reliability An operational stormwater network | Number of blockages per 100 km of pipes on an annual basis | Less than 25 blockages per 100 km of pipes on an annual basis | Achieved | There were 36 stormwater blockages within the entire network for 2013/14 |
| Emergency response Provide a prompt, reliable and timely response to service requests and system failures | Time that contractors take to respond to emergencies | Contractors respond to emergencies within 30 minutes | Not achieved | There were four instances recorded that were longer than 30 minutes. These were flooding (2), blocked inlet (1), overflowing manhole (1) |

FINANCIAL PERFORMANCE – STORMWATER

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 3,814 | 3,914 | 3,499 | 3,509 |
| Operating income | 0 | 0 | 0 | 10 |
| Capital income | 598 | 612 | 612 | 212 |
| Total revenue | 4,412 | 4,526 | 4,111 | 3,731 |
| Expenses | | | | |
| Payments to staff and suppliers | 1,079 | 949 | 1,226 | 1,197 |
| Finance costs | 918 | 936 | 777 | 832 |
| Depreciation | 1,917 | 2,030 | 1,750 | 1,686 |
| Total operating expenses | 3,914 | 3,915 | 3,753 | 3,715 |
| Net surplus (deficit) | 498 | 611 | 358 | 16 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 2,826 | 3,282 | 3,011 | 1,771 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | (100) | 0 | (254) | (461) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 2,726 | 3,282 | 2,757 | 1,310 |
| Source of funds | | | | |
| Net surplus (deficit) | 498 | 611 | 358 | 16 |
| Non cash expenditure | 1,917 | 2,030 | 1,750 | 1,686 |
| Increase (decrease) in debt | 311 | 641 | 649 | (414) |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 22 |
| Total source of funds | 2,726 | 3,282 | 2,757 | 1,310 |



| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 3,814 | 3,914 | 3,499 | 3,509 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 | 10 |
| Total operating funding | 3,814 | 3,914 | 3,499 | 3,519 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 1,079 | 949 | 1,226 | 1,075 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 918 | 936 | 777 | 932 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 1,997 | 1,885 | 2,003 | 2,007 |
| Surplus (deficit) of operating funding | 1,817 | 2,029 | 1,496 | 1,512 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 0 |
| Development and financial contributions | 598 | 612 | 612 | 212 |
| Increase (decrease) in debt | 311 | 641 | 649 | (414) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 909 | 1,253 | 1,261 | (202) |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 0 | 0 | 0 | 0 |
| – to improve level of service | 2,369 | 3,045 | 2,911 | 1,711 |
| – to replace existing assets | 457 | 237 | 100 | 60 |
| Increase (decrease) in reserves | (100) | 0 | (254) | (461) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 2,726 | 3,282 | 2,757 | 1,310 |
| Surplus (deficit) of capital funding | (1,817) | (2,029) | (1,496) | (1,512) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.

Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|------------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 1,817 | 2,029 | 1,496 | 1,512 |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 598 | 612 | 612 | 212 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | (22) |
| Depreciation | (1,917) | (2,030) | (1,750) | (1,686) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 498 | 611 | 358 | 16 |

Funding impact statement variances against budget

Development and financial contributions are \$400,000 less than anticipated reflecting the timing of development activity.

Capital expenditure is \$1.2 million less than budgeted. A combination of savings and delays due to land easement issues has produced this variance.

The \$1.1 million difference in borrowings required is as a result of the decreased capital expenditure.



FLOOD PROTECTION

ABOUT COUNCIL FLOOD PROTECTION ACTIVITIES

Council's flood protection assets include river and stream bank protection, stormwater detention dams/ponds, protection systems and flooding response and maintenance. These operations focus on the rivers and streams in the urban area of Nelson City.

HIGHLIGHTS FOR 2013/14

In 2013/14 projects with a combined value of approximately \$1 million were completed. Notable areas of work were completing the new outlet at Kawai/Tipahi Streets for the York Stream upgrade, options or design reports for works at Todds Valley, Rutherford Street (Little Go Stream) and Saxton Creek.

As part of the wider flood protection strategy for the central business district, Council is progressing a project to link Maitai Flood analysis with similar work for Brook Stream and York Stream. In 2013/14 the Maitai River computer model was completed and further capacity reviews of the York Stream culvert in St Vincent Street were undertaken.

In response to the extreme rain events of December 2011 and April 2013, gravel removal and rock protection works to streams continued. Submissions from residents concerned about stormwater resulted in \$500,000 being added to the 2013/14 budget to address urgent stormwater and flood control issues.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|----------------------------------|--|
| Healthy land, sea, air and water | Stream and river upgrade and remedial works reduced the effects of floods on the environment. Stream remedial works took into account natural and recreational needs |
| People-friendly places | Stream and river upgrade and remedial works reduced the likelihood of floods damaging homes, businesses or essential infrastructure |
| A strong economy | Proposed capacity upgrades will reduce restrictions on developing land as adequate drainage capacity will be provided |
| Kind, healthy people | Reduced likelihood of people being affected by a flood |

SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|---|---|-----------------|---|
| Protection for the urban built and natural environment from Q₅₀ floods | Damage to urban property from stream flooding is minimised | Begin design works of three urban streams Q ₅₀ capacity | Achieved | Design work started on Little-Go Stream, Saxton Creek and Orphanage Stream |
| | Damage to urban property from Maitai River flooding is minimised | Begin review of Maitai River Q ₅₀ capacity | Achieved | Computer model of Maitai River completed |
| Integration of ecological and stormwater requirements in urban sections of streams and rivers | Fish passage in streams is maximised and ecological impact of structures is minimised | Complete catchment management plan for the Maitai River and fresh water quality improvement initiatives | On track | Maitai project established to improve freshwater quality in the river The flood model component of the catchment management plan has been completed and the other strands are linked to the Maitai project |



FINANCIAL PERFORMANCE – FLOOD PROTECTION

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 122 | 158 | 390 | 392 |
| Operating income | 0 | 0 | 0 | 0 |
| Capital income | 0 | 0 | 0 | 0 |
| Total revenue | 122 | 158 | 390 | 392 |
| Expenses | | | | |
| Payments to staff and suppliers | 112 | 130 | 758 | 841 |
| Finance costs | 10 | 28 | 15 | 22 |
| Depreciation | 0 | 0 | 134 | 128 |
| Total operating expenses | 122 | 158 | 907 | 991 |
| Net surplus (deficit) | 0 | 0 | (517) | (599) |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 399 | 321 | 962 | 846 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | 0 | 0 | (516) | (548) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 399 | 321 | 446 | 298 |
| Source of funds | | | | |
| Net surplus (deficit) | 0 | 0 | (517) | (599) |
| Non cash expenditure | 0 | 0 | 134 | 128 |
| Increase (decrease) in debt | 399 | 321 | 829 | 769 |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 0 |
| Total source of funds | 399 | 321 | 446 | 298 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| <i>Sources of operating funding</i> | | | | |
| General rates, uniform annual general charges, rates penalties | 0 | 0 | 0 | 0 |
| Targeted rates (other than a targeted rate for water supply) | 122 | 158 | 390 | 392 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 | 0 |
| Total operating funding | 122 | 158 | 390 | 392 |
| <i>Applications of operating funding</i> | | | | |
| Payments to staff and suppliers | 112 | 130 | 758 | 840 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 10 | 28 | 15 | 23 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 122 | 158 | 773 | 863 |
| Surplus (deficit) of operating funding | 0 | 0 | (383) | (471) |
| <i>Sources of capital funding</i> | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 399 | 321 | 829 | 769 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 399 | 321 | 829 | 769 |
| <i>Applications of capital funding</i> | | | | |
| Capital expenditure – to meet additional demand | 0 | 0 | 0 | 0 |
| – to improve level of service | 399 | 321 | 962 | 846 |
| – to replace existing assets | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | 0 | 0 | (516) | (548) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 399 | 321 | 446 | 298 |
| Surplus (deficit) of capital funding | 0 | 0 | 383 | 471 |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 0 | 0 | (383) | (471) |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | (134) | (128) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 0 | 0 | (517) | (599) |

Funding impact statement variances against budget

There are no material variances in this activity.

ENVIRONMENT

ABOUT COUNCIL'S ENVIRONMENT ACTIVITIES

Nelson City Council's environmental functions include planning and service delivery, advice, monitoring, education, advocacy and enforcement. The environment activities include solid waste management, environmental management, regulatory compliance and managing emergencies.

HIGHLIGHTS FOR 2013/14

Solid waste management

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.

The amount of waste going to landfill (residual waste) has trended downward over the last 10 years. The residual waste going to landfill during 2013/14 was 42% less than at the peak in 2004/05. Tonnages of recycled material have remained stable.

Council continues to lobby central government to set in place a product stewardship programme that places responsibility to deal with electronic waste on the manufacturers and retailers of these products. In the absence of such programmes, Council supports Nelson residents by capping the cost of recycling cathode ray tube monitors at \$10 per monitor.

Environmental management

As one of the country's six unitary authorities, Nelson City Council manages territorial authority functions like subdivisions and land use, as well as regional functions like air quality, fresh water, coastal management and biosecurity. Council's environmental functions include:

- Monitoring the state of the environment
- Pest management
- Environmental advocacy and education
- Events and awards
- Policy development, implementation and advice
- Statutory and non statutory planning
- Non-regulatory assistance.

Council made a decision in 2013 to develop an integrated resource management plan (The Nelson Plan) on the basis that this was the most effective and efficient approach to plan development. The Nelson Plan will combine the Nelson Resource Management Plan and the Nelson Regional Policy Statement.

This approach is different to that signalled in the 2013/14 Annual Plan, which was based on an issue-based rolling review. Council has used the work that had been done as a basis for Nelson Plan development. In 2013/14 Council identified Nelson's significant resource management issues.

The Council notified and made decisions on Plan Change 16 – Inner City Noise. This improves the way noise is managed in the Inner City Zone. Council also instigated a review of the woodburner provisions of the Nelson Air Quality Plan.

The year saw continual improvement in air quality. There was a decrease in the number of times national air quality standards were exceeded in Nelson's most polluted airshed (Airshed A), from eight in 2012/13 to four in 2013/14.



The maximum PM₁₀ concentration for 2013/14 was 54 ug/m³ compared with the 2012/13 level of 62 ug/m³. Data recorded by calendar year shows progress towards improving air quality is levelling off. The 2014 results are similar, although slightly lower, than those of 2012.

Over 12,000 plants were provided by Council to 45 rural land holders for planting over the winter of 2014. The value of planting and maintenance provided by each landowner is of a similar, or higher, value than the cost of each plant.

A commitment to Ecofest was maintained as an excellent vehicle for demonstrating Council priorities and practices. The event continues to be delivered in partnership with Tasman District Council.

Council has an ongoing programme to identify natural hazards and potential for soil contamination affecting properties in Nelson. The Fault Hazard Overlay was reviewed in 2013 and there is work on the Maitai River Flood Hazard model and Tahunanui Area Liquefaction Assessment. A Hazardous Industries and Activities List (HAIL) site database has been established.

Regulatory compliance

Regulatory compliance activities include:

- Dog and animal control
- Liquor licensing
- Swimming pool compliance
- Food premises monitoring
- Processing and inspection of resource and building consents
- Land Information Memorandum reports
- Parking enforcement
- Harbour and coastal safety and navigation
- Pollution management
- Investigating complaints about noise, bylaws, private drains and illegal building works.

The level of activity in general was similar to previous years with the exception of the following:

- Introducing a District Licensing Committee to decide on all alcohol related applications under the Sale and Supply of Alcohol Act 2012
- Fewer building and resource consent numbers but an increase in complex issues
- Resource consent outcomes and processes audited by the Ministry for the Environment with good results
- Reviewing the Land Information Memorandum process with minor changes recommended.

Managing emergencies

Councils have civil defence responsibilities under the Civil Defence Emergency Management Act 2002, partly because of the essential infrastructure and services they provide. This includes improving community awareness of how to prepare for a disaster and how to recover afterwards. Key staff are trained to operate an emergency operations centre (EOC) with Tasman District Council staff in the event of a disaster.

A major step in 2013/14 was completing a new EOC in conjunction with Tasman District Council. The facility is built to high safety standards and provides an enhanced capability to assist the community during emergency events. Exercises and responses to weather events provided opportunities to successfully test the new EOC.

Council is responsible for rural fire management. It contracts this activity to the Waimea Rural Fire Committee, which is primarily responsible for rural fire prevention and suppression. Council is responsible for providing resources and assets, and as part of this upgraded the Hira Fire Station. The risk from rural fires continues, as evidenced by a fire on Biggsburn Way, Atawhai in January 2014. The Mayor was involved in the 'Fire Smart' public education campaign.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|---|--|
| Healthy land, sea, air and water | Regulatory controls through consents and enforcement helped protect the environment, minimise waste and ensure it was disposed of safely |
| People-friendly places | Policies and bylaws controlled threats to public safety caused by negative effects of dogs, noise and alcohol use. City and surroundings were protected from damaging disposal of waste, which ensured Nelson is a safe and attractive place to live in and visit. Non-regulatory programmes encouraged people to reduce, re-use and recycle |
| A strong economy | Policies and bylaws were implemented to keep residents and visitors safe from dogs, noise or alcohol use. A reliable, comprehensive and cost-effective waste disposal service was provided for residents, the tourism service sector and businesses. Non-regulatory support was provided to the business sector |



SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---------------------------|--|--|-----------------|--|
| Cleaner water | Health of Nelson's freshwater environments measured by water body classification | Maintain class A and B water bodies in current state | Not achieved | In 2013 there was an overall decline in water quality, compared with long term grades There were 12 sites with grade A or B in 2013 compared with 15 in 2012 |
| | | Decrease number of water bodies classified as D or E by Year 3 ² | Not achieved | A total of 12 sites were worse than grade C in 2013, compared with 11 sites in 2012 ¹ Flooding in some Stoke catchments and drought conditions in early summer impacted on water quality and stream habitat over the monitoring period A programme of work focused on improving the health of the Maitai River was initiated in 2013/14 and the outcomes are focused on the 2014/15 year |
| | Level of compliance with swimming water quality standards | Increase the number of monitored swimming areas that meet the swimming quality standards | Not achieved | The beach and upper Maitai sites complied with water quality standards. Bacteria sampling was not deferred during wet conditions (as in previous years). This meant that bacteria levels were slightly elevated at sites, from land run off and contaminated stormwater In 2013/14 MFE and regional councils standardised bathing water sampling protocols, which resulted in a change to NCC sampling (irrespective of weather conditions). The number of sites with E coli breaches did not improve overall, because seven of the 22 sample days had E coli elevated by weather effects |

¹ For freshwater, the grading is for the calendar year.

² This is likely to take three years to achieve and Council needs to first establish a long term trend before starting to measure on an annual basis.

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|--|---|-----------------|---|
| Cleaner air | Level of compliance with national standard for air quality | Continue to comply with the national standard in Airshed B & C | Achieved | Airshed C complies with the national standard Airshed B breached the national standard once in 2013/14. After September 2016, Airshed B must not breach the standard more than once in any year |
| | | Airshed A breaches will decline from prior year | | There were four breaches in Airshed A in the 2013/14 year, down from seven in the 2012/13 year. Airshed A must achieve no more than three breaches by September 2016, and after 2020 no more than a single breach per year Council decided to instigate a review of the woodburner provisions of the Nelson Air Quality Plan |
| A well-planned city that meets communities' current and future needs and responds to national policy direction | Resource management plans updated to implement national policy changes and Council's strategic direction | Complete existing plan changes and respond to national policy changes | Not achieved | Council decided to pursue an integrated review of Nelson's Resource Management plans – The Nelson Plan Plan Change 16 – Inner City Noise – was completed and a number of other plan changes in progress have now been incorporated into the wider review New information on a revised fault hazard overlay, a potential liquefaction zone in Tahunanui, a Maitai River flood model and potentially contaminated sites was collated and mapped and the information made public |



| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|--|-----------------|--|
| Reduced waste to landfill | The amount (in tonnes) of waste per resident disposed of at landfill | Continue each year to decrease the per capita amount of waste from the Nelson City Council area disposed of at landfill, in tonnes | Achieved | <p>The average waste disposed of at York Valley (excluding contaminated soil) is recorded as 0.619 tonne per person in 2013/14; down slightly from 0.620 tonne last year. Increased tonnages of contaminated soil have been received at York Valley following implementation of the National Environmental Standard for Assessing and Managing Contaminants in Soil to Protect Human Health</p> <p>Initiatives have included Second Hand Sunday; compost workshops and cardboard and food waste avoidance pilots through contract C897. Following a successful trial around Second Hand Sunday this initiative will be held twice a year</p> |
| Buildings are a safe and healthy environment for current and future building users | Building consents and code compliance certificates issued within 20 working days | 100% of building consents and code compliance certificates issued within 20 working days | Not achieved | <p>In 2013/14, 98% of building consents and 100% of code of compliance certificates were issued in 20 working days. 100% achieved in August 2013 and has been maintained since</p> <p>The Building Consents Authority changed to a new electronic processing system and had some capacity issues, resulting in six breaches in July</p> |
| | Implementation of the Earthquake Prone and Dangerous Building Policy | Review and implementation of the Earthquake Prone and Dangerous Building Policy meets deadlines specified in the Policy | On hold | <p>The Earthquake amendment Bill is awaited before the existing policy is reviewed fully. One change to the current policy is that the requirement to meet 67% of New Building Standard was removed and only 34% can be required from October 2013</p> <p>All existing s124 Notices have been re-issued to reflect this</p> |
| | Level of customer satisfaction as measured by a survey of building and resource consent customers | 60% of customers are satisfied or very satisfied with the building and resource consent services | Not achieved | <p>In 2013/14, 55% of customers were satisfied or very satisfied with the building and resource consent services</p> <p>Work has been undertaken for time limits and fees and charges models to improve the customer experience</p> |

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|---|--|-----------------|--|
| Resource consents processing service | Level of compliance with statutory timeframes for processing resource consents | 100% of non-notified resource consents processed within 20 working days, 100% of notified/ limited notified consents processed within 75 working days (or less as required by the RMA) | Not achieved | In 2013/14, 98% of non-notified consents processed on time (average of 13 working days), 100% of notified/ limited notified consents on time (average of 54 working days) These are the most compliant annual results in ten years. In addition, only 0.6% of all decisions issued were objected to or appealed |
| An effective and timely CDEM response to support our community following emergency events | Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman | Effective EOC is operating for Nelson Tasman | Achieved | A new EOC was completed on time, on budget and was successfully tested. The EOC is now operating and effective |



FINANCIAL PERFORMANCE – ENVIRONMENT

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 6,749 | 6,457 | 5,922 | 4,881 |
| Operating income | 9,590 | 9,899 | 9,306 | 9,108 |
| Capital income | 12 | 12 | 12 | 3 |
| Total revenue | 16,351 | 16,368 | 15,240 | 13,992 |
| Expenses | | | | |
| Payments to staff and suppliers | 15,178 | 15,162 | 14,112 | 12,957 |
| Finance costs | 243 | 217 | 213 | 207 |
| Depreciation | 346 | 364 | 422 | 419 |
| Total operating expenses | 15,767 | 15,743 | 14,747 | 13,583 |
| Net surplus (deficit) | 584 | 625 | 493 | 409 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 382 | 102 | 101 | 103 |
| Non cash profits and write-ups | 0 | 0 | 0 | 159 |
| Increase (decrease) in reserves | (117) | 281 | 277 | 560 |
| Increase (decrease) in investments | 287 | (14) | 286 | (662) |
| Total funds required | 552 | 369 | 664 | 160 |
| Source of funds | | | | |
| Net surplus (deficit) | 584 | 625 | 493 | 409 |
| Non cash expenditure | 346 | 364 | 422 | 419 |
| Increase (decrease) in debt | (378) | (620) | (251) | (668) |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 0 |
| Total source of funds | 552 | 369 | 664 | 160 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| <i>Sources of operating funding</i> | | | | |
| General rates, uniform annual general charges, rates penalties | 6,136 | 5,848 | 5,340 | 4,820 |
| Targeted rates (other than a targeted rate for water supply) | 613 | 609 | 582 | 61 |
| Subsidies and grants for operating purposes | 300 | 213 | 185 | 297 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 2,053 | 2,081 | 2,467 | 2,115 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 7,237 | 7,605 | 6,654 | 6,537 |
| Total operating funding | 16,339 | 16,356 | 15,228 | 13,830 |
| <i>Applications of operating funding</i> | | | | |
| Payments to staff and suppliers | 13,125 | 13,081 | 11,645 | 10,680 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 2,296 | 2,298 | 2,680 | 2,484 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 15,421 | 15,379 | 14,325 | 13,164 |
| Surplus (deficit) of operating funding | 918 | 977 | 903 | 666 |
| <i>Sources of capital funding</i> | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 0 |
| Development and financial contributions | 12 | 12 | 12 | 3 |
| Increase (decrease) in debt | (378) | (620) | (251) | (668) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | (366) | (608) | (239) | (665) |
| <i>Applications of capital funding</i> | | | | |
| Capital expenditure – to meet additional demand | 89 | 0 | 0 | 27 |
| – to improve level of service | 98 | 0 | 23 | 18 |
| – to replace existing assets | 195 | 102 | 78 | 58 |
| Increase (decrease) in reserves | (117) | 281 | 277 | 560 |
| Increase (decrease) in investments | 287 | (14) | 286 | (662) |
| Total applications of capital funding | 552 | 369 | 664 | 1 |
| Surplus (deficit) of capital funding | (918) | (977) | (903) | (666) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|-------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 918 | 977 | 903 | 666 |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 12 | 12 | 12 | 3 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | 0 |
| Depreciation | (346) | (364) | (422) | (419) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 159 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 584 | 625 | 493 | 409 |

Funding impact statement variances against budget

Targeted rates are less than budgeted in the Long Term Plan 2012–22 by \$521,000 as a result of recategorising the capital income associated with the Solar Saver and Clean Heat Warm Homes schemes as an increase in investment.

Solid waste fees and internal charges are \$332,000 under budget, largely in Landfill.

Payments to staff and suppliers are under budget by \$965,000. Savings in staff time of \$536,000 are a combination of anticipated staff time being spent elsewhere, and savings from the reorganisation during the year. Savings were made in programmed service provision of \$172,000, mainly relating to waste minimisation and environmental advocacy. Budgeted consultancy costs relating to plan changes were underspent by \$116,000. The depressed price of carbon credits generated a saving of \$93,000.

Internal charges and overheads are under budget by \$196,000, offset in other receipts.

A variance of \$948,000 in investment movement is \$521,000 targeted rates for Clean Heat Warm Homes and Solar Saver recategorised from income, along with \$127,000 early repayment of loans from the same schemes, and a \$300,000 budgeted loan to Nelson Tasman Civil Defence for the Emergency Operations Centre fitout was not required.

Savings in the solid waste group of accounts generated a transfer to reserves of \$283,000 greater than anticipated.

SOCIAL INCLUDING ARTS AND HERITAGE

ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council provides services that contribute to the quality of life and wellbeing of residents. This activity is very diverse and includes heritage houses, settlement support, a museum, festivals and public libraries, and other facilities.

HIGHLIGHTS FOR 2013/14

Community facilities

Council's 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.

The Nelson Marina had occupation of over 92% and achieved its highest operating surplus of \$500,000. Work continued on the renewals programme and a glass recycling program was introduced.

Demand for cremations continue to increase and is at the highest level of use since records began in 2000.

Public toilets received considerable attention in 2013/14 with the upgrade of the Buxton facilities completed, the Cathedral toilet built, the 1903 site completed and refurbishment of Botanic, Isele, and Broadgreen toilets.

There was high use numbers at both Trafalgar Street Hall (10,000 visits) and Stoke Hall (22,000 visits).

Saxton Stadium was closed between April and June 2013 due to flooding. It re-opened following significant refurbishment. The Master's Games were held there as well as a range of displaced events caused by the Trafalgar Centre closure. During 2013/14 there were over 210,000 visits by spectators and users.

Social development

Council's social development activities include:

- Community liaison and support
- Community assistance funding
- Connections Youth Transition Service
- Youth development
- Older adults and positive ageing
- Settlement Support, funded by the Ministry of Business, Innovation and Employment
- Safer City Nelson Project, funded by the Ministry of Justice.

In addition to attending regular community meetings a number of public talks and workshops were facilitated by Council. Advice to community groups around topics such as funding was provided.

Community Assistance Funding administered by Council provided \$380,000 through 56 contracts and 18 one-off grants for community organisations to provide services in the Nelson community.



The Nelson Tasman Connections Youth Transition Service was provided to enable all young people, up to the age of twenty years, in the Nelson Tasman Region to make a successful transition from school into the workplace, training or other activity. Support was provided for Nelson Youth Council, Youth Nelson, Youth Volunteer Recognition, and the Connections Youth Transition service.

Older adults were supported through a partnership with Positive Ageing Expo and representation on the Positive Ageing Forum. Community groups provided resources and services to support older adults on social issues and to maintain quality of life.

The Ministry of Business Innovation and Employment funded Settlement Support programme provided information and support for migrants, refugees and their prospective employers.

The Safer City Nelson Project, funded by the Ministry of Justice saw all outcomes met. These included Street Ambassadors in the central city between November and March, and presentations to residents on how to keep their homes and properties safe through environmental designs. A strong partnership with the local Alcohol Accord saw joint funding of a new campaign around reducing intoxication and alcohol related harm.

Heritage and arts

Council's heritage and arts activities include:

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

Nelson hosts a number of cultural events throughout the year, many of which are supported by Nelson City Council. Heritage Week is an annual event, and this year we celebrated a theme based on Modes of Transport.

A number of new interpretive panels were installed around the city including at Tod Valley Reserve, Nelson Airport, Wakefield Quay, Tahuna Roller Rink, and Isel House. These panels are an accessible way for residents and visitors to learn about the history and meaning of some of our facilities.

The Riverside Murals Project is underway, and is expected to be completed by March 2015. This community art project, developed and coordinated by Chris Finlayson with Council support, will see murals installed along the Maitai Walkway showcasing local artists' work.

The Nelson Arts Festival in October 2013 was well attended with large crowds and participants at the Masked Parade and the More FM Carnivale, Sonic, and record numbers at Stage One. When asked to rate overall satisfaction out of 10, the average rating was 8.9% and 34% rated their satisfaction as being 10 out of 10.

Summer festival events included the Lantern Celebration, Summer Al Fresco movies, Opera in the Park, and the Teddy Bears Picnic.

Council has been working closely with the Nelson School of Music on its earthquake strengthening and refurbishment project. Allocated funding has been moved into future years to give the School of Music time to develop the project concept and raise funds for the work.

The Suter Art Gallery, with support from Council, completed a hugely successful fundraising project which saw it raise \$6 million towards the redevelopment of the gallery. This matches Council's \$6 million commitment to the project.

