



**ANNUAL REPORT 2013-14**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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## **FOREWORD: MAYOR AND CHIEF EXECUTIVE**

[Allow one page]

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**

[Allow five pages]

## **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, significant staff resources were diverted to the recovery effort following the April 2013 rainfall event.

The net surplus before revaluations was \$12.2 million, which was \$0.2 million less than budgeted in the Long Term Plan. Explanation of this variance can be found in Note 33 in the Notes to Accounts section. Council borrowings totalled \$71.8 million, \$3.6 million more than the previous year, and \$41 million less than budget.

### **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 Matai Walkway between the Trafalgar Street and QEII Drive bridges commenced during the year. Construction included widening the pathways, and 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.

Repairs were started at the Victory Square 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 culverts in Ngawhatu Valley and Aniseed Valley. Saxton Stadium and Sports House both suffered extensive flood damage. Repairs to the stadium included replacing 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. Over the same period recycling has increased by 10%.

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 \$6 million 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. The School of Music was closed for public use due to concerns about earthquake vulnerability.

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, an important venue for events. 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**

Nelson entered the Gigatown competition being run by Chorus to locate the first town in New Zealand that will receive one gigabit per second internet speeds. In May 2014, Nelson was placed second of all New Zealand towns.

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. Rachel Reece is Mayor and Paul Matheson Deputy 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. 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 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 redundancy and 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 Toilet
- A number of minor stormwater improvements around the Railway Reserve in Stoke.

## **WORKING WITH MĀORI**

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

New rules for the way councils must engage with iwi as a result of legislative changes. 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 have all required an evolution in the relationship with Maori. Nelson City Council appreciates the intergenerational Kaitiakitanga (guardianship) responsibilities of iwi for the region.

Discussion to establish the most effective process to accommodate the needs of the Iwi of Te Taihu (top of the South), Nelson City Council and the wider community is ongoing. These processes may include neighbouring Councils to ensure consistency across Te Taihu and maximum efficiency. For Nelson City Council a more substantive change is the statutory acknowledgement of the two iwi, Rangitāne and Ngati 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 pending Treaty Settlement legislation, as well as Local Government Act and Resource Management Act reforms.

Support from Tiakina Te Taiao, who represent four of the Iwi associated with Whakatū Marae, and input from two other Iwi was an integral part of the success of Nelson City Council's capital projects.

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 (THE MĀORI WORLD) 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.

It is important for Council to provide 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 [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz) or by contacting our customer service centre on Telephone 546 0200.

The activity groups for reporting are:

- Transport\* Page x
- Water supply\* Page x
- Wastewater\* Page x
- Stormwater\* Page x
- Flood protection\* Page x
- Environment Page x
- Social including arts and heritage Page x
- Parks and active recreation Page x
- Economic Page x
- Corporate Page x

\* 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 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.

<b>Community outcomes</b>	<b>Contribution</b>
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	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.
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 (based on New Zealand Transport Agency calculation of social costs).
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 65%.
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.

What Council will provide	Performance measures	Targets	Results 2013/14	Comments
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.

## FINANCIAL PERFORMANCE - TRANSPORT INCLUDING ROADS AND FOOTPATHS

### 1. Transport

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	8,076	9,417	8,054
Operating income	7,821	5,651	5,526
Capital Income	3,457	2,601	4,471
<b>Total revenue</b>	<b>19,354</b>	<b>16,669</b>	<b>18,051</b>
<b>Expenses:</b>			
Payments to staff and suppliers	13,450	9,099	9,782
Finance Costs	1,141	1,258	1,022
Depreciation	4,793	5,110	5,061
<b>Total operating expenses</b>	<b>19,384</b>	<b>15,467</b>	<b>15,865</b>
<b>Net surplus/(deficit)</b>	<b>(30)</b>	<b>1,402</b>	<b>2,186</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2013 \$000	Actual 2013 \$000
<b>Funds required</b>			
Capital expenditure	10,193	8,532	13,636
Non Cash profits and write-ups	0	0	0
Increase (decrease) in reserves	(2,475)	(6)	(1,790)
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>7,718</b>	<b>8,526</b>	<b>11,846</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	(30)	1,402	2,186
Non cash expenditure	4,793	5,110	5,061
Increase (decrease) in debt	2,935	1,994	4,212
Gross proceeds from sales of assets	20	20	0
Non cash losses and write-downs	0	0	387
<b>Total source of funds</b>	<b>7,718</b>	<b>8,526</b>	<b>11,846</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	9,076	8,417	8,054
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	3,740	1,825	2,048
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	503	503	190
Local authorities fuel tax, fines, infringement fees, and other receipts	4,081	3,826	3,288
<b>Total Operating Funding</b>	<b>16,400</b>	<b>14,571</b>	<b>13,580</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	13,450	9,099	9,138
Finance costs	158	157	117
Internal charges and overheads applied *	1,486	1,604	1,162
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>15,094</b>	<b>10,860</b>	<b>10,417</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,306</b>	<b>3,711</b>	<b>3,163</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	3,277	2,617	4,228
Development and financial contributions	180	184	243
Increase (decrease) in debt	2,935	1,994	4,212
Gross proceeds from sale of assets	20	20	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>6,412</b>	<b>4,815</b>	<b>8,693</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	1,389	1,344	353
- to improve level of service	5,464	4,993	8,667
- to replace existing assets	3,340	2,195	4,616
Increase (decrease) in reserves	(2,475)	(6)	(1,790)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>7,718</b>	<b>8,526</b>	<b>11,846</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,306)</b>	<b>(3,711)</b>	<b>(3,163)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,306	3,711	3,163
Subsidies and grants for capital expenditure	3,277	2,617	4,228
Development and financial contributions	180	184	243
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	(387)
Depreciation	(4,733)	(5,110)	(5,061)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in statement of Financial Performance	(30)	1,402	2,166



## 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 \$6.7 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. These pipes are prone to failure and disrupt significant areas of the city when they fail.

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.

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	Maximum daily demand of 27,902m <sup>3</sup> was recorded in February 2014. Maximum daily supply capacity is approximately 40,000m <sup>3</sup> . Completion of the Maitai duplicate pipeline and treatment filters can lift supply capacity to close to 50,000m <sup>3</sup> per day and improve supply security.
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 2011/12 and 2010/11.
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

What Council will provide	Performance measures	Targets	Results 2013/14	Comments
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

### 2. Water Supply

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	0	0	0
Operating income	11,047	11,449	10,991
Capital Income	610	625	413
<b>Total revenue</b>	<b>11,657</b>	<b>12,074</b>	<b>11,404</b>
<b>Expenses:</b>			
Payments to staff and suppliers	6,093	5,793	6,009
Finance Costs	1,375	1,527	1,393
Depreciation	3,941	4,126	4,052
<b>Total operating expenses</b>	<b>11,409</b>	<b>11,446</b>	<b>11,454</b>
<b>Net surplus/(deficit)</b>	<b>248</b>	<b>628</b>	<b>(50)</b>

#### Statement of funding requirement

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

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	9	10	0
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	11,015	11,365	10,987
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	23	74	104
<b>Total Operating Funding</b>	<b>11,047</b>	<b>11,449</b>	<b>10,991</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,093	5,793	5,784
Finance costs	0	0	0
Internal charges and overheads applied *	1,375	1,527	1,586
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>7,468</b>	<b>7,320</b>	<b>7,370</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,579</b>	<b>4,129</b>	<b>3,621</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	134
Development and financial contributions	610	625	279
Increase (decrease) in debt	3,147	3,148	2,335
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>3,757</b>	<b>3,773</b>	<b>2,748</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	98	510	983
- to improve level of service	6,258	5,393	4,660
- to replace existing assets	1,373	1,999	982
Increase (decrease) in reserves	(993)	0	(256)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>7,336</b>	<b>7,902</b>	<b>6,369</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,579)</b>	<b>(4,129)</b>	<b>(3,621)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the Net Surplus (Deficit) in the Cost of Service Statement and Surplus (Deficit) of operating funding in the Funding Impact Statement**

	<b>Long Term Plan 2013 \$000</b>	<b>Long Term Plan 2014 \$000</b>	<b>Actual 2014 \$000</b>
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,579	4,129	3,621
Subsidies and grants for capital expenditure	0	0	134
Development and financial contributions	610	625	279
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	(32)
Depreciation	(3,941)	(4,126)	(4,052)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in Statement of Financial Performance	<u>248</u>	<u>628</u>	<u>(50)</u>

## 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 \$3.8 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.

Works to address the odour issues at Nelson North Wastewater Treatment Plant by installing covers to larger plant items 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.

### 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 50gm3 was recorded in October 2013 (the Resource Consent allows for one). No odour conditions were breached during the previous 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

### 3. Wastewater

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating Income	6,436	6,514	6,836
Operating income	3,658	4,036	3,362
Capital Income	540	553	342
<b>Total revenue</b>	<b>10,634</b>	<b>11,103</b>	<b>10,541</b>
<b>Expenses:</b>			
Payments to staff and suppliers	5,983	8,984	6,635
Finance Costs	605	669	405
Depreciation	3,730	3,992	3,844
<b>Total operating expenses</b>	<b>10,318</b>	<b>13,645</b>	<b>10,884</b>
<b>Net surplus/(deficit)</b>	<b>316</b>	<b>(2,542)</b>	<b>(343)</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2013 \$000
<b>Funds required</b>			
Capital expenditure	5,884	4,173	4,101
Non Cash profits and write-ups	0	0	8
Increase (decrease) in reserves	(1,760)	(350)	(558)
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>4,124</b>	<b>3,823</b>	<b>3,551</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	316	(2,542)	(343)
Non cash expenditure	3,730	3,992	3,844
Increase (decrease) in debt	78	2,373	(100)
Gross proceeds from sales of assets	0	0	0
Non cash losses and write-downs	0	0	150
<b>Total source of funds</b>	<b>4,124</b>	<b>3,823</b>	<b>3,551</b>

0

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,436	6,514	6,836
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	3,658	4,036	3,354
<b>Total Operating Funding</b>	<b>10,094</b>	<b>10,550</b>	<b>10,190</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,989	8,984	6,392
Finance costs	605	584	405
Internal charges and overheads applied *	0	85	93
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>6,588</b>	<b>9,653</b>	<b>6,890</b>
<b>Surplus (Deficit) of operating funding</b>	<b>3,506</b>	<b>997</b>	<b>3,300</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	87
Development and financial contributions	540	553	256
Increase (decrease) in debt	78	2,373	(100)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>618</b>	<b>2,926</b>	<b>243</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	1,616	258	1,560
- to improve level of service	2,927	2,932	2,135
- to replace existing assets	1,341	983	406
Increase (decrease) in reserves	(1,760)	(350)	(558)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>4,124</b>	<b>3,823</b>	<b>3,543</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(3,506)</b>	<b>(897)</b>	<b>(3,300)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,506	897	3,300
Subsidies and grants for capital expenditure	0	0	87
Development and financial contributions	540	553	256
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	(120)
Depreciation	(3,730)	(3,992)	(3,644)
Targeted Capital Pates	0	0	0
Non cash write ups and gains on revaluation	0	0	8
Non Cash Write downs and losses on revaluation	0	0	(130)
Net surplus (Deficit) before taxation in Statement of Financial Performance	316	(2,542)	(343)

0

## 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 \$2 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 North Esk 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	On track	Ongoing monitoring of stormwater from six urban catchments was completed. Reports are required by 31 August 2014.
	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.
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

### 4. Stormwater

#### Cost of Service Statement

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	\$000	\$000	\$000
<b>Revenue</b>			
Rating income	3,814	3,914	3,509
Operating income	0	0	10
Capital Income	598	612	212
<b>Total revenue</b>	<b>4,412</b>	<b>4,526</b>	<b>3,731</b>
<b>Expenses:</b>			
Payments to staff and suppliers	1,079	949	1,197
Finance Costs	918	936	832
Depreciation	1,917	2,030	1,686
<b>Total operating expenses</b>	<b>3,914</b>	<b>3,915</b>	<b>3,715</b>
<b>Net surplus/(deficit)</b>	<b>498</b>	<b>611</b>	<b>16</b>

#### Statement of funding requirement

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	2,826	3,282	1,771
Non Cash profits and write-ups	0	0	0
Increase (decrease) in reserves	(100)	0	(461)
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>2,726</b>	<b>3,282</b>	<b>1,310</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	498	611	16
Non cash expenditure	1,917	2,030	1,686
Increase (decrease) in debt	311	641	(414)
Gross proceeds from sales of assets	0	0	0
Non cash losses and write-downs	0	0	22
<b>Total source of funds</b>	<b>2,726</b>	<b>3,282</b>	<b>1,310</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	3,814	3,914	3,509
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	10
<b>Total Operating Funding</b>	<b>3,814</b>	<b>3,914</b>	<b>3,519</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,079	949	1,075
Finance costs	0	0	0
Internal charges and overheads applied *	918	936	922
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,997</b>	<b>1,885</b>	<b>2,007</b>
<b>Surplus (Deficit) of operating funding</b>	<b>1,817</b>	<b>2,029</b>	<b>1,512</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	598	612	212
Increase (decrease) in debt	311	641	(414)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>909</b>	<b>1,253</b>	<b>(202)</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	2,369	3,045	1,711
- to replace existing assets	457	237	60
Increase (decrease) in reserves	(100)	0	(461)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>2,726</b>	<b>3,282</b>	<b>1,310</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(1,817)</b>	<b>(2,029)</b>	<b>(1,512)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Reconciliation between the Net Surplus (Deficit) in the Cost of Service Statement and Surplus (Deficit) of operating funding in the Funding Impact Statement**

	<b>Long Term Plan 2013 \$000</b>	<b>Long Term Plan 2014 \$000</b>	<b>Actual 2014 \$000</b>
Surplus (Deficit) of operating funding from Funding Impact Statement	1,817	2,029	1,512
Subsidies and grants for capital expenditure			0
Development and financial contributions	598	612	212
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	(22)
Depreciation	(1,917)	(2,030)	(1,686)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
<b>Net Surplus (Deficit) before taxation in Statement of Financial Performance</b>	<b>498</b>	<b>611</b>	<b>16</b>



## 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 <sub>50</sub> 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 <sub>50</sub> 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.

## FINANCIAL PERFORMANCE - FLOOD PROTECTION

### 5. Flood Protection

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	122	158	392
Operating income	0	0	0
Capital Income	0	0	0
<b>Total revenue</b>	<b>122</b>	<b>158</b>	<b>392</b>
<b>Expenses:</b>			
Payments to staff and suppliers	112	130	841
Finance Costs	10	28	22
Depreciation	0	0	128
<b>Total operating expenses</b>	<b>122</b>	<b>158</b>	<b>991</b>
<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>(599)</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Funds required</b>			
Capital expenditure	399	321	846
Non Cash profits and write-ups	0	0	0
Increase (decrease) in reserves	0	0	(543)
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>399</b>	<b>321</b>	<b>298</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	0	0	(599)
Non cash expenditure	0	0	128
Increase (decrease) in debt	399	321	769
Gross proceeds from sales of assets	0	0	0
Non cash losses and write-downs	0	0	0
<b>Total source of funds</b>	<b>399</b>	<b>321</b>	<b>298</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	122	158	392
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total Operating Funding</b>	<b>122</b>	<b>158</b>	<b>392</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	112	130	841
Finance costs	0	0	(1)
Internal charges and overheads applied *	10	28	23
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>122</b>	<b>158</b>	<b>863</b>
<b>Surplus (Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>(471)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	399	321	769
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>399</b>	<b>321</b>	<b>769</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	399	321	846
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	(548)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>399</b>	<b>321</b>	<b>298</b>
<b>Surplus (Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>471</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	(471)
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	0	0	(128)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
Net surplus (Deficit) before taxation in Statement of Financial Performance	0	0	(599)

## **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 2013/2014 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 2013/2014 Council was able to identify Nelson's significant resource management issues.

The Council notified and made decisions on Plan Change 16 – Inner City Noise. Plan Change 16 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 PM<sub>10</sub> concentration for 2013/14 was 54 ug/m<sup>3</sup> compared with the 2012/13 level of 62 ug/m<sup>3</sup>. 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 winter 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 and continues to be refined.

### ***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 Memoranda
- 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.

<b>Community outcomes</b>	<b>Contribution</b>
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	<p>In 2013 there was an overall decline in water quality, compared with long term grades.</p> <p>There were 12 sites with grade A or B in 2013 compared with 15 in 2012<sup>1</sup>. A total of 12 sites were worse than grade C in 2013, compared with 11 sites in 2012.</p> <p>Flooding in some Stoke catchments and drought conditions in early summer impacted on water quality and stream habitat over the monitoring period.</p> <p>A programme of work focused on improving the health of the Maitai River was initiated.</p>
		Decrease number of water bodies classified as D or E by Year 3 <sup>2</sup>	Not achieved	
	Level of compliance with swimming water quality standards	Increase the number of monitored swimming areas that meet the swimming quality standards	Not achieved	
Cleaner air	Level of compliance with national standard for air quality	Continue to comply with the national standard in Airshed B & C	Achieved	<p>Airshed C complies with the national standard.</p> <p>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.</p>

<sup>1</sup> For freshwater, the grading is for the calendar year.

<sup>2</sup> 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
		Airshed A breaches will decline from prior year		<p>There were 4 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.</p> <p>Council decided to instigate a review of the woodburner provisions of the Nelson Air Quality Plan.</p>
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	<p>Council decided to pursue an integrated review of Nelson's Resource Management plans – The Nelson Plan.</p> <p>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.</p> <p>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.</p>
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</p>

What Council will provide	Performance measures	Targets	Results 2013/14	Comments
				successful trial around Second Hand Sunday this initiative will be held twice a year.
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	In 2013/14, 98% of building consents and 100% of code of compliance certificates issued in 20 working days 100% achieved in August 2013 and has been maintained since.
	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	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. All existing s124 Notices have been re-issued to reflect this.
	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	In 2013/14, 55% of customers were satisfied or very satisfied with the building and resource consent services. Work has been undertaken for time limits and fees and charges models to improve the customer experience.
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.

What Council will provide	Performance measures	Targets	Results 2013/14	Comments
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 and on budget and was successfully tested.

## FINANCIAL PERFORMANCE – ENVIRONMENT

### 6. Environment

#### Cost of Service Statement

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	\$000	\$000	\$000
<b>Revenue</b>			
Rating income	6,749	6,457	4,861
Operating income	9,590	9,899	9,108
Capital Income	12	12	3
<b>Total revenue</b>	<b>16,351</b>	<b>16,368</b>	<b>13,992</b>
<b>Expenses:</b>			
Payments to staff and suppliers	15,178	15,162	12,957
Finance Costs	243	217	207
Depreciation	346	364	419
<b>Total operating expenses</b>	<b>15,767</b>	<b>15,743</b>	<b>13,583</b>
<b>Net surplus/(deficit)</b>	<b>584</b>	<b>625</b>	<b>409</b>

#### Statement of funding requirement

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	382	102	103
Non Cash profits and write-ups	0	0	159
Increase (decrease) in reserves	(117)	291	560
Increase (decrease) in investments	267	(14)	(662)
<b>Total funds required</b>	<b>552</b>	<b>369</b>	<b>160</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	584	625	409
Non cash expenditure	346	364	419
Increase (decrease) in debt	(376)	(620)	(666)
Gross proceeds from sales of assets	0	0	0
Non cash losses and write-downs	0	0	0
<b>Total source of funds</b>	<b>552</b>	<b>369</b>	<b>160</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	6,136	5,948	4,820
Targeted rates (other than a targeted rate for water supply)	613	609	61
Subsidies and grants for operating purposes	300	213	297
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	2,053	2,031	2,115
Local authorities fuel tax, fines, infringement fees, and other receipts	7,237	7,605	6,537
<b>Total Operating Funding</b>	<b>16,339</b>	<b>16,356</b>	<b>13,830</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	13,125	13,031	10,695
Finance costs	0	0	0
Internal charges and overheads applied †	2,296	2,298	2,489
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>15,421</b>	<b>15,379</b>	<b>13,164</b>
<b>Surplus (Deficit) of operating funding</b>	<b>918</b>	<b>977</b>	<b>666</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	12	12	3
Increase (decrease) in debt	(378)	(620)	(668)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(366)</b>	<b>(608)</b>	<b>(665)</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	89	0	27
- to improve level of service	98	0	18
- to replace existing assets	195	102	58
Increase (decrease) in reserves	(117)	281	580
Increase (decrease) in investments	287	(14)	(662)
<b>Total applications of capital funding</b>	<b>552</b>	<b>369</b>	<b>1</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(918)</b>	<b>(977)</b>	<b>(666)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	Actual 2014
	\$000	\$000	\$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	918	977	666
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	12	12	3
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	(346)	(364)	(419)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	159
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in Statement of Financial Performance	584	625	409



## **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 (2000).

Public toilets received considerable attention in 2013/14 with the upgrade of the Buxton loo completed, the Cathedral toilet built, the 1903 site completed and refurbishment of Botanic, Isel, 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 213 due to flooding. It re-opened following significant refurbishment from flood damage. 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, which was well supported by the community.

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, including a large painting brought to New Zealand by Bishop Suter.

## 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.
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

### 7. Social - including Arts and Heritage

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	9,994	10,474	9,443
Operating income	2,903	2,801	3,198
Capital Income	6,876	0	95
<b>Total revenue</b>	<b>19,673</b>	<b>13,275</b>	<b>12,736</b>
<b>Expenses:</b>			
Payments to staff and suppliers	11,755	11,560	11,353
Finance Costs	381	441	291
Depreciation	1,156	1,293	1,145
<b>Total operating expenses</b>	<b>13,292</b>	<b>13,294</b>	<b>12,789</b>
<b>Net surplus/(deficit)</b>	<b>6,381</b>	<b>(19)</b>	<b>(53)</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Funds required</b>			
Capital expenditure	11,111	1,716	1,300
Non Cash profits and write-ups	0	0	32
Increase (decrease) in reserves	(183)	256	(30)
Increase (decrease) in investments	(1,513)	(13)	53
<b>Total funds required</b>	<b>9,415</b>	<b>1,959</b>	<b>1,355</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	6,381	(19)	(53)
Non cash expenditure	1,156	1,293	1,183
Increase (decrease) in debt	1,878	1,878	223
Gross proceeds from sales of assets	0	0	2
Non cash losses and write-downs	0	0	0
<b>Total source of funds</b>	<b>9,415</b>	<b>3,152</b>	<b>1,355</b>
			<b>0</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	9,994	10,474	9,443
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	485	398	667
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,318	2,403	2,499
<b>Total Operating Funding</b>	<b>12,797</b>	<b>13,275</b>	<b>12,609</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	11,755	11,560	11,315
Finance costs	0	0	(138)
Internal charges and overheads applied *	381	441	429
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>12,136</b>	<b>12,001</b>	<b>11,606</b>
<b>Surplus (Deficit) of operating funding</b>	<b>661</b>	<b>1,274</b>	<b>1,003</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	6,876	0	90
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,877	684	223
Gross proceeds from sale of assets	1	1	2
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>8,754</b>	<b>685</b>	<b>315</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	539	625	491
- to improve level of service	9,795	729	238
- to replace existing assets	777	362	566
Increase (decrease) in reserves	(183)	256	(30)
Increase (decrease) in investments	(1,513)	(13)	53
<b>Total applications of capital funding</b>	<b>9,415</b>	<b>1,959</b>	<b>1,318</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(661)</b>	<b>(1,274)</b>	<b>(1,003)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	Actual 2014
	\$000	\$000	\$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	661	1,274	1,003
Subsidies and grants for capital expenditure	6,876	0	90
Development and financial contributions	0	0	0
Vested Assets	0	0	5
Gains/(losses) on disposal	0	0	(38)
Depreciation	(1,156)	(1,293)	(1,145)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	32
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in Statement of Financial Performance	6,381	(19)	(53)



## **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 opens 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 Akerston 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, Whakatu 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: 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. It needs seismic strengthening and during 2013 these costs were assessed. Events booked at the Centre have been moved to other venues, 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. All pipework at Nayland pool was replaced, which led to reopening of divewell 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.

<b>Community outcomes</b>	<b>Contribution</b>
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 ha 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.
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.

What Council will provide	Performance measures	Targets	Results 2013/14	Comments
	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.
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	Closed December 2013	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 <sup>2</sup> per annum above average of peer group as measured by Yardstick	Partly achieved	Riverside pool was above Yardstick average use per m <sup>2</sup> of water space (193 versus 186). Nayland was below average (26 versus 37).