The Suter Art Gallery continues to be a popular attraction for visitors and residents. It brings to the city a diverse range of exhibitions and programmes, and continues to acquire new pieces for its collection. Funding from the Friends of the Suter enabled several works to receive conservation treatment and reframing.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|--------------------------------|--|
| People-friendly places | Funded and/or provided a range of community services and inspiring arts and heritage events that have involved a residents and visitors and promoted community cohesion |
| A strong economy | Supported a range of organisations through the Community Assistance Fund. Provided venues for delivering community services that contribute to the wellbeing of the community and provide employment |
| Kind, healthy people | Council funded community services and arts and heritage events supported the development of community cohesion and encouraged the development and enjoyment of healthy lifestyles |
| A fun, creative culture | Worked with and funded community organisations that support cultural diversity, events and festivals |
| Good leadership | Provided leadership in developing Nelson's arts, culture and heritage through events such as the Arts Festival, Opera in the Park and Heritage Week. Funded and facilitated community arts projects |



SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|---|-----------------|---|
| Work with the community to secure the future of the City's significant arts infrastructure | Assuming Council takes ownership of the Nelson School of Music and Theatre Royal measures will be building condition assessments and delivery of community outcomes | Plans for earthquake strengthening of Nelson School of Music agreed and work commenced | Not achieved | The School of Music is working on redevelopment plans and work cannot commence until these are completed |
| Libraries that are well used, welcoming and safe environments | The level of satisfaction with the libraries as determined by residents' survey | Maintain at least 80% of customers satisfied or very satisfied with libraries and 75% of population are library members | Achieved | A total of 91% of library customers were satisfied or very satisfied, in the 2014 Resident survey A total of 89% of the population are library members, compared with 79% in 2012/13 |
| | Trends in membership, door counts | Door counts continue to increase each year | Not achieved | The door count was 525,396, which is down 6.9% on 2012/13. This is attributed to lower tourists in Nelson in 2013/14, who use the Library in summer |
| A regional art gallery that engages, educates and entertains the regional community | The level of satisfaction of customers with the Suter Art Gallery as measured by a residents' survey | 80% of users satisfied or very satisfied with the Suter Art Gallery | Not achieved | A total of 71% of users were satisfied or very satisfied with the Suter Art Gallery, in the 2014 Resident survey. This compares with 76% when the survey was last carried out in 2011/12 |

FINANCIAL PERFORMANCE – SOCIAL INCLUDING ARTS AND HERITAGE

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 9,994 | 10,474 | 10,680 | 9,443 |
| Operating income | 2,803 | 2,801 | 3,051 | 3,198 |
| Capital income | 6,876 | 0 | 6,766 | 95 |
| Total revenue | 19,673 | 13,275 | 20,497 | 12,736 |
| Expenses | | | | |
| Payments to staff and suppliers | 11,755 | 11,560 | 12,246 | 11,353 |
| Finance costs | 381 | 441 | 353 | 291 |
| Depreciation | 1,156 | 1,293 | 1,291 | 1,145 |
| Total operating expenses | 13,292 | 13,294 | 13,890 | 12,789 |
| Net surplus (deficit) | 6,381 | (19) | 6,607 | (53) |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 11,111 | 1,716 | 10,354 | 1,391 |
| Non cash profits and write-ups | 0 | 0 | 0 | 32 |
| Increase (decrease) in reserves | (183) | 256 | 92 | (30) |
| Increase (decrease) in investments | (1,513) | (13) | (1,513) | (38) |
| Total funds required | 9,415 | 1,959 | 8,933 | 1,355 |
| Source of funds | | | | |
| Net surplus (deficit) | 6,381 | (19) | 6,607 | (53) |
| Non cash expenditure | 1,156 | 1,293 | 1,291 | 1,183 |
| Increase (decrease) in debt | 1,878 | 685 | 1,035 | 223 |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 2 |
| Non cash losses and write-downs | 0 | 0 | 0 | 0 |
| Total source of funds | 9,415 | 1,959 | 8,933 | 1,355 |



| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 9,994 | 10,474 | 10,680 | 9,443 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 485 | 398 | 378 | 667 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 165 | 137 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,318 | 2,403 | 2,508 | 2,362 |
| Total operating funding | 12,797 | 13,275 | 13,731 | 12,609 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 11,755 | 11,560 | 12,246 | 11,177 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 381 | 441 | 353 | 429 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 12,136 | 12,001 | 12,599 | 11,606 |
| Surplus (deficit) of operating funding | 661 | 1,274 | 1,132 | 1,003 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 6,876 | 0 | 6,766 | 90 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 1,877 | 684 | 1,034 | 223 |
| Gross proceeds from sale of assets | 1 | 1 | 1 | 2 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 8,754 | 685 | 7,801 | 315 |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 539 | 625 | 504 | 489 |
| – to improve level of service | 9,795 | 729 | 9,553 | 334 |
| – to replace existing assets | 777 | 362 | 297 | 563 |
| Increase (decrease) in reserves | (183) | 256 | 92 | (30) |
| Increase (decrease) in investments | (1,513) | (13) | (1,513) | (38) |
| Total applications of capital funding | 9,415 | 1,959 | 8,933 | 1,318 |
| Surplus (deficit) of capital funding | (661) | (1,274) | (1,132) | (1,003) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.

| <i>Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|---------------------|---------------------|------------------|-------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 661 | 1,274 | 1,132 | 1,003 |
| Subsidies and grants for capital expenditure | 6,876 | 0 | 6,766 | 90 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Vested assets | 0 | 0 | 0 | 5 |
| Gains (losses) on disposal | 0 | 0 | 0 | (38) |
| Depreciation | (1,156) | (1,293) | (1,291) | (1,145) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 32 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 6,381 | (19) | 6,607 | (53) |

Funding impact statement variances against budget

Operating subsidies and grants received are \$289,000 more than budget. There was a categorisation error in the annual plan of \$175,000 which is offset in other receipts. Income from the Founders Book Fair and grants from central government for safety initiatives and from other bodies for festivals activities were more than anticipated.

Payments to staff and suppliers were less than budget by \$1.1 million. \$614,000 relates to savings in staff costs, and \$324,000 savings have occurred as a result of the delay in transferring the Nelson School of Music and Theatre Royal assets. Maintenance savings of \$130,000 were achieved.

Subsidies and grants for capital are under budget by \$6.7 million. This is due to the delay in vesting with the Council the assets of the Theatre Royal and the Nelson School of Music, which is also the cause of capital expenditure being under budget by \$9.1 million. The variances in debt movement (\$811,000) and investment movement (\$1.6 million) were also driven by this delay. Part of the arrangement around the Theatre Royal is that Council will take over the outstanding debt, \$1.5 million of which is an existing debt to Council.



PARKS AND ACTIVE RECREATION

ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

The parks and active recreation activity manages parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast. It provides active recreation opportunities through its provision of infrastructure such as walkways and cycle ways, expanding cycle trails, sports and recreation facilities, parks and open space, services and events.

HIGHLIGHTS FOR 2013/14

Parks and open space

Council's parks and open space activity includes:

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

The rose garden renovation at Broadgreen, the Church Steps landscape upgrade, constructing the 'Project Butterfly' pathway at Fairfield and enhancements to Akersten Street were public gardens highlights in 2013/14.

Neighbourhood parks and playgrounds highlights included developing and constructing the new playground at Tod Reserve, upgrading the Tahuna Beach youth park with several new pieces of equipment and replacing equipment at Pioneer Park and Russell Street Reserve.

Good progress was made with conservation and landscape reserves projects during 2013/14 with the most significant being constructing 1.9km of new trail on the Barnicoat Range Widdershins Trail. In addition, Council planted 22,500 of native trees on Fringed Hill, managed a successful goat cull programme to protect vegetation, undertook an extensive invasive weed control programme and completed wilding pine work. At Marsden Valley an information kiosk was installed and a hard surface car park was developed.

Landscape reserves were enhanced in the City. School planting days at Pipers Park, Tahunanui Reserve, Whakatū Drive, Orphanage Creek and Glenduan Reserve involved 1,800 students. There were also two successful public plantings at Pipers Park and Tahunanui Reserve. A walking track to connect View Mount Terrace to Panorama drive was built.

Further enhancement of sportsfields occurred during 2013/14 including the installation of an irrigation system to reduce water usage at Greenmeadows sportsgrounds. A community survey of the use and future requirement for Greenmeadows Reserve was undertaken as part of the 'Spotlight on Stoke' project. Nelson continued to attract high profile sporting events at Saxton Field such as a One Day Cricket International match.

Council provided funding to several community organisations to support active recreational activities. These included community festivals to celebrate historic houses and gardens at Broadgreen House and Isel Park, and a children's event was at Founders Historic Park, which attracted over 3000 people.

Council supported several recreation programmes: Way2Go to deliver programmes at Tahunanui, Victory Community Centres, Saxton Stadium and The Truck; the Youth and Facility Trust to deliver recreation and physical activities at 15 community events; Sport Tasman to deliver youth nights at Saxton Stadium; and the Women's Activator Series.

Recreation and leisure

Council's recreation and leisure activity includes:

- Trafalgar Centre
- Natureland Zoo in Tahunanui
- Waahi Taakaro golf course
- Play facilities
- Riverside and Nayland swimming pools.

The Trafalgar Centre was closed in December 2013 when it was revealed that it was an earthquake prone building and following the issue of a Section 124 notice and advice on health and safety. The centre needs seismic strengthening and Council resolved in 2014 that work be undertaken to facilitate re-opening the centre by February 2016. Project managers have been appointed to facilitate this process. It is unknown what the potential strengthening costs will be. However, Council will know more once concept plans and costings are presented in December 2014. Events booked at the Centre have been moved to other venues around the region, including Saxton Stadium.

During 2013/14 the upgrade of the Riverside Pool façade was completed and it now meets 67% of the new Building Standard. Pipework at Nayland pool was replaced, which led to reopening of dive pool and savings in water use.

In October 2013 Council entered into an agreement with the new owners of Natureland Zoo after the business was sold by Orana Park. Council has agreed to a five year lease and funding contract with the new owner, Natureland Wildlife Trust, which includes an annual operating grant of \$200,000 per annum.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

Council's parks and active recreation activities contributed to achieving the following community outcomes over the year.

| Community outcomes | Contribution |
|----------------------------------|--|
| Healthy land, sea, air and water | Planting, restoration and weed and pest control programmes made steady progress on protecting and enhancing Nelson's special places |
| People-friendly places | The reserves network provided a great range of opportunities and experiences for Nelson residents |
| Kind, healthy people | Well developed public parks, reserves and recreation facilities provided an enhanced social wellbeing for members of the community |
| A fun, creative culture | Parks and reserves were developed to maximise enjoyment and creativity. For example the Hockey Reserve Playground and Tahunanui Youth Park |



SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|---|--|-----------------|--|
| A connected network of parks and reserves throughout the city to protect and enhance the natural environment, provide enjoyment and a range of leisure and recreation opportunities for residents and visitors | Area in hectares of parks and reserves per 1000 residents | Maintain current levels of parks and reserves provision, at least 245 hectares per 1000 residents, not be reduced except where divestment offers clear net benefits to the community | Not achieved | Current levels 239 hectares per 1,000 residents It is expected that these levels will continue to decrease as the population increases |
| | Level of resident satisfaction | Maintain levels of resident satisfaction, at least 80% | Not achieved | There was 75% satisfaction in the 2014 Residents' Survey, based on the average of 88% satisfaction with parks and open spaces and 63% satisfaction with recreation and leisure The decrease in satisfaction from 2012/13 (83%) was partly due to the closure of the Trafalgar Centre. A total of 48% of residents who were dissatisfied stated this was because the Trafalgar Centre was unused |
| Sustainably managed parks and reserves | Level of improvement in key species and habitats in priority reserve areas | Establish council-wide system for monitoring key species and habitats, with baseline data collected in 2012/13 and demonstrate improvement in key species and habitats in priority reserve areas by 2015 | Not measured | Not able to be measured in 2013/14 due to insufficient data Goat browse monitoring programme in place. Weed control records for treatment areas |
| | Level of use of electricity, diesel/oil, water and toxic substances per hectare across parks and reserves | Current use of electricity, diesel/oil, water and toxic substances reduced by 5% per hectare by 2015 | Not measured | Not able to be measured in 2013/14 due to insufficient data |

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|--|---|-----------------|--|
| Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values | Level of neighbourhood park distribution | One neighbourhood park within reasonable walking distance (500m radius or ten minute walk) of urban residential properties, easily accessible, ideally from more than one road frontage | Not achieved | Topography in some areas and limited opportunities for land acquisition |
| Maximised use of the Trafalgar Centre across a range of users | Number of people using the Trafalgar Centre and total hours used | At least maintain annual number of users Annual use hours exceeds 2,500/year | Not achieved | Not achieved as the venue was closed in December 2013 |
| Swimming pools that meet the needs of users and provide opportunity for aquatic based recreation activities and learn to swim programmes | Level of accessibility of public swimming pools | Provision of a swimming pool that is within 10km driving/cycling distance of 80% of Nelson's population | Achieved | 97% of dwellings are within 10km of a public swimming pool (not including the ASB Aquatic Centre, which is owned by TDC) |
| | Annual user satisfaction surveys | 60% of customers satisfied or very satisfied with the swimming pools | Achieved | 79% of pool users were satisfied or very satisfied with their overall pool experience |
| | Yardstick benchmarking comparison | Admissions per m ² per annum above average of peer group as measured by Yardstick | Partly achieved | Riverside pool was above Yardstick average use per m ² of water space (193 versus 186). Nayland was below average (26 versus 37). Nayland is an outdoor seasonal pool |
| Financially sustainable marina facility | Level of self funding of the marina | No cost to rates to operate the marina – fees and charges cover the maintenance and renewal of marina facilities | Achieved | Marina had an operational surplus in 2013/14 |



FINANCIAL PERFORMANCE – PARKS AND ACTIVE RECREATION

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 12,207 | 12,870 | 11,306 | 11,198 |
| Operating income | 2,777 | 2,868 | 4,448 | 4,400 |
| Capital income | 700 | 2,243 | 27 | 578 |
| Total revenue | 15,684 | 17,981 | 15,781 | 16,176 |
| Expenses | | | | |
| Payments to staff and suppliers | 10,202 | 9,781 | 11,850 | 11,011 |
| Finance costs | 2,646 | 3,032 | 2,205 | 2,330 |
| Depreciation | 3,270 | 3,457 | 2,728 | 547 |
| Total operating expenses | 16,118 | 16,270 | 16,783 | 13,888 |
| Net surplus (deficit) | (434) | 1,711 | (1,002) | 2,288 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 14,943 | 12,966 | 9,383 | 4,326 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | (2,384) | (1,612) | (718) | (1,706) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 12,559 | 11,354 | 8,665 | 2,620 |
| Source of funds | | | | |
| Net surplus (deficit) | (434) | 1,711 | (1,002) | 2,288 |
| Non cash expenditure | 3,270 | 3,457 | 2,728 | 547 |
| Increase (decrease) in debt | 9,723 | 6,186 | 6,939 | (219) |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 4 |
| Non cash losses and write-downs | 0 | 0 | 0 | 0 |
| Total source of funds | 12,559 | 11,354 | 8,665 | 2,620 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | 12,207 | 12,870 | 11,306 | 11,198 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 2,777 | 2,868 | 4,448 | 4,400 |
| Total operating funding | 14,984 | 15,738 | 15,754 | 15,598 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 10,202 | 9,781 | 11,850 | 10,981 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 2,646 | 3,032 | 2,205 | 2,360 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 12,848 | 12,813 | 14,055 | 13,341 |
| Surplus (deficit) of operating funding | 2,136 | 2,925 | 1,699 | 2,257 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 700 | 2,243 | 27 | 578 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 9,723 | 6,186 | 6,939 | (219) |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 4 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 10,423 | 8,429 | 6,966 | 363 |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 9,312 | 3,325 | 3,370 | 1,082 |
| – to improve level of service | 2,859 | 7,322 | 4,372 | 1,830 |
| – to replace existing assets | 2,772 | 2,319 | 1,641 | 1,414 |
| Increase (decrease) in reserves | (2,384) | (1,612) | (718) | (1,706) |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 12,559 | 11,354 | 8,665 | 2,620 |
| Surplus (deficit) of capital funding | (2,136) | (2,925) | (1,699) | (2,257) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 2,136 | 2,925 | 1,699 | 2,257 |
| Subsidies and grants for capital expenditure | 700 | 2,243 | 27 | 578 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | 0 |
| Depreciation | (3,270) | (3,457) | (2,728) | (547) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | (434) | 1,711 | (1,002) | 2,288 |

Funding impact statement variances against budget

Payments to staff and suppliers are \$869,000 under budget. A grant to Tasman District Council for capital development at Saxton Field (cycle track) of \$829,000 was not made in this financial year as the project had been delayed.

Internal charges are \$155,000 more than budget. This is mainly internal interest.

Subsidies and grants for capital are \$551,000 more than budget relating to contributions from third parties for the relocation of overhead power lines at Saxton Field.

Capital expenditure is under budget by \$5.1 million. Projects delayed or cancelled include land purchases, playgrounds and parks development and upgrades, and the Trafalgar Centre upgrade. Refer to the capital expenditure schedule on page 81 for more detailed information.

The reduction in borrowings required of \$7.2 million is largely driven by this decrease in capital expenditure. Funds transferred from reserves was nearly \$1 million more than budget due to higher than expected contributions from subdivision activity, and a \$300,000 transfer from the disaster recovery fund.

ECONOMIC

ABOUT COUNCIL ECONOMIC ACTIVITIES

Council has a role in creating an economically successful city and contributes to this through provision of key city infrastructure, services and a focus on economic development. Key agencies are the Economic Development Agency and Tourism Nelson Tasman Ltd, which trades as Nelson Tasman Tourism. Both are based in Millers Acre Centre, Taha o te Awa.

HIGHLIGHTS FOR 2013/14

Council's bid as host city for the Cricket World Cup 2015 was accepted and will host three pool matches in 2015. Council allocated \$900,000 towards tournament costs (including staff time) over 2013/14 and 2014/15.

The Regional Economic Development Agency (EDA) continued its work on behalf of Council to assist enterprises, allocate events funding, provide economic advice and manage programmes funded by third parties. It completed the six-monthly 'Tracking the Nelson Regional Economy'.

The EDA presented its annual Economic Summit to stakeholders and helped arrange an Iwi Economic Summit. It managed contracts for programmes funded by third party Nelson Tasman Connections, such as a monitoring and advisory service for 15–19 year-old school leavers in the Nelson Tasman region.

The EDA managed the Regional Business Partner Network for the Nelson/Tasman/Marlborough area and, in partnership with the Nelson Tasman and Marlborough Chambers of Commerce, \$691,678 was made available to regional businesses.

A business delegation to Nelson's Sister City of Huangshi, as well as other Chinese Cities, was led by the EDA Chief Executive. A number of Chinese and other international delegations to Nelson were hosted. This activity is undertaken to create mutually beneficial economic opportunities.

The EDA administered the Nelson Events and Marketing Fund on behalf of Council. The Events Strategy continued to be implemented and funds were allocated to five promising events with a value of \$143,000. This compares with \$132,540 for six events in 2012/13.

There was positive growth in the commercial accommodation sector. Total guest nights increased by 3.4%; there was an increase of 5.0% in international guest nights and 2.6% in domestic guest nights. Also encouraging was an increase in the average length of visitor stay from 2.17 nights to 2.20 nights.

During the year Nelson Tasman Tourism hosted 96 individual international tour wholesalers and 23 independent visits. They also hosted 74 international media outlets including magazine, press and online journalists and six film crews.

The Nelson region's convention activity ranking has improved from 10th to 9th position. This reflects the number of days that conference delegates spend in the region and shows that Nelson is a desired conference destination.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|-------------------------|---|
| A strong economy | Ownership and part-funding of the Economic Development Agency and, with TDC, joint ownership and funding of Nelson Tasman Tourism supported the local economy with reliable infrastructure on which local businesses depend |
| Good leadership | Monitored and facilitated economic activity and advocated for the Nelson economy with central government |



SERVICE LEVELS AND PERFORMANCE

Measures from Year 2 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|---|-----------------|---|
| Infrastructure to provide for a sustainable local and regional economy | Council investment in infrastructure networks as measured by total value of network assets (transport, water supply, wastewater and stormwater) at net present value (\$) | Total value of Council's network assets is maintained or increased | Not measured | The net present value calculation included in the performance measure has not been done. However, the value of network assets recognised in the financial statements has increased by \$110 million (12%) |
| | Value of capital projects completed each year | Total value of capital projects is maintained or increased compared to previous year | Achieved | The value of capital projects increased from \$21.7 million to \$30.8 million The capital programme for 2013/14 included seven projects over \$1 million in value against one in 2012/13 |
| Facilitate economic development for the benefit of the community | Amount of government business support funding accessed for the region | Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses | Achieved | Council accessed \$691,678 of government funding for the region, compared with \$550,928 in 2012/13 All funds allocated were spent |

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|--|-----------------|---|
| Promotion of Nelson to increase the economic value of tourism | Number of tourism guest nights annually | Increase the number of tourism guest nights annually | Achieved | Guest nights up 3.4% on the previous year. International guest nights increased by 5.0% and domestic guest nights by 2.6%. There were 1,240,052 guest nights in 2013/14, compared with 1,277,601 in 2012/13 |
| | Number of tourism guest nights in the off-peak months | Increase the number of tourism guest nights in the off-peak months | Achieved | Increase of 3.8% total guest nights over the months July – October 2013 and April – June 2014 |



FINANCIAL PERFORMANCE – ECONOMIC

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | 1,453 | 1,513 | 1,468 | 1,414 |
| Operating income | 0 | 0 | 0 | 0 |
| Capital income | 0 | 0 | 0 | 0 |
| Total revenue | 1,453 | 1,513 | 1,468 | 1,414 |
| Expenses | | | | |
| Payments to staff and suppliers | 1,441 | 1,501 | 1,457 | 1,310 |
| Finance costs | 12 | 12 | 11 | 12 |
| Depreciation | 0 | 0 | 0 | 0 |
| Total operating expenses | 1,453 | 1,513 | 1,468 | 1,322 |
| Net surplus (deficit) | 0 | 0 | 0 | 92 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 0 | 0 | 0 | 0 |
| Non cash profits and write-ups | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 92 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total funds required | 0 | 0 | 0 | 92 |
| Source of funds | | | | |
| Net surplus (deficit) | 0 | 0 | 0 | 92 |
| Non cash expenditure | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 | 0 |
| Gross proceeds from sales of assets | 0 | 0 | 0 | 0 |
| Non cash losses and write-downs | 0 | 0 | 0 | 0 |
| Total source of funds | 0 | 0 | 0 | 92 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| <i>Sources of operating funding</i> | | | | |
| General rates, uniform annual general charges, rates penalties | 1,453 | 1,513 | 1,468 | 1,414 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 0 | 0 | 0 | 0 |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 0 | 0 | 0 | 0 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 0 | 0 | 0 | 0 |
| Total operating funding | 1,453 | 1,513 | 1,468 | 1,414 |
| <i>Applications of operating funding</i> | | | | |
| Payments to staff and suppliers | 1,441 | 1,501 | 1,292 | 1,306 |
| Finance costs | 0 | 0 | 0 | 0 |
| Internal charges and overheads applied* | 12 | 12 | 176 | 16 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 1,453 | 1,513 | 1,468 | 1,322 |
| Surplus (deficit) of operating funding | 0 | 0 | 0 | 92 |
| <i>Sources of capital funding</i> | | | | |
| Subsidies and grants for capital | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Increase (decrease) in debt | 0 | 0 | 0 | 0 |
| Gross proceeds from sale of assets | 0 | 0 | 0 | 0 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 0 | 0 | 0 | 0 |
| <i>Applications of capital funding</i> | | | | |
| Capital expenditure – to meet additional demand | 0 | 0 | 0 | 0 |
| – to improve level of service | 0 | 0 | 0 | 0 |
| – to replace existing assets | 0 | 0 | 0 | 0 |
| Increase (decrease) in reserves | 0 | 0 | 0 | 92 |
| Increase (decrease) in investments | 0 | 0 | 0 | 0 |
| Total applications of capital funding | 0 | 0 | 0 | 92 |
| Surplus (deficit) of capital funding | 0 | 0 | 0 | (92) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|-------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 0 | 0 | 0 | 92 |
| Subsidies and grants for capital expenditure | 0 | 0 | 0 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 0 |
| Vested assets | 0 | 0 | 0 | 0 |
| Gains (losses) on disposal | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 0 | 0 | 0 |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 0 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | 0 |
| Net surplus (deficit) before taxation in statement of financial performance | 0 | 0 | 0 | 92 |

Funding impact statement variances against budget

There are no material variances in this activity.

CORPORATE

ABOUT COUNCIL CORPORATE ACTIVITIES

The corporate activity of Council provides governance services and the running of the Council organisation. This includes elections, finances and administration, strategic documents and Councillor support.

Council's corporate activities include:

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

HIGHLIGHTS FOR 2013/14

The Council has an Equal Employment Opportunity programme of positive action based on policies and practices covering all aspects of employment. It is Council practice that no employee or potential employee shall gain advantage, or suffer any disadvantage, by reason not related to the person's ability to carry out the job.

The Council tracked its performance across the organisation for statutory performance, economic performance and customer satisfaction.

Statutory performance is reviewed at least annually, and progress against the top five risks are identified and reported to Council.

The Council prioritises sound financial management and tracks performance over the year, including operating budgets, significant individual capital projects and total capital budget. This is reported to the Council's Governance Committee meetings. All financial key performance measures were met in 2013/14.

Customer satisfaction was measured through the 2013/14 Residents' Survey and a survey of customers who used Council services during the year.

The 2013/14 Residents' Survey showed that overall residents' perception of Council service performance (as measured by survey) increased between 2013 than 2014 with a total of 54% of customers satisfied or very satisfied overall. This compared with 49% in 2013. There was also a significant decrease in those who were very dissatisfied. A total of 45% of residents felt Council services and facilities were good value for money for ratepayers, which is the same as 2013.

This year Council undertook a survey of 1,014 randomly selected customers who used Council services during the year. This showed that Council met its target, with 75% of customers saying they were satisfied, or very satisfied, with the overall service they received.

Customer complaints increased this year, with 67 received in 2013/14 compared with 41 in 2012/13.

The Office of the Ombudsman was contacted 29 times about Nelson City Council during 2013/14. There were seven complaints under the Local Government Official Information and Meetings Act 1987 (LGOIMA), eight complaints under the Ombudsmen Act 1975 and 14 other contacts.

The Office of the Ombudsman completed 32 matters about the Council during the year (some of which were received during the previous year). Nine of these were LGOIMA requests (three not investigated, two resolved without investigation, four resolved during investigation). Nine were complaints made under the Ombudsmen Act 1975 (six not investigated, two investigations discontinued, one resolved during investigation). The remaining 14 were other contacts not requiring investigation.



PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

| Community outcomes | Contribution |
|--------------------|--|
| Good leadership | Corporate services provided a functions and support to enable Council to meet all Community Outcomes and requirements of the Local Government Act (2002) |

SERVICE LEVELS AND PERFORMANCE

Measures from Year 1 of the Nelson Long Term Plan 2012–22

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|--|--|--|-----------------|--|
| Effective and impartial election administration service that meets or exceeds legislative requirements | Completion of election processes in 2013, 2016 and 2019 | Elections assuming amalgamation does not proceed, on time, within budget, no upheld complaints | Achieved | Elections took place on time, within budget, and there were no complaints |
| Effective engagement and consultation | Proportion of residents satisfied with opportunities to take part and amount of information provided by Council – measured every three years | Maintain or improve on 2011 results | Achieved | A total of 53% of residents were satisfied with the opportunities to provide feedback and take part in decision making in 2014. This compared with 52% in 2011 |
| Opportunities for participation in Council decisions – a Council organisation that listens and understands | Evaluation by participants taking part in range of processes – documented evaluation across focus groups, web based consultation, workshops and other techniques | At least 55% satisfied or better | Not measured | This measure was introduced in the Long Term Plan 2012–22. No consistent organisational data has been recorded, largely due to not having enough broad based consultation for an evaluation. This measure will be amended for the Long Term Plan 2015–25 |

| What Council will provide | Performance measures | Targets | Results 2013/14 | Comments |
|---|---|--|-----------------|--|
| Participation of Māori in decision making | Level of Iwi/Māori representatives ³ satisfaction with participation opportunities | At least 80% satisfied or very satisfied | Not measured | Unable to measure iwi satisfaction with participation opportunities due to a low response rate to the survey |
| Council Controlled Organisations that deliver net benefit to the community | Refer to CCO section for specific measures for each CCO | Council satisfied with attainment of six monthly SOI targets for all | Achieved | Council is satisfied with the performance results received from CCOs Individual measures are contained within the CCO section |

³ Kotahitanga Hui participants.



FINANCIAL PERFORMANCE – CORPORATE

| <i>Cost of service statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|----------------------------------|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Revenue | | | | |
| Rating income | (1,509) | 1,010 | 704 | 754 |
| Operating income | 12,689 | 13,312 | 11,690 | 14,382 |
| Capital income | 9,078 | 9,401 | 3,650 | 7,041 |
| Total revenue | 20,258 | 23,723 | 16,044 | 22,177 |
| Expenses | | | | |
| Payments to staff and suppliers | 6,850 | 6,899 | 8,217 | 6,163 |
| Finance costs | 4,260 | 5,537 | 4,259 | 4,094 |
| Depreciation | 1,032 | 1,231 | 1,519 | 1,229 |
| Total operating expenses | 12,142 | 13,667 | 13,995 | 11,486 |
| Net surplus (deficit) | 8,116 | 10,056 | 2,049 | 10,691 |

| <i>Statement of funding requirement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|---|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Funds required | | | | |
| Capital expenditure | 12,633 | 10,962 | 8,119 | 8,901 |
| Non cash profits and write-ups | 0 | 0 | 0 | 1,865 |
| Increase (decrease) in reserves | 3,550 | 2,024 | (23) | (1,762) |
| Increase (decrease) in investments | 24,447 | 17,988 | 23,920 | 8,874 |
| Total funds required | 40,630 | 30,974 | 32,016 | 17,878 |
| Source of funds | | | | |
| Net surplus (deficit) | 8,116 | 10,056 | 2,049 | 10,691 |
| Non cash expenditure | 1,032 | 1,231 | 1,519 | 1,229 |
| Increase (decrease) in debt | 31,462 | 19,687 | 28,448 | 5,837 |
| Gross proceeds from sales of assets | 20 | 0 | 0 | 42 |
| Non cash losses and write-downs | 0 | 0 | 0 | 79 |
| Total source of funds | 40,630 | 30,974 | 32,016 | 17,878 |

| <i>Funding impact statement</i> | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|------------------------|------------------------|---------------------|----------------|
| | \$000 | \$000 | \$000 | \$000 |
| Sources of operating funding | | | | |
| General rates, uniform annual general charges, rates penalties | (1,329) | 1,185 | 883 | 754 |
| Targeted rates (other than a targeted rate for water supply) | 0 | 0 | 0 | 0 |
| Subsidies and grants for operating purposes | 2 | 2 | 2 | (79) |
| Fees, charges, and targeted rates for water supply | 0 | 0 | 0 | 0 |
| Internal charges and overheads recovered | 8,088 | 9,151 | 7,095 | 7,890 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 4,419 | 3,982 | 4,414 | 4,706 |
| Total operating funding | 11,180 | 14,320 | 12,394 | 13,271 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | 6,850 | 6,899 | 7,638 | 5,791 |
| Finance costs | 3,337 | 4,407 | 3,476 | 3,276 |
| Internal charges and overheads applied* | 923 | 1,128 | 1,362 | 1,111 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 11,110 | 12,434 | 12,476 | 10,178 |
| Surplus (deficit) of operating funding | 70 | 1,886 | (82) | 3,093 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital | 1,500 | 1,536 | 650 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 1,134 |
| Increase (decrease) in debt | 31,462 | 19,687 | 28,448 | 5,837 |
| Gross proceeds from sale of assets | 20 | 0 | 0 | 42 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 32,982 | 21,223 | 29,098 | 7,013 |
| Applications of capital funding | | | | |
| Capital expenditure – to meet additional demand | 895 | 123 | 582 | 516 |
| – to improve level of service | 2,806 | 1,370 | 3,387 | 1,804 |
| – to replace existing assets | 1,354 | 1,604 | 1,150 | 674 |
| Increase (decrease) in reserves | 3,550 | 2,024 | (23) | (1,762) |
| Increase (decrease) in investments | 24,447 | 17,988 | 23,920 | 8,874 |
| Total applications of capital funding | 33,052 | 23,109 | 29,016 | 10,106 |
| Surplus (deficit) of capital funding | (70) | (1,886) | 82 | (3,093) |
| Funding balance | 0 | 0 | 0 | 0 |

* Internal charges and overheads include finance costs for internal loans.



Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement

| | Long term plan 2013 | Long term plan 2014 | Annual plan 2014 | Actual 2014 |
|--|---------------------|---------------------|------------------|---------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 70 | 1,886 | (82) | 3,093 |
| Subsidies and grants for capital expenditure | 1,500 | 1,536 | 650 | 0 |
| Development and financial contributions | 0 | 0 | 0 | 1,134 |
| Vested assets | 7,578 | 7,865 | 3,000 | 5,907 |
| Gains (losses) on disposal | 0 | 0 | 0 | 0 |
| Depreciation | (1,032) | (1,231) | (1,519) | (1,229) |
| Targeted capital rates | 0 | 0 | 0 | 0 |
| Non cash write ups and gains on revaluation | 0 | 0 | 0 | 1,865 |
| Non cash write downs and losses on revaluation | 0 | 0 | 0 | (79) |
| Net surplus (deficit) before taxation in statement of financial performance | 8,116 | 10,056 | 2,049 | 10,691 |

Funding impact statement variances against budget

Internal charges and overheads recovered are \$795,000 more than budget due to new internal charges made subsequent to the finalisation of the Annual Plan, and a variance in internal interest.

Other income is more than budget by \$292,000. Dividends received were greater than budget by \$208,000 including a special dividend from Nelson Airport Ltd of \$75,000.

Payments to staff and suppliers are \$1.8 million less than budget. Staff time and overhead is less than budget by \$1.4 million, resulting from the reorganisation and vacancies. There are also savings against contingency and consultancy budgets.

Variances of \$650,000 in subsidies and grants for capital and \$1.1 million in development and financial contributions offset each other as the development and financial contributions in the Annual Plan were incorrectly classified. The variance between the two of \$450,000 is related to greater than anticipated reserves contributions. Although reserves and development contributions are both related to development, the timing is not necessarily concurrent.

Capital expenditure is under budget by \$2.1 million. Of that sum, \$900,000 was earmarked for possible strategic property purchases that did not eventuate, \$500,000 was budgeted for the remediation of earthquake prone buildings where the expenditure has been captured in other activities, and \$751,000 of IT projects were not progressed due to a review of Council's information management function and the reorganisation that occurred during the year.

SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

| <i>Project</i> | <i>Carry over 2012/13</i> | <i>Estimate 2013/14</i> | <i>Available 2013/14</i> | <i>Actual 2013/14</i> |
|--|-------------------------------|-----------------------------|------------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| TRANSPORT | | | | |
| <i>Roads: subsidised</i> | | | | |
| Emergency 2011 Cable Bay Road | (264) | 2,250 | 1,986 | 2,122 |
| Emergency 2011 response | 196 | 419 | 615 | 394 |
| Integration activities | 0 | 375 | 375 | 376 |
| Maitai shared path (Akersten St to Trafalgar St) | 0 | 1,000 | 1,000 | 2,845 |
| Other walk/cycle projects | 0 | 300 | 300 | 196 |
| R Fund: Waimea/Motueka junction | 0 | 1,237 | 1,237 | 1,132 |
| Road renewals: friction course replacement | 0 | 567 | 567 | 569 |
| Road renewals: resurfacing | 0 | 602 | 602 | 603 |
| Road renewals: traffic services | 0 | 130 | 130 | 109 |
| Road: minor improvements programme | 0 | 469 | 469 | 228 |
| Rocks Rd four metre wide shared path | 0 | 105 | 105 | 142 |
| School approach and frontage treatments | 0 | 240 | 240 | 198 |
| Streetlights | 0 | 450 | 450 | 443 |
| Variable speed signs | (5) | 340 | 335 | 273 |
| Waimea/Princes intersection | 0 | 450 | 450 | 11 |
| <i>Roads: unsubsidised</i> | | | | |
| Land purchase | (85) | 220 | 135 | 0 |
| Renewals: footpaths | (57) | 571 | 515 | 267 |
| Renewals: streetlights | 0 | 130 | 130 | 129 |
| Road: Princes Dr | 15 | 1,031 | 1,046 | 1,120 |
| Road: Tasman St (Cambria to Grove) | 0 | 318 | 318 | 335 |
| Stock effluent facility | (2) | 300 | 298 | 54 |
| <i>Inner city enhancement – car parks</i> | | | | |
| 10 Halstead Rd building conversion | 0 | 300 | 300 | 312 |
| Bridge St enhancement | 0 | 218 | 218 | 158 |
| Maitai shared path (Akersten St to Trafalgar St) | (5) | 1,822 | 1,817 | 111 |
| Sundry | 19 | 1,165 | 1,184 | 1,511 |
| Total transport | (187) | 15,009 | 14,822 | 13,637 |



| <i>Project</i> | Carry over 2012/13 | Estimate 2013/14 | Available 2013/14 | Actual 2013/14 |
|--|-------------------------------|-----------------------------|------------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| WATER SUPPLY | | | | |
| Maitai duplicate pipeline | (323) | 4,509 | 4,186 | 4,266 |
| Observatory Hill reservoir and pump | 4 | 981 | 985 | 960 |
| Pipe renewals | 0 | 600 | 600 | 377 |
| Renewals: commercial meters | 0 | 151 | 151 | 154 |
| Renewals: misc pipes & fittings | 0 | 63 | 63 | 101 |
| Resource consents | 13 | 65 | 78 | 102 |
| Rivermains | 0 | 100 | 100 | 132 |
| Sundry | 2 | 614 | 616 | 532 |
| Total water supply | (305) | 7,083 | 6,779 | 6,624 |
| WASTEWATER | | | | |
| Arapiki/Quarantine trunk main | (13) | 1,581 | 1,568 | 1,538 |
| Marsden Valley trunk main | 3 | 1,500 | 1,503 | 1,018 |
| Nelson North wastewater treatment plant | 0 | 901 | 901 | 393 |
| NRSBU expand solids treatment | 0 | 0 | 0 | 333 |
| Renewals: NRSBU | 0 | 292 | 292 | 215 |
| Renewals: pump stations | (5) | 223 | 218 | 187 |
| Sundry | 52 | 661 | 713 | 524 |
| Total wastewater | 37 | 5,158 | 5,195 | 4,207 |
| STORMWATER | | | | |
| Fountain Place | 0 | 100 | 100 | 101 |
| Northesk/Beccles | 8 | 265 | 273 | 208 |
| Piping ditches | 0 | 262 | 262 | 96 |
| Public/private drains | 37 | 116 | 153 | 8 |
| Railway Reserve/Newall/Bledisloe/Louisson/Main Rd (West) | 0 | 513 | 513 | 500 |
| Seaview Tce | 0 | 209 | 209 | 209 |
| Stanley/Beachville | 0 | 374 | 374 | 2 |
| Tasman St (Cambria to Grove) | 0 | 206 | 206 | 138 |
| Sundry | (4) | 966 | 963 | 509 |
| Total stormwater | 41 | 3,010 | 3,052 | 1,771 |
| FLOOD PROTECTION | | | | |
| Flood mitigation | 0 | 150 | 150 | 54 |
| Stormwater post flood improvements | 0 | 200 | 200 | 155 |

| <i>Project</i> | Carry over 2012/13 | Estimate 2013/14 | Available 2013/14 | Actual 2013/14 |
|---|-------------------------------|-----------------------------|------------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| FLOOD PROTECTION (CONTINUED) | | | | |
| York Stream channel | 0 | 470 | 470 | 465 |
| Sundry | 0 | 142 | 142 | 172 |
| Total flood protection | 0 | 962 | 962 | 846 |
| ENVIRONMENTAL MANAGEMENT | | | | |
| Civil Defence | 0 | 0 | 0 | 171 |
| Sundry | 20 | 101 | 121 | 102 |
| Total environmental management | 20 | 101 | 121 | 273 |
| SOCIAL | | | | |
| <i>Culture, heritage and arts</i> | | | | |
| Nelson School of Music buildings | (2) | 1,521 | 1,519 | 0 |
| Nelson School of Music earthquake strengthening | 0 | 323 | 323 | 0 |
| Nelson School of Music land | 0 | 885 | 885 | 0 |
| Melrose House earthquake strengthening | 0 | 0 | 0 | 189 |
| Theatre Royal building | 0 | 6,000 | 6,000 | 10 |
| Theatre Royal land | 0 | 590 | 590 | 0 |
| <i>Libraries</i> | | | | |
| Book purchases | 15 | 375 | 390 | 374 |
| Nightingale roof repair | 0 | 119 | 119 | 1 |
| <i>Public toilets, free</i> | | | | |
| Buxton toilet | 0 | 0 | 0 | 116 |
| Cathedral toilets | 0 | 150 | 150 | 153 |
| Sundry | 24 | 391 | 415 | 456 |
| Total social | 38 | 10,354 | 10,391 | 1,299 |
| PARKS AND ACTIVE RECREATION | | | | |
| <i>Neighbourhood parks</i> | | | | |
| Land purchase: general reserve | 0 | 1,189 | 1,189 | 6 |
| Reserve development | 0 | 504 | 504 | 167 |
| <i>Landscape reserves</i> | | | | |
| Fringed Hill revegetation | 0 | 125 | 125 | 139 |
| <i>Esplanade and foreshore reserves</i> | | | | |
| Planting | 0 | 143 | 143 | 145 |
| Tahunanui modellers pond | 0 | 492 | 492 | 88 |



| <i>Project</i> | Carry over 2012/13 | Estimate 2013/14 | Available 2013/14 | Actual 2013/14 |
|--|-------------------------------|-----------------------------|------------------------------|---------------------------|
| | \$000 | \$000 | \$000 | \$000 |
| PARKS AND ACTIVE RECREATION (CONTINUED) | | | | |
| <i>Trafalgar Centre</i> north upgrade | 0 | 3,253 | 3,253 | 0 |
| <i>Saxton Field Stadium</i> upgrade for multiuse | 0 | 0 | 0 | 257 |
| Pools | | | | |
| Renewals Nayland | 0 | 30 | 30 | 110 |
| Riverside earthquake strengthening | 0 | 416 | 416 | 447 |
| Play facilities | | | | |
| Playground development programme | (7) | 198 | 191 | 192 |
| Marina | | | | |
| Pontoon renewal programme | (6) | 140 | 134 | 134 |
| Saxton Field | | | | |
| Cricket oval drainage remediation | 0 | 0 | 0 | 165 |
| Land purchase (Daelyn) | 0 | 689 | 689 | 0 |
| Relocate overhead power | 25 | 275 | 300 | 869 |
| Sundry | 114 | 1,930 | 2,043 | 1,610 |
| Total parks and active recreation | 126 | 9,383 | 9,509 | 4,326 |
| CORPORATE | | | | |
| Civic House | | | | |
| Buildings | 0 | 350 | 350 | 340 |
| Earthquake strengthening | 0 | 500 | 500 | 0 |
| Plant and equipment | 0 | 213 | 213 | 211 |
| Rental properties | | | | |
| Strategic building purchases | 0 | 625 | 625 | 90 |
| Strategic land purchases | (3) | 1,775 | 1,772 | 1,397 |
| Administration | | | | |
| Motor vehicles | 0 | 151 | 151 | 137 |
| Hardware/desktops | 57 | 1,441 | 1,498 | 704 |
| Sundry | 35 | 64 | 99 | 114 |
| Total corporate | 89 | 5,118 | 5,207 | 2,994 |
| FINANCIAL RESERVES AND TRUSTS | | | | |
| Vested assets | 0 | 3,000 | 3,000 | 5,912 |
| Total financial reserves and trusts | 0 | 3,000 | 3,000 | 5,912 |
| Total capital expenditure | (141) | 59,180 | 59,038 | 41,889 |

FINANCIAL REPORT





FINANCIAL STATEMENTS: YEAR ENDED 30 JUNE 2014

The following sections report on the Council's financial activities and include:

- Statement of comprehensive income.....Page 87
- Statement of changes in equity.....Page 88
- Balance sheetPage 89
- Statement of cash flows.....Page 91
- Funding impact statementPage 92
- Financial prudencePage 94
- Summary of individual rates and uniform annual charges.....Page 98

The 'Financial statements' should be read in conjunction with the 'Notes to the accounts' on page 99 and also the 'Summary of capital expenditure over \$100,000' on page 81.

STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 30 June 2014 | Note | Council | | | Group | |
|--|-------|----------------|------------------|---------------|----------------|----------------|
| | | Actual 2014 | Annual plan 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| REVENUE | | | | | | |
| Rates other than targeted rates for water supply | 2 | 48,372 | 48,874 | 46,853 | 48,372 | 46,853 |
| Fees, charges, and targeted rates for water supply | 2 | 10,887 | 11,263 | 11,014 | 10,887 | 11,014 |
| Development and financial contributions | 3 | 2,126 | 1,987 | 1,955 | 2,126 | 1,955 |
| Grants, donations and subsidies | 3 | 8,100 | 14,249 | 7,988 | 9,183 | 7,662 |
| Vested assets | 3 | 5,912 | 3,000 | 3,173 | 5,940 | 3,351 |
| Interest received | 3 | 112 | 28 | 79 | 216 | 161 |
| Dividend received | 3 | 2,881 | 2,673 | 2,803 | 0 | 0 |
| Other revenue | 3 | 21,807 | 22,237 | 22,085 | 31,530 | 29,141 |
| Other gains | 4 | 1,926 | 0 | 3,936 | 2,019 | 3,966 |
| Total operating revenue | | 102,123 | 104,311 | 99,886 | 110,273 | 104,103 |
| EXPENDITURE | | | | | | |
| Employee benefit expenses | 5 | 15,718 | 18,151 | 17,320 | 27,546 | 25,807 |
| Depreciation and amortisation | 13,14 | 20,260 | 21,028 | 19,699 | 21,285 | 20,510 |
| Other expenses | 6 | 46,983 | 52,730 | 48,279 | 43,148 | 43,520 |
| Finance costs | 7 | 3,788 | 4,068 | 4,288 | 3,854 | 4,292 |
| Total operating expenditure | | 86,749 | 95,977 | 89,586 | 95,833 | 94,129 |
| Operating surplus (deficit) | | 15,374 | 8,334 | 10,301 | 14,439 | 9,974 |
| Share of associate's surplus (deficit) | 17 | 0 | 0 | 0 | 4,730 | 5,262 |
| Surplus (deficit) before taxation | | 15,374 | 8,334 | 10,301 | 19,169 | 15,235 |
| Taxation | 8 | 0 | 86 | 24 | 374 | 363 |
| Net surplus | | 15,374 | 8,248 | 10,277 | 18,795 | 14,872 |
| Gains (losses) on property revaluation | 13 | 92,645 | 20,553 | 2,582 | 92,645 | 2,297 |
| Share of associates revalued movements | 17 | 0 | 0 | 0 | 531 | 2,082 |
| Total comprehensive income for year | | 108,019 | 28,801 | 12,859 | 111,971 | 19,251 |

The accompanying notes form part of these Financial Statements.

Explanations of significant variances against budget are detailed in note 33.



STATEMENT OF CHANGES IN EQUITY

| <i>For the year ended 30 June 2014</i> | Note | Council | | | Group | |
|--|-----------|------------------|---------------------|------------------|------------------|------------------|
| | | Actual 2014 | Annual plan 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance as 1 July | | 1,189,287 | 1,195,319 | 1,176,428 | 1,268,928 | 1,249,677 |
| Total comprehensive income | | 108,019 | 28,801 | 12,859 | 111,971 | 19,251 |
| Equity at end of year | 24 | 1,297,306 | 1,224,120 | 1,189,287 | 1,380,899 | 1,268,928 |

The accompanying notes form part of these Financial Statements.
Explanations of significant variances against budget are detailed in note 33.

BALANCE SHEET

| <i>As at 30 June 2014</i> | Note | Council | | | Group | |
|--|------|------------------|------------------|------------------|------------------|------------------|
| | | Actual 2014 | Annual plan 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 9 | 338 | 0 | 408 | 1,771 | 1,350 |
| Trade and other receivables | 10 | 10,977 | 8,965 | 16,527 | 12,287 | 17,466 |
| Inventories | 11 | 150 | 78 | 186 | 786 | 823 |
| Other financial assets | 12 | 0 | 306 | 0 | 3,475 | 1,381 |
| Taxation | 10 | 57 | 76 | 33 | 0 | 0 |
| Derivative financial instruments | 23 | 15 | 0 | 0 | 15 | 0 |
| Total current assets | | 11,537 | 9,425 | 17,154 | 18,334 | 21,020 |
| Non-current assets | | | | | | |
| Trade and other receivables | 10 | 5,034 | 7,127 | 5,470 | 5,034 | 5,470 |
| Property, plant and equipment | 13 | 1,338,902 | 1,300,730 | 1,224,471 | 1,355,484 | 1,240,504 |
| Intangible assets | 14 | 1,771 | 1,350 | 1,652 | 1,924 | 1,772 |
| Forestry assets | 15 | 5,095 | 4,692 | 5,165 | 5,095 | 5,165 |
| Investment properties | 16 | 960 | 883 | 940 | 960 | 940 |
| Other financial assets | 12 | 383 | 140 | 300 | 991 | 715 |
| Deferred taxation | 8 | 0 | 0 | 0 | 184 | 215 |
| Derivative financial instruments | 23 | 1,011 | 0 | 0 | 1,011 | 0 |
| Investments in council controlled entities and other similar entities | | | | | | |
| Investments in associates and subsidiaries | 17 | 21,183 | 22,383 | 21,183 | 85,431 | 82,595 |
| Total non-current assets | | 1,374,339 | 1,337,305 | 1,259,181 | 1,456,113 | 1,337,376 |
| Total assets | | 1,385,876 | 1,346,730 | 1,276,335 | 1,474,447 | 1,358,396 |

The accompanying notes form part of these Financial Statements.
 Explanations of significant variances against budget are detailed in note 33.



| As at 30 June 2014 | Note | Council | | | Group | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|------------------|
| | | Actual 2014 | Annual plan 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Bank overdraft | 9 | 0 | 3,279 | 0 | 0 | 0 |
| Trade and other payables | 19 | 13,237 | 13,078 | 14,518 | 13,618 | 15,118 |
| Taxation payable | 19 | 0 | 0 | 0 | 9 | 136 |
| Provisions | 20 | 0 | 0 | 0 | 0 | 15 |
| Employee benefit liabilities | 21 | 1,471 | 1,544 | 1,683 | 2,742 | 2,669 |
| Borrowings | 22 | 37,831 | 39,717 | 58,183 | 37,831 | 58,242 |
| Derivative financial instruments | 23 | 27 | 16 | 20 | 27 | 20 |
| Total current liabilities | | 52,566 | 57,634 | 74,404 | 54,227 | 76,200 |
| Non-current liabilities | | | | | | |
| Provisions | 20 | 1,136 | 992 | 1,010 | 1,136 | 1,010 |
| Non-current payables | 20 | 0 | 0 | 0 | 2,069 | 0 |
| Employee benefit liabilities | 21 | 313 | 352 | 344 | 361 | 404 |
| Borrowings | 22 | 33,960 | 59,747 | 10,000 | 35,160 | 10,563 |
| Derivative financial instruments | 23 | 595 | 3,885 | 1,291 | 595 | 1,291 |
| Total non-current liabilities | | 36,004 | 64,976 | 12,645 | 39,321 | 13,268 |
| Total liabilities | | 88,570 | 122,610 | 87,049 | 93,548 | 89,468 |
| Total net assets | | 1,297,306 | 1,224,120 | 1,189,287 | 1,380,899 | 1,268,928 |
| EQUITY | | | | | | |
| Retained earnings | 24 | 358,148 | 346,613 | 342,455 | 395,654 | 376,249 |
| Other reserves | 24 | 939,158 | 877,507 | 846,832 | 985,245 | 892,679 |
| Total equity | | 1,297,306 | 1,224,120 | 1,189,287 | 1,380,899 | 1,268,928 |

The accompanying notes form part of these Financial Statements.
 Explanations of significant variances against budget are detailed in note 33.

STATEMENT OF CASH FLOWS

| For the year ended 30 June 2014 | Note | Council | | | Group | |
|--|------|-----------------|------------------|-----------------|-----------------|-----------------|
| | | Actual 2014 | Annual plan 2014 | Actual 2013 | Actual 2014 | Actual 2013 |
| | | \$000 | \$000 | \$000 | \$000 | \$000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Rates and other revenue | | 95,530 | 91,635 | 86,005 | 105,903 | 94,763 |
| Interest received | | 112 | 28 | 79 | 219 | 161 |
| Dividends received | | 3,381 | 2,673 | 2,803 | 2,925 | 2,358 |
| Payments to suppliers and employees | | (61,657) | (70,816) | (62,556) | (69,761) | (67,715) |
| Interest paid | | (3,836) | (4,068) | (3,586) | (3,902) | (3,590) |
| Taxation (paid) refunded | | (24) | (86) | 19 | (475) | (349) |
| Net GST movement | | (84) | 0 | (769) | 117 | (836) |
| Net cash inflows from operating activities | 25 | 33,422 | 19,366 | 21,995 | 35,026 | 24,792 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Sale of fixed assets | | 34 | 22 | 84 | 111 | 96 |
| Sale of investments | | 666 | 0 | 1,001 | 666 | 742 |
| Repayment of loans/advances | | 0 | 334 | 0 | 0 | 0 |
| Goodwill on sale of business | | 0 | 0 | 0 | 0 | 0 |
| Purchase of fixed assets | | (37,195) | (47,824) | (26,756) | (38,747) | (29,228) |
| Purchase of intangibles | | (521) | 0 | (685) | (2,335) | (754) |
| Purchase of investments | | (83) | (606) | (160) | (588) | (1,036) |
| Loans and advances | | 0 | 0 | 0 | 0 | 0 |
| Net cash outflow from investing activities | | (37,100) | (48,074) | (26,516) | (40,894) | (30,180) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Cash was provided from loans raised | | 36,340 | 24,039 | 25,749 | 37,040 | 26,251 |
| Cash was applied to repayment of loans | | (32,732) | (715) | (22,823) | (30,751) | (22,883) |
| Net cash inflows/outflows from financing activities | | 3,608 | 23,324 | 2,926 | 6,289 | 3,368 |
| Net increase (decrease) in cash held | | (70) | (5,384) | (1,595) | 421 | (2,020) |
| Plus opening cash balance | | 408 | 2,105 | 2,003 | 1,350 | 3,370 |
| Closing balance | | 338 | (3,279) | 408 | 1,771 | 1,350 |
| REPRESENTED BY: | | | | | | |
| Cash and cash equivalents | 9 | 338 | 0 | 408 | 1,771 | 1,350 |
| Bank overdraft | 9 | 0 | (3,279) | 0 | 0 | 0 |
| | | 338 | (3,279) | 408 | 1,771 | 1,350 |

The accompanying notes form part of these Financial Statements.
 Explanations of significant variances against budget are detailed in note 33.