<b>What Council will provide</b>	<b>Performance measures</b>	<b>Targets</b>	<b>Results 2013/14</b>	<b>Comments</b>
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

### 8. Parks and Active Recreation Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	12,207	12,870	11,198
Operating income	2,777	2,868	4,400
Capital Income	700	2,243	578
<b>Total revenue</b>	<b>15,684</b>	<b>17,981</b>	<b>16,176</b>
<b>Expenses:</b>			
Payments to staff and suppliers	10,202	9,781	11,011
Finance Costs	2,646	3,032	2,330
Depreciation	3,270	3,457	2,647
<b>Total operating expenses</b>	<b>16,118</b>	<b>16,270</b>	<b>15,988</b>
<b>Net surplus/(deficit)</b>	<b>(434)</b>	<b>1,711</b>	<b>188</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Funds required</b>			
Capital expenditure	14,943	12,966	4,326
Non Cash profits and write-ups	0	0	0
Increase (decrease) in reserves	(2,384)	(1,612)	(1,706)
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>12,559</b>	<b>11,354</b>	<b>2,620</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	(434)	1,711	188
Non cash expenditure	3,270	3,457	2,647
Increase (decrease) in debt	9,723	6,186	(219)
Gross proceeds from sales of assets	0	0	4
Non cash losses and write-downs	0	0	0
<b>Total source of funds</b>	<b>12,559</b>	<b>11,354</b>	<b>2,620</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	12,207	12,870	11,198
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,777	2,868	4,400
<b>Total Operating Funding</b>	<b>14,984</b>	<b>15,738</b>	<b>15,598</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	10,202	9,781	10,981
Finance costs	0	0	0
Internal charges and overheads applied *	2,646	3,032	2,360
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>12,848</b>	<b>12,813</b>	<b>13,341</b>
<b>Surplus (Deficit) of operating funding</b>	<b>2,136</b>	<b>2,925</b>	<b>2,257</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	700	2,243	578
Development and financial contributions	0	0	0
Increase (decrease) in debt	9,723	6,186	(219)
Gross proceeds from sale of assets	0	0	4
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>10,423</b>	<b>8,429</b>	<b>363</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	9,312	3,325	1,082
- to improve level of service	2,859	7,322	1,830
- to replace existing assets	2,772	2,319	1,414
Increase (decrease) in reserves	(2,394)	(1,612)	(1,706)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>12,559</b>	<b>11,354</b>	<b>2,620</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(2,136)</b>	<b>(2,925)</b>	<b>(2,257)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>



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 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,136	2,925	2,257
Subsidies and grants for capital expenditure	700	2,243	576
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	(3,270)	(3,457)	(2,647)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in Statement of Financial Performance	(434)	1,711	188

## **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	Achieved	The valuation of infrastructure assets increased from \$881 million at June 2013 to \$990 million at June 2014.
	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.
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.

<b>What Council will provide</b>	<b>Performance measures</b>	<b>Targets</b>	<b>Results 2013/14</b>	<b>Comments</b>
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

### 9. Economic

#### Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	1,453	1,513	1,414
Operating income	0	0	0
Capital Income	0	0	0
<b>Total revenue</b>	<b>1,453</b>	<b>1,513</b>	<b>1,414</b>
<b>Expenses:</b>			
Payments to staff and suppliers	1,441	1,501	1,310
Finance Costs	12	12	12
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>1,453</b>	<b>1,513</b>	<b>1,322</b>
<b>Net surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>92</b>

#### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Funds required</b>			
Capital expenditure	0	0	0
Non Cash profits and write-ups	0	0	0
Increase (decrease) in reserves	0	0	92
Increase (decrease) in investments	0	0	0
<b>Total funds required</b>	<b>0</b>	<b>0</b>	<b>92</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	0	0	92
Non cash expenditure	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sales of assets	0	0	0
Non cash losses and write-downs	0	0	0
<b>Total source of funds</b>	<b>0</b>	<b>0</b>	<b>92</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	1,453	1,513	1,414
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total Operating Funding</b>	<b>1,453</b>	<b>1,513</b>	<b>1,414</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,441	1,501	1,310
Finance costs	0	0	(4)
Internal charges and overheads applied *	12	12	16
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>1,453</b>	<b>1,513</b>	<b>1,322</b>
<b>Surplus (Deficit) of operating funding</b>	<b>0</b>	<b>0</b>	<b>92</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	92
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding</b>	<b>0</b>	<b>0</b>	<b>92</b>
<b>Surplus (Deficit) of capital funding</b>	<b>0</b>	<b>0</b>	<b>(92)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	92
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gains/(losses) on disposal	0	0	0
Depreciation	0	0	0
Targeted Capital Rates	0	0	0
Non cash Write ups and gains on revaluation	0	0	0
Non Cash Write downs and losses on revaluation	0	0	0
Net Surplus (Deficit) before taxation in Statement of Financial Performance	0	0	92

## **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**

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 227.2 full time equivalents at 30 June 2013.

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 used three key indicators to measure its performance across the organisation over the year. These tracked 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 (3 not investigated, 2 resolved without investigation, 4 resolved during investigation). Nine were complaints made under the Ombudsmen Act 1975 (6 not investigated, 2 investigation discontinued, 1 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.

<b>Community outcomes</b>	<b>Contribution</b>
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 LTP 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 LTP 2015-25.
Participation of Māori in decision making	Level of Iwi/Māori representatives <sup>3</sup> 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.

<sup>3</sup> Kotahitanga Hui participants

<b>What Council will provide</b>	<b>Performance measures</b>	<b>Targets</b>	<b>Results 2013/14</b>	<b>Comments</b>
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	On track	Council is satisfied with the performance results received from CCOs

## FINANCIAL PERFORMANCE – CORPORATE

### 10. Corporate Cost of Service Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Revenue</b>			
Rating income	(1,509)	1,010	700
Operating income	12,689	13,312	15,499
Capital income	9,078	9,401	3,690
<b>Total revenue</b>	<b>20,258</b>	<b>23,723</b>	<b>19,889</b>
<b>Expenses:</b>			
Payments to staff and suppliers	6,350	6,899	6,109
Finance Costs	4,260	5,537	4,094
Depreciation	1,032	1,231	1,229
<b>Total operating expenses</b>	<b>12,142</b>	<b>13,667</b>	<b>11,432</b>
<b>Net surplus/(deficit)</b>	<b>8,116</b>	<b>10,056</b>	<b>8,457</b>

### Statement of funding requirement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Funds required</b>			
Capital expenditure	12,633	10,962	6,667
Non Cash profits and write-ups	0	0	1,865
Increase (decrease) in reserves	3,550	2,024	(1,060)
Increase (decrease) in investments	24,447	17,968	8,674
<b>Total funds required</b>	<b>40,630</b>	<b>30,974</b>	<b>16,346</b>
<b>Source of funds:</b>			
Net surplus/(deficit)	8,116	10,056	8,457
Non cash expenditure	1,032	1,231	1,229
Increase (decrease) in debt	31,462	19,687	6,539
Gross proceeds from sales of assets	20	0	43
Non cash losses and write-downs	0	0	79
<b>Total source of funds</b>	<b>40,630</b>	<b>30,974</b>	<b>16,346</b>

## Funding Impact Statement

	Long Term Plan 2013 \$000	Long Term Plan 2014 \$000	Actual 2014 \$000
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	(1,329)	1,185	700
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	2	2	(79)
Fees, charges, and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	8,088	9,151	7,741
Local authorities fuel tax, fines, infringement fees, and other receipts	4,419	3,982	5,972
<b>Total Operating Funding</b>	<b>11,190</b>	<b>14,320</b>	<b>14,334</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,850	6,899	5,886
Finance costs	3,337	4,407	3,127
Internal charges and overheads applied †	923	1,128	1,111
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>11,110</b>	<b>12,434</b>	<b>10,124</b>
<b>Surplus (Deficit) of operating funding</b>	<b>70</b>	<b>1,886</b>	<b>4,210</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital	1,500	1,536	0
Development and financial contributions	0	0	17
Increase (decrease) in debt	31,462	19,687	6,539
Gross proceeds from sale of assets	20	0	42
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>32,982</b>	<b>21,223</b>	<b>6,598</b>
<b>Applications of capital funding</b>			
Capital Expenditure			
- to meet additional demand	895	123	516
- to improve level of service	2,806	1,370	1,804
- to replace existing assets	1,354	1,604	674
Increase (decrease) in reserves	3,550	2,024	(1,060)
Increase (decrease) in investments	24,447	17,988	8,874
<b>Total applications of capital funding</b>	<b>33,052</b>	<b>23,109</b>	<b>10,808</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(70)</b>	<b>(1,886)</b>	<b>(4,210)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	Actual 2014
	\$000	\$000	\$000
Surplus/(Deficit) of operating funding from Funding Impact Statement	70	1,886	4,210
Subsidies and grants for capital expenditure	1,500	1,536	0
Development and financial contributions	0	0	17
Vested Assets	7,578	7,865	3,673
Gains/(losses) on disposal	0	0	0
Depreciation	(1,032)	(1,231)	(1,229)
Targeted Capital Rates	0	0	0
Non cash write ups and gains on revaluation	0	0	1,665
Non Cash Write downs and losses on revaluation	0	0	(79)
Net surplus (Deficit) before taxation in Statement of Financial Performance	8,116	10,056	6,457

## Summary of capital expenditure

Project	Carry over 2012/13 \$000	Estimate 2013/14 \$000	Available 2013/14 \$000	Actual 2013/14 \$000
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### Transport

<b>Roads: Subsidised</b>				
Emergency 2011 Cable Bay Road	(264)	2,250	1,986	2,122
Emergency 2011 response	196	419	615	394
Integration activities		375	375	376
Maitai shared path (Akerston St to Trafalgar St)		1,000	1,000	2,845
Other walk/cycle projects		300	300	196
R Fund: Waimea/Motueka junction		1,237	1,237	1,132
Road renewals: friction course replacement		567	567	569
Road renewals: resurfacing		602	602	603
Road renewals: traffic services		130	130	109
Road: minor improvements programme		469	469	228
Rocks Rd 4 metre wide shared path		105	105	142
School approach and frontage treatments		240	240	198
Streetlights		450	450	443
Variable speed signs	(5)	340	335	273
Waimea/Princes intersection		450	450	11
<b>Roads: Unsubsidised</b>				
Land purchase	(85)	220	135	
Renewals: footpaths	(57)	571	515	267
Renewals: streetlights		130	130	129
Road: Princes Dr	15	1,031	1,046	1,120
Road: Tasman St (Cambria to Grove)		318	318	335
Stock effluent facility	(2)	300	298	54
<b>Inner City Enhancement - Car Parks</b>				
10 Halstead Rd building conversion		300	300	312
Bridge St enhancement		218	218	158
Maitai shared path (Akerston St to Trafalgar St)	(5)	1,822	1,817	111
Sundry	19	1,165	1,184	1,511
<b>Total Transport</b>	<b>(187)</b>	<b>15,009</b>	<b>14,822</b>	<b>13,637</b>

### Water Supply

Maitai duplicate pipeline	(323)	4,509	4,186	4,266
Observatory Hill reservoir and pump	4	981	985	960
Pipe renewals		600	600	377
Renewals: commercial meters		151	151	154
Renewals: misc pipes & fittings		63	63	101
Resource consents	13	65	78	102
Ridermains		100	100	132
Sundry	2	614	616	532
<b>Total Water Supply</b>	<b>(305)</b>	<b>7,083</b>	<b>6,779</b>	<b>6,624</b>

### 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		901	901	393
NRSBU expand solids treatment				333
Renewals: NRSBU		292	292	215

Renewals: pump stations	(5)	223	218	187
Sundry	52	661	713	524
<b>Total Wastewater</b>	<b>37</b>	<b>5,158</b>	<b>5,195</b>	<b>4,207</b>

#### Stormwater

Fountain Place		100	100	101
North Esk/Beccles	8	265	273	208
Piping ditches		262	262	96
Public/private drains	37	116	153	8
Railway Reserve/ Newall/ Bledisloe/Louisson/Main Rd (West)		513	513	500
Seaview Tce		209	209	209
Stanley/Beachville		374	374	2
Tasman St (Cambria to Grove)		206	206	138
Sundry	(4)	966	963	509
<b>Total Stormwater</b>	<b>41</b>	<b>3,010</b>	<b>3,052</b>	<b>1,771</b>