FUNDING IMPACT STATEMENT

| | Long term plan 2012/13 | Annual report 2012/13 | Annual plan 2013/14 | Annual report 2013/14 |
|--|------------------------------|-----------------------------|---------------------------|-----------------------------|
| <i>For the year ended 30 June 2014</i> | | | | |
| | \$000 | \$000 | \$000 | \$000 |
| SOURCES OF OPERATING FUNDING | | | | |
| General rates, uniform annual general charges, rates penalties | 36,545 | 36,377 | 37,791 | 37,574 |
| Targeted rates (other than a targeted rate for water supply) | 10,986 | 10,476 | 11,272 | 10,798 |
| Subsidies and grants for operating purposes | 4,527 | 4,833 | 2,703 | 2,983 |
| Fees, charges, and targeted rates for water supply | 11,015 | 11,014 | 11,263 | 10,887 |
| Interest and dividends from investments | 2,646 | 2,882 | 2,701 | 2,993 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 22,465 | 22,084 | 22,048 | 21,669 |
| Total operating funding | 88,184 | 87,666 | 87,778 | 86,904 |
| APPLICATIONS OF OPERATING FUNDING | | | | |
| Payments to staff and suppliers | 70,093 | 62,773 | 70,880 | 61,959 |
| Finance costs | 4,099 | 4,288 | 4,068 | 3,788 |
| Other operating funding applications | 0 | 0 | 0 | 0 |
| Total applications of operating funding | 74,192 | 67,061 | 74,948 | 65,747 |
| Surplus (deficit) of operating funding | 13,992 | 20,605 | 12,830 | 21,157 |
| SOURCES OF CAPITAL FUNDING | | | | |
| Subsidies and grants for capital | 12,354 | 3,155 | 11,546 | 5,117 |
| Development and financial contributions | 1,940 | 1,955 | 1,987 | 2,126 |
| Increase (decrease) in debt | 24,943 | 2,926 | 23,295 | 3,608 |
| Gross proceeds from sale of assets | 41 | 84 | 22 | 34 |
| Lump sum contributions | 0 | 0 | 0 | 0 |
| Total sources of capital funding | 39,278 | 8,120 | 36,850 | 10,884 |
| APPLICATIONS OF CAPITAL FUNDING | | | | |
| Capital expenditure – to meet additional demand | 13,938 | 6,498 | 8,562 | 4,901 |
| – to improve level of service | 32,975 | 12,811 | 37,545 | 22,176 |
| – to replace existing assets | 11,609 | 9,261 | 10,073 | 8,988 |
| Increase (decrease) in reserves | (3,861) | 1,382 | (5,391) | (3,122) |
| Increase (decrease) in investments | (1,391) | (1,227) | (1,110) | (903) |
| Total applications of capital funding | 53,270 | 28,725 | 49,679 | 32,041 |
| Surplus (deficit) of capital funding | (13,992) | (20,605) | (12,829) | (21,156) |
| Funding balance | 0 | 0 | 0 | 0 |

| <i>Reconciliation between the net surplus (deficit) in the cost of service statement and surplus (deficit) of operating funding in the funding impact statement</i> | Long term plan 2012/13 | Annual report 2012/13 | Annual plan 2013/14 | Annual report 2013/14 |
|---|------------------------|-----------------------|---------------------|-----------------------|
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) of operating funding from funding impact statement | 13,992 | 20,605 | 12,829 | 21,157 |
| Subsidies and grants for capital expenditure | 12,354 | 3,155 | 11,546 | 5,117 |
| Development and financial contributions | 1,940 | 1,955 | 1,987 | 2,126 |
| Vested assets | 7,578 | 3,173 | 3,000 | 5,912 |
| Gain (loss) on disposal of assets | 0 | (2,158) | 0 | (533) |
| Revaluation of derivatives | 0 | 2,590 | 0 | 1,715 |
| Investment write-up | 0 | 1,347 | 0 | 349 |
| Investment write-down | 0 | (668) | 0 | (209) |
| Depreciation | (20,185) | (19,699) | (21,028) | (20,260) |
| Net surplus (deficit) before taxation in statement of comprehensive Income | 15,679 | 10,301 | 8,334 | 15,374 |

The accompanying notes form part of these Financial Statements.
 Explanations of significant variances against budget are detailed in note 33.



FINANCIAL PRUDENCE

Annual report disclosure statement for the year ending 30 June 2014.

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

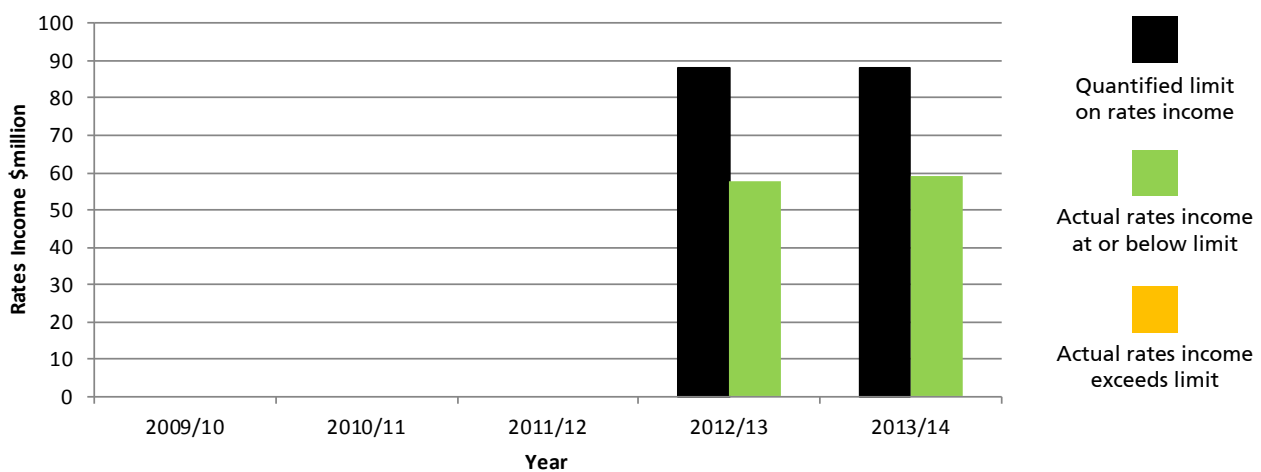
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

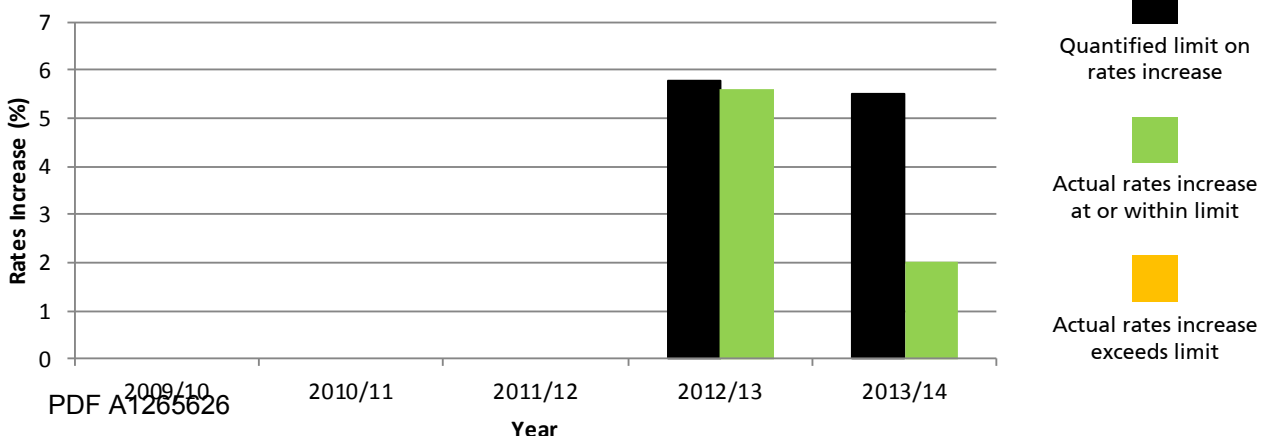
RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan. The quantified limit is \$88 million.



RATES (INCREASES) AFFORDABILITY

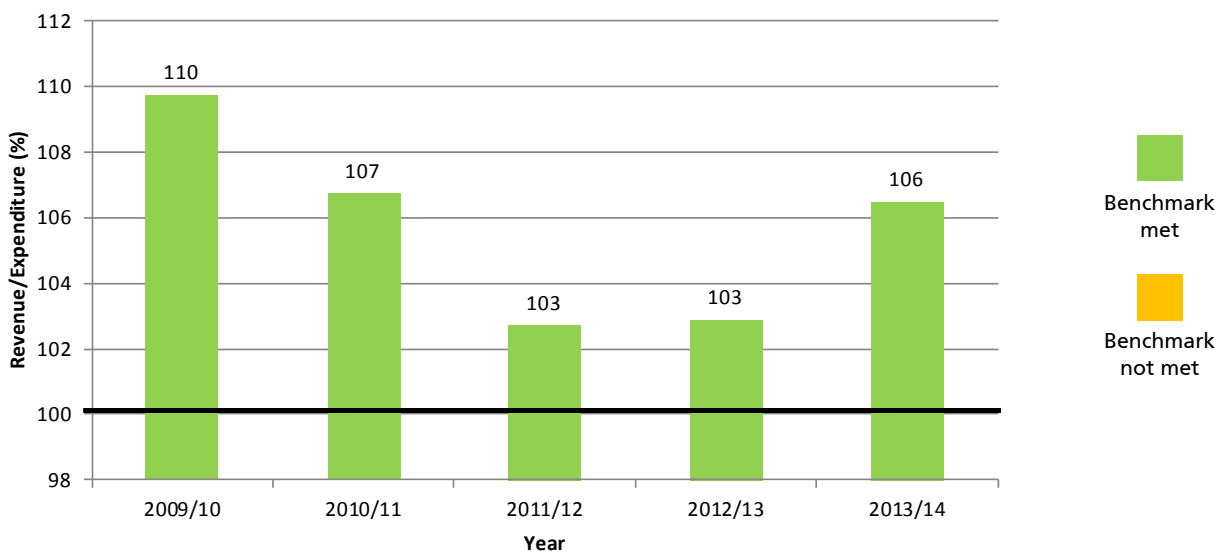
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The quantified limit is the local government cost index plus 2% for each year of the Long Term Plan.



BALANCED BUDGET BENCHMARK

The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

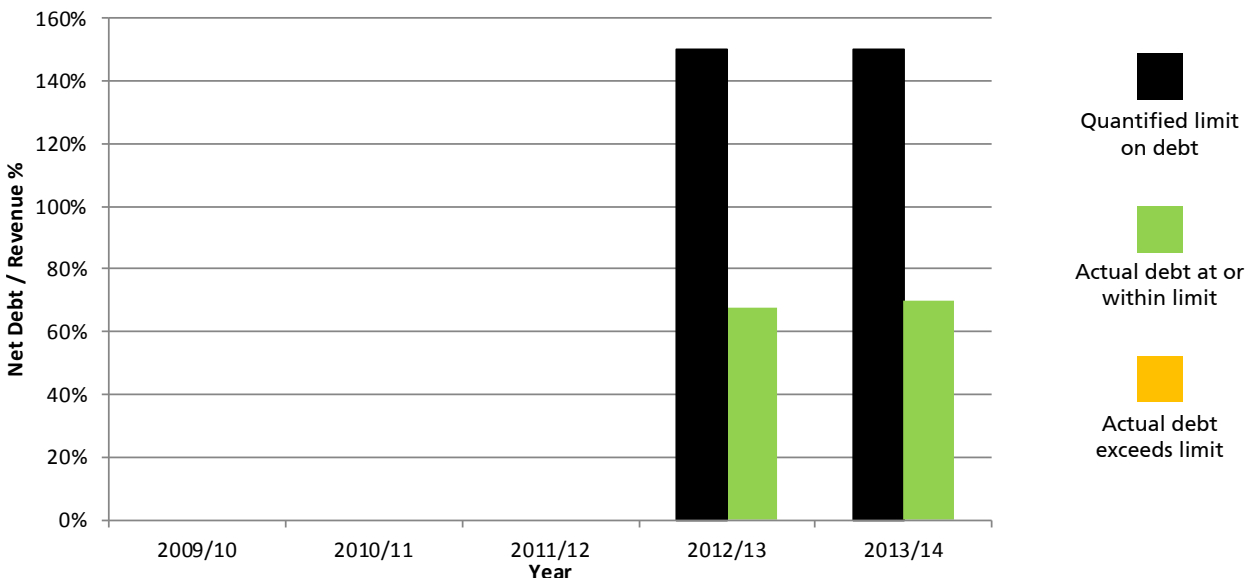
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

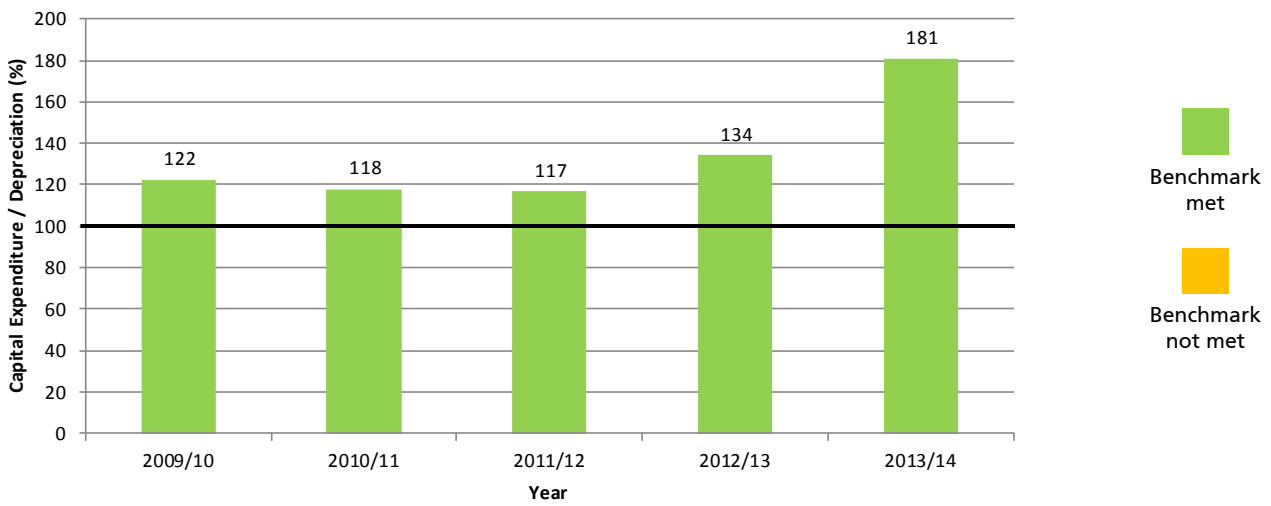
The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is that net external borrowings are not to exceed 150% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances and deposits.





ESSENTIAL SERVICES BENCHMARK

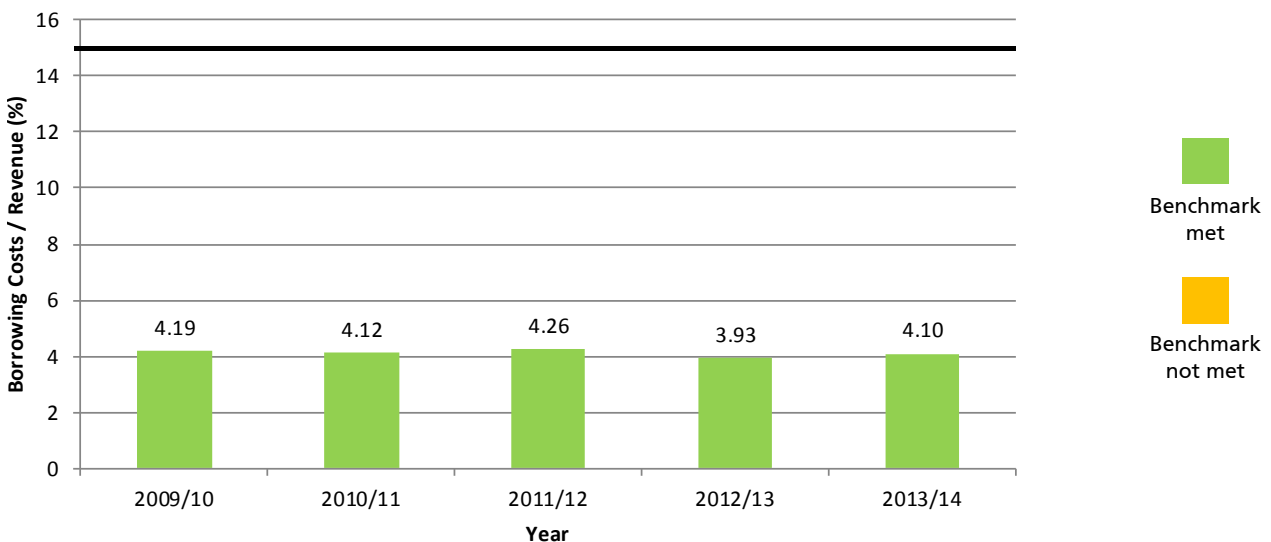
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

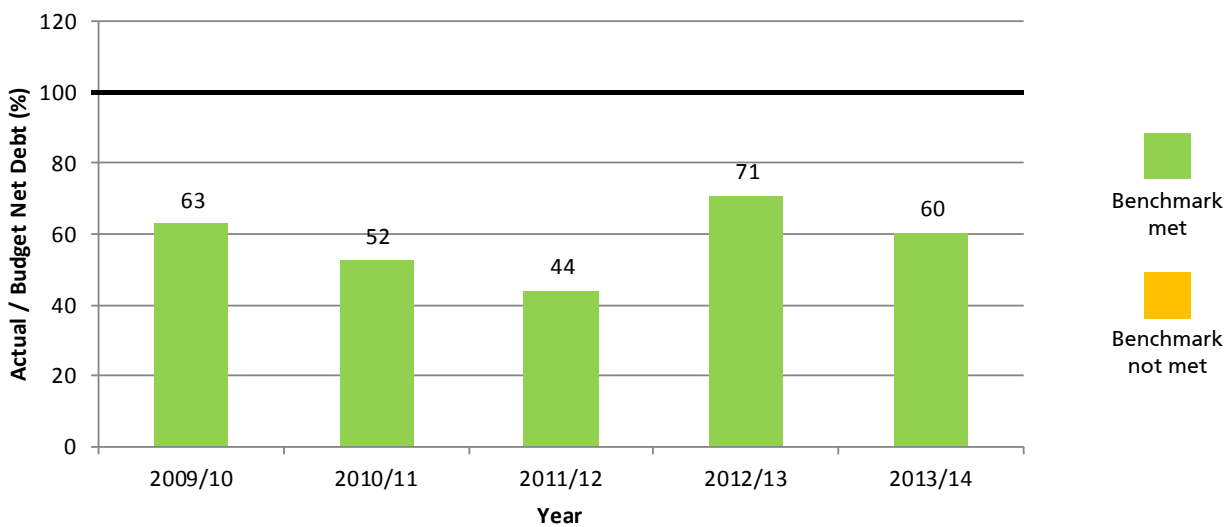
Because Statistics New Zealand projects the Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



DEBT CONTROL BENCHMARK

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

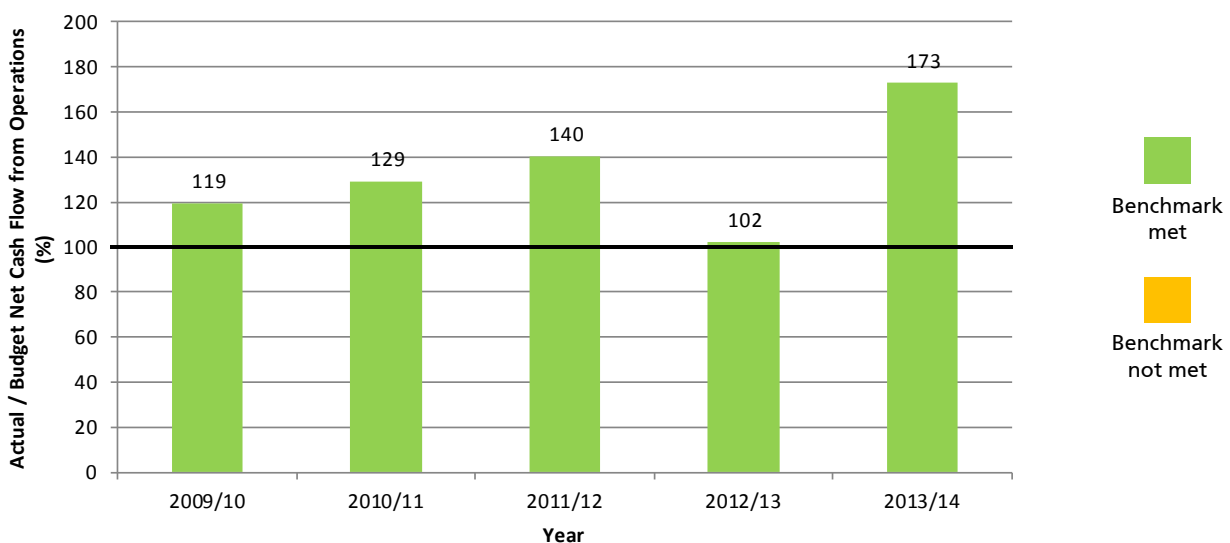
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONAL CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

| | General account | Water account | Sewerage account | Stormwater account | Flood protection account | Solar saver account | Total |
|---------------------------------|-----------------|---------------|------------------|--------------------|--------------------------|---------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Balance 1 July 2013 | 3,730 | 0 | 0 | 0 | 0 | 0 | 3,730 |
| Rate take/water charges 2013/14 | 37,884 | 10,887 | 6,836 | 3,509 | 392 | 61 | 59,569 |
| | 41,614 | 10,887 | 6,836 | 3,509 | 392 | 61 | 63,299 |
| Net expenditure 2013/14 | 36,097 | 10,887 | 6,836 | 3,509 | 392 | 61 | 57,782 |
| Balance 30 June 2014 | 5,517 | 0 | 0 | 0 | 0 | 0 | 5,517 |

The 2014/15 Annual Plan and Estimates forecast a brought forward balance at 30 June 2014 of \$2,137,000 and so there is a surplus of \$3,380,000 in the funds available in 2013/14.

RATING BASE INFORMATION

Under the Local Government Act 2002, the Council is required to disclose the following rating base information:

| | Actual 2013 |
|--|-------------|
| Number of rating units | 21,629 |
| Capital value of rating units (\$ million) | 10,007 |
| Land value of rating units (\$ million) | 4,768 |

NOTES TO THE ACCOUNTS

Including policies, assets, investment, explanation of variances and more (notes 1–35)

| | | |
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NOTE 1 – ACCOUNTING POLICIES

Statement of accounting policies for the year ended 30 June 2014

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 External Reporting Board.

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 2014. The financial statements were authorised for issue by Council on 30 October 2014.

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

Changes in accounting policies

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

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. The Council has not assessed 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.

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 2014.
- 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. Subsequent additions are valued at cost.
- Infrastructural assets – excluding specialised Infrastructural assets and infrastructure land with a title have been valued internally at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2014. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.

- Specialist infrastructural assets – include dams, water reservoirs and wastewater treatment plants have been valued internally at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2014. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.
- Nelson Regional Sewerage Business Unit – land is valued at market valuation as at 30 June 2014 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 Council engineers as at 30 June 2014. The valuation methodology has been peer reviewed by MWH Limited. Revaluations are updated 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:

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

Biological assets

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 2014.

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 (years) | 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 Hedgebook 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.

Although some members of the group do so, the Council parent does not apply hedge accounting for its derivative financial instruments.

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 cash flows

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.

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 20 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 – RATES REVENUE

| | Actual 2014 | Actual 2013 |
|---------------------------------|---------------|---------------|
| | \$000 | \$000 |
| General rates | 37,574 | 36,377 |
| Targeted rates | | |
| Water | 10,887 | 11,014 |
| Sewerage | 6,836 | 6,455 |
| Stormwater | 3,509 | 3,636 |
| Flood protection | 392 | 311 |
| Solar saver | 61 | 74 |
| Total revenue from rates | 59,259 | 57,867 |

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.

| | Actual 2014 | Actual 2013 |
|---|-------------|-------------|
| | \$000 | \$000 |
| Total rates revenue | 59,569 | 58,112 |
| Rates remissions | | |
| Community, sporting and other organisations | 82 | 74 |
| Rates penalties | 48 | 48 |
| Rates for residential properties in commercial/industrial areas | 9 | 11 |
| Rates on land protected for natural, historic or cultural conservation purposes | 0 | 0 |



NOTE 2 – RATES REVENUE (CONTINUED)

| | Actual 2014 | Actual 2013 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Rates on cemeteries | 24 | 22 |
| Rates on low value properties | 1 | 1 |
| Heritage | 64 | 64 |
| Clean heat warm homes | 54 | 0 |
| Dependent relative | 1 | 1 |
| Land affected by natural calamity | 27 | 24 |
| Total remissions | 310 | 245 |
| Rates revenue net of remissions | 59,259 | 57,867 |

Section 23(2)(b) of the Local Government (Rating) Act 2002 requires Council to set its rates in accordance with the relevant provisions of Council's long-term plan and funding impact statement for that financial year. In the process of setting rates for the 2013/14 financial year, Council has not fully complied with this requirement with respect to its wastewater charge targeted rate. The wording used as a basis for this rate in Council's annual rates resolution, passed on 27 June 2013, was inadvertently at variance with that used in its funding impact statement for the 2013/14 financial year. Despite this, Council considers that there is no material impact on ratepayers, and that the risk of challenge or potential liability arising is very low.

NOTE 3 – OTHER REVENUE

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| User charges | 9,406 | 10,335 | 9,610 | 10,551 |
| NZ Transport Authority grants | 6,260 | 4,129 | 6,260 | 4,129 |
| Regulatory revenue | 2,918 | 3,164 | 2,918 | 3,164 |
| Rental income and investment properties | 5,638 | 5,737 | 5,692 | 5,796 |
| Infringements and fines | 790 | 838 | 790 | 838 |
| Petrol tax | 330 | 329 | 330 | 329 |
| Vested assets | 5,912 | 3,173 | 5,940 | 3,351 |
| Interest income | 112 | 79 | 216 | 161 |
| Dividend income | 2,881 | 2,803 | 0 | 0 |
| Development/financial contributions | 2,126 | 1,955 | 2,126 | 1,955 |
| Grants/donations ¹ | 1,840 | 2,304 | 2,923 | 3,533 |
| Grants/insurance proceeds for 2011/2013 emergencies ² | 1,503 | 1,705 | 1,503 | 1,705 |
| Other | 1,222 | 1,532 | 10,687 | 6,758 |
| Total | 40,938 | 38,083 | 48,995 | 42,270 |

¹ Grants/donations – includes contributions from Tasman District Council and others for Saxton Field and other regional developments of \$nil (\$0.9 million in 2013).

² Grants/Insurance proceeds for 2011/2013 emergencies – does not include NZTA grants.

| NOTE 4 – OTHER GAINS | Note | Council | | Group | |
|--|------|--------------|--------------|--------------|--------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$000 | \$000 | \$000 | \$000 |
| Gain on changes in fair value of forestry assets | 15 | 0 | 930 | 0 | 930 |
| Gain on revaluation of financial derivatives | 23 | 1,715 | 2,590 | 1,715 | 2,590 |
| Gain on disposal of property, plant and equipment | 13 | 0 | 19 | 43 | 30 |
| Gain in fair value of investments | | 0 | 0 | 50 | 19 |
| Provision discount unwinding | | 191 | 297 | 191 | 297 |
| Gain on changes in fair value of investment property | 16 | 20 | 100 | 20 | 100 |
| Total gains | | 1,926 | 3,936 | 2,019 | 3,966 |

| NOTE 5 – EMPLOYEE BENEFIT EXPENSES | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Salaries and wages | 15,518 | 16,618 | 27,061 | 25,038 |
| Kiwisaver/superannuation schemes employer contributions | 443 | 418 | 453 | 425 |
| Increase (decrease) in employee benefit liabilities | (243) | 284 | 31 | 344 |
| Total employee benefit expenses | 15,718 | 17,320 | 27,545 | 25,807 |

| NOTE 6 – OTHER EXPENSES | Note | Council | | Group | |
|--|------|---------------|---------------|---------------|---------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$000 | \$000 | \$000 | \$000 |
| Payments to auditors for financial statement audit | | 125 | 125 | 184 | 181 |
| Payments to auditors for other services | | 2 | 0 | 2 | 0 |
| Consultants | | 1,192 | 614 | 1,192 | 614 |
| Maintenance | | 20,833 | 19,279 | 20,846 | 19,357 |
| Minimum lease payments under operating leases | | 224 | 257 | 470 | 257 |
| Impairments of receivables | | 2 | 2 | 2 | 2 |
| Loss on disposal of property, plant and equipment | | 533 | 2,158 | 538 | 2,158 |
| Loss on changes in fair value of forestry assets | | 70 | 0 | 70 | 0 |
| Other operating expenses | | 24,002 | 25,844 | 19,844 | 20,951 |
| Total other expenses | | 46,983 | 48,279 | 43,148 | 43,520 |

Audit fees of \$10,087 paid by the Bishop Suter Trust for 2014 (\$10,530 for 2013) were paid separately to their auditors Crowe Horwath.



NOTE 7 – FINANCE COSTS

| | Council | | Group | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Interest on commercial paper | 1,012 | 1,087 | 1,012 | 1,087 |
| Interest on floating rate notes | 592 | 53 | 592 | 53 |
| Interest on interest rate swaps | 928 | 1,200 | 928 | 1,200 |
| Interest on other secured borrowings | 833 | 914 | 833 | 914 |
| Other finance costs | 423 | 366 | 489 | 370 |
| Write down interest free loans | 0 | 668 | 0 | 668 |
| Total finance costs | 3,788 | 4,288 | 3,854 | 4,292 |

NOTE 8 – TAXATION

| | Council | | Group | |
|----------------------------------|----------|-----------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Components of tax expense | | | | |
| Current tax expense | 0 | 24 | 344 | 388 |
| Deferred tax expense | 0 | 0 | 30 | (25) |
| Income tax expense | 0 | 24 | 374 | 363 |

Relationship between tax expense and accounting profit

| | | | | |
|--------------------------------|----------|-----------|------------|------------|
| Surplus (deficit) before tax | 15,374 | 10,301 | 19,169 | 15,235 |
| Tax at 28% | 4,305 | 2,884 | 5,367 | 4,266 |
| Non taxable income/adjustments | (4,305) | (2,860) | 4,993 | 3,903 |
| Tax expense | 0 | 24 | 374 | 363 |

Deferred tax assets (liabilities)

| | | | | |
|----------------------------|----------|----------|------------|------------|
| Balance 1 July | 0 | 0 | 215 | 188 |
| Opening balance adjustment | 0 | 0 | (1) | 2 |
| Charged to profit and loss | 0 | 0 | (30) | 25 |
| Balance 30 June | 0 | 0 | 184 | 215 |

Deferred taxation movements statement – group

| | Property, plant and equipment | Provisions | Employee entitlements | Other | Total |
|-------------------------------------|-------------------------------|------------|-----------------------|-------------|------------|
| Balance as at 1 July 2012 | 11 | 15 | 191 | (29) | 187 |
| Opening balance adjustment | 1 | 1 | 0 | 0 | 2 |
| Current year charge | 10 | 2 | (5) | 19 | 26 |
| Closing balance 30 June 2013 | 22 | 18 | 186 | (10) | 215 |

| <i>Deferred taxation movements statement – group (continued)</i> | Property, plant and equipment | Provisions | Employee entitlements | Other | Total |
|--|-------------------------------|------------|-----------------------|----------|------------|
| Balance as at 1 July 2013 | 22 | 18 | 186 | (10) | 215 |
| Opening balance adjustment | 1 | 1 | 0 | 0 | 2 |
| Current year charge | 10 | 2 | (5) | 19 | 26 |
| Closing balance 30 June 2014 | 33 | 21 | 181 | 9 | 244 |

| NOTE 9 – CASH AND CASH EQUIVALENTS | Council | | Group | |
|--|------------|------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Cash at bank and in hand | 338 | 408 | 1,612 | 1,350 |
| Short term deposits maturing three months or less from date of acquisition (note 12) | 0 | 0 | 159 | 0 |
| Total cash and cash equivalents | 338 | 408 | 1,771 | 1,350 |
| Bank overdraft | 0 | 0 | 0 | 0 |

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.

| | | | | |
|---|------------|------------|--------------|--------------|
| Cash at bank and in hand | 338 | 408 | 1,612 | 1,350 |
| Short term bank deposits maturing within three months | 0 | 0 | 159 | 0 |
| Total cash and cash equivalents | 338 | 408 | 1,771 | 1,350 |

| NOTE 10 – TRADE AND OTHER RECEIVABLES | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Rates receivables | 2,454 | 2,850 | 2,454 | 2,850 |
| Other receivables | 4,391 | 7,615 | 5,616 | 8,503 |
| Dividend receivable | 1,100 | 1,600 | 1,100 | 1,600 |
| Sundry debtors | 2,356 | 2,789 | 2,431 | 2,836 |
| | 10,301 | 14,854 | 11,601 | 15,789 |
| Less provision for impairment of receivables | 253 | 0 | 255 | 4 |
| | 10,048 | 14,854 | 11,346 | 15,785 |
| Prepayments | 194 | 881 | 206 | 889 |
| Community loans | 5,256 | 5,755 | 5,256 | 5,755 |
| Loans to related parties | 513 | 507 | 513 | 507 |
| | 16,011 | 21,997 | 17,321 | 22,936 |



NOTE 10 – TRADE AND OTHER RECEIVABLES (CONTINUED)

| | Council | | Group | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Less non-current portion: | | | | |
| Loans to related parties | 488 | 482 | 488 | 482 |
| Community loans | 4,546 | 4,988 | 4,546 | 4,988 |
| Total non-current portion | 5,034 | 5,470 | 5,034 | 5,470 |
| Current portion | 10,977 | 16,527 | 12,287 | 17,466 |
| Current taxation asset | 57 | 33 | 0 | 0 |

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 \$0.7m (2013: \$0.9m). Term 10 yrs, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes. Face value \$2.8m (2013: \$3.3m), term 10 yrs, zero interest rate. The loan has been written down based on a discounted interest rate of 6.25% (2013: 6.25%)
- Theatre Royal. Face value \$1.5m (2013: \$1.5m), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 6.25% (2013: 6.25%)
- Others \$1.3m (2013: \$1.3m), 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 2014 and 2013 are detailed below:

| | 2014 | | | 2013 | | |
|----------------------|---------------|--------------|---------------|---------------|------------|---------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Council | | | | | | |
| Not past due | 8,202 | 0 | 8,202 | 12,201 | 0 | 12,201 |
| Past due 1–60 days | 1,295 | 0 | 1,295 | 2,040 | 0 | 2,040 |
| Past due 61–120 days | 445 | 0 | 445 | 518 | 0 | 518 |
| Past due > 120 days | 359 | (253) | 106 | 95 | 0 | 95 |
| Total | 10,301 | (253) | 10,048 | 14,854 | 0 | 14,854 |

NOTE 10 – TRADE AND OTHER RECEIVABLES (CONTINUED)

| | 2014 | | | 2013 | | |
|----------------------|---------------|--------------|---------------|---------------|------------|---------------|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Group | | | | | | |
| Not past due | 9,314 | 0 | 9,314 | 12,901 | 0 | 12,901 |
| Past due 1–60 days | 1,470 | 0 | 1,470 | 2,237 | 0 | 2,237 |
| Past due 61–120 days | 458 | 0 | 458 | 550 | 0 | 550 |
| Past due > 120 days | 359 | (255) | 104 | 101 | (4) | 97 |
| Total | 11,601 | (255) | 11,346 | 15,789 | (4) | 15,785 |

NOTE 11 – INVENTORIES

| | Council | | Group | |
|---------------------------------|------------|------------|------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Ridgeways properties | 149 | 184 | 149 | 184 |
| Civil Defence inventories | 1 | 2 | 1 | 2 |
| Civic Trust – flag stocks | 0 | 0 | 6 | 7 |
| The Bishop Suter Gallery Stocks | 0 | 0 | 17 | 21 |
| Nelmac – stocks | 0 | 0 | 374 | 498 |
| Nelmac – work in progress | 0 | 0 | 239 | 111 |
| Total inventories | 150 | 186 | 786 | 823 |

NOTE 12 – OTHER FINANCIAL ASSETS

| | Council | | Group | |
|--|------------|------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Current portion | | | | |
| Loans and receivables | | | | |
| Short term deposits with maturities of 4–12 months | 0 | 0 | 3,433 | 1,381 |
| Civic Trust – current portion of 1st NZ Securities | 0 | 0 | 42 | 0 |
| Total current portion | 0 | 0 | 3,475 | 1,381 |
| Non-current portion | | | | |
| Unlisted shares – NZ LG Insurance Corp Ltd | 140 | 140 | 140 | 140 |
| Local Government Funding Agency borrower notes | 240 | 160 | 240 | 160 |
| Civic Trust – 1st NZ Securities | 0 | 0 | 608 | 415 |
| Emissions Trading Scheme (ETS) credits | 3 | 0 | 3 | 0 |
| Total non current portion | 383 | 300 | 991 | 715 |

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. The New Zealand Local Government Funding Agency Limited, which commenced in December 2011 is the new alternative debt provider majority owned by and operated for local authorities. The Council is not a shareholder but participates as a borrower and guarantor. When the Council borrows through the Local Government Funding Agency they are required to invest 1.6% of the proceeds back with the LGFA as borrower notes which the LGFA retain as capital.



**NOTE 13 – PROPERTY,
PLANT AND EQUIPMENT
2014**

| | Cost/ revaluation 30 June 2013 | Accumulated depreciation and impairment charges 1 July 2013 | Carrying amount 30 June 2013 | Current year additions purchased | Current year additions transferred |
|---|--------------------------------------|---|---------------------------------------|--|--|
| | | | \$000 | \$000 | \$000 |
| Council operational assets | | | | | |
| Land | 69,112 | 69,112 | 1,397 | 0 | 0 |
| Buildings | 31,029 | (9,351) | 21,678 | 2,733 | 0 |
| Other improvements | 3,910 | (508) | 3,402 | 198 | 0 |
| Landfill post closure | 853 | (425) | 428 | 0 | 0 |
| Library books | 6,128 | (4,355) | 1,773 | 453 | 0 |
| Plant and equipment | 17,735 | (13,733) | 4,002 | 489 | 0 |
| Motor vehicles | 1,145 | (607) | 538 | 140 | 0 |
| Marina | 9,828 | (1,042) | 8,786 | 197 | 0 |
| Total operational assets | 139,740 | (30,021) | 109,719 | 5,607 | 0 |
| Council infrastructural assets | | | | | |
| Sewerage treatment and facilities | 39,767 | 0 | 39,767 | 989 | 0 |
| Sewerage other | 105,055 | 0 | 105,055 | 3,218 | 720 |
| Water treatment and facilities | 14,832 | 0 | 14,832 | 0 | 0 |
| Water other | 120,049 | 0 | 120,049 | 6,616 | 403 |
| Stormwater | 101,550 | 0 | 101,550 | 1,771 | 901 |
| Flood protection | 9,867 | 0 | 9,867 | 846 | 396 |
| Solid waste | 5,876 | 0 | 5,876 | 94 | 0 |
| Roading infrastructure | 253,888 | 0 | 253,888 | 12,657 | 2,511 |
| Carpark infrastructure | 905 | 0 | 905 | 594 | 0 |
| Roading land | 278,762 | 0 | 278,762 | 255 | 977 |
| Total infrastructural assets | 930,551 | 0 | 930,551 | 27,040 | 5,908 |
| Council restricted assets | | | | | |
| Land | 93,216 | 93,216 | 44 | 0 | 0 |
| Buildings | 49,651 | (6,694) | 42,957 | 309 | 0 |
| Other improvements | 58,244 | (10,216) | 48,028 | 3,321 | 0 |
| Total restricted assets | 201,111 | (16,910) | 184,201 | 3,674 | 0 |
| Total NCC property, plant and equipment | 1,271,402 | (46,931) | 1,224,471 | 36,321 | 5,908 |
| Subsidiaries property, plant and equipment | | | | | |
| Land | 1,123 | 0 | 1,123 | 0 | 0 |
| Buildings | 4,087 | (978) | 3,109 | 58 | 0 |
| Leasehold improvements | 22 | (17) | 5 | 0 | 0 |
| Plant and equipment | 7,439 | (4,222) | 3,217 | 1,266 | 0 |
| Motor vehicles | 1,781 | (916) | 865 | 689 | 0 |
| Art collection | 7,105 | 0 | 7,105 | 50 | 0 |
| Capitalised work in progress | 609 | 0 | 609 | 125 | 0 |
| Total subsidiaries | 22,166 | (6,133) | 16,033 | 2,188 | 0 |
| Total Group property, plant and equipment | 1,293,568 | (53,064) | 1,240,504 | 38,509 | 5,908 |

The above cost includes \$26.9 million work in progress, (\$18.6 million in 2012/13).

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. Initial assessment of all Council's 94 buildings have been completed, and 41 of those require detailed assessments as their initial ratings were less than 34% of the New Building Standard. 23 detailed assessments have been completed and 14 section 124 Building Act notices have been received to date. One building has been demolished. Nelson City Council expects that the detailed assessments may lead to impairment of further buildings in coming years. Nelson City Council expects that all required detailed assessments will be completed by 30 June 2015.

| Current year net disposals/transfers | Current year profit on disposal | Current year loss on disposal | Current year depreciation | Revaluation surplus | Cost/revaluation 30 June 2014 | Accumulated depreciation and impairment charges 30 June 2014 | Carrying amount 30 June 2014 |
|--------------------------------------|---------------------------------|-------------------------------|---------------------------|---------------------|-------------------------------|--|------------------------------|
| \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 0 | 0 | 0 | 0 | 231 | 70,740 | 0 | 70,740 |
| (1) | 0 | 0 | (753) | 0 | 33,759 | (10,104) | 23,655 |
| 0 | 0 | 0 | (107) | 0 | 4,107 | (614) | 3,493 |
| 0 | 0 | 0 | (17) | 0 | 853 | (442) | 411 |
| 0 | 0 | 0 | (365) | 0 | 5,929 | (4,068) | 1,861 |
| (13) | 0 | (40) | (832) | 0 | 18,005 | (14,399) | 3,606 |
| (35) | 3 | 0 | (127) | 0 | 1,067 | (548) | 519 |
| 0 | 0 | 0 | (167) | 0 | 10,024 | (1,209) | 8,815 |
| (49) | 3 | (40) | (2,368) | 231 | 144,484 | (31,384) | 113,100 |
| 0 | 0 | (32) | (1,222) | 354 | 39,856 | 0 | 39,856 |
| 0 | 0 | (20) | (2,577) | 8,250 | 114,646 | 0 | 114,646 |
| 0 | 0 | 0 | (1,204) | 1,227 | 14,855 | 0 | 14,855 |
| 0 | 0 | (32) | (2,838) | 10,669 | 134,867 | 0 | 134,867 |
| 0 | 0 | (22) | (1,684) | 15,320 | 117,835 | 0 | 117,835 |
| 0 | 0 | 0 | (128) | (458) | 10,522 | 0 | 10,522 |
| 0 | 0 | 0 | (334) | 508 | 6,144 | 0 | 6,144 |
| 0 | 0 | (387) | (4,785) | 57,650 | 321,533 | 0 | 321,533 |
| 0 | 0 | 0 | (37) | (505) | 957 | 0 | 957 |
| 0 | 0 | 0 | | (419) | 279,575 | 0 | 279,575 |
| 0 | 0 | (493) | (14,809) | 92,596 | 1,040,790 | 0 | 1,040,790 |
| 0 | 0 | 0 | 0 | (182) | 93,078 | 0 | 93,078 |
| 0 | 0 | 0 | (937) | 0 | 49,959 | (7,630) | 42,329 |
| 0 | 0 | 0 | (1,744) | 0 | 61,565 | (11,960) | 49,605 |
| 0 | 0 | 0 | (2,681) | (182) | 204,602 | (19,590) | 185,012 |
| (49) | 3 | (533) | (19,858) | 92,645 | 1,389,876 | (50,974) | 1,338,902 |
| (6) | 0 | 0 | (1) | 0 | 1,117 | (1) | 1,116 |
| 4 | 0 | 0 | (104) | 0 | 3,934 | (867) | 3,067 |
| 0 | 0 | 0 | (3) | 0 | 22 | (20) | 2 |
| (37) | 0 | (15) | (709) | 0 | 8,424 | (4,702) | 3,722 |
| 0 | 0 | 0 | (159) | 0 | 2,434 | (1,039) | 1,395 |
| 0 | 0 | 0 | 0 | 0 | 7,155 | 0 | 7,155 |
| (609) | 0 | 0 | 0 | 0 | 125 | 0 | 125 |
| (648) | 0 | (15) | (976) | 0 | 23,211 | (6,629) | 16,582 |
| (697) | 3 | (548) | (20,834) | 92,645 | 1,413,087 | (57,603) | 1,355,484 |

Replacement Costs

| | Most recent estimate \$000 | Date of estimate |
|-----------------------------------|----------------------------|------------------|
| Roads and footpaths | 700,287 | 30 June 2014 |
| Sewerage treatment and facilities | 15,732 | 30 June 2014 |
| Sewerage other | 210,220 | 30 June 2014 |
| Water treatment and facilities | 22,105 | 30 June 2014 |
| Water other | 224,576 | 30 June 2014 |
| Stormwater | 167,292 | 30 June 2014 |
| Flood protection | 13,624 | 30 June 2014 |



NOTE 13 – PROPERTY, PLANT AND EQUIPMENT 2013

| | Cost/ revaluation 30 June 2012 | Accumulated depreciation and impairment charges 1 July 2012 | Carrying amount 30 June 2012 | Current year additions purchased | Current year additions transferred |
|---|--------------------------------------|---|---------------------------------------|--|--|
| | | | \$000 | \$000 | \$000 |
| Council operational assets | | | | | |
| Land | 69,002 | 69,002 | 110 | 0 | 0 |
| Buildings | 29,131 | (8,662) | 20,469 | 580 | 0 |
| Other improvements | 1,710 | (350) | 1,360 | 325 | 0 |
| Landfill post closure | 853 | (397) | 456 | 0 | 0 |
| Library books | 5,731 | (4,003) | 1,728 | 423 | 0 |
| Plant and equipment | 16,884 | (12,974) | 3,910 | 872 | 0 |
| Motor vehicles | 1,072 | (553) | 519 | 126 | 0 |
| Marina | 9,544 | (847) | 8,697 | 284 | 0 |
| Total operational assets | 133,927 | (27,786) | 106,141 | 2,720 | 0 |
| Council infrastructural assets | | | | | |
| Sewerage treatment and facilities | 39,846 | 0 | 39,846 | 1,320 | 0 |
| Sewerage other | 106,124 | 0 | 106,124 | 2,026 | 0 |
| Water treatment and facilities | 15,976 | 0 | 15,976 | 0 | 0 |
| Water other | 114,203 | 0 | 114,203 | 7,834 | 384 |
| Stormwater | 110,948 | 0 | 110,948 | 1,107 | 614 |
| Flood protection | 0 | 0 | 0 | 0 | 0 |
| Solid waste | 5,918 | 0 | 5,918 | 219 | 0 |
| Roading infrastructure | 249,744 | 0 | 249,744 | 6,215 | 858 |
| Carpark infrastructure | 843 | 0 | 843 | 87 | 0 |
| Roading land | 277,514 | 0 | 277,514 | 629 | 798 |
| Total infrastructural assets | 921,116 | 0 | 921,116 | 19,437 | 2,654 |
| Council restricted assets | | | | | |
| Land | 93,229 | | 93,229 | 1 | 0 |
| Buildings | 51,025 | (5,566) | 45,459 | 621 | 0 |
| Other improvements | 54,749 | (8,504) | 46,245 | 5,674 | 0 |
| Total restricted assets | 199,003 | (14,070) | 184,933 | 6,296 | 0 |
| Total NCC property, plant and equipment | 1,254,046 | (41,856) | 1,212,190 | 28,453 | 2,654 |
| Subsidiaries property, plant and equipment | | | | | |
| Land | 1,408 | 0 | 1,408 | 0 | 0 |
| Buildings | 4,076 | (869) | 3,207 | 11 | 0 |
| Leasehold improvements | 22 | (15) | 7 | 0 | 0 |
| Plant and equipment | 5,884 | (3,736) | 2,148 | 1,614 | 0 |
| Motor vehicles | 1,508 | (805) | 703 | 300 | 0 |
| Art collection | 6,927 | 0 | 6,927 | 178 | 0 |
| Capitalised work in progress | 62 | 0 | 62 | 609 | 0 |
| Total subsidiaries | 19,887 | (5,425) | 14,462 | 2,712 | 0 |
| Total Group property, plant and equipment | 1,273,933 | (47,281) | 1,226,652 | 31,165 | 2,654 |

The above cost includes \$18.6 million work in progress, (\$12.4 million in 2011/12).

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. Initial assessments of all Council's 92 buildings have been completed, and 30 of those require detailed assessments as their initial ratings were less than 33% of the New Building Standard. Nine detailed assessments

| Current year net disposals/transfers | Current year profit on disposal | Current year loss on disposal | Current year depreciation | Revaluation surplus | Cost/revaluation 30 June 2013 | Accumulated depreciation and impairment charges 30 June 2013 | Carrying amount 30 June 2013 |
|--------------------------------------|---------------------------------|-------------------------------|---------------------------|---------------------|-------------------------------|--|------------------------------|
| \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 0 | 0 | 0 | 0 | 0 | 69,112 | 0 | 69,112 |
| 1,589 | 0 | (236) | (725) | 0 | 31,029 | (9,351) | 21,678 |
| 1,849 | 0 | (33) | (99) | 0 | 3,910 | (508) | 3,402 |
| 0 | 0 | 0 | (28) | 0 | 853 | (425) | 428 |
| (3) | 3 | 0 | (378) | 0 | 6,128 | (4,355) | 1,773 |
| 2 | 2 | 0 | (784) | 0 | 17,735 | (13,733) | 4,002 |
| (14) | 14 | 0 | (107) | 0 | 1,145 | (607) | 538 |
| 0 | 0 | 0 | (195) | 0 | 9,828 | (1,042) | 8,786 |
| 3,423 | 19 | (269) | (2,316) | 0 | 139,740 | (30,021) | 109,719 |
| 89 | 0 | 0 | (1,216) | (272) | 39,767 | 0 | 39,767 |
| 0 | 0 | (24) | (2,554) | (517) | 105,055 | 0 | 105,055 |
| 0 | 0 | 0 | (1,217) | 74 | 14,833 | 0 | 14,833 |
| 0 | 0 | (161) | (2,768) | 557 | 120,049 | 0 | 120,049 |
| (9,942) | 0 | (18) | (1,656) | 497 | 101,550 | 0 | 101,550 |
| 9,942 | 0 | 0 | (124) | 49 | 9,867 | 0 | 9,867 |
| 0 | 0 | (1) | (326) | 66 | 5,876 | 0 | 5,876 |
| 0 | 0 | (683) | (4,505) | 2,259 | 253,888 | 0 | 253,888 |
| 0 | 0 | 0 | (33) | 7 | 904 | 0 | 904 |
| (41) | 0 | 0 | 0 | (138) | 278,762 | 0 | 278,762 |
| 48 | 0 | (887) | (14,399) | 2,582 | 930,551 | 0 | 930,551 |
| (14) | 0 | 0 | 0 | 0 | 93,216 | 0 | 93,216 |
| (1,577) | 0 | (632) | (914) | 0 | 49,651 | (6,694) | 42,957 |
| (1,834) | 0 | (370) | (1,687) | 0 | 58,244 | (10,216) | 48,028 |
| (3,425) | 0 | (1,002) | (2,601) | 0 | 201,111 | (16,910) | 184,201 |
| 46 | 19 | (2,158) | (19,316) | 2,582 | 1,271,402 | (46,931) | 1,224,471 |
| 0 | 0 | 0 | 0 | (285) | 1,123 | 0 | 1,123 |
| 0 | 0 | 0 | (109) | 0 | 4,087 | (978) | 3,109 |
| 0 | 0 | 0 | (2) | 0 | 22 | (17) | 5 |
| 0 | 0 | 0 | (544) | 0 | 7,439 | (4,222) | 3,217 |
| (1) | 0 | 0 | (137) | 0 | 1,781 | (916) | 865 |
| 0 | 0 | 0 | 0 | 0 | 7,105 | 0 | 7,105 |
| (62) | 0 | 0 | 0 | 0 | 609 | 0 | 609 |
| (63) | 0 | 0 | (792) | (285) | 22,166 | (6,133) | 16,033 |
| (17) | 19 | (2,158) | (20,108) | 2,297 | 1,293,568 | (53,064) | 1,240,504 |

have been completed and six section 124 Building Act notices have been received. Buildings assessed as earthquake prone will either require seismic strengthening or demolition in the longer term. Council agreed to demolish one of the buildings concerned, and an impairment to that effect has been recorded. Nelson City Council expects that these seismic assessments may lead to impairment of further 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.



NOTE 14 – INTANGIBLE ASSETS

| | Council computer software | Council total | Group computer software | Group total |
|---|---------------------------------|------------------|-------------------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| Balance 1 July 2013 | | | | |
| Cost | 3,645 | 3,645 | 275 | 3,920 |
| Accumulated amortisation and impairment | (1,993) | (1,993) | (155) | (2,148) |
| Opening carrying amount | 1,652 | 1,652 | 120 | 1,772 |
| Additions | 521 | 521 | 90 | 611 |
| Disposals | 0 | 0 | (23) | (23) |
| Amortisation charge | (402) | (402) | (34) | (436) |
| Closing carrying amount | 1,771 | 1,771 | 153 | 1,924 |
| Balance at 30 June 2014 | | | | |
| Cost | 4,166 | 4,166 | 342 | 4,508 |
| Accumulated amortisation and impairment | (2,395) | (2,395) | (189) | (2,584) |
| Closing carrying amount | 1,771 | 1,771 | 153 | 1,924 |
| Balance 1 July 2012 | | | | |
| Cost | 2,960 | 2,960 | 206 | 3,166 |
| Accumulated amortisation and impairment | (1,610) | (1,610) | (136) | (1,746) |
| Opening carrying amount | 1,350 | 1,350 | 70 | 1,420 |
| Additions | 685 | 685 | 98 | 783 |
| Disposals | 0 | 0 | (29) | (29) |
| Amortisation charge | (383) | (383) | (19) | (402) |
| Closing carrying amount | 1,652 | 1,652 | 120 | 1,772 |
| Balance at 30 June 2013 | | | | |
| Cost | 3,645 | 3,645 | 275 | 3,920 |
| Accumulated amortisation and impairment | (1,993) | (1,993) | (155) | (2,148) |
| Closing carrying amount | 1,652 | 1,652 | 120 | 1,772 |

| NOTE 15 – FORESTRY ASSETS | Council | | Group | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Balance at 1 July | 5,165 | 4,235 | 5,165 | 4,235 |
| 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 | 737 | 949 | 737 | 949 |
| Decreases due to sales | 0 | 0 | 0 | 0 |
| Decrease due to harvest | (807) | (19) | (807) | (19) |
| Balance 30 June | 5,095 | 5,165 | 5,095 | 5,165 |

The Nelson City Council owns 557 hectares, (613 at 30 June 2013), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1976 and 2013. Stands of other species totalling 8.6 hectares, (8.6 at 30 June 2013), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2014. A discount rate of 7%, (7% in 2012/13), has been used in discounting the present value of expected after tax cash flows.