#### Flood Protection

Flood mitigation		150	150	54
Stormwater post flood improvements		200	200	155
York Stream channel		470	470	465
Sundry	0	142	142	172
<b>Total Flood Protection</b>		<b>962</b>	<b>962</b>	<b>846</b>

#### Environmental Management

Civil Defence				171
Sundry	20	101	121	102
<b>Total Environmental Management</b>	<b>20</b>	<b>101</b>	<b>121</b>	<b>273</b>

#### Social

<b>Culture, Heritage and Arts</b>				
Buildings - Nelson School of Music	(2)	1,521	1,519	
Earthquake strengthening - Nelson School of Music		323	323	
Land - Nelson School of Music		885	885	
Melrose House earthquake strengthening				189
Theatre Royal building		6,000	6,000	10
Theatre Royal land		590	590	
<b>Libraries</b>				
Book purchases	15	375	390	374
Nightingale roof repair		119	119	1
<b>Public Toilets, Free</b>				
Buxton Toilet				116
Cathedral Toilets		150	150	153
Sundry	24	391	415	456
<b>Total Social</b>	<b>38</b>	<b>10,354</b>	<b>10,391</b>	<b>1,299</b>

#### Parks and Active Recreation

<b>Neighbourhood Parks</b>				
Land purchase: general reserve		1,189	1,189	6
Reserve development		504	504	167
<b>Landscape Reserves</b>				
Fringed Hill revegetation		125	125	139
<b>Esplanade and Foreshore Reserves</b>				
Planting		143	143	145
Tahunanui modellers pond		492	492	88
<b>Trafalgar Centre</b>				
Trafalgar Centre north upgrade		3,253	3,253	
<b>Saxton Field Stadium</b>				
Upgrade for multiuse				257



<b>Pools</b>				
Renewals Nayland		30	30	110
Riverside earthquake strengthening		416	416	447
<b>Play Facilities</b>				
Playground development programme	(7)	198	191	192
<b>Marina</b>				
Pontoon renewal programme	(6)	140	134	134
<b>Saxton Field</b>				
Cricket oval drainage remediation				165
Land purchase (Daelyn)		689	689	
Relocate overhead power	25	275	300	869
Sundry	114	1,930	2,043	1,610
<b>Total Parks and Active Recreation</b>	<b>126</b>	<b>9,383</b>	<b>9,509</b>	<b>4,326</b>

#### Corporate

<b>Civic House</b>				
Buildings		350	350	340
Earthquake strengthening		500	500	
Plant & equipment		213	213	211
<b>Rental Properties</b>				
Strategic building purchases		625	625	90
Strategic land purchases	(3)	1,775	1,772	1,397
<b>Administration</b>				
Motor vehicles		151	151	137
Hardware/desktops	57	1,441	1,498	704
Sundry	35	64	99	114
<b>Total Corporate</b>	<b>89</b>	<b>5,118</b>	<b>5,207</b>	<b>2,994</b>

#### Financial Reserves and Trusts

Vested assets		3,000	3,000	3,673
<b>Total Financial Reserves and Trusts</b>	<b>0</b>	<b>3,000</b>	<b>3,000</b>	<b>3,673</b>

<b>TOTAL CAPITAL EXPENDITURE</b>	<b>(141)</b>	<b>59,180</b>	<b>59,038</b>	<b>39,651</b>
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**Statement of comprehensive income for the year ended 30 June 2014**

	Note	Council			Group	
		Actual	Long Term Plan	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates other than targeted rates for water supply	2	48,372	51,323	46,853	48,372	46,853
Fees, charges, and targeted rates for water supply	2	10,887	11,365	11,014	10,887	11,014
Development and financial contributions	3	1,009	1,987	1,955	1,009	1,955
Grants, donations and subsidies	3	8,150	7,296	7,988	9,237	7,662
Vested assets	3	3,679	7,865	3,173	3,706	3,351
Interest received	3	112	66	79	203	161
Dividend received	3	2,881	2,673	2,803	0	0
Other revenue	3	22,995	24,427	22,085	32,550	29,141
Other gains	4	1,897	0	3,936	1,940	3,966
<b>Total Operating Revenue</b>		<b>99,932</b>	<b>107,002</b>	<b>99,886</b>	<b>107,904</b>	<b>104,103</b>
<b>Expenditure</b>						
Employee benefit expenses	5	15,613	17,988	17,320	27,436	25,807
Depreciation and amortisation	13,14	20,265	21,603	19,699	21,287	20,510
Other expenses	6	48,030	49,787	48,981	44,556	44,222
Finance costs	7	3,788	5,148	4,288	3,854	4,292
<b>Total Operating Expenditure</b>		<b>87,696</b>	<b>94,526</b>	<b>90,288</b>	<b>97,133</b>	<b>94,830</b>
		12,286	12,476	10,301	10,771	9,974
Share of associate's surplus/(deficit)	17	0	0	0	4,593	5,262
<b>Operating surplus before taxation</b>		<b>12,286</b>	<b>12,476</b>	<b>10,301</b>	<b>15,364</b>	<b>15,235</b>
Taxation	8	57	86	24	431	363
Net Surplus		12,229	12,390	10,277	14,933	14,872
Gains/(Losses) on property revaluation	13	93,684	27,854	2,582	93,975	2,297
Share of associates revalued movements	17	0	0	0	25	2,082
<b>Total comprehensive income for year</b>		<b>105,913</b>	<b>40,244</b>	<b>12,859</b>	<b>108,933</b>	<b>19,251</b>

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 for the year ended 30 June 2014**

	Note	Council			Group	
		Actual	Long Term Plan	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>Balance as 1 July</b>		1,189,287	1,244,319	1,176,428	1,268,928	1,249,677
Adjustment for investment in associate		863	0	0	863	0
Total comprehensive income		105,913	40,244	12,859	108,933	19,251
<b>Equity at end of year</b>	24	<u>1,296,063</u>	<u>1,284,563</u>	<u>1,189,287</u>	<u>1,378,724</u>	<u>1,268,928</u>

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

**Balance Sheet as at 30 June 2014**

	Note	Council			Group	
		Actual 2014	Long Term	Actual 2013	Actual 2014	Actual 2013
			Plan 2014			
		\$000	\$000	\$000	\$000	\$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	9	338	98	408	1,771	1,350
Trade and other receivables	10	11,325	12,224	16,527	12,635	17,466
Inventories	11	150	0	186	786	823
Other financial assets	12	0	654	0	3,475	1,381
Taxation	10	57	0	33	0	0
<b>Total current assets</b>		<b>11,870</b>	<b>12,976</b>	<b>17,154</b>	<b>18,667</b>	<b>21,020</b>
<b>Non-current assets</b>						
Trade and other receivables	10	5,034	6,831	5,470	5,034	5,470
Property, plant and equipment	13	1,336,737	1,367,517	1,224,471	1,353,292	1,240,504
Intangible assets	14	1,771	1,249	1,652	1,924	1,772
Forestry assets	15	5,095	4,484	5,165	5,095	5,165
Investment properties	16	960	904	940	960	940
Investments in associates & subsidiaries	17	22,046	22,310	21,183	85,391	82,595
Other financial assets	12	383	140	300	991	715
Deferred Taxation	8	0	0	0	184	215
Derivative financial instruments	23	427	0	0	427	0
<b>Total non-current assets</b>		<b>1,372,453</b>	<b>1,403,435</b>	<b>1,259,181</b>	<b>1,453,298</b>	<b>1,337,376</b>
<b>Total assets</b>		<b>1,384,323</b>	<b>1,416,411</b>	<b>1,276,335</b>	<b>1,471,965</b>	<b>1,358,396</b>

The accompanying notes form part of these Financial Statements

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

		Council			Group	
		Actual	Long Term Plan	Actual	Actual	Actual
		2014	2014	2013	2014	2013
		\$000	\$000	\$000	\$000	\$000
<b>Current liabilities</b>						
Bank overdraft	9	0	2,178	0	0	0
Trade and other payables	19	13,580	15,528	14,518	13,963	15,118
Taxation payable	19	0	0	0	9	136
Provisions	20	0	0	0	0	15
Employee benefit liabilities	21	1,417	1,407	1,683	2,688	2,669
Borrowings	22	46,791	14,591	58,183	46,791	58,242
Derivative Financial Instruments	23	12	0	20	12	20
<b>Total current liabilities</b>		<b>61,800</b>	<b>33,704</b>	<b>74,404</b>	<b>63,463</b>	<b>76,200</b>
<b>Non-current liabilities</b>						
Provisions	20	1,136	618	1,010	1,136	1,010
Non-Current Payables	20	0	0	0	2,069	0
Employee benefit liabilities	21	313	331	344	361	404
Borrowings	22	25,000	96,048	10,000	26,200	10,563
Derivative Financial Instruments	23	11	1,147	1,291	11	1,291
<b>Total non-current liabilities</b>		<b>26,460</b>	<b>98,144</b>	<b>12,645</b>	<b>29,778</b>	<b>13,268</b>
<b>Total liabilities</b>		<b>88,261</b>	<b>131,848</b>	<b>87,049</b>	<b>93,241</b>	<b>89,468</b>
<b>Total net assets</b>		<b>1,296,063</b>	<b>1,284,563</b>	<b>1,189,287</b>	<b>1,378,724</b>	<b>1,268,928</b>
<b>Equity</b>						
Retained earnings	24	355,866	387,644	342,455	392,655	376,249
Other reserves	24	940,197	896,919	846,832	986,069	892,679
<b>Total equity</b>		<b>1,296,063</b>	<b>1,284,563</b>	<b>1,189,287</b>	<b>1,378,724</b>	<b>1,268,928</b>

(0)

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	Long Term Plan	Actual	Actual	Actual	
	2014	2014	2013	2014	2013	
	\$000	\$000	\$000	\$000	\$000	
<b>Cash Flows From Operating Activities</b>						
Rates and Other Revenue	95,370	95,699	86,005	105,567	94,763	
Interest received	112	66	79	219	161	
Dividends received	2,881	2,673	2,803	2,425	2,358	
Payments to suppliers and employees	(61,615)	(67,117)	(62,556)	(69,548)	(67,715)	
Interest paid	(3,788)	(5,148)	(3,586)	(3,854)	(3,590)	
Taxation (paid)/refunded	(81)	(86)	19	(526)	(349)	
Net GST movement	425	0	(769)	626	(836)	
Net cash inflows from operating activities	25	33,304	26,087	21,995	34,909	24,792
<b>Cash Flows From Investing Activities</b>						
Sale of fixed assets	706	22	84	783	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	(36,887)	(42,092)	(26,756)	(38,439)	(29,228)	
Purchase of intangibles	(521)	0	(685)	(3,198)	(754)	
Purchase of investments	(946)	(383)	(160)	(588)	(1,036)	
Loans and advances	0	0	0	0	0	
Net cash outflow from investing activities	(36,982)	(42,119)	(26,516)	(40,776)	(30,180)	
<b>Cash Flows From Financing Activities</b>						
Cash was provided from loans raised	34,000	17,956	25,749	34,700	26,251	
Cash was applied to repayment of loans	(30,392)	(1,015)	(22,823)	(28,411)	(22,883)	
Net cash inflows/outflows from financing activities	3,608	16,941	2,926	6,289	3,368	
Net increase/(decrease) in cash held	(71)	909	(1,595)	421	(2,020)	
Plus opening cash balance	408	(2,989)	2,003	1,350	3,370	
Closing Balance	338	(2,080)	408	1,771	1,350	
<b>Represented by:</b>						
Cash and cash equivalents	9	338	0	408	1,771	1,350
Bank Overdraft	9	0	(2,080)	0	0	0
		338	(2,080)	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 for the year ended 30 June 2014**