During April 2014 a windstorm affected the eastern hills of Nelson and damaged areas in the Brook, Marsden, and Roding forests. Approximately 31 hectares has been removed from the total forest area estimates on account of this wind damage.

| NOTE 16 – INVESTMENT PROPERTIES | Note | Council | | Group | |
|--|------|------------|------------|------------|------------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | \$000 | \$000 | \$000 | \$000 |
| Balance at 1 July | | 940 | 840 | 940 | 840 |
| Additions from acquisitions | | 0 | 0 | 0 | 0 |
| Disposals | | 0 | 0 | 0 | 0 |
| Fair value gains (losses) on valuation | 4 | 20 | 100 | 20 | 100 |
| Balance at 30 June | | 960 | 940 | 960 | 940 |

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



NOTE 17 – INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

| | Proportion of ownership | 2014 | 2013 |
|---|-------------------------|---------------|---------------|
| | | \$000 | \$000 |
| Council | | | |
| Investment at cost in: | | | |
| Port Nelson Limited | 50% | 12,708 | 12,708 |
| Tasman Bays Heritage Trust | 50% | 4,922 | 4,922 |
| Nelson Airport Limited | 50% | 1,200 | 1,200 |
| Tourism Nelson Tasman Limited | 50% | 0 | 0 |
| Nelson Regional Economic Development Agency | 100% | 0 | 0 |
| Nelmac | 100% | 2,353 | 2,353 |
| The Bishop Suter Trust | 100% | 0 | 0 |
| The Civic Trust | 100% | 0 | 0 |
| Council total | | 21,183 | 21,183 |
| Group | | | |
| Share of net equity: | | | |
| Port Nelson Limited | | 72,187 | 69,840 |
| Tasman Bays Heritage Trust | | 8,021 | 7,973 |
| Nelson Airport Limited | | 5,155 | 4,717 |
| Tourism Nelson Tasman Limited | | 68 | 66 |
| Total Group Investment | | 85,431 | 82,595 |

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.

| <i>Movements in the carrying amount of investments in associates</i> | 2014 | 2013 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Opening balance | 82,595 | 77,564 |
| Prior period adjustment | 0 | 13 |
| | 82,595 | 77,577 |
| Share of recognised revenues and expenses | 4,730 | 5,262 |
| Share of revaluations | 531 | 2,108 |
| | 87,856 | 84,946 |
| Share of dividend | 2,425 | 2,351 |
| Balance as at 30 June 2014 | 85,431 | 82,595 |

NOTE 17 – INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

| <i>The total assets and liabilities of the associates are as follows:</i> | 2014 | 2013 |
|---|-------------|-------------|
| | \$000 | \$000 |
| Assets | 220,691 | 225,965 |
| Liabilities | 49,827 | 60,776 |
| Equity | 170,864 | 165,189 |
| Revenues | 52,237 | 50,245 |
| Surplus (deficit) | 9,214 | 10,525 |

NOTE 18 – JOINT VENTURES

The Council's interest in the Regional Sewerage Scheme, Ridgeways and Civil Defence joint ventures is accounted for as a jointly controlled operation. The Council's interests in the jointly controlled operation are as follows:

| | Regional sewerage scheme | Ridgeways | Civil Defence | Total |
|-------------------------|-------------------------------------|------------------|--------------------------|--------------|
| | \$000 | \$000 | \$000 | \$000 |
| 2014 | | | | |
| Current assets | 270 | 236 | 213 | 719 |
| Non-current assets | 27,664 | 0 | 251 | 27,915 |
| Current liabilities | 9,315 | 0 | 4 | 9,319 |
| Non-current liabilities | 0 | 0 | 0 | 0 |
| Income | 3,925 | 262 | 408 | 4,595 |
| Expenses | 3,110 | 93 | 298 | 3,501 |
| 2013 | | | | |
| Current assets | 125 | 277 | 222 | 624 |
| Non-current assets | 27,527 | 0 | 130 | 27,657 |
| Current liabilities | 9,487 | 11 | 2 | 9,500 |
| Non-current liabilities | 0 | 0 | 0 | 0 |
| Income | 4,132 | 281 | 361 | 4,774 |
| Expenses | 3,096 | 95 | 266 | 3,457 |
| 2012 | | | | |
| 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 | 0 | 8,563 |
| Income | 3,780 | 187 | 291 | 4,258 |
| Expenses | 3,129 | 86 | 204 | 3,418 |



NOTE 18 – JOINT VENTURES (CONTINUED)

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

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

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

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

| NOTE 19 – TRADE AND OTHER PAYABLES | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current payables are represented by: | \$000 | \$000 | \$000 | \$000 |
| Trade payables | 9,910 | 9,762 | 9,685 | 9,935 |
| Deposits and bonds | 747 | 710 | 747 | 710 |
| Accrued expenses | 1,155 | 1,322 | 1,179 | 1,345 |
| Income in advance | 1,168 | 2,194 | 1,303 | 2,452 |
| Trust accounts | 77 | 80 | 77 | 80 |
| Amounts due to customers for contract work | 16 | 78 | 16 | 78 |
| Other | 164 | 372 | 611 | 518 |
| Total current trade and other payables | 13,237 | 14,518 | 13,618 | 15,118 |
| Non-current payables are represented by: | | | | |
| Bishop Suter Trust other term liabilities | 0 | 0 | 2,069 | 0 |
| Taxation | 0 | 0 | 9 | 136 |

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

| NOTE 20 – PROVISIONS | Council | | Group | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Current provisions are represented by: | | | | |
| Warranty provisions | 0 | 0 | 0 | 15 |
| Total current provisions | 0 | 0 | 0 | 15 |
| Non-current provisions are represented by: | | | | |
| Landfill redemption | 1,136 | 1,010 | 1,136 | 1,010 |
| Total non-current provisions | 1,136 | 1,010 | 1,136 | 1,010 |

| NOTE 20 – PROVISIONS (CONTINUED) | Council | | Group | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Balance 1 July | 1,010 | 972 | 1,010 | 972 |
| Reassessment of liability | 28 | (65) | 28 | (65) |
| Provision for year based on consumption | 50 | 51 | 50 | 51 |
| Interest | 48 | 52 | 48 | 52 |
| Balance 30 June | 1,136 | 1,010 | 1,136 | 1,010 |

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

The estimated remaining life is 26 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 seven to fifty six years time (between 2041 and 2070). 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 2012/13), and an inflation rate of 2.5% (2.5% in 2012/13).

| NOTE 21 – EMPLOYEE BENEFIT LIABILITIES | Council | | Group | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Accrued pay | 481 | 506 | 809 | 748 |
| Annual leave | 837 | 1,034 | 1,761 | 1,763 |
| Long service leave | 227 | 263 | 254 | 288 |
| Retirement gratuities | 194 | 184 | 234 | 234 |
| Sick leave | 45 | 40 | 45 | 40 |
| Total employee benefit liabilities | 1,784 | 2,027 | 3,103 | 3,073 |
| Comprising: | | | | |
| Current | 1,471 | 1,683 | 2,742 | 2,669 |
| Non-current | 313 | 344 | 361 | 404 |
| Total employee benefit liabilities | 1,784 | 2,027 | 3,103 | 3,073 |



NOTE 22 – BORROWINGS

| | Council | | Group | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| Current | \$000 | \$000 | \$000 | \$000 |
| Secured loans | 8,100 | 18,460 | 8,100 | 18,460 |
| Commercial paper | 29,731 | 39,718 | 29,731 | 39,718 |
| EECA loan | 0 | 5 | 0 | 5 |
| The Bishop Suter Gallery loans | 0 | 0 | 0 | 59 |
| Total current borrowings | 37,831 | 58,183 | 37,831 | 58,242 |
| Non-current | | | | |
| Secured loans | 8,960 | 0 | 8,960 | 0 |
| Floating rate notes | 25,000 | 10,000 | 25,000 | 10,000 |
| Nelmac loans | 0 | 0 | 1,200 | 500 |
| The Bishop Suter Gallery loans | 0 | 0 | 0 | 63 |
| Total non-current borrowings | 33,960 | 10,000 | 35,160 | 10,563 |

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

As at 30 June 2014 the Council had borrowing facilities of \$52.5 million with Westpac Banking Corporation and \$15m with ANZ National Limited. At balance date \$17.2 million of the total \$67.5m 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 3.48% to 4.52%. The weighted average interest rate on the above loans was 3.91%, (3.14% in 2012/13).

NOTE 22 – BORROWINGS (CONTINUED)

Internal borrowings and interest

Internal borrowings and interest are charged to activities then eliminated on consolidation in the Council's financial statements.

| Activity | 1 July | Loans drawn | Loans repaid | 30 June | Interest |
|-----------------------------|----------------|---------------|----------------|----------------|--------------|
| 2014 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Transport | 17,230 | 5,529 | (1,317) | 21,442 | 905 |
| Water supply | 27,940 | 2,340 | 0 | 30,280 | 1,393 |
| Wastewater | 0 | 702 | 0 | 702 | 0 |
| Stormwater | 17,060 | 0 | (414) | 16,646 | 832 |
| Flood protection | 112 | 769 | 0 | 881 | 22 |
| Environmental management | 4,460 | 0 | (667) | 3,793 | 207 |
| Social | 5,920 | 544 | (321) | 6,143 | 292 |
| Parks and active recreation | 47,182 | 856 | (3,175) | 44,863 | 2,330 |
| Economic | 238 | 0 | 0 | 238 | 12 |
| Corporate | 15,315 | 3,141 | (115) | 18,341 | 828 |
| Total internal loans | 135,457 | 13,881 | (6,009) | 143,329 | 6,821 |
| 2013 | | | | | |
| Transport | 16,628 | 1,744 | (1,142) | 17,230 | 891 |
| Water supply | 25,139 | 2,801 | 0 | 27,940 | 1,313 |
| Wastewater | 0 | 0 | 0 | 0 | 0 |
| Stormwater | 18,114 | 0 | (1,054) | 17,060 | 892 |
| Flood protection | 0 | 112 | 0 | 112 | 5 |
| Environmental management | 5,305 | 112 | (957) | 4,460 | 256 |
| Social | 5,334 | 1,095 | (509) | 5,920 | 278 |
| Parks and active recreation | 46,484 | 2,091 | (1,393) | 47,182 | 2,379 |
| Economic | 238 | 0 | 0 | 238 | 12 |
| Corporate | 14,327 | 1,336 | (348) | 15,315 | 792 |
| Total internal loans | 131,569 | 9,291 | (5,403) | 135,457 | 6,818 |



NOTE 23 – DERIVATIVE FINANCIAL INSTRUMENTS

| | Council | | Group | |
|--|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Current liability | | | | |
| Interest rate swaps | 27 | 20 | 27 | 20 |
| Total current liability | 27 | 20 | 27 | 20 |
| Non-current liability | | | | |
| Interest rate swaps | 595 | 1,291 | 595 | 1,291 |
| Total non-current liability | 595 | 1,291 | 595 | 1,291 |
| Current asset | | | | |
| Interest rate swaps | 15 | 0 | 15 | 0 |
| Total non-current asset | 15 | 0 | 15 | 0 |
| Non-current asset | | | | |
| Interest rate swaps | 1,011 | 0 | 1,011 | 0 |
| Total non-current asset | 1,011 | 0 | 1,011 | 0 |
| Total derivative financial instrument liabilities | 622 | 1,311 | 622 | 1,311 |
| Total derivative financial instrument assets | 1,026 | 0 | 1,026 | 0 |

The Council has \$76.0m notional principal of interest rate swaps (2013: \$82.5m), with maturity dates between May 2015 and August 2023. Fixed interest rates range from 2.77% to 5.365% and the weighted average interest rate of the swap portfolio is 4.41% (2013: 4.23%). A total of \$3m (2013 \$6m) of that notional principal is a forward start swap, with a start date of May 2015.

NOTE 24 – EQUITY

| | Council | | Group | |
|--|---------|---------|---------|---------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Retained earnings | | | | |
| As at 1 July | 342,455 | 331,034 | 376,249 | 360,078 |
| Transfers to: | | | | |
| Restricted reserves | (1,473) | (1,084) | (1,473) | (1,084) |
| Transfers from: | | | | |
| Asset revaluation reserve on disposal of property, plant and equipment | 0 | 0 | 291 | 155 |
| Restricted reserves | 1,792 | 2,228 | 1,792 | 2,228 |
| Surplus (deficit) for the year | 15,374 | 10,277 | 18,795 | 14,872 |
| Associates revaluation | 0 | 0 | 0 | 0 |
| As at 30 June | 358,148 | 342,455 | 395,654 | 376,249 |

NOTE 24 – EQUITY (CONTINUED)

| Restricted reserves | Council | | Group | |
|---|----------------|-------------|--------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| As at 1 July | 1,352 | 2,496 | 1,352 | 2,496 |
| Transfers to: | | | | |
| Retained earnings | (1,792) | (2,228) | (1,792) | (2,228) |
| Transfers from: | | | | |
| Retained earnings | 1,473 | 1,084 | 1,473 | 1,084 |
| As at 30 June | 1,033 | 1,352 | 1,033 | 1,352 |
| Hedging reserve | | | | |
| Port Nelson Limited: | | | | |
| As at 1 July | 0 | 0 | (759) | (1,186) |
| Fair value movement | 0 | 0 | 508 | 593 |
| Deferred tax movement | 0 | 0 | (143) | (166) |
| As at 30 June | 0 | 0 | (394) | (759) |
| Contingency reserve | | | | |
| Regional sewerage scheme: | | | | |
| As at 1 July | 50 | 50 | 50 | 50 |
| Fair value movement | 0 | 0 | 0 | 0 |
| As at 30 June | 50 | 50 | 50 | 50 |
| Asset revaluation reserve | | | | |
| As at 1 July | 845,430 | 842,848 | 892,036 | 888,239 |
| Revaluation gains (losses) | 92,645 | 2,582 | 92,811 | 3,873 |
| Share of associates revaluation | 0 | 0 | 0 | 0 |
| Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment | 0 | 0 | (291) | (76) |
| As at 30 June | 938,075 | 845,430 | 984,556 | 892,036 |
| Asset revaluation reserve consists of: | | | | |
| Nelson City Council | | | | |
| Land | 146,678 | 146,628 | 146,678 | 146,628 |
| Sewerage infrastructure | 109,405 | 101,426 | 109,405 | 101,426 |
| Water infrastructure | 120,855 | 108,958 | 120,855 | 108,958 |
| Drainage infrastructure | 94,777 | 79,457 | 94,777 | 79,457 |
| Flood protection infrastructure | (409) | 49 | (409) | 49 |
| Solid waste infrastructure | 6,008 | 5,500 | 6,008 | 5,500 |
| Roading infrastructure | 450,195 | 393,467 | 450,195 | 393,467 |



NOTE 24 – EQUITY (CONTINUED)

Asset revaluation reserve (continued)

| | Council | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| <i>Regional sewerage scheme</i> | | | | |
| Land | 829 | 840 | 829 | 840 |
| Forestry | 16 | 16 | 16 | 16 |
| Plant and equipment | 3 | 3 | 3 | 3 |
| Sewerage infrastructure | 9,719 | 9,086 | 9,719 | 9,086 |
| <i>Port Nelson</i> | | | | |
| Land | 0 | 0 | 39,242 | 39,384 |
| Wharves | 0 | 0 | 6,087 | 6,070 |
| Buildings | 0 | 0 | 456 | 456 |
| Associate's revaluation reserve | 0 | 0 | 0 | 0 |
| <i>Tasman Bays Heritage Trust – land</i> | 0 | 0 | 481 | 481 |
| <i>Nelmac – land</i> | 0 | 0 | 215 | 215 |
| Total asset revaluation reserve | 938,076 | 845,430 | 984,557 | 892,036 |
| Total other reserves | 939,158 | 846,832 | 985,245 | 892,679 |
| Total equity | 1,297,306 | 1,189,287 | 1,380,899 | 1,268,928 |

NOTE 24 – EQUITY (CONTINUED)

Information about reserve funds held for a specific purpose is provided below:

| Name | Activity | Purpose | Balance | Deposited | Withdrawn | Balance |
|---------------------------------------|-----------------------------|------------------------------------|--------------|--------------|--------------|--------------|
| | | | 1 July | to fund | from fund | 30 June |
| | | | \$000 | \$000 | \$000 | \$000 |
| 2014 | | | | | | |
| Art Council Loan Fund | Parks and active recreation | Fund Sport & recreation grants | 10 | 0 | 0 | 10 |
| Dog Control Reserve | Environmental | Dog Control | 198 | 0 | 16 | 182 |
| Events Contestable Fund Reserve | Economic | EDA grants | 0 | 201 | 109 | 92 |
| Founders Park Reserve | Social | Development projects | 134 | 106 | 129 | 111 |
| L C Voller Bequest | Social | Nelson Library | 18 | 1 | 0 | 19 |
| Nayland Rd Sewerage | Sewerage | Meet development commitments | 95 | 1 | 96 | 0 |
| Nayland Rd Stormwater | Stormwater | Meet development commitments | 251 | 4 | 255 | 0 |
| Nellie Nightingale Bequest | Social | Tahuna Library | 124 | 4 | 1 | 127 |
| Nelson 2000 Trust | Parks and active recreation | Esplanade Reserves | 190 | 0 | 25 | 165 |
| Nelson Institute Funds | Social | Nelson Library | 8 | 0 | 0 | 8 |
| Roading Contributions | Transport | Meet development commitments | 87 | 0 | 0 | 87 |
| Saxton Sewer | Sewerage | Meet development commitments | 16 | 0 | 16 | 0 |
| Saxton/Suffolk Stormwater | Stormwater | Meet development commitments | 95 | 4 | 0 | 99 |
| Sport & Recreation Grants | Parks and active recreation | Fund Sport & recreation grants | 10 | 7 | 6 | 11 |
| Subdivisions Reserve | Parks and active recreation | Reserve Contributions | 0 | 1,139 | 1,139 | 0 |
| Walker Bequest | Parks and active recreation | Parks in southern Stoke | 62 | 4 | 0 | 66 |
| Wastney Terrace Stormwater Reserve | Stormwater | Meet development commitments | 54 | 2 | 0 | 56 |
| Total restricted reserves 2014 | | | 1,352 | 1,473 | 1,792 | 1,033 |
| 2013 | | | | | | |
| Aldinga Park Donation | Parks and active recreation | Aldinga park neighbourhood reserve | 25 | 0 | (25) | 0 |
| Art Council Loan Fund | Parks and active recreation | Fund Sport & recreation grants | 10 | 0 | 0 | 10 |
| Bartell Bequest | Social | Nelson Library | 4 | 0 | (4) | 0 |
| Cafe asset | Corporate | Asset replacement | 41 | 0 | (41) | 0 |
| Children's Library Donations | Social | Nelson Library | 1 | 0 | (1) | 0 |
| City Library Donations | Social | Nelson Library | 54 | 0 | (54) | 0 |
| Dog Control Reserve | Environmental | Dog Control | 125 | 73 | 0 | 198 |



NOTE 24 – EQUITY (CONTINUED)

| Name | Activity | Purpose | Balance 1 July | Deposited to fund | Withdrawn from fund | Balance 30 June |
|---------------------------------------|-----------------------------|--|----------------|-------------------|---------------------|-----------------|
| | | | \$000 | \$000 | \$000 | \$000 |
| 2013 (continued) | | | | | | |
| FM Knight Bequest | Parks and active recreation | Ornamental shrubs & trees | 21 | 0 | (21) | 0 |
| Founders Park Reserve | Social | Development projects | 98 | 106 | (70) | 134 |
| Hamilton Bequest | Parks and active recreation | City beautification | 60 | 2 | (62) | 0 |
| Kain Bequest | Social | Library services for elderly | 19 | 0 | (19) | 0 |
| L C Voller Bequest | Social | Nelson Library | 17 | 1 | 0 | 18 |
| Maitai Valley Trust | Parks and active recreation | Maitai Valley/Branford park neighbourhood and esplanade reserves | 6 | 0 | (6) | 0 |
| Marsden Recreation Trust | Parks and active recreation | Marsden Recreation reserve | 3 | 0 | (3) | 0 |
| Marsden Valley Cemetery Trust | Social | Marsden Cemetery | 261 | 0 | (261) | 0 |
| Millar Bequest | Social | Stoke Library | 38 | 0 | (38) | 0 |
| Nayland Rd Sewerage | Sewerage | Meet development commitments | 91 | 5 | 0 | 95 |
| Nayland Rd Stormwater | Stormwater | Meet development commitments | 238 | 13 | 0 | 251 |
| Nellie Nightingale Bequest | Social | Tahuna Library | 154 | 6 | (36) | 124 |
| Nelson 2000 Trust | Parks and active recreation | Esplanade Reserves | 190 | 0 | 0 | 190 |
| Nelson Institute Funds | Social | Nelson Library | 0 | 4 | 0 | 8 |
| Nelson Library Donations | Social | Tahuna Library | 7 | 0 | (7) | 0 |
| RB Jackson Bequest | Parks and active recreation | Facilities for youth of Nelson | 16 | 0 | (16) | 0 |
| Roading Contributions | Transport | Meet development commitments | 296 | 0 | (209) | 87 |
| Rudman Bequest | Parks and active recreation | City beautification | 305 | 12 | (317) | 0 |
| Saxton Sewer | Sewerage | Meet development commitments | 15 | 1 | 0 | 16 |
| Saxton/Suffolk Stormwater | Stormwater | Meet development commitments | 90 | 5 | 0 | 95 |
| Sport & Recreation Grants | Parks and active recreation | Fund Sport & recreation grants | 103 | 3 | (96) | 10 |
| Stoke Library Donations | Social | Stoke Library | 86 | 0 | (86) | 0 |
| Subdivisions Reserve | Parks and active recreation | Reserve Contributions | 0 | 818 | (818) | 0 |
| Tui Endowment (Library) | Social | Nelson Institute Funds | 4 | (4) | 0 | 0 |
| Wakapuaka Cemetery Trust | Social | Wakapuaka Cemetery Trust | 3 | 0 | (3) | 0 |
| Walker Bequest | Parks and active recreation | Parks in southern Stoke | 59 | 3 | 0 | 62 |
| Wastney Terrace Stormwater Reserve | Stormwater | Meet development commitments | 51 | 3 | 0 | 54 |
| Total restricted reserves 2013 | | | 2,491 | 1,051 | (2,193) | 1,352 |

NOTE 25 – RECONCILIATION OF NET SURPLUS (DEFICIT) AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Surplus (deficit) after tax | 15,374 | 10,277 | 18,795 | 14,872 |
| Add non-cash items: | | | | |
| Depreciation and amortisation | 20,260 | 19,699 | 21,285 | 20,510 |
| Write down interest free loan | 0 | 668 | 0 | 668 |
| Revaluation of derivative Instruments | (1,715) | (2,590) | (1,715) | (2,590) |
| Provision for discount unwinding | (191) | (297) | (191) | (297) |
| Increase in deferred tax | 0 | 0 | 32 | (27) |
| Vested assets | (5,912) | (3,173) | (5,940) | (3,351) |
| Associated (surplus) ex dividends | 0 | 0 | (2,340) | (2,946) |
| (Gains) losses in fair value of forestry assets | 70 | (930) | 70 | (930) |
| (Gains) losses in fair value of investments | (20) | (100) | (54) | (119) |
| Movement in landfill liability | 126 | 38 | 126 | 38 |
| Add (less) items classified as investing or financial activities: | | | | |
| (Gains) losses on disposal of property, plant and equipment | 545 | 2,139 | 506 | 2,128 |
| Movement in non-current provisions | 0 | 0 | (12) | (8) |
| Movement in capital creditors | 885 | (1,309) | 885 | (1,309) |
| Movement in investment related accounts receivable | (475) | (1,372) | (475) | (1,372) |
| Add (less) movements in working capital items: | | | | |
| Accounts receivable | 5,986 | (2,859) | 5,616 | (2,669) |
| Inventories | 36 | 38 | 32 | (62) |
| Accounts payable | (1,281) | 1,440 | (1,522) | 1,867 |
| Income tax payable | (24) | 43 | (102) | 43 |
| Employee benefits | (243) | 284 | 30 | 346 |
| Net cash inflow (outflow) from operating activities | 33,422 | 21,995 | 35,026 | 24,792 |



NOTE 26 – CAPITAL COMMITMENTS AND OPERATING LEASES

| | Council | | Group | |
|--|--------------|--------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Capital commitments | | | | |
| Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment: | | | | |
| Nelson City Council | 4,369 | 2,915 | 4,369 | 2,915 |
| NRSBU | 0 | 10 | 0 | 10 |
| Ridgeways | 0 | 0 | 0 | 0 |
| Civil Defence | 0 | 0 | 0 | 0 |
| | 4,369 | 2,925 | 4,369 | 2,925 |
| Civic Trust | 0 | 0 | 6 | 6 |
| Nelmac | 0 | 0 | 251 | 153 |
| Nelson Regional Economic Development Agency | 0 | 0 | 0 | 0 |
| Tasman Bay Heritage Trust | 0 | 0 | 0 | 16 |
| Tourism Nelson Tasman Ltd | 0 | 0 | 0 | 0 |
| Port Nelson Ltd | 0 | 0 | 60 | 21 |
| Nelson Airport Ltd | 0 | 0 | 146 | 0 |
| Bishop Suter Trust | 0 | 0 | 0 | 0 |
| | 4,369 | 2,925 | 4,832 | 3,121 |
| Operating leases as lessee – less than one year | 176 | 182 | 385 | 273 |
| – one to five years | 697 | 710 | 1,003 | 741 |
| – over five years | 1,086 | 1,265 | 1,086 | 1,265 |
| | 1,959 | 2,157 | 2,474 | 2,279 |
| Operating lease as lessor – less than one year | 1,439 | 1,548 | 4,397 | 4,701 |
| – one to five years | 2,622 | 2,892 | 9,549 | 11,466 |
| – over five years | 4,949 | 5,156 | 7,365 | 7,847 |
| | 9,010 | 9,596 | 21,311 | 24,014 |

NOTE 27 – CONTINGENCIES

| <i>Contingent liabilities</i> | 2014 | 2013 |
|---|--------------|--------------|
| | \$000 | \$000 |
| Council | | |
| New Zealand Local Government Funding Agency Ltd guarantee | 0 | 0 |
| Weather tight homes | 0 | 0 |
| Celtic Rugby Football Club | 145 | 145 |
| Housing NZ Loan for Orchard Flats refurbishment | 1,170 | 1,170 |
| | 1,315 | 1,315 |
| Nelson Regional Sewerage Business Unit | 0 | 0 |
| Combined Civil Defence Organisation | 0 | 0 |
| Ridgeways Joint Venture (see below) | 0 | 0 |
| Total Council | 1,315 | 1,315 |
| 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 | 132 | 127 |
| Total Group | 1,447 | 1,442 |

Local Government Funding Agency guarantee

Nelson City Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. Standard and Poor's have given the entity a credit rating of AA+ which is equal to New Zealand Government sovereign rating. Nelson City Council is a guarantor of all of LGFA borrowings in the event of default. At balance date LGFA had borrowings totalling \$3,695 million (2013: \$2,485 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates income. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

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 property use changes from social housing then the amount is to be paid back, with interest calculated under the terms of the contract.

Port Nelson

2014: 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, continues to seek certainty around the quantification of any liability associated with the eventual remediation works.

During 2013 Port Nelson, together with the Nelson City Council, obtained funding from the Ministry for the Environment (MFE) to undertake remediation planning (Phase Three) work to establish a preferred approach for remediation of the contaminated sediments. The work required under Phase Three was not completed during the 2013 financial year.

Remediation Planning (Phase Three) of the Contaminated Sites Remediation Fund project (Ministry for the Environment) is now complete. However given the significant costs estimates for remediation, Port Nelson are continuing to explore options.

2013: 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. The work required under Phase Three was not completed during the 2013 financial year and is now expected to be completed in the 2014 financial year. At that stage Port Nelson hopes to be able to quantify any liability associated with the eventual remediation works.

The Bishop Suter Trust

2014: 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. The current agreed value of the liability is \$132,004. There is an addition to the contingent liability of \$5,403 in this financial period (2013: \$126,601).

Contingent assets

Tasman Bays Heritage Trust

2014: The Trust has no contingent assets.

2013: The Elms Street property was damaged by flooding in April 2013. As at balance date an insurance claim has been lodged, but the actual value has not been determined.

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:

| | 2014 | 2013 |
|---|--------|--------|
| | \$000 | \$000 |
| <i>Nelmac Limited</i> | | |
| Amounts paid by Nelson City Council | 14,622 | 12,541 |
| Amounts paid to Nelson City Council | 689 | 552 |
| Dividend paid to Nelson City Council | 456 | 453 |
| Amount payable by Nelson City Council | 2,060 | 1,830 |
| Amount payable to Nelson City Council | 51 | 40 |
| <i>City of Nelson Civic Trust</i> | | |
| Amounts paid by Nelson City Council | 2 | 384 |
| Amounts paid to Nelson City Council | 0 | 8 |
| Amount payable by Nelson City Council | 0 | 0 |
| <i>Nelson Regional Economic Development Agency</i> | | |
| Amounts paid by Nelson City Council | 654 | 555 |
| Amounts paid to Nelson City Council | 34 | 39 |
| Amount payable by Nelson City Council | 3 | 17 |
| Amount payable to Nelson City Council | 10 | 2 |
| <i>The Bishop Suter Trust</i> | | |
| Amounts paid by Nelson City Council | 577 | 567 |
| Amounts paid to Nelson City Council | 0 | 0 |



NOTE 28 – RELATED PARTY TRANSACTIONS (CONTINUED)

| | 2014 | 2013 |
|---|-------|-------|
| | \$000 | \$000 |
| <i>Port Nelson Limited</i> | | |
| Amounts paid by Nelson City Council | 105 | 97 |
| Amounts paid to Nelson City Council | 554 | 486 |
| Dividend paid/payable to Nelson City Council | 2,600 | 2,100 |
| Amount payable by Nelson City Council | 9 | 35 |
| Amount payable to Nelson City Council | 7 | 7 |
| <i>Nelson Airport Limited</i> | | |
| Amounts paid to Nelson City Council | 381 | 311 |
| Dividend paid/payable to Nelson City Council | 325 | 250 |
| Amount payable to Nelson City Council | 7 | 0 |
| Nelson Airport Limited leases the airport land from the Nelson City Council under a 60 year evergreen lease for a peppercorn rental | | |
| <i>Tasman Bays Heritage Trust</i> | | |
| Amounts paid by Nelson City Council | 890 | 875 |
| Loan from Nelson City Council | 1,150 | 1,175 |
| <i>Tourism Nelson Tasman Limited</i> | | |
| Amounts paid by Nelson City Council | 438 | 434 |
| Amounts paid to Nelson City Council | 0 | 56 |
| Amount payable by Nelson City Council | 4 | 0 |
| Amount payable to Nelson City Council | 56 | 6 |
| <i>Nelson Regional Sewerage Business Unit</i> | | |
| Amounts paid by Nelson City Council | 3,193 | 3,184 |
| Amounts paid to Nelson City Council | 195 | 246 |
| Amounts paid to Nelson City Council as return on investment | 977 | 868 |
| Amount payable by Nelson City Council | 317 | 0 |
| Amount payable to Nelson City Council | 1,431 | 1,836 |
| <i>Nelson Tasman combined Civil Defence Organisation</i> | | |
| Amounts paid by Nelson City Council | 367 | 314 |
| Amounts paid to Nelson City Council | 13 | 13 |
| Computer equipment rental payable to Nelson City Council | 10 | 10 |
| Amount payable by Nelson City Council | 424 | 440 |
| <i>Ridgeways Joint Venture</i> | | |
| Amounts paid to Nelson City Council | 228 | 326 |

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 2013/14 the Council paid the company \$0 (\$9,650 in 2012/13).

Councillor Rainey is a director of Eventiac Limited and during 2013/14 the Council paid the company \$5,000 (\$5000 in 2012/13).

Councillor Copeland provided design services through her company, Divine Design and during 2013/14 the Council paid Divine Design \$0 (\$1,250 in 2012/13).

Councillor Copeland's partner Huup Waagen provides event production services to Council and during 2013/14 the Council paid him \$21,825 (\$18,438 in 2012/13).

Councillor Lawrey provided event production services through his company, Mattmedia Ltd and during 2013/14 the Council paid Mattmedia \$1,000 (\$0 in 2012/13).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2012/13 \$nil).

| Key management personnel compensation: | 2014 | 2013 |
|---|-------------|-------------|
| | \$000 | \$000 |
| Salaries and other short term employee benefits | 1,908 | 2,157 |
| Post employment benefits | 64 | 0 |
| Other long term benefits | 49 | 0 |
| Termination benefits | 270 | 0 |

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



NOTE 29 – REMUNERATION

Chief Executive

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002. Chief Executive remuneration for the year to 30 June 2014 was \$294,629 (\$244,168 in 2012/13).

| <i>Elected representatives</i> | Council | | Group | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Total remuneration: | \$ | \$ | \$ | \$ |
| Mayor Reese | 90,277 | 35,996 | 90,277 | 35,996 |
| Mayor Miccio | 36,328 | 111,968 | 36,328 | 111,968 |
| Councillor Barker | 39,565 | 34,071 | 39,565 | 34,071 |
| Councillor Rainey | 39,546 | 33,452 | 39,546 | 33,452 |
| Councillor Shaw | 11,256 | 35,242 | 11,256 | 35,242 |
| Councillor Copeland | 34,876 | 33,311 | 34,876 | 33,311 |
| Councillor Davy | 39,925 | 34,071 | 39,925 | 34,071 |
| Councillor Fulton | 34,876 | 33,311 | 34,876 | 33,311 |
| Councillor Matheson | 44,500 | 33,311 | 44,500 | 33,311 |
| Councillor Ward | 34,857 | 33,452 | 34,857 | 33,452 |
| Councillor Lawrey | 24,061 | 0 | 24,061 | 0 |
| Councillor Skinner | 24,061 | 0 | 24,061 | 0 |
| Councillor Acland | 24,061 | 0 | 24,061 | 0 |
| Councillor McGurk | 28,750 | 0 | 28,750 | 0 |
| Councillor Noonan | 24,061 | 0 | 24,061 | 0 |
| Councillor Rackley | 10,815 | 33,311 | 10,815 | 33,311 |
| Councillor Boswijk | 13,239 | 40,790 | 13,239 | 40,790 |
| Councillor Collingwood | 10,796 | 33,952 | 10,796 | 33,952 |
| | 565,850 | 526,238 | 565,850 | 526,238 |

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

| | 2014 | 2013 |
|------------------------|------------|--------------|
| Councillor Barker | 0 | 760 |
| Councillor Collingwood | 0 | 500 |
| Councillor Davy | 360 | 760 |
| Councillor Reese | 0 | 2,685 |
| Councillor Shaw | 460 | 1,790 |
| | 820 | 6,495 |

NOTE 29 – REMUNERATION (CONTINUED)

Council employees

On 30 June 2014, Nelson City Council employed 220 staff (257 30 June 2013). Those staff are represented by the following full time equivalents (FTEs):

| | 2014 | 2013 |
|---------------------|--------------|--------------|
| Full time employees | 146.0 | 180.0 |
| All other employees | 44.0 | 47.2 |
| Total FTE | 190.0 | 227.2 |

The total remuneration paid to the 220 staff during the year ended 30 June 2014 (257 staff 30 June 2013) in bands of \$20,000 and over \$60,000 are as follows:

| 2014 | | 2013 | |
|-----------------------------------|------------|-----------------------------------|------------|
| <i>Range of earnings for year</i> | No. | <i>Range of earnings for year</i> | No. |
| \$120,000 to \$299,999 | 6 | \$220,000 to \$279,999 | 4 |
| \$100,000 to \$119,999 | 14 | \$120,000 to \$199,999 | 6 |
| \$80,000 to \$99,999 | 35 | \$100,000 to \$119,999 | 15 |
| \$60,000 to \$79,999 | 63 | \$80,000 to \$99,999 | 36 |
| Under \$60,000 | 102 | \$60,000 to \$79,999 | 72 |
| | 220 | Under \$60,000 | 124 |
| | | | 257 |

NOTE 30 – SEVERANCE PAYMENTS

For the year ended 30 June 2014 Nelson City Council made 4 (2 in 2012/13) severance payments to employees totalling \$18,029 (\$41,879 in 2012/13).

The value of each of the severance payments was as follows:

- \$1,559
- \$2,152
- \$750
- \$13,568

NOTE 31 – EVENTS AFTER BALANCE DATE

On 2 September 2014 Tasman District Council transferred its 50% shareholding (25,050 shares) in Tourism Nelson Tasman Limited to Nelson City Council for nil consideration.



NOTE 32 – FINANCIAL INSTRUMENTS

| <i>A. Financial instrument categories</i> | Council | | Group | |
|---|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Financial assets | | | | |
| Loans and receivables | | | | |
| Cash and cash equivalents | 338 | 408 | 1,771 | 1,350 |
| Trade and other receivables | 10,048 | 14,854 | 11,601 | 15,789 |
| Other financial assets | | | | |
| – term deposits | 0 | 0 | 3,433 | 1,381 |
| – community loans | 5,256 | 5,755 | 5,256 | 5,755 |
| – loans to related parties | 513 | 507 | 513 | 507 |
| Total loans and receivables | 16,155 | 21,524 | 22,574 | 24,782 |
| Fair value through surplus or deficit that are not hedge accounted | | | | |
| Derivative financial instruments | 1,026 | 0 | 1,026 | 0 |
| Civic Trust – investments | 0 | 0 | 608 | 415 |
| Held to maturity | | | | |
| Other financial assets | | | | |
| Local Government Funding Agency borrower notes | 240 | 160 | 240 | 160 |
| Fair value through other comprehensive income | | | | |
| Shares in NZ Local Govt Insurance Corp Ltd | 140 | 140 | 140 | 140 |
| | 17,561 | 21,824 | 24,588 | 25,497 |

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 | 13,237 | 14,518 | 13,618 | 15,118 |
| Bishop Suter Gallery loans | 0 | 0 | 0 | 122 |
| Nelmac loans | 0 | 0 | 1,200 | 500 |
| Bank overdraft | 0 | 0 | 0 | 0 |
| EECA loan | 0 | 5 | 0 | 5 |
| Floating rate notes | 25,000 | 10,000 | 25,000 | 10,000 |
| Commercial paper | 29,731 | 39,718 | 29,731 | 39,718 |
| Secured loans | 17,060 | 18,460 | 17,060 | 18,460 |
| Total financial liabilities at amortised cost | 85,028 | 82,701 | 86,609 | 83,923 |
| Fair value through surplus or deficit that are not hedge accounted | | | | |
| Derivative financial instruments | 622 | 1,311 | 622 | 1,311 |
| Total fair value through profit and loss | 622 | 1,311 | 622 | 1,311 |

NOTE 32 – FINANCIAL INSTRUMENTS (CONTINUED)

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.

| | Total | Quoted market price | Valuation technique observable inputs | Significant non-observable inputs |
|--|-------|---------------------|---------------------------------------|-----------------------------------|
| 2014 Council | | | | |
| Financial assets | \$000 | \$000 | \$000 | \$000 |
| Derivative financial instruments | 1,026 | 0 | 1,026 | 0 |
| Shares in NZ Local Govt Insurance Corp Ltd | 140 | 0 | 0 | 140 |
| Financial liabilities | | | | |
| Derivative financial instruments | 622 | 0 | 622 | 0 |
| 2014 Group | | | | |
| Financial assets | | | | |
| Derivative financial instruments | 1,026 | 0 | 1,026 | 0 |
| Shares in NZ Local Govt Insurance Corp Ltd | 140 | 0 | 0 | 140 |
| Civic Trust – 1st NZ Securities | 608 | 0 | 0 | 608 |
| Financial liabilities | | | | |
| Derivative financial instruments | 622 | 0 | 622 | 0 |
| 2013 Council | | | | |
| Financial assets | | | | |
| Derivative financial instruments | 0 | 0 | 0 | 0 |
| Shares in NZ Local Govt Insurance Corp Ltd | 140 | 0 | 0 | 140 |
| Financial liabilities | | | | |
| Derivative financial instruments | 1,311 | 0 | 1,311 | 0 |
| 2013 Group | | | | |
| Financial assets | | | | |
| Derivative financial instruments | 0 | 0 | 0 | 0 |
| Shares in NZ Local Govt Insurance Corp Ltd | 140 | 0 | 0 | 140 |
| Civic Trust – 1st NZ Securities | 415 | 0 | 0 | 415 |
| Financial liabilities | | | | |
| Derivative financial instruments | 1,311 | 0 | 1,311 | 0 |



NOTE 32 – FINANCIAL INSTRUMENTS (CONTINUED)

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 2014 the Council had entered into interest swap agreements to a value of \$ 76.0 million at interest rates between 2.77% and 5.365%, (\$76.5m in 2012/13).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 2.6%.

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 \$10 million debtors are outlined in note 10.

Details of the investments are outlined in notes 10 and 18. There are no investments held with the major banks (nil in 2012/13).

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.

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is contained in note 27.

Community loans

Nelson City Council has \$5.3 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 2012/13).

Maximum exposure to credit risk

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

| | Council | | Group | |
|--|---------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Cash at bank and term deposits | 338 | 408 | 5,246 | 2,731 |
| Trade and other receivables | 10,048 | 14,854 | 11,601 | 15,789 |
| Community and related party loans | 5,769 | 6,262 | 5,769 | 6,262 |
| Financial guarantees and possible claims | 1,315 | 1,315 | 1,315 | 1,315 |
| Local Government Funding Agency borrower notes | 240 | 160 | 240 | 160 |
| Derivative financial instruments | 1,026 | 0 | 1,026 | 0 |
| | 18,736 | 22,999 | 25,197 | 26,257 |

Credit quality of financial assets

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

| | Council | | Group | |
|---|---------|-------|-------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | \$000 | \$000 | \$000 | \$000 |
| Counterparties with credit ratings | | | | |
| Cash and cash equivalents: | | | | |
| AA- | 338 | 408 | 1,771 | 1,350 |
| Other financial assets – LGFA borrower notes | | | | |
| AA+ | 240 | 160 | 240 | 160 |
| Other financial assets – loans and receivables | | | | |
| AA- | 0 | 0 | 3,433 | 1,381 |
| Derivative financial assets | | | | |
| AA- | 1,026 | 0 | 1,026 | 0 |
| Counterparties without credit ratings | | | | |
| Community loans: | | | | |
| Existing counterparty with no defaults in the past | 5,256 | 5,755 | 5,256 | 5,755 |
| Loans to related parties: | | | | |
| Existing counterparty defaulted at 30 June 2012, loan arrangements reviewed and complied with | 513 | 507 | 513 | 507 |
| 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 | 608 | 415 |



NOTE 32 – FINANCIAL INSTRUMENTS (CONTINUED)

C. Financial instrument risks (continued)

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 2014 had security stock issued of \$107m and debenture stock issued of \$30m. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

Nelson City Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 27.

Nelson City Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2013: \$nil).

| 2014 Council | Carrying amount | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|--|-----------------|------------------|--------------|--------------|-------------------|
| Contractual maturity analysis of financial assets | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cash and cash equivalents | 338 | 338 | | | |
| Trade and other receivables | 10,048 | 10,048 | | | |
| Other financial assets | | | | | |
| – term deposits | | | | | |
| – community loans | 5,256 | 719 | 669 | 1,850 | 2,018 |
| – loans to related parties | 513 | | 513 | | |
| – Local Government Funding Agency borrower notes | 240 | | | | 240 |
| Derivative financial instruments | 1,026 | 15 | | 213 | 798 |
| | 17,421 | 11,120 | 1,182 | 2,063 | 3,056 |

NOTE 32 – FINANCIAL INSTRUMENTS (CONTINUED)

| <i>2014 Council (continued)</i> | Carrying amount | Less than 1 year | 1–2 years | 2–5 years | More than 5 years |
|---|-----------------|------------------|--------------|--------------|-------------------|
| | \$000 | \$000 | \$000 | \$000 | \$000 |
| Contractual maturity analysis of financial liabilities | | | | | |
| Creditors and other payables | 13,237 | 13,237 | 0 | 0 | 0 |
| EECA loan | 0 | 0 | 0 | 0 | 0 |
| Floating rate notes | 25,000 | 0 | 0 | 0 | 25,000 |
| Commercial paper | 29,731 | 29,731 | 0 | 0 | 0 |
| Secured loans | 17,060 | 17,060 | 0 | 0 | 0 |
| Derivative financial instruments | 622 | 27 | 11 | 212 | 372 |
| | 85,650 | 60,055 | 11 | 212 | 25,372 |
| 2014 Group | | | | | |
| Contractual maturity analysis of financial assets | | | | | |
| Cash and cash equivalents | 1,771 | 1,771 | 0 | 0 | 0 |
| Trade and other receivables | 11,601 | 11,601 | 0 | 0 | 0 |
| Other financial assets | | 0 | 0 | 0 | 0 |
| - term deposits | 3,433 | 3,433 | 0 | 0 | 0 |
| - community loans | 5,256 | 719 | 669 | 1,850 | 2,018 |
| - loans to related parties | 513 | 0 | 513 | 0 | 0 |
| - Local Government Funding Agency borrower notes | 240 | 0 | 0 | 0 | 240 |
| Derivative financial instruments | 1,026 | 15 | 0 | 213 | 798 |
| | 23,840 | 17,539 | 1,182 | 2,063 | 3,056 |
| Contractual maturity analysis of financial liabilities | | | | | |
| Creditors and other payables | 13,618 | 13,618 | 0 | 0 | 0 |
| Bank overdraft | 0 | 0 | 0 | 0 | 0 |
| EECA loan | 0 | 0 | 0 | 0 | 0 |
| Floating rate notes | 25,000 | 0 | 0 | 0 | 25,000 |
| Commercial paper | 29,731 | 29,731 | 0 | 0 | 0 |
| Secured loans | 17,060 | 17,060 | 0 | 0 | 0 |
| Nelmac loans | 1,200 | 0 | 1,200 | 0 | 0 |
| Derivative financial instruments | 622 | 27 | 11 | 212 | 372 |
| | 87,231 | 60,436 | 1,211 | 212 | 25,372 |

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.



NOTE 32 – FINANCIAL INSTRUMENTS (CONTINUED)

| | 2014 \$'000 | | | | 2013 \$'000 | | | |
|---|----------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|
| | -100bps | | +100bps | | -100bps | | +100bps | |
| <i>Council</i> | Profit | Other equity | Profit | Other equity | Profit | Other equity | Profit | Other equity |
| Interest rate risk | | | | | | | | |
| Financial assets | | | | | | | | |
| 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 Government Funding Agency Floating rate notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities | | | | | | | | |
| Derivative financial instruments | (2,666) | 0 | 3,149 | 0 | (3,377) | 0 | 3,165 | 0 |
| Total sensitivity to interest rate risk | (2,666) | 0 | 3,149 | 0 | (3,377) | 0 | 3,165 | 0 |
| Group | | | | | | | | |
| Interest rate risk | | | | | | | | |
| Financial assets | | | | | | | | |
| 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 Government Funding Agency Floating rate notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial liabilities | | | | | | | | |
| Derivative financial instruments | (2,666) | 0 | 3,149 | 0 | (3,377) | 0 | 3,165 | 0 |
| Total sensitivity to interest rate risk | (2,666) | 0 | 3,149 | 0 | (3,377) | 0 | 3,165 | 0 |

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 2013/14 figures are as follows:

Statement of comprehensive income

Total operating revenue \$2.2 million less than budget:

Grants, donations, and subsidies were \$6.1 million less than budgeted, \$6.7 million attributable to the delay in the transfer of the Theatre Royal and Nelson School of Music assets and \$(0.6) million being unbudgeted cost sharing for the relocation of overhead power at Saxton Field.

Vested assets were \$2.9 million over budget reflecting the level of development activity along with \$2.2 million of infrastructure assets that Council has recognised and accepted ownership of.

Dividend received was \$0.2 million above budget, including a special dividend from Nelson Airport Ltd which was used to repay debt.

Unbudgeted other gains of \$1.9 million were due to accounting revaluations of derivatives (\$1.7 million), and community loans (\$0.2 million).

Income from building and resource consents was \$0.5 million less than budgeted. This income is driven by activity.

Total operating expenditure was \$9.2 million under budget:

Employee costs were \$2.4 million lower due to a reorganisation part way through the year and a number of staff vacancies which took some time to fill.

Depreciation was \$0.8 million less than budget mainly due to the 30 June 2013 asset revaluations which are difficult to predict and were a great deal lower than budgeted.

Finance costs were \$0.3 million favourable to budget. Overall interest costs were well within budget reflecting lower overall borrowings and the still favourable interest rate environment.

The other expenses are \$5.7 million favourable to budget. Detail of this can be seen in the activities below, the most significant drivers being:

- \$4.6 million savings in maintenance expenditure (not including emergency response and remediation), including \$2.3 million relating to the Nelson Wastewater Treatment Plant (see the Wastewater activity)
- \$1.2 million unbudgeted expenditure for emergency response and remediation related to the April 2013 and April 2014 emergency events
- \$0.8 million savings in consultancy, mainly related to the Nelson Wastewater Treatment Plant and in the strategy and planning area
- \$0.8m capital grant budgeted to be paid to Tasman District Council for the velodrome at Saxton Field was delayed until 2014/15.

The infrastructure assets are re-valued every year to smooth out the large fluctuations. Land was also revalued in 2013/14. The revaluation as at 30 June 2014 resulted in an increase in asset value of \$92.6 million, more than budget by \$72 million. The Christchurch rebuild has put upward pressure on contract rates, which are used as unit rates for the infrastructure revaluation.

Balance sheet

The most significant variation was in property, plant and equipment, which was \$38 million more than budget due to asset revaluations being \$72 million more than budget, vested assets \$2.9 million more than budget, offset by capital additions \$19.3 million less than budget, and the balance at 1 July 2013 being \$18 million less than budgeted.



Borrowings, including derivative financial instruments and net of cash and cash equivalents, were \$35.6 million below budget, mainly due to a higher than budgeted surplus for the year, capital additions less than budgeted, and increases in interest rate yields (relating to derivative financial instruments).

Reserves are \$61.7 million more than budgeted. This is largely accounted for by the asset revaluation being \$72 million more than budget, the 1 July 2013 balance was \$15.5 million less than budgeted and a \$5.3 million offset to retained earnings.

Retained earnings are \$9.5 million more than budget. The surplus for the year is \$5.1 million more than budget, the 1 July 2013 balance was \$9 million more than budgeted, and there is a \$5.3 million offset to reserves.

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.

NOTE 35 INSURANCE

Insurance on assets

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Water, wastewater, stormwater, flood protection and solid waste assets

These activities have a total book value of \$412,363,848. Repairs to these assets following a significant event are covered 40% through the Local Authority Protection Programme (LAPP) fund with a large deductible, with the remaining 60% being funded by Central Government. Council has a disaster recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the deductible. Due to recent emergency events, there are no funds available as at 30 June 2014, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

Roading assets

Subsidised roading assets have a total book value of \$587,148,825 (including land under roads). For these assets, Council would receive a minimum of 44% subsidy from the NZTA, with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$14,915,976. This includes such items as footpaths, walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

Land, buildings, plant & equipment, and other assets

These assets have a total asset book value of \$299,573,127.

The sum insured for non-residential property material damage is \$252,998,451. [Note: Council is part of a Top of the South collective with total property insured of \$686,485,047, but is limited to \$250,000,000 for natural disaster damage]. Assets are insured for reinstatement value or indemnity value except for fire (\$75,000,000 limit over collective for any one loss and in the aggregate).

Residential property (material damage) is insured to a value of \$21,961,000 with limits of indemnity of \$500,000 for capital additions, construction/alterations of \$1,000,000, landslip \$1,000,000 and subsidence of \$1,000,000.

Forestry is insured to a value of \$6,131,640.

Tahunanui Beach Holiday Park assets are insured to a value of \$17,612,700.

Vehicles

The total book value of vehicles belonging to Council is \$493,963. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old). The sum insured is \$641,500.

Deductibles, excesses, and non-material assets

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2014 is \$284,000.



PERFORMANCE OF CCTOs, CCOS AND OTHER COMPANIES

The Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. The eight organisations that Council owns or part owns to achieve agreed community outcomes are:

- The Port Company – Port Nelson Ltd (50% with TDC)
- Council Controlled Trading Organisations – Nelmac Ltd, Nelson Airport Ltd (50% with TDC), Tourism Nelson Tasman Ltd (50% with TDC), and the Stoke Heights (Ridgeways) Joint Venture
- Council Controlled Organisations – Nelson Regional Economic Development Agency, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with TDC), and the Bishop Suter Trust.

Full details are available for each organisation in their respective Annual Reports.

PORT NELSON LTD

The Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other half. Port Nelson Ltd is covered by the Port Companies Act 1988, which imposes obligations on the Port almost identical to those imposed on CCTOs by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services for the Nelson region and also the following:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the Port
- Berths to accommodate vessels at the Port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services.

Performance targets – Port Nelson Ltd

| Measures | Target | Result | Comment |
|--|---------|--------------|-------------------------------|
| Lost time injury frequency rate (lost time injuries divided by hours worked in period multiplied by 100,000) | <1.5 | Not achieved | Actual rate 1.64 |
| Net debt/equity ratio | <45.0% | Achieved | Actual ratio 17.6% |
| Dividends declared | \$4.2M | Achieved | Actual dividends \$4.2M |
| Cargo throughput (cargo tonnes) | 2.7M | Achieved | Actual throughput 2.7M tonnes |
| Shipping tonnes (gross registered tonnes) | 7.8M | Achieved | Actual 8.6M tonnes |
| Ship visits | 695 | Achieved | Actual 786 visits |
| Revenue | \$38.0M | Achieved | Actual \$43.3M |
| Return on average shareholders' funds (based on the net surplus earnings figure prior to other comprehensive income) | 4.3% | Achieved | Actual return 5.5% |
| Return on funds employed | 6.3% | Achieved | Actual return 7.5% |
| Capital expenditure | <\$3.5M | Achieved | Actual expenditure \$1.8M |

| Measures | Target | Result | Comment |
|---|--------|--------------|----------------|
| Incidents leading to pollution of harbour | Nil | Achieved | No incidents |
| Compliance with all resource consent conditions | 100% | Not achieved | 99% compliant |
| Compliance with NZ Maritime Safety Standards | 100% | Achieved | 100% compliant |

Financial performance – Port Nelson Ltd

Port Nelson Limited is 50% owned by the Nelson City Council and is self administered.

| | 2014 | 2013 |
|--|----------------|----------------|
| | \$000 | \$000 |
| Revenue | 43,290 | 40,198 |
| Expenses | 32,414 | 30,607 |
| Net surplus before taxation | 10,876 | 9,591 |
| Provision for taxation | (3,286) | (2,508) |
| Net surplus for year after taxation | 7,590 | 7,083 |
| Other comprehensive income | 278 | 6,562 |
| Total comprehensive income | 7,868 | 13,645 |
| Shareholder's funds brought forward | 143,318 | 133,873 |
| Dividend | (4,200) | (4,200) |
| Deferred tax adjustment | 0 | 0 |
| Shareholder's funds carried forward | 146,986 | 143,318 |

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. This includes facilities and infrastructure such as water and waste, parks/reserves and sportsfields.