	Long Term Plan 2012/13	Annual Report 2012/13	Long Term Plan 2013/14	Annual Report 2013/14
	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>				
General Rates, uniform annual general charges, rates penalties	36,545	36,377	40,317	37,574
Targeted rates (other than a targeted rate for water supply)	10,986	10,476	11,195	10,798
Subsidies and grants for operating purposes	4,527	4,833	2,437	3,069
Fees, charges, and targeted rates for water supply	11,015	11,014	11,365	10,887
Interest and dividends from investments	2,646	2,882	2,739	2,993
Local authorities fuel tax, fines, infringement fees, and other receipts	22,465	22,084	22,702	22,828
<b>Total Operating Funding</b>	<b>88,184</b>	<b>87,666</b>	<b>90,755</b>	<b>88,149</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	70,093	62,773	67,775	62,933
Finance costs	4,099	4,288	5,148	3,788
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>74,192</b>	<b>67,061</b>	<b>72,923</b>	<b>66,721</b>
<b>Surplus (Deficit) of operating funding</b>	<b>13,992</b>	<b>20,605</b>	<b>17,832</b>	<b>21,428</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital	12,354	3,155	6,395	5,081
Development and financial contributions	1,940	1,955	1,987	1,009
Increase (decrease) in debt	24,943	2,926	16,866	3,608
Gross proceeds from sale of assets	41	84	22	706
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding</b>	<b>39,278</b>	<b>8,120</b>	<b>25,270</b>	<b>10,404</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
- to meet additional demand	13,938	6,498	6,185	4,817
- to improve level of service	32,975	12,811	26,106	21,063
- to replace existing assets	11,609	9,261	9,801	8,381
Increase (decrease) in reserves	(3,861)	1,382	592	(1,617)
Increase (decrease) in investments	(1,391)	(1,227)	418	(813)
<b>Total applications of capital funding</b>	<b>53,270</b>	<b>28,725</b>	<b>43,102</b>	<b>31,831</b>
<b>Surplus (Deficit) of capital funding</b>	<b>(13,992)</b>	<b>(20,605)</b>	<b>(17,832)</b>	<b>(21,428)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Reconciliation between the Net Surplus (Deficit) in the Statement of Financial Performance and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2012/13	Annual Report 2012/13	Long Term Plan 2013/14	Annual Report 2013/14
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	13,992	20,605	17,832	21,428
Subsidies and grants for capital expenditure	12,354	3,155	6,395	5,081
Development and financial contributions	1,940	1,955	1,987	1,009
Vested Assets	7,578	3,173	7,865	3,679
Gain/(Loss) on Disposal of assets	0	(2,158)	0	(501)
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)	(21,603)	(20,265)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Income	15,679	10,301	12,476	12,286

The accompanying notes form part of these Financial Statements

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



## NOTES TO ACCOUNTS

**Contents**

**Note 1**

**Note 2 - Rates revenue**

	<b>Actual 2014</b>	<b>Actual 2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>General rates</b>	37,574	36,377
<b>Targeted rates:</b>		
Water	10,887	11,014
Sewerage	6,836	6,455
Stormwater	3,509	3,636
Flood Protection	392	311
Solar Saver	61	74
<b>Total revenue from rates</b>	<b>59,259</b>	<b>57,867</b>

**Rates remissions**

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

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

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

Rates for residential properties in commercial/industrial areas.

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

Excess water rates.

Rates on cemeteries.

Rates on golf practice greens.

Rates for underground utilities.

Rates on low value properties.

Land affected by natural calamity

Households with dependant relatives in an additional unit

Heating appliance replacement (qualifying ratepayers)

Maintenance and protection of heritage buildings

	<b>Actual 2014</b>	<b>Actual 2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Total rates revenue</b>	59,569	58,112
<b>Rates remissions</b>	0	0
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
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
<b>Total remissions</b>	<b>310</b>	<b>245</b>
<b>Rates revenue net of remissions</b>	<b>59,259</b>	<b>57,867</b>

### Note 3 - Other revenue

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
User charges	10,107	10,335	10,311	10,551
NZ Transport Authority grants	6,224	4,129	6,224	4,129
Regulatory revenue	2,918	3,164	2,918	3,164
Rental income and investment properties	5,058	5,737	5,112	5,796
Infringements and fines	790	838	790	838
Petrol tax	330	329	330	329
Vested assets	3,679	3,173	3,706	3,351
Interest income	112	79	203	161
Dividend income	2,881	2,803	0	0
Development/Financial contributions	1,009	1,955	1,009	1,955
Grants/donations <sup>1</sup>	1,926	2,304	3,013	3,533
Grants/insurance proceeds for 2011/2013 emergencies <sup>2</sup>	1,503	1,705	1,503	1,705
Other	2,289	1,532	11,586	6,758
	<u>38,826</u>	<u>38,083</u>	<u>46,705</u>	<u>42,270</u>

*1 - Grants/Donations*

Includes contributions from Tasman District Council and others for Saxton Field and other regional developments of Snell (\$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	(29)	19	14	30
Gain on sale of investments		0	0	0	0
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
<b>Total gains</b>		<u>1,897</u>	<u>3,936</u>	<u>1,990</u>	<u>3,966</u>

## Note 5 - Employee benefit expenses

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Salaries and wages	15,466	16,618	27,009	25,038
Kiwisaver/Superannuation Schemes employer contributions	443	418	453	425
Increase (Decrease) in employee benefit liabilities	(296)	284	(22)	344
<b>Total employee benefit expenses</b>	<b>15,613</b>	<b>17,320</b>	<b>27,440</b>	<b>25,807</b>
	-10%		6%	

## 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	0	0	0	0
Payments to auditors for Long Term Plan and amendments	0	0	0	0
Consultants	1,170	614	1,170	614
Maintenance	20,812	19,279	20,825	19,357
Minimum lease payments under operating leases	224	257	224	257
Impairments of receivables	2	2	17	2
Loss on disposal of property, plant and equipment	13	501	2,158	506
Loss on changes in fair value of forestry assets	15	70	0	70
Loss on changes in fair value of financial derivatives	23	0	0	0
Decrease in value of investments	0	0	0	0
Other Operating Expenses	25,126	25,844	20,801	20,951
<b>Total other expenses</b>	<b>48,030</b>	<b>48,279</b>	<b>43,797</b>	<b>43,520</b>

Audit fees of \$10,087 paid by the Bishop Suter Trust for 2014 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
<b>Total finance costs</b>	<b>3,788</b>	<b>4,288</b>	<b>3,854</b>	<b>4,292</b>

## Note 8 - Taxation

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Components of tax expense</b>				
Current tax expense	57	24	401	398
Deferred tax expense	0	0	30	(25)
<b>Income tax expense</b>	<b>57</b>	<b>24</b>	<b>431</b>	<b>363</b>

### Relationship between tax expense and accounting profit

Surplus/(deficit) before tax	12,266	10,300	15,364	13,530
Tax at 28%	3,440	2,884	4,302	3,789
Non taxable income/adjustments	(3,383)	(2,860)	3,871	3,426
<b>Tax expense</b>	<b>57</b>	<b>24</b>	<b>431</b>	<b>363</b>

### 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
<b>Balance 30 June</b>	<b>0</b>	<b>0</b>	<b>184</b>	<b>215</b>

### Deferred taxation movements statement - Group

	Property, Plant & 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	<b>22</b>	<b>18</b>	<b>186</b>	<b>(10)</b>	<b>215</b>
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	<b>33</b>	<b>21</b>	<b>181</b>	<b>9</b>	<b>244</b>

**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 13)	0	0	159	0
<b>Total cash and cash equivalents</b>	<b>338</b>	<b>408</b>	<b>1,771</b>	<b>1,350</b>
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.

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cash at bank and in hand	338	408	1,612	1,350
Short term bank deposits maturing within three months	0	0	159	0
Bank overdrafts	0	0	0	0
<b>Total cash and cash equivalents</b>	<b>338</b>	<b>408</b>	<b>1,771</b>	<b>1,350</b>

## Note 10 - Trade and other receivables

Note	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Rates receivables	3,471	2,850	3,471	2,850
Other receivables	3,311	7,615	4,536	8,503
Dividend receivable	1,600	1,600	1,600	1,600
Sundry debtors	2,103	2,789	2,178	2,836
	<u>10,485</u>	<u>14,854</u>	<u>11,785</u>	<u>15,789</u>
Less provision for impairment of receivables	253	0	255	4
	<u>10,232</u>	<u>14,854</u>	<u>11,530</u>	<u>15,785</u>
Prepayments	358	881	370	889
Community loans	5,256	5,755	5,256	5,755
Loans to related parties	513	507	513	507
	<u>16,359</u>	<u>21,997</u>	<u>17,669</u>	<u>22,936</u>
Less non-current portion:				
Loans to related parties	488	482	488	482
Community loans	4,546	4,988	4,546	4,988
<b>Total non-current portion</b>	<u>5,034</u>	<u>5,470</u>	<u>5,034</u>	<u>5,470</u>
<b>Current portion</b>	<u>11,325</u>	<u>16,527</u>	<u>12,635</u>	<u>17,466</u>
<b>Current Taxation Asset</b>	<u>57</u>	<u>33</u>	<u>0</u>	<u>0</u>

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 7.8%
- Clean Heat Warm Homes, Face value \$2.8m (2012: \$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 \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	7,832		7,832	12,201		12,201
Past due 1 - 60 days	2,040		2,040	2,040		2,040
Past due 61 - 120 days	265		265	518		518
Past due > 120 days	95	(253)	(158)	95		95
<b>Total</b>	<b>10,232</b>	<b>(253)</b>	<b>9,979</b>	<b>14,854</b>	<b>0</b>	<b>14,854</b>
<b>Group</b>						
Not past due	8,250		8,250	12,901		12,901
Past due 1 - 60 days	2,237		2,237	2,237		2,237
Past due 61 - 120 days	297		297	550		550
Past due > 120 days	99	(2)	97	101	(4)	97
<b>Total</b>	<b>10,883</b>	<b>(2)</b>	<b>10,881</b>	<b>15,789</b>	<b>(4)</b>	<b>15,785</b>

## Note 11 - Inventories

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$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
<b>Total inventories</b>	<b>150</b>	<b>186</b>	<b>786</b>	<b>823</b>



**Note 12 - Other financial assets**

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
<i>Loans and receivables</i>				
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
<b>Total current portion</b>	<b>0</b>	<b>0</b>	<b>3,475</b>	<b>1,381</b>
<b>Non-current portion</b>				
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
<b>Total non current portion</b>	<b>383</b>	<b>300</b>	<b>991</b>	<b>715</b>

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 \$000	Accumulated depreciation and impairment charges 1 July 2013 \$000	Carrying amount 30 June 2013 \$000	Current year additions purchased \$000	Current year additions transferred \$000	Current Yr net disposals/ transfers \$000
	<b>Council operational assets</b>					
Land	69,112		69,112	1,397		
Buildings	31,029	(9,351)	21,678	1,870		(1)
Other improvements	3,910	(508)	3,402	198		0
Landfill post closure	853	(425)	428			
Library books	6,128	(4,355)	1,773	453		0
Plant and equipment	17,735	(13,733)	4,002	489		(13)
Motor vehicles	1,145	(607)	538	140		(35)
Marina	9,828	(1,042)	8,786	197		
<b>Total operational assets</b>	<b>139,740</b>	<b>(30,021)</b>	<b>109,719</b>	<b>4,744</b>		<b>(49)</b>
<b>Council infrastructural assets</b>						
Sewerage treatment & facilities	39,767		39,767	883		
Sewerage infrastructure	105,055		105,055	3,218	720	
Water treatment & facilities	14,832		14,832			
Water other	120,049		120,049	6,616	403	
Drainage network	101,550		101,550	1,771	395	
Flood Protection	9,867		9,867	846		
Solid waste	5,876		5,876	94		
Roading infrastructure	253,888		253,888	12,657	1,178	
Carpark infrastructure	905		905	594		
Roading land	278,762		278,762	255	977	
<b>Total infrastructural assets</b>	<b>930,551</b>	<b>0</b>	<b>930,551</b>	<b>26,934</b>	<b>3,673</b>	<b>0</b>
<b>Council restricted assets</b>						
Land	93,216		93,216	44		
Buildings	49,651	(6,694)	42,957	309		
Other improvements	58,244	(10,216)	48,028	3,321		
<b>Total restricted assets</b>	<b>201,111</b>	<b>(16,910)</b>	<b>184,201</b>	<b>3,674</b>	<b>0</b>	<b>0</b>
<b>Total NCC property, plant and equipment</b>	<b>1,271,402</b>	<b>(46,931)</b>	<b>1,224,471</b>	<b>35,352</b>	<b>3,673</b>	<b>(49)</b>
<b>Subsidiaries property, plant and equipment</b>						
Land	1,123	0	1,123	0		(6)
Buildings	4,087	(978)	3,109	59		4
Leasehold improvements	22	(17)	5	0		0
Plant and equipment	7,439	(4,222)	3,217	1,266		(46)
Motor vehicles	1,781	(916)	865	689		0
Art Collection	7,105	0	7,105	28		0
Capitalised work in progress	609	0	609	125		(609)
<b>Total subsidiaries</b>	<b>22,166</b>	<b>(6,133)</b>	<b>16,033</b>	<b>2,167</b>	<b>0</b>	<b>(657)</b>
<b>Total Group property, plant and equipment</b>	<b>1,293,568</b>	<b>(53,064)</b>	<b>1,240,504</b>	<b>37,519</b>	<b>3,673</b>	<b>(706)</b>

The above cost includes \$26.0 million work in progress, (\$18.6 million in 2012/13).

Current year profit on disposal \$000	Current year Loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2014 \$000	Accumulated depreciation and impairment charges 30 June 2014 \$000	Carrying amount 30 June 2014 \$000
			231	70,740		70,740
		(756)		32,886	(10,107)	22,779
		(107)		4,107	(614)	3,493
		(17)		853	(442)	411
		(365)		5,929	(4,068)	1,861
	(40)	(834)		18,005	(14,401)	3,604
3		(127)		1,064	(533)	531
		(167)		10,024	(1,209)	8,815
3	(40)	(2,373)	231	143,608	(31,374)	112,234
	(32)	(1,222)	350	39,746		39,746
	(20)	(2,577)	8,250	114,646		114,646
		(1,204)	1,227	14,855		14,855
(32)		(2,838)	10,669	134,867		134,867
	(22)	(1,684)	14,636	116,646		116,646
		(128)	(63)	10,522		10,522
		(334)	508	6,144		6,144
	(387)	(4,785)	58,982	321,533		321,533
		(37)	(505)	957		957
			(419)	279,575		279,575
(32)	(461)	(14,809)	93,635	1,039,491	0	1,039,491
			(182)	93,078		93,078
		(937)		49,959	(7,630)	42,329
		(1,744)		61,565	(11,960)	49,605
0	0	(2,681)	(182)	204,602	(19,590)	185,012
(29)	(501)	(19,863)	93,684	1,387,701	(50,964)	1,336,737
		(1)	0	1,117	(1)	1,116
		(104)		4,150	(1,082)	3,068
		(3)		22	(20)	2
		(721)		8,659	(4,943)	3,716
		(159)		2,470	(1,075)	1,395
		0		7,133	0	7,133
		0		125	0	125
0	0	(988)	0	23,676	(7,121)	16,555
(29)	(501)	(20,851)	93,684	1,411,377	(58,085)	1,353,292

2013	Cost/ revaluation 30 June	Accumulated depreciation and impairment charges 1 July 2012	Carrying amount 30 June 2012	Current year additions	Current Yr net disposals/ transfers
	\$000	\$000	\$000	\$000	\$000
<b>Council operational assets</b>					
Land	69,002	0	69,002	110	
Buildings	29,131	(8,662)	20,469	580	1,589
Other improvements	1,710	(350)	1,360	325	1,849
Landfill post closure	853	(397)	456		
Library books	5,731	(4,003)	1,728	423	(3)
Plant and equipment	16,884	(12,974)	3,910	872	2
Motor vehicles	1,072	(553)	519	126	(14)
Marina	9,544	(847)	8,697	284	
Total operational assets	133,927	(27,786)	106,141	2,720	3,423
<b>Council infrastructural assets</b>					
Sewerage system	145,970	0	145,970	3,346	89
Water system	130,179	0	130,179	8,218	
Drainage network	110,948	0	110,948	1,721	(9,942)
Flood Protection	0	0	0	0	9,942
Solid waste	5,918	0	5,918	219	
Roading network	250,587	0	250,587	7,160	
Roading land	277,514	0	277,514	1,427	(41)
Total infrastructural assets	921,116	0	921,116	22,091	48
<b>Council restricted assets</b>					
Land	93,229	0	93,229	1	(14)
Buildings	51,025	(5,566)	45,459	621	(1,577)
Other improvements	54,749	(8,504)	46,245	5,674	(1,834)
Total restricted assets	199,003	(14,070)	184,933	6,296	(3,425)
<b>Total NCC property, plant and equipment</b>	<b>1,254,046</b>	<b>(41,856)</b>	<b>1,212,190</b>	<b>31,107</b>	<b>46</b>
<b>Subsidiaries property, plant and equipment</b>					
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	(1)
Art Collection	6,927	0	6,927	178	0
Capitalised work in progress	62	0	62	609	(62)
Total subsidiaries	19,887	(5,425)	14,462	2,712	(63)
<b>Total Group property, plant and equipment</b>	<b>1,273,933</b>	<b>(47,281)</b>	<b>1,226,652</b>	<b>33,819</b>	<b>(17)</b>

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

Current year profit on disposal \$000	Current year Loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2013 \$000	Accumulated depreciation and impairment charges 30 June 2013 \$000	Carrying amount 30 June 2013 \$000
				69,112		69,112
	(236)	(725)		31,029	(9,351)	21,678
	(33)	(99)		3,910	(508)	3,402
		(28)		853	(425)	428
3		(378)		6,128	(4,355)	1,773
2	0	(784)		17,735	(13,733)	4,002
14		(107)		1,145	(607)	538
		(195)		9,828	(1,042)	8,786
19	(269)	(2,316)	0	139,740	(30,021)	109,719
	(24)	(3,770)	(789)	144,822		144,822
	(161)	(3,985)	630	134,881		134,881
	(18)	(1,656)	497	101,550		101,550
		(124)	49	9,867		9,867
	(1)	(326)	66	5,876		5,876
	(683)	(4,538)	2,267	254,793		254,793
		0	(138)	278,762		278,762
0	(887)	(14,399)	2,582	930,551	0	930,551
				93,216		93,216
	(632)	(914)		49,651	(6,694)	42,957
	(370)	(1,687)		58,244	(10,216)	48,028
0	(1,002)	(2,601)	0	201,111	(16,910)	184,201
19	(2,158)	(19,316)	2,582	1,271,402	(46,931)	1,224,471
		0	(285)	1,123	0	1,123
		(109)		4,087	(978)	3,109
		(2)		22	(17)	5
		(544)		7,439	(4,222)	3,217
		(137)		1,781	(916)	865
		0		7,105	0	7,105
		0		609	0	609
0	0	(792)	(285)	22,166	(6,133)	16,033
19	(2,158)	(20,108)	2,297	1,293,568	(53,064)	1,240,504

**Note 14 - Intangible assets**

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

## 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)
<b>Balance 30 June</b>	<b>5,095</b>	<b>5,165</b>	<b>5,095</b>	<b>5,165</b>

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
<b>Balance at 1 July</b>		940	840	940	940
Additions from acquisitions		0	0	0	0
Disposals		0	0	0	0
Fair value gains/(losses) on valuation	3	20	100	20	100
<b>Balance at 30 June</b>		<b>960</b>	<b>940</b>	<b>960</b>	<b>1,040</b>

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

## Note 17 - Investments in associates and subsidiaries

<b>Council</b>	<b>Proportion of ownership</b>	<b>2014</b>	<b>2013</b>
		<b>\$000</b>	<b>\$000</b>
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%	863	0
The Civic Trust	100%	0	0
<b>Council total</b>		<b>22,046</b>	<b>21,183</b>
<b>Group</b>		<b>2014</b>	<b>2013</b>
		<b>\$000</b>	<b>\$000</b>
Share of net equity:			
Port Nelson Limited		72,189	69,840
Tasman Bays Heritage Trust		8,021	7,973
Nelson Airport Limited		5,114	4,717
Tourism Nelson Tasman Limited		68	66
<b>Total Group Investment</b>		<b>85,391</b>	<b>82,595</b>

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



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

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Opening balance	82,595	77,564
Prior period adjustment	219	13
New investment	0	0
	<u>82,814</u>	<u>77,577</u>
Disposals	0	0
	<u>82,814</u>	<u>77,577</u>
Share of recognised revenues and expenses	4,593	5,262
Share of revaluations	408	2,108
	<u>87,815</u>	<u>84,946</u>
Share of dividend	2,424	2,351
	<u>85,391</u>	<u>82,595</u>
<b>Balance as at 30 June 2014</b>	<b>85,391</b>	<b>82,595</b>

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

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Assets	220,812	225,965
Liabilities	50,031	60,776
Equity	170,781	165,189
Revenues	52,237	50,245
Surplus/(deficit)	9,854	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:

2014	Regional	Ridgeways	Civil	Total
	Sewerage		Defence	
	Scheme	JV		
	\$000	\$000	\$000	\$000
Current assets	112	236	213	561
Non-current assets	27,660	0	251	27,911
Current liabilities	9,157	0	4	9,161
Non-current liabilities	0	0	0	0
Income	3,925	262	408	4,595
Expenses	3,110	93	298	3,501

2013	Regional	Ridgeways	Civil	Total
	Sewerage		Defence	
	Scheme	JV		
	\$000	\$000	\$000	\$000
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	Regional	Ridgeways	Civil	Total
	Sewerage		Defence	
	Scheme	JV		
	\$000	\$000	\$000	\$000
Current assets	67	395	166	629
Non-current assets	29,068	0	90	29,158
Current liabilities	1,314	15	2	1,330
Non-current liabilities	8,563	0	0	8,563
Income	3,780	187	291	4,258
Expenses	3,129	86	204	3,418

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 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
	\$000	\$000	\$000	\$000
<b>Current payables are represented by:</b>				
Trade payables	10,385	9,762	10,161	9,935
Deposits and bonds	747	710	747	710
Accrued expenses	6	1,322	30	1,345
Income in advance	2,185	2,194	2,320	2,452
Trust accounts	77	80	77	80
Amounts due to customers for contract work	16	78	16	78
Other	165	372	613	518
<b>Total current trade and other payables</b>	<b>13,580</b>	<b>14,518</b>	<b>13,963</b>	<b>15,118</b>
<b>Non-current payables are represented by:</b>				
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
<b>Current provisions are represented by:</b>				
Warranty provisions	0	0	0	15
<b>Total current provisions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>Non-current provisions are represented by:</b>				
Landfill redemption	1,136	1,010	1,136	1,010
<b>Total non current provisions</b>	<b>1,136</b>	<b>1,010</b>	<b>1,136</b>	<b>1,010</b>
Balance 1 July	1,010	972	1,010	1,010
Reassessment of liability	28	(65)	28	(103)
Provision for year based on consumption	50	51	50	51
Interest	48	52	48	52
<b>Balance 30 June</b>	<b>1,136</b>	<b>1,010</b>	<b>1,136</b>	<b>1,010</b>

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

The remaining capacity of the site is 1.347 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	428	506	756	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
<b>Total employee benefit liabilities</b>	<b>1,731</b>	<b>2,027</b>	<b>3,050</b>	<b>3,073</b>
Comprising:				
Current	1,417	1,683	2,688	2,669
Non-current	313	344	361	404
<b>Total employee benefit liabilities</b>	<b>1,731</b>	<b>2,027</b>	<b>3,050</b>	<b>3,073</b>

## Note 22 - Borrowings

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current</b>				
Secured loans	17,060	18,460	17,060	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
<b>Total current borrowings</b>	<b>46,791</b>	<b>58,183</b>	<b>46,791</b>	<b>58,242</b>
<b>Non-current</b>				
Secured loans	0	0	0	0
Floating rate notes	25,000	10,000	25,000	10,000
EECA loan	0	0	0	0
Nelmac loans	0	0	1,200	500
The Bishop Suter Gallery loans	0	0	0	63
<b>Total non-current borrowings</b>	<b>25,000</b>	<b>10,000</b>	<b>26,200</b>	<b>10,563</b>

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).