Performance targets – Nelmac Ltd

| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|---|
| Non-shareholder business | | |
| Ensure that all non-Nelson City Council work contributes to the profitability of the company | Achieved | Non-Nelson City Council work contributed to profitability |



| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|---|
| Equity ratio | | |
| Financial risk limited by maintaining a ratio of shareholder funds to total assets. In the range of 55% – 65% | Achieved | Ratio was 57%, largely due to significant investment in assets |
| Quality of service | | |
| Company will maintain its AS/NZS ISO 9001:2000 accreditation | Achieved | Maintained |
| Achieve compliance with Nelson City Council contract key performance measures for the year ending 30 June, to be monitored monthly | Achieved | Complied |
| Nelmac will maintain a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board | Achieved | Maintained |
| Staff | | |
| Company will maintain its AS/NZS ISO 9001:2000 accreditation | Achieved | Maintained |
| Achieve compliance with Nelson City Council contract key performance measures for the year ending 30 June, to be monitored monthly | Achieved | Complied |
| Nelmac will maintain a record of the number of complaints and congratulations received each year and the results will be reviewed regularly by the Board | Achieved | Maintained |
| Sustainability | | |
| Environmentally responsible business, fully compliant with all relevant statutory and contractual obligations and responsibilities | Achieved | As far as known, compliant with all relevant legislation |
| Ensure that the Nelmac sustainability policy is implemented and utilised as a compass for guiding company decisions | Achieved | Sustainability policy implemented and utilised |
| Implement further training and development for all Nelmac staff in sustainability issues and how to apply the company's Sustainability Policy | Achieved | Further training and development implemented for all Nelmac staff |
| Each department to regularly review its use of resources, especially non-renewable resources, with a view to reducing waste in delivering services | Achieved | Resource use reviewed |

Financial performance – Nelmac Ltd

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.

| | 2014 | 2013 |
|--|--------------|--------------|
| | \$000 | \$000 |
| Revenue | 24,810 | 18,232 |
| Expenses | 23,507 | 16,962 |
| Net surplus before taxation | 1,303 | 1,270 |
| Provision for taxation | (367) | (357) |
| Net surplus for year after taxation | 936 | 913 |
| Retained earnings brought forward | 5,732 | 5,056 |
| Revaluation | 0 | 215 |
| Dividend | (456) | (452) |
| Retained earnings carried forward | 6,212 | 5,732 |

NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with 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.

Performance targets – Nelson Airport Ltd

| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|---|
| Pass all civil aviation certification audits at a satisfactory standard | Achieved | All audits passed. No outstanding matters |
| Review emergency preparedness for customer safety and infrastructure assets | Achieved | Review completed by 31/12/13 and action defined for resolving or mitigating issues |
| Complete consultation on the terminal access redesign by 30 June 2013 | Achieved | The Board suspended progress on the implementation phase pending a Master Plan review of terminal spatial requirements and seismic strengthening options (rebuild or extend). Access must integrate with new terminal footprint |
| Implement the 1st stage of the design by 30 June 2014 | Not achieved | |
| Ensure the required level of facilities are developed and maintained to support the growth of the aviation and related industries in the area | Achieved | Ex Golf Club lease developed for additional GA and Hangar facilities |



| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|--|
| Continue to support the expansion of the aviation service industry in Nelson, particularly through the Nelson Aviation Cluster and the Top of the South Aviation Strategy | Achieved | Cluster forum held in Nelson. Strategy review undertaken. International promotion opportunities identified/used (2), media releases (3), International delegations (1) |
| Encourage growth of airline passengers and related services in the region | Achieved | 5.2% increase in PAX capacity through Nelson compared with the previous year, to 953k PAX |
| Ensure long term airport development requirements are identified as much as possible and advise shareholders of such plans and implementation timetables | Achieved | Model established and maintained |
| Hold regular meetings of the Nelson Airport Noise Environment Advisory Committee and provide this Committee with the appropriate monitoring and information | Not achieved | Noise levels and complaints monitored and reviewed. Meetings cancelled as no complaints or issues raised to review. Monitoring results provided to interested parties |
| Ensure the company complies with all employment related legislation and remains a good employer | Achieved | No disputes raised, unresolved employment issues or legislative breaches |
| Take positive steps to continue to manage and where practicable reduce our carbon footprint and to promote environmentally friendly initiatives | Achieved | Replacement of lighting heads to LED. Recycling of terminal waste |

Financial performance – Nelson Airport Ltd

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.

| | 2014 | 2013 |
|------------------------------------|-------|-------|
| | \$000 | \$000 |
| Revenue | 5,249 | 5,030 |
| Expenses | 3,130 | 2,960 |
| Net surplus before taxation | 2,119 | 2,070 |
| Provision for taxation | (594) | (580) |
| Net income for year after taxation | 1,525 | 1,490 |
| Retained earnings brought forward | 7,034 | 6,044 |
| Dividend | (650) | (500) |
| Retained earnings carried forward | 7,909 | 7,034 |

NELSON TASMAN TOURISM LTD (Tourism Nelson Tasman 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 provides visitor information services. It coordinates marketing and promotion of the Nelson Tasman region as a visitor destination, provides tourism education and product development and manages the regional visitor information centres.

Performance targets – Nelson Tasman Tourism Ltd

| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|--|
| Destination marketing | | |
| Achieve or exceed international guest night growth against South Island average | Not achieved | NTT 6.2% growth in guest nights against South Island 10.2% |
| Achieve or exceed domestic guest night growth against South Island average | Not achieved | NTT 2.3% growth in guest nights against South Island 4.7% |
| Increase visitor length of stay from 2.16 to 2.17 nights | Achieved | Length of stay increased to 2.21nights |
| Increase tourism sector investment by 2% | Not achieved | Investment of \$343,992 against budget \$366,152 |
| Achieve international spend of \$60,000 | Not achieved | Actual spend \$51,500 |
| Achieve convention spend of \$26,000 | Achieved | Actual spend \$26,475 |
| Improve ranking from 12th to 11th with Convention Bureau market share | Achieved | Actual ranking 9th from 13th |
| Increase i-SITE booking sales by 5% | | |
| China | Achieved | Actual sales 44.8% |
| India | Not achieved | Actual sales down 38.1% |
| Hong Kong | Not achieved | Actual sales down 23.3% |
| Achieve \$25,000 website revenue | Not achieved | Actual revenue \$20,613 |
| Improve web-site use: | | |
| • Increase visits by 5% | Achieved | Web-site visits increased by 8.5% |
| • Increase length of time on site | Not achieved | Average length of time on site 3.38 minutes, compared with 3.40 minutes in 2012/13 |
| • Improve bounce rate | Achieved | Bounce rate of 5.3%, compared with 8.3% in 2012/13 |



| Measures/targets | Result for 2013/14 | Comment |
|--|--|---|
| Destination management | | |
| Update 2007–2016 Nelson Tasman Regional Tourism Strategic Plan by 30 June 2014 | Not achieved | n/a |
| Improve economic performance as visitor destination. Exceed visitor spend from \$349.5million (REDs 2010) | Not achieved, waiting for new REDs information | n/a |
| Support development of Māori tourism enterprises by meeting with local iwi representatives and other Māori tourism organisations | Achieved | Communicated with NZ Māori Tourism and Nau Mai Magazine |
| Visitor information services | | |
| Commercial revenue meets budgets: | | |
| • Booking sales | Not achieved | Sales down 1.6% |
| • Brochure | Not achieved | Sales 5.7% |
| • Retail sales display/advertising | Not achieved | Sales down 15.2% |
| • Other income | Achieved | Other income increased 7.1% |
| • Increase average sale by \$2.00 (Nelson) | Not achieved | Sales down \$108.05 (Jan–Dec) |
| • Improve expense savings | Achieved | Savings increased 4.5% |
| • i-SITE meets Qualmark standards | Achieved | Achieved Silver standard |
| Company management | | |
| Net profit, working capital and company equity: | | |
| • Net Profit before tax meets budget | Achieved | Net profit \$16,499 |
| • Improve working capital by at least \$50,000 | Achieved | Working capital increased \$85,639 |
| • Achieve equity level of \$150,000 | Achieved | Equity of \$156,506 |
| Communicates with stakeholders on activities using annually by industry survey | Not achieved | Did not conduct |
| Adherence to relevant employment legislation | Achieved | All legislative requirements met |
| Overall staff satisfaction rate is 80% | Achieved | Staff satisfaction is 91% |

| <i>Financial performance – Tourism Nelson Tasman Ltd</i> | 2014 | 2013 |
|--|-------------|-------------|
| | \$000 | \$000 |
| Revenue | 1,682 | 1,784 |
| Expenses | 1,657 | 1,732 |
| Net surplus Before taxation | 25 | 52 |
| Provision for taxation | (22) | 0 |
| Net surplus for year after taxation | 3 | 52 |
| Retained earnings brought forward | 132 | 80 |
| Retained earnings carried forward | 135 | 132 |

STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE

The Council owns and controls 50% of the Ridgeways joint venture, with Homedale Holdings 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 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 31 March 2019, given the current economic climate.

Performance – Stoke Heights (Ridgeways) Joint Venture

| Measures/targets | Result for 2013/14 |
|--|--|
| Number of sections sold compared to forecast and previous two years' performance | 2011/12: 2 sections sold 2012/13 3 sections sold (forecast 4) 2013/14: 1 section sold (forecast 2) |
| Number of serviced sections available for sale but not unconditionally sold compared with previous two years | 2011/12: 17 sections 2012/13: 12 sections (includes two withdrawn for earthworks) 213/14: 11 sections (includes 2 with earth works and drainage now completed) |
| Ratio of actual sale prices of total section sales to total listed selling price | 2011/12: 100% 2012/13: 100% 2013/14: 100% |



| Measures/targets | Result for 2013/14 |
|--|--|
| Documentation of any issues or complaints received by the joint venture or Council relating to activities covered by the joint venture agreement | Any complaints received were documented. An insurance claim for damage to an adjacent property was heard by the Disputes Tribunal in September 2013 and the claim dismissed as having no basis |
| Forecast completion date: 31 March 2019 | Forecast completion date remains at 31 March 2019 |

Financial performance – Stoke Heights (Ridgeways) Joint Venture

The Ridgeways Joint Venture is 50% owned by the Nelson City Council and is self administered.

| | 2014 | 2013 |
|--|------------|------------|
| | \$000 | \$000 |
| Revenue | 524 | 562 |
| Expenses | 186 | 190 |
| Net surplus before taxation | 338 | 372 |
| Retained earnings brought forward | 533 | 761 |
| Distribution | (400) | (600) |
| Retained earnings carried forward | 471 | 533 |

NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY

The Nelson Regional Economic Development Agency (EDA) is a Nelson City Council CCO. The EDA mission statement is to '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). The EDA Board stated its intent to continue to pursue its three operational strategic objectives, which were stated in the 2009 Nelson Community Plan:

- Facilitate economic development projects that build national and international competitiveness
- Provide economic advice to the region
- Provide ongoing assessment of the region's performance.

The performance of the EDA is linked to and measured against these three objectives. Refer to the Economic activity section of this report for more information on the EDA's wider contribution to Nelson's economy.

Performance targets – Nelson Regional Economic Development Agency

| Measures/targets | Result for 2013/14 | Comment |
|---|---------------------------|--|
| Primary facilitator of economic development projects | | |
| Complete a review and update of the Regional Economic Development Strategy (REDS) | Achieved | Phase 2 REDS Strategy Overview completed. REDS published and distributed |
| Facilitate the development of Horoirangi Aquaculture project | Ongoing | Engaged with Horoirangi partners to facilitate where appropriate |
| Workforce Development Strategy | Ongoing | Produced and distributed 'Into the Future'. EDA led the ITO graduation planning and contracted to manage an MSD youth employment initiative |
| Facilitate the Nelson Events Strategy in conjunction with the Nelson City Council and Nelson Tasman Tourism | Ongoing | Six events funded |
| Investigate options for accessing capital investment into the region's businesses | Ongoing | Engaged with interested parties about investment opportunities. EDA had discussions with potential overseas investors and assisted in developing NZTE's regional investment profile |
| Support and sponsor the Young Enterprise Scheme (YES) in the region | Achieved, annual contract | The YES programme was successful in 2014. EDA participated in judging Dragon's Den |
| Facilitate innovation and entrepreneurship in the region | Ongoing | Supported new and existing businesses through sponsorship at the Bridge Street Collective, Regional Business Partner network, and referral to business support agencies. EDA engaged in developing an innovation hub at NMIT |
| Regional Business Partner Network – NZTE and Callaghan Innovation | Ongoing | Managed the Regional Business Partner network contract for Te Tau Ihu and delivered grants on behalf of Callaghan Innovation. The Regional Partner programme is under review |



| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------------|---|
| Cluster group facilitation | Ongoing | <p>Provided administrative support to Engineering and Aviation clusters</p> <p>Support to the Food and Beverage Innovation cluster initiative based at Marlborough Research Centre</p> <p>Member of group investigating a Marine City initiative</p> |
| Oil and gas industry | Ongoing | In conjunction with Taranaki, Otago and Southland regions identified opportunities in servicing the oil and Gas industry |
| Facilitate and contribute to the Regional Branding Project | Ongoing | Worked with a group of business people to develop a regional identity and a strategy has been developed |
| FIFA Under 20's: If the region's hosting bid is successful, support hosting plans and any work that maximizes the benefits of the region's involvement | Bid unsuccessful | Bid withdrawn |
| If the region's hosting bid is successful, support the Cricket World Cup 2015 (CWC2015) hosting plans and any work that maximizes the benefits of the region's involvement | Bid successful, ongoing | Participated in regional planning meetings. CEO is a member of steering committee |
| International business opportunities; Key market: China | Ongoing; April 2014 trip | CEO hosted a business delegation to China and a delegation from Yianjiang to Nelson. Worked with NMIT and business to facilitate opportunities between Nelson and China. With NZTE regional office, co-hosted China networking sessions with local businesses |
| Facilitate opportunities for collaboration across business, industry and government to increase innovation in the region | Ongoing | <p>Initiatives identified through REDS process to be implemented in 2015</p> <p>Facilitated regional Business Leaders meeting. Participated in planning meetings and facilitates collaboration with multiple stakeholders</p> |
| Facilitate opportunities for attracting international students to the region | Ongoing | Worked with Education New Zealand and NMIT to increase international students to the region |
| Māori economic development | Ongoing | Engaged with iwi and key regional stakeholders to facilitate discussion and identification of opportunities |

| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------------|--|
| Outcomes/recommendations identified in population strategy white paper | Ongoing | Collaborated with stakeholders to progress recommendations. Spoke to Skilling New Zealand about opportunities of an ageing population and Nelson Greypower. Contracted to deliver MSD youth employment initiative |
| 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 | Ongoing | Consulted with and presented REDS findings to Council. Continued to provide meaningful and current information through Tracking the Economy, REDS and regular consultation |
| Encourage the region's councils to provide or advocate to central government for key infrastructure that can deliver future economic benefit to the region | Ongoing | CEO is a member of Telecom rural broadband group and assists with the Lee Valley Dam project |
| Lee Valley Water Augmentation project | Ongoing | Facilitated a review and update of the economic benefits assessment of the proposed dam |
| Summit and workshops | Achieved | Annual Summit successful with 135 attendees |
| Sustainable business support | Ongoing | Reviewed current sustainable funding schemes for businesses and update webpage as appropriate |
| Primary provider of economic development advice | | |
| Communicate the advantages of doing business in the Nelson Tasman region | Ongoing | Contact for businesses considering locating to the region. Offered business start-up and relocation advice to a number of businesses interested in settling in the Nelson region. Facilitated business delegations to/from China and other countries |
| Management of the Nelson Tasman Connections Service | Ongoing, annual contract | Provided contract management, data compilation and distribution. Signed a contract with NCC to deliver a reduced service in 2015 on behalf of the Mayors' Taskforce For Jobs programme |
| Provide six monthly key statistical information to Councils and the community on relevant performance measures | Achieved | Delivered two six monthly reports |



| <i>Financial performance – Nelson Regional Economic Development Agency</i> | 2014 | 2013 |
|--|-------------|-------------|
| | \$000 | \$000 |
| Revenue | 1,274 | 1,187 |
| Expenses | 1,269 | 1,191 |
| Net surplus before taxation | 5 | (4) |
| Provision for taxation | (7) | 18 |
| Net surplus for year after taxation | (2) | 14 |
| Retained earnings brought forward | 368 | 354 |
| Retained earnings carried forward | 366 | 368 |

TASMAN BAYS HERITAGE TRUST (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a CCO owned 50% by Nelson City Council and 50% by Tasman District Council. 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 providing a combination of permanent and temporary exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes.

Performance targets – Tasman Bays Heritage Trust

| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|---|
| Governance Finance Strategic | | |
| Secure the financial future of the TBHT by fixing and repaying the interest bearing debt of the Trust and by maintaining the debt repayment program agreed with the councils Negotiate the repayment schedule with councils and be in a position to repay more of the interest bearing loan | Achieved | The interest bearing debt was reduced and a repayment schedule is in place with both stakeholder councils |
| Register with the Charities Commission constitutional amendments to the Deed of Trust to align with the Local Government Act 2002 and the Memorandum of Understanding with the Trust's iwi partners Bring the Deed of Trust and the Memorandum of Understanding with iwi into alignment to clarify the Trustee selection and appointment process in particular | Not achieved | Deed of Trust has been reviewed |

| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|---|
| Review TBHT's long term operating facilities and needs including exhibition, storage, collection and research facilities. This is to ensure a strategic basis for effective and visionary Museum operations for the long term, to enhance storage and to reduce risk to collections held by the Museum | On-track | Consultant appointed and review scheduled to be completed by the end of the 2014 calendar year |
| Resolve the issues identified in the Detailed Engineering Evaluation of the Research Facility building at IseI Park to ensure the collections are protected and that public have access to the research material | Achieved | Work to strengthen the building, improve the security and egress issues was undertaken and financed within existing resources |
| Ensure that objectives are achieved within budget | Achieved | Monthly reporting and forecasting was presented at monthly Board Meetings |
| Ensure the Asset Register is maintained and that an appropriate asset management plan is put in place | Achieved, ongoing | The Asset Register is maintained by the Financial Services Officer. Collection assets are added at current market value as appropriate |
| Museum collections care and development | | |
| Improved conditions for Collections: Allocate resources to fit out additional storage space at Elm Street in order to transfer objects stored in unstable environmental conditions at Founders Historic Park and containers at the Research Facility | Achieved, ongoing | Elm Street building is working well for lower risk off-site storage. New shelving is largely in place and is being well used |
| Seek to reduce disruption to staff work and public services caused by the condition of the building and endeavour to find ways of providing access to alternative resources and modes of access | Achieved | The kiosks are well used by people wanting information. Visitor numbers at the Research Facility are about 60 a month plus large numbers of letters, phone calls and emails |
| Continue to seek advice from Te Tai Ao Komiti in relation to taonga in the care of the Museum prior to Collections Committee meetings. In particular keep the Komiti fully aware of the status of collection stores involving taonga | Achieved | The meetings of the Iwi Komiti considered the full list of potential acquisitions at their meetings |



| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|--|
| Continued work on Glass Plate Negative Collection. As soon as building issues are resolved, continue the Glass Plate Relocation and Digitisation Project progressively making data available on-line | Achieved, ongoing | Despite the Research Facility being closed for much of the year, achieved over 80,000 plates with 30,000 on-line by 30 June 2014 Amongst the plates scanned and available are 1,600 images of servicemen from WW1 |
| Actively work towards resolving building issues so that staff can maintain the care and preservation of collection objects held in storage and on public display following currently accepted museum standards and practices | Achieved | The S124 was lifted. The building is in a stable condition with improved security, fire egress, pest control and environmental monitoring compared with a year ago |
| Continue to develop the collection database, Vernon CMS, maintaining the data standards and user manual | Ongoing | The transfer of software to the new server continued. This will result in improved access to information and public visibility |
| Process donations according to Standard Operating Procedures and create a record in Vernon CMS for new acquisitions within six months of being accessioned into the permanent collection | Achieved | A simplified data set is reported monthly through the Data Dashboard Potential acquisitions checked through Te Tai Ao Komiti for advice on items of interest to iwi |
| Museum exhibitions, education and the visitor experience | | |
| Update the Integrated Exhibition Plan including refreshment of the permanent exhibition gallery, the Forward Exhibition Programme of changing exhibitions in the upstairs gallery and other spaces; and including marketing displays in window spaces and elsewhere | Ongoing | Changes for the cave exhibition planned, including improved lighting, sound triggering and models for the peep holes. The models for the cave are under construction |
| Deliver a Forward Exhibition Programme including both internally produced and externally sourced exhibitions that seeks to meet the needs and interests of a broad audience, aligned with the Exhibition Policy | Achieved | The Exhibition Advisory Committee discussed the plan of exhibitions for the Main Upper Gallery and Education space and the proposed window display |
| Put in place the planning necessary to maximise community engagement with exhibitions and programming associated with the Centenary of World War 1 | Ongoing | A Communication Review delivered strategies that will be used in the WW1 exhibition |

| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|---|
| Use the Visitor Survey as a means of ascertaining levels of Visitor Satisfaction with Services, Exhibitions and Programmes [target 80% or better rate their experience as 8,9,10 on a 10 point scale] and the success of campaigns to attract repeat visits from the regional population | Achieved | On all measures the target of 80% was exceeded Programmes were not assessed during 2013/14 |
| Invite participation from selected groups of regional and other visitors in a review of the permanent exhibition. Use this input to help prioritise the sections to be worked on in the next three years | Not achieved | Participation by groups not initiated. Currently working on the cave area as a priority. The Communication Review suggested upgrading the foyer area |
| Seek input from the manawhenua iwi on plans to update the six iwi cases. Seek advice and guidance regarding Māori involvement in World War 1. Maintain as standing Agenda items with Te Tai Ao Komiti | Ongoing | Discussion with Ngati Kuia about an exhibition around stone tool making has education potential. Identified Māori names in the database of WW1 personnel and work is under way to deliver the stories |
| Continue to seek partnerships from the community and other institutions including other regional heritage assets that add value to the education work of the Museum. Seek guidance from the Education Advisory Committee and transmit reports from that group to the TBHT | Achieved, ongoing | Developed relationship with Brook Sanctuary. Educators took classes at the Sanctuary. Had discussions with the Suter around art of the WW1 period being displayed at the Museum while they are closed. Explored opportunities for working with Natureland |
| Provide education opportunities to regional school students to support their NZ Curriculum studies based on our exhibitions and resources. Target of at least 5000 students | Achieved | Received notification from the Ministry of Education about LEOTC |
| Continue to maximize promotional opportunities by implementing joint marketing strategies with other regional institutions, particularly those supported by our two regional Council stakeholders | Achieved, ongoing | Marketing and promotion was aligned with other Council assets. There was strong uptake of the Memories exhibition and work is underway on a joint portal for regional heritage assets |



| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|---|
| Undertake development of the Vernon CMS web browser module to increase its accessibility and usability as part of a longer term strategy to increase and enhance the Museum's online presence | Ongoing | A new version of the web browser has been ordered. This will allow greater visibility and access |
| Continue to engage with the community through informative content on the Museum's website and monthly email newsletter as part of a strategy to increase public awareness of exhibitions, education and public programmes, and the work of staff. Seek to add at least 200 new addresses annually from amongst local and regional visitors | Achieved, ongoing | The website was assessed and changes made The email database climbed more than 500 during 2013/14 |
| Continue to add content to the Museum's electronic public access catalogue – Collections Online. Make this information available through a public kiosk in both venues and on the worldwide web. Enhance the kiosks by adding access to more heritage information websites and databases | Achieved, ongoing | The glass plate negative project has added over 30,000 images to the online catalogue in the past three years. There were over 50,000 online access searches in 2013/14 of the resources managed by the Museum. The kiosks are well used by researchers |
| Work with our finance and banking service provider to scope an e-commerce capability for selected products and services | Ongoing | PAYPAL worked well for overseas and local sales of photographic material |
| Disseminate knowledge of the Museum, its work and the collections, through participation in presentations, workshops and conferences, contributing to the overall development of the Museum's professional standards and practice, internally and regionally | Achieved | Two senior group presentations were held in 2014. Christina Hardy presented a paper at the Museums Aotearoa conference and at a conference in the UK |

Financial performance – Tasman Bays Heritage Trust

| | 2014 | 2013 |
|-------------------------------|---------------|---------------|
| | \$000 | \$000 |
| Revenue | 2,016 | 3,233 |
| Expenses | 1,920 | 2,055 |
| Net surplus before taxation | 96 | 1,178 |
| Other comprehensive income | 0 | (55) |
| | 96 | 1,123 |
| Equity brought forward | 18,577 | 17,454 |
| Equity carried forward | 18,673 | 18,577 |

THE BISHOP SUTER TRUST (Suter Gallery)

The Council established The Bishop Suter Trust in 2008 as a CCO 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, a shop, café and theatre. It 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.

Performance targets – The Bishop Suter Trust (Suter Gallery)

The Suter's collection continued to grow with the addition of seven paintings (including artworks by Nelson artists), as well as ceramics, a large portfolio of drawings and significant archival material, all donated.

The exhibitions' programme was enhanced with 29 floor talks, lectures and other activities, eight held in conjunction with other organisations. The Suter's education service is highly regarded with over 5,000 school students participating in programmes.

The Bishop Suter Trust, in partnership with Nelson City Council, made significant progress towards redevelopment of The Suter. The Trust embarked on a successful community fundraising campaign and significant grants and donations were received.

| Measures/targets | Result for 2013/14 | Comment |
|--|--------------------|--|
| Operate a well managed successful visual arts centre and public art gallery | | |
| Total number of visits to all parts of The Suter | Achieved | Total visits of 91,731 against a target of 80,000 per annum |
| Days open as advertised | Achieved | Suter open as advertised. Open 362 days, 10.30 am to 4.30 pm |
| Suter operates within its agreed annual plan | Achieved | Total revenue generated of 29.2% against a target of at least 20% of revenue |
| Raise funds to implement the Redevelopment Project | Achieved | Significant grants and donations received from the: New Zealand Lottery Grants Board WWI Commemorations, Environment & Heritage; Regional Museums Policy for Capital Construction Projects; and The Canterbury Community Trust. In addition support from individuals, community organisations and trusts |
| Engage, educate and entertain the regional community and visitors through a diverse and stimulating programme of visual arts' exhibitions | | |
| Present a diverse and stimulating programme of exhibitions | Achieved | Seventeen exhibitions visited by 26,856 people against a target of minimum of 15 exhibitions visited by 30,000 people |
| Provide public programmes which enhance appreciation and enjoyment of exhibitions | Achieved | A total of 29 including floor-talks, illustrated lectures; films, openings and fundraising special events. The target was a minimum of 20 talks, activities or events |



| Measures/targets | Result for 2013/14 | Comment |
|---|--------------------|---|
| Deliver a Learning experiences Outside the Classroom (LEOTC) service for Nelson/Tasman region | Achieved | A total of 4,733 students in 236 Suter Educator led classes from 25 schools. The target was 3,000 students from 25 schools |
| Provide after school activities | Achieved | A total of 107 activities provided, against a target 55 Suter Kids Club sessions delivered per annum |
| Collect, record, interpret and preserve the artistic heritage of the Nelson/Tasman region and New Zealand (with collection maintained in optimal conditions for its long term preservation) | | |
| The collection is developed in line with the Suter's collection policy; an acquisitions fund is developed; maintained in optimal conditions and prepared for relocation | Achieved | Four art works were purchased and 25 were gifted. The Acquisition fund did not meet its target for 2014, as the emphasis was on seeking donations for the Redevelopment Fund. Collection items are being readied for relocation for the Redevelopment |
| The Suter's relationship with iwi and Māori is strengthened | Achieved | Regular meetings held, cultural protocols observed and the Memorandum of Understanding with Ko Te Pouaranga reviewed and revised in anticipation of signing in September 2014. Iwi had input into the Redevelopment Project |
| Suter engages in partnerships; and provides leadership in areas of expertise | Achieved | Projects included a joint fundraiser with Nelson Suter Art Society. Assisted with an exhibition Jane Evans A celebration of Colour at Reflections Gallery; the archival project at Nelson Woman's Club; an event as part of 2013 Nelson Arts Festival; Light Nelson 2013 (and 2014). Planned ahead for 2014/15 projects. Involved with NMIT Creative Industry programme; and provided public art advice |

Financial performance – The Bishop Suter Trust (Suter Gallery)

| | 2013 | 2014 |
|--|---------------|---------------|
| | \$000 | \$000 |
| Revenue | 1,313 | 1,486 |
| Expenses | 879 | 885 |
| Net surplus before taxation | 434 | 601 |
| Retained earnings brought forward | 10,080 | 11,191 |
| Retained earnings carried forward | 10,514 | 11,792 |

CONTACT US

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays except Thursdays (open 9.00am to 5.00pm on Thursdays).

Located 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

Visit nelson.govt.nz or email 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 conform to certain rules. Contact a Council Administration Adviser on 546 0200.



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