## Internal borrowings and interest

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

Activity	01 July \$000	Loans Drawn \$000	Loans Repaid \$000	30 June \$000	Interest \$000
<b>2014</b>					
Transport	17,230	5,529	(1,343)	21,416	905
Water Supply	27,940	2,340	0	30,280	1,393
Wastewater	0	0	0	0	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	(1,044)	46,994	2,330
Economic	238	0	0	238	12
Corporate	15,315	3,141	(115)	18,341	828
<b>Total Internal Loans</b>	<b>135,457</b>	<b>13,179</b>	<b>(3,904)</b>	<b>144,732</b>	<b>6,821</b>
<b>2013</b>					
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
<b>Total Internal Loans</b>	<b>131,569</b>	<b>9,291</b>	<b>(5,403)</b>	<b>135,457</b>	<b>6,818</b>

## Note 23 - Derivative Financial Instruments

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Current Liability</b>				
Interest Rate Swaps	12	20	12	20
<b>Total current liability</b>	<b>12</b>	<b>20</b>	<b>12</b>	<b>20</b>
<b>Non-current Liability</b>				
Interest Rate Swaps	11	1,291	11	1,291
<b>Total non-current liability</b>	<b>11</b>	<b>1,291</b>	<b>11</b>	<b>1,291</b>
<b>Non-current Asset</b>				
Interest Rate Swaps	427	0	427	0
<b>Total Non-current Asset</b>	<b>427</b>	<b>0</b>	<b>427</b>	<b>0</b>
		0		
<b>Total derivative financial instrument liabilities</b>	<b>23</b>	<b>1,311</b>	<b>23</b>	<b>1,311</b>
<b>Total derivative financial instrument assets</b>	<b>427</b>	<b>0</b>	<b>427</b>	<b>0</b>

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 3.58% to 5.365% and the weighted average interest rate of the swap portfolio is 4.41% (2013: 4.23%), \$3m (2012 \$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
<b>Retained earnings</b>				
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	12,229	10,277	14,953	14,872
Associates revaluation	863	0	863	0
<b>As at 30 June</b>	<b>355,866</b>	<b>342,455</b>	<b>392,655</b>	<b>376,249</b>
<b>Restricted reserves</b>				
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
<b>As at 30 June</b>	<b>1,033</b>	<b>1,352</b>	<b>1,033</b>	<b>1,352</b>
<b>Hedging Reserve</b>				
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)
<b>As at 30 June</b>	<b>0</b>	<b>0</b>	<b>(394)</b>	<b>(759)</b>
<b>Contingency reserve</b>				
Regional Sewerage Schemes:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
<b>As at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

**Asset revaluation reserve**

As at 1 July	845,430	842,848	892,036	868,239
Revaluation gains/(losses)	93,684	2,582	93,344	3,873
Share of associates revaluation			0	0
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	0	0	0	(76)
<b>As at 30 June</b>	<b>939,114</b>	<b>845,430</b>	<b>985,380</b>	<b>892,036</b>

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	120,655	108,958
Drainage infrastructure	94,093	79,457	94,093	79,457
Flood protection infrastructure	(14)	49	(14)	49
Solid waste infrastructure	6,008	5,500	6,008	5,500
Roading infrastructure	451,527	393,467	451,527	393,467

**Regional Sewerage Scheme**

Land	829	840	829	840
Forestry	16	16	16	16
Plant and equipment	3	3	3	3
Sewerage infrastructure	9,714	9,086	9,714	9,086

**Port Nelson:**

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

**Tasman Bays Heritage Trust - land**

	0	0	481	481
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**Nelmac - land**

	0	0	0	215
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<b>Total asset revaluation reserve</b>	<b>939,114</b>	<b>845,430</b>	<b>985,380</b>	<b>892,036</b>
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<b>Total Other Reserves</b>	<b>940,197</b>	<b>846,832</b>	<b>986,069</b>	<b>892,679</b>
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<b>Total Equity</b>	<b>1,296,063</b>	<b>1,189,287</b>	<b>1,379,724</b>	<b>1,268,928</b>
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**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
<b>Surplus/(deficit) after tax</b>	12,229	9,348	14,933	12,239
<b>Add non-cash items:</b>				
Depreciation and amortisation	20,265	19,699	21,290	20,510
Write down interest free loan	0	668	0	668
Revaluation of derivative instruments	(1,715)	(2,590)	(1,715)	(2,590)
Impairment charges	0	0	0	0
Provision for discount unwinding	(191)	(297)	(191)	(297)
Increase in deferred tax	0	0	32	(27)
Vested assets	(3,679)	(3,173)	(3,707)	(3,351)
Non cash donations/grants	0	0	0	0
Associated (surplus) ex dividends	0	0	(1,624)	(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
<b>Add/(less) items classified as investing or financial activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	530	2,139	491	2,128
(Gains)/losses on disposal of investments classified as fair value through equity	0	0	0	0
(Gains)/losses on fair value of investments	0	0	0	0
Transfer from Equity	863	0	863	0
Movement in non current provisions	0	0	(12)	(8)
Movement in capital creditors	885	(1,309)	885	(1,309)
Movement in borrowings related accrual	0	0	0	0
Movement in investment related accounts receivable	(475)	(1,372)	(475)	(1,372)
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	5,638	0	5,268	(2,669)
Inventories	36	0	32	(62)
Accounts payable	(938)	0	(1,178)	1,867
Income tax payable	(24)	43	(102)	43
Employee benefits	(296)	0	(23)	346
<b>Net cash inflow/(outflow) from operating activities</b>	<u>33,304</u>	<u>22,164</u>	<u>34,909</u>	<u>22,159</u>

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

	Council		Group	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
<b>Capital commitments</b>				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	3,120	2,925	3,120	2,925
Civic Trust	0	0	6	6
Nelmac	0	0	251	153
Nelson Regional Economic Development Agency	0	0	0	0
The Bishop Suter Trust	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
	<u>3,120</u>	<u>2,925</u>	<u>3,583</u>	<u>3,121</u>
<b>Operating leases as lessee</b>				
Less than one year	196	182	405	273
One to five years	782	710	1,088	741
Over five years	1,387	1,265	1,387	1,265
	<u>2,365</u>	<u>2,157</u>	<u>2,880</u>	<u>2,279</u>
<b>Operating lease as lessor</b>				
Nelson City Council	0	9,596	0	9,596
Nelson Airport Limited	0	0	0	3,607
Port Nelson Limited	0	0	0	10,811
	<u>0</u>	<u>9,596</u>	<u>0</u>	<u>24,014</u>

## Note 27 - Contingencies

### Contingent liabilities:

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Council</b>		
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
	<u>0</u>	<u>0</u>
	1,315	1,315
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture (see below)	<u>0</u>	<u>0</u>
<b>Total Council</b>	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	<u>132</u>	<u>127</u>
<b>Total Group</b>	<u><u>1,447</u></u>	<u><u>1,442</u></u>

### 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:

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
<b>Nelmac Limited</b>		
Amounts paid by Nelson City Council	14,798	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
<b>City of Nelson Civic Trust</b>		
Amounts paid by Nelson City Council	2	384
Amounts paid to Nelson City Council	0	8
Amount payable by Nelson City Council	0	0
<b>Nelson Regional Economic Development Agency</b>		
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
<b>The Bishop Suter Trust</b>		
Amounts paid by Nelson City Council	577	567
Amounts paid to Nelson City Council	0	0

	<b>2014</b>	<b>2013</b>
<b>Port Nelson Limited</b>	<b>\$000</b>	<b>\$000</b>
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
<b>Nelson Airport Limited</b>		
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.		
<b>Tasman Bays Heritage Trust</b>		
Amounts paid by Nelson City Council	890	875
Loan from Nelson City Council	1,150	1,175
<b>Tourism Nelson Tasman Limited</b>		
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
<b>Nelson Regional Sewerage Business Unit</b>		
Amounts paid by Nelson City Council	3,193	3,184
Amounts paid to Nelson City Council	194	246
Amounts paid to Nelson City Council as return on investment	977	868
Amount payable by Nelson City Council	0	0
Amount payable to Nelson City Council	1,113	1,836
<b>Nelson Tasman combined Civil Defence Organisation</b>		
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
<b>Ridgeways Joint Venture</b>		
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 2013/13).

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:**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Salaries and other short term employee benefits	2,197	2,157
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0

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

## Note 29 - Remuneration

### Chief Executive

The Chief Executive of Nelson City Council is appointed under section 42 of the Local Government Act 2002.

Chief Executive remuneration for the year to 30 June 2014 was \$294,629 (\$244,168 in 2012/13)

### Elected representatives

Total remuneration:

	Council		Group	
	2014	2013	2014	2013
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
	<u>565,850</u>	<u>526,238</u>	<u>565,850</u>	<u>526,238</u>

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
	<u>820</u>	<u>6,495</u>

### 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
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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:

Range of earnings for year	2014	2013
	No.	No.
\$120,000 to \$279,999	6	10
\$100,000 to \$119,999	14	15
\$80,000 to \$99,999	35	36
\$60,000 to \$79,999	63	72
Under \$60,000	102	124
	220	257

The 2013 bands were from \$120,000 to \$199,999 (6 staff) and \$200,000 to \$279,999 (4 staff).

### Note 30 - Severance payments

For the year ended 30 June 2014 Nelson City Council made 22 (2 in 2012/13) severance payments to employees totalling \$714,442 (\$41,879 in 2012/13).

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

\$  
72,226  
26,136  
47,718  
98,430  
17,632  
62,000  
67,243  
14,000  
48,618  
15,578  
50,000  
61,252  
28,456  
11,861  
11,953  
22,634  
12,908  
9,266  
17,329  
13,838  
4,828  
536

### Note 31 - Events after the balance sheet date

To be confirmed

## Note 32 - Financial instruments

### A. Financial instrument categories

	Council		Group	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	338	408	1,771	1,350
Trade and other receivables	10,232	14,854	11,785	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	16,339	21,524	22,758	24,782
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	427	0	427	0
Civic Trust - Investments	0	0	608	415
<b>Held to maturity</b>				
Other financial assets				
- Local Government Funding Agency borrower notes	240	160	240	160
<b>Fair value through other comprehensive income</b>				
Shares in NZ Local Govt Insurance Corp Ltd	140	140	140	140
	17,146	21,824	24,173	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	13,580	14,518	13,963	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	85,371	82,701	86,954	83,923
<b>Fair value through surplus or deficit that are not hedge accounted</b>				
Derivative financial instruments	23	1,311	23	1,311
Total fair value through profit and loss	23	1,311	23	1,311

**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.

**2014 Council**

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>Financial Assets</b>				
Derivative financial instruments	427	0	427	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
<b>Financial Liabilities</b>				
Derivative financial instruments	23	0	23	0

**2014 Group**

	Total	Quoted market price	Valuation technique observable inputs	Significant non-observable inputs
<b>Financial Assets</b>				
Derivative financial instruments	427	0	427	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	140
Civic Trust - 1st NZ Securities	608	0	0	608
<b>Financial Liabilities</b>				
Derivative financial instruments	23	0	23	0

2013 Council		Quoted market price		Valuation technique	Significant non-observable inputs
	Total			observable inputs	
<b>Financial Assets</b>					
Derivative financial instruments	0	0	0	0	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	0	140
<b>Financial Liabilities</b>					
Derivative financial instruments	1,311	0	1,311	0	0
2013 Group		Quoted market price		Valuation technique	Significant non-observable inputs
	Total			observable inputs	
<b>Financial Assets</b>					
Derivative financial instruments	0	0	0	0	0
Shares in NZ Local Govt Insurance Corp Ltd	140	0	0	0	140
Civic Trust - 1st NZ Securities	415	0	0	0	415
<b>Financial Liabilities</b>					
Derivative financial instruments	1,311	0	1,311	0	0

### C. Financial instrument risks

Nelson City Council has a series of policies to manage the risks associated with financial instruments. Nelson City Council is risk averse and seeks to minimise exposure from its treasury activities. Nelson City Council has established Council approved Liability and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

#### Market risk

##### Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Nelson City Council only holds short term investments with the major banks, and holds no listed equity instruments.

##### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Nelson City Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

**Interest rate risk**

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies. This includes entering into rate options or interest rate swap agreements. As at 30 June 2014 the Council had entered into interest swap agreements to a value of \$ 76.0 million at interest rates between 3.58% 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 11.

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 \$5.8 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	10,232	14,854	11,785	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	427	0	427	0
	<u>18,321</u>	<u>22,999</u>	<u>24,782</u>	<u>26,257</u>

**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
<b>Counterparties with Credit Ratings</b>				
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-	427	0	427	0
<b>Counterparties without credit ratings</b>				
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

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 \$20m. 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 (2012: \$nil).

2014 Council	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	338	338			
Trade and other receivables	10,232	10,232			
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	427				427
	<u>17,006</u>	<u>11,289</u>	<u>1,182</u>	<u>1,850</u>	<u>2,685</u>

<b>Contractual maturity analysis of financial liabilities</b>					
Creditors and other payables	13,580	13,580			
Bank overdraft	0				
EECA loan	0				
Floating rate notes	25,000				25,000
Commercial paper	29,731	29,731			
Secured loans	17,060	17,060			
Derivative financial instruments	23	12	11		
	<u>85,394</u>	<u>60,383</u>	<u>11</u>	<u>0</u>	<u>25,000</u>

2014 Group	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>Contractual maturity analysis of financial assets</b>					
Cash and cash equivalents	1,771	1,771			
Trade and other receivables	11,785	11,785			
Other financial assets					
- term deposits	3,433	3,433			
- 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	427				427
	<u>23,425</u>	<u>17,708</u>	<u>1,182</u>	<u>1,850</u>	<u>2,685</u>



**Contractual maturity analysis of financial liabilities**

Creditors and other payables	13,963	13,963		
Bank overdraft	0	0		
EECA loan	0			
Floating rate notes	25,000			25,000
Commercial paper	29,731	29,731		
Secured loans	17,060	17,060		
Nelmac loans	1,200		1,200	
Derivative financial instruments	23	12	11	
	<u>86,977</u>	<u>60,766</u>	<u>1,211</u>	<u>0 25,000</u>

**Sensitivity analysis**

The table below illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on Nelson City Council's financial instrument exposures at the balance date.

**Council**

	2014 \$000				2013 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- Local Government Funding Agency Floating rate notes	0	0	0	0	0	0	0	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(2,666)	0	3,149	0	(3,088)	0	2,926	0
<b>Total sensitivity to interest rate risk</b>	<u>(2,666)</u>	<u>0</u>	<u>3,149</u>	<u>0</u>	<u>(3,088)</u>	<u>0</u>	<u>2,926</u>	<u>0</u>

**Group**

	2014 \$000				2013 \$000			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other equity	Profit	Other equity	Profit	Other equity	Profit	Other equity
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents	0	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0	0	0
Other financial assets:								
- Local Government Funding Agency Floating rate notes	0	0	0	0	0	0	0	0
<b>Financial liabilities</b>								
Borrowings:								
- bank overdraft	0	0	0	0	0	0	0	0
Derivative financial instruments	(2,666)	0	3,149	0	(3,088)	0	2,926	0
<b>Total sensitivity to interest rate risk</b>	<u>(2,666)</u>	<u>0</u>	<u>3,149</u>	<u>0</u>	<u>(3,088)</u>	<u>0</u>	<u>2,926</u>	<u>0</u>

A movement in market interest rate on fixed rate debt does not have any impact because secured loans are fixed via interest rate swaps.

**Note 33 - Explanation of major variances against budget**

To be completed

### **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 - Reclassification and restatement**

To be completed

### **Note 36 – Insurance**

To be completed

### **Note 37 - Financial Prudence**

To be completed

## FINANCIAL INVOLVEMENT IN CCTOS, OTHER COMPANIES OR ORGANISATIONS

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

Measures	Target	Result	Comment
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
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**

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

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
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	-	-
<b>Shareholder's funds carried forward</b>	<b>146,986</b>	<b>143,318</b>

#### **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
<b>Non-shareholder business</b>		
Ensure that all non-Nelson City Council work contributes to the profitability of the company	Achieved	Non-Nelson City Council work contributed to profitability.
<b>Equity ratio</b>		
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.
<b>Quality of Service</b>		
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.
<b>Staff</b>		
Staff morale/turnover excluding retirement, redundancy and internal transfers to be within range of 5-15% for the year ending 30 June	Achieved	Actual turnover 7.6%.
Staff health and safety – continue to actively promote health and safety in the workplace with the aim of achieving less than 1% workday losses to accidents	Achieved	Actual workday losses 0.1%.
Nelmac to maintain the tertiary level of ACC workplace safety management practice	Achieved	Maintained.
<b>Sustainability</b>		
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**

Nelson Maintenance & Construction Limited (NeIMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council.

	<b>2013</b>	<b>2012</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	18,232	17,417
Expenses	16,962	16,166
Net Surplus Before Taxation	1,270	1,251
Provision for Taxation	(357)	(346)
Net Surplus for Year after Taxation	913	905
Retained Earnings Brought Forward	5,056	4,491
Dividend	(452)	(340)
<b>Retained earnings carried forward</b>	<b>5,517</b>	<b>5,056</b>

## 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*

<b>Measures/ Targets</b>	<b>Result for 2013/14</b>	<b>Comment</b>
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.
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**

**NELSON AIRPORT LIMITED**

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.

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	5,249	5,030
Expenses	3,131	2,960
Net Surplus Before Taxation	2,118	2,070
Provision for Taxation	(675)	(580)
Net Income for Year after Taxation	1,443	1,490
Retained Earnings Brought Forward	7,034	6,044
Dividend	(650)	(500)
<b>Retained earnings carried forward</b>	<b>7,827</b>	<b>7,034</b>

**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**

<b>Measures/ Targets</b>	<b>Result for 2013/14</b>	<b>Comment</b>
<b>Destination Marketing</b>		
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 of \$60,000	Not Achieved	Actual spend \$51,500.
Achieve convention of \$26,000	Achieved	Actual spend \$26,475.



Measures/ Targets	Result for 2013/14	Comment
Improve ranking from 12 <sup>th</sup> to 11 <sup>th</sup> with Convention Bureau market share	Achieved	Actual ranking 9 <sup>th</sup> from 13 <sup>th</sup> .
Increase i-SITE booking sales by 5%		
China	Achieved	Actual sales 44.8%.
India	Not Achieved	Actual sales -38.1%.
Hong Kong	Not Achieved	Actual sales -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.
<b>Destination Management</b>		
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 Maori tourism enterprises by meeting with local Iwi representatives and other Maori tourism organisations	Achieved	Communicated with NZ Maori Tourism and Nau Mai Magazine.
<b>Visitor Information Services</b>		
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.
<b>Company Management</b>		
Net profit, working capital and company equity:		
• Net Profit before tax meets budget	Achieved	Net profit \$16,499.

Measures/ Targets	Result for 2013/14	Comment
<ul style="list-style-type: none"> <li>Improve working capital by at least \$50,000</li> <li>Achieve equity level of \$150,000</li> </ul>	Achieved	Working capital increased \$85,639.
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%.

### **Financial performance – Nelson Tasman Tourism Ltd**

#### **Tourism Nelson Tasman Limited**

	<u>2014</u>	<u>2013</u>
	<b>\$000</b>	<b>\$000</b>
Revenue	1,682	1,784
Expenses	<u>1,657</u>	<u>1,732</u>
Net Surplus Before Taxation	25	52
Provision for Taxation	<u>(22)</u>	0
Net Surplus for Year after Taxation	3	52
Retained Earnings Brought Forward	<u>132</u>	<u>80</u>
<b>Retained earnings carried forward</b>	<u><u>135</u></u>	<u><u>132</u></u>

### **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**

<b>Measures/ Targets</b>	<b>Result for 2013/14</b>
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%
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 as 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**

**Ridgeways Joint Venture**

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

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	524	562
Expenses	186	190
Net Surplus Before Taxation	338	372
Retained Earnings Brought Forward	533	761
Distribution	(400)	(600)
<b>Retained earnings carried forward</b>	<b>471</b>	<b>533</b>

## NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

The Nelson Regional Economic Development Agency 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	Ongoing	Supported new and existing businesses through sponsorship at the Bridge Street

Measures/ Targets	Result for 2013/14	Comment
entrepreneurship in the region		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.
Cluster group facilitation	Ongoing	Provided administrative support to Engineering and Aviation clusters. Offered support to the Food and Beverage Innovation cluster initiative based at Marlborough Research Centre. EDA is member of steering group investigating a Marine City initiative.
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	Initiatives identified through REDS process to be implemented in 2015. Facilitated regional Business Leaders meeting. Participated in planning meetings and facilitates collaboration with multiple stakeholders.
Facilitate opportunities for attracting international students to the region	Ongoing	Worked with Education New Zealand and NMIT to increase international students to the region.

Measures/ Targets	Result for 2013/14	Comment
Maori Economic Development	Ongoing	Engaged with iwi and key regional stakeholders to facilitate discussion and identification of opportunities.
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 at the Nelson Greypower ageing population meeting. Contracted to deliver an 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	The EDA is a 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.

**Financial performance – Nelson Regional Economic Development Agency**

**Nelson Regional Economic Development Agency**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
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
<b>Retained earnings carried forward</b>	<b>366</b>	<b>368</b>

**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**

<b>Measures/Targets</b>	<b>Results for 2013/14</b>	<b>Comment</b>
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	Not Achieved	Deed of Trust has been reviewed.

Measures/Targets	Results for 2013/14	Comment
<p>Memorandum of Understanding with the Trust's Iwi partners</p> <p>Bring the Deed of Trust and the MOU with Iwi into alignment to clarify the Trustee selection and appointment process in particular.</p>		
<p>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.</p>	On-track	Consultant appointed and review scheduled to be completed by the end of the 2014 calendar year.
<p>Resolve the issues identified in the Detailed Engineering Evaluation of the Research Facility building at Isel Park to ensure the Collections are protected and that public have access to the research material.</p>	Achieved	Work to strengthen the building, improve the security and egress issues was undertaken and financed within existing resources.
<p>Ensure that objectives are achieved within budget.</p>	Achieved	Monthly reporting and forecasting was presented at monthly Board Meetings.
<p>Ensure the Asset Register is maintained and that an appropriate asset management plan is put in place.</p>	Achieved Ongoing	The Asset Register is maintained by the Financial Services Officer. Collection assets are added at current market value as appropriate.
<b>Museum Collections Care and Development</b>		
<p>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.</p>	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.
<p>Seek to reduce disruption to staff work and public services caused by the condition of the building and endeavor to find ways of providing access to alternative resources and modes of access.</p>	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.



Measures/Targets	Results for 2013/14	Comment
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.
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 were checked through Te Tai Ao Komiti for advice on items of interest to Iwi.
<b>Museum Exhibitions, Education and the Visitor Experience</b>		
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	Achieved	The Exhibition Advisory Committee discussed the forward plan of exhibitions for the Main Upper Gallery and Education space and the proposed window display.

Measures/Targets	Results for 2013/14	Comment
and interests of a broad audience, aligned with the Exhibition Policy.		
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.
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 Maori 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 Maori 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	Achieved	Marketing and promotion was

Measures/Targets	Results for 2013/14	Comment
promotional opportunities by implementing joint marketing strategies with other regional institutions, particularly those supported by our two regional Council stakeholders.	Ongoing	aligned with other Council assets. There was strong uptake of the Memories exhibition and work is undeunder way on a joint portal for regional heritage assets.
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**

**Tasman Bays Heritage Trust**

	<b>2014</b>	<b>2013</b>
	<b>\$000</b>	<b>\$000</b>
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
<b>Equity carried forward</b>	<b>18,673</b>	<b>18,577</b>

**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.
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 Maori is strengthened	Achieved	Regular meetings held, cultural protocols observed and the MoU with Ko Te Pouaranga reviewed and revised in anticipation of signing in September 2014. Iwi had input into the Redevelopment Project.

Measures/ Targets	Result for 2013/14	Comment
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 <i>Jane Evans A celebration of Colour</i> 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)**

**The Bishop Suter Trust**

	<u>2013</u>	<u>2012</u>
	<u>\$000</u>	<u>\$000</u>
Revenue	1,702	1,313
Expenses	<u>1,025</u>	<u>879</u>
Net Surplus Before Taxation	677	434
Retained Earnings Brought Forward	<u>10,514</u>	<u>10,080</u>
<b>Retained earnings carried forward</b>	<u><u>11,191</u></u>	<u><u>10,514</u></u>

## SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

### Summary of individual rate 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 2012	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	36,044	10,887	6,836	3,509	392	61	57,729
<b>Balance 30 June 2014</b>	<b>5,570</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,570</b>

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 \$3,427,000 in the funds available in 2013/14.

## **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 [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz) or email [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

### **CORRESPONDENCE**

Address written correspondence to the Council to:

Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239.

### **ATTENDING A COUNCIL MEETING**

Council meetings are advertised in Live Nelson. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

### **PUBLIC FORUMS**

There is a public forum at the beginning of most ordinary Council meeting where up to five minutes will be available for members of the public to speak to Councillors. Book a time before the meeting by contacting a Council Administration Adviser on 546 0200.

### **DEPUTATIONS**

Groups or organisations may form a deputation to make a representation to a Council or Committee meeting. There is a formal procedure for such a presentation. A request for a deputation to appear, including the subject to be raised, must be made in writing at least 10 days before the meeting. Contact a Council Administration Adviser on 546 0200.

### **PETITIONS**

The presentation of a petition to Council or its Standing Committees must conform to certain rules. Contact a Council Administration Adviser on 546 0200.