



NELSON CITY COUNCIL

FOR THE YEAR ENDED 30 JUNE 2009

ANNUAL REPORT SUMMARY 2008 - 2009

 **Nelson City Council**
te kaunihera o whakatū

Annual Report Summary 2008-2009

It's been another eventful year for Nelson and one of increasing change for your Council. This issue of Live Nelson includes a summary of the Council's 2009 Annual Report. It

covers all 15 Council activities, which are broad groups of services such as water supply or social development. The summary has to represent, fairly and consistently, the major issues covered in the annual report. It cannot provide as complete an understanding as the full annual report, which is available at Civic House, the Nelson Public Libraries or online at www.nelsoncitycouncil.co.nz

An annual report is an audited record of Council's performance and an important part of Council's accountability to its community. It sets out whether Council did what it said it would and, if not, why there were differences. For example, project budgets might have been underspent because of work delays. The financial information included in the full annual report has been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as appropriate for a public benefit entity. This summary annual report complies with Financial Reporting Standards 43 (FRS-43): Summary Financial Statements.



Mayor's word

Tēnā koutou e te whānau ki Whakatū

I am very pleased to present this summary of Council's achievements for the year ended 30 June 2009. It has been an incredibly busy year with some major highlights and memorable moments. Council touches many aspects of our daily lives through the wide range of facilities it provides and services it delivers. So it's important we give regular feedback on how we are doing on what is promised by us and expected by you.

In terms of significant milestones, we appointed a new Chief Executive and with new leadership comes a new direction. We also developed our new Nelson Community Plan, which is now in place as our guiding document for the future.

Highlights for me include:

- The new Saxton Field Stadium
- Work towards a decision on a performing arts and conference centre
- The successful bid to be a Rugby World Cup 2011 host
- Trafalgar Centre southern extension
- Planning for Trafalgar Park upgrade
- Launch of Solar Saver scheme for hot water systems
- Biodiversity Action Plans
- Growing relationships with iwi/Māori
- Maintaining essential infrastructure
- Heart of Nelson projects launched
- Civic House improvements for our customers

It has been another year of sound performance by the Council, for which I am grateful to our new Chief Executive and staff. I also want to acknowledge my fellow Councillors for all their sterling work in and out of the public eye for the benefit of our wonderful city. In this summary you can read about some of the year's highlights, and if you want to read more, pick up a copy of the full annual report from the foyer at Civic House, from any of our city libraries or find it on the website.

Kerry Marshall MBE, JP
Mayor of Nelson



Audit Report

To the readers of Nelson City Council and group's summary annual financial statements, performance information and the other requirements for the year ended 30 June 2009.

We have audited the summary financial statements, performance information and the other requirements as set out in pages 2-7.

Unqualified Opinion

In our opinion:

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

We expressed an unqualified audit opinion, in our report dated 15 October 2009, on:

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

Basis of Opinion

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.

S M Tobin, Audit New Zealand
On behalf of the Auditor General
Christchurch, New Zealand
5 November 2009

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

From the Chief Executive

This has been a year of change, particularly internal change in the organisation and very soon you will begin to notice an improvement in customer service. One of the main ways to measure a council's performance is the financial bottom line.



The 2008/09 year for Nelson City Council showed sound financial management in keeping within our overall targets, despite some unanticipated challenges thrown at us by the weather and global financial markets.

The net surplus was \$18 million, which was \$0.9 million less than had been budgeted in the 2008/09 Annual Plan. Most of the difference was due to the \$1.97 million spent on cleaning up after the July 2008 wind storm. Council voted to delay several capital projects to reduce borrowing and lower the rate increase.

This year's results will be a baseline against which we will measure organisational improvement to lift residents' approval of Council's overall performance. This time next year I aim to be able to report increased approval of how we are doing as a Council, as judged by our residents.

Keith Marshall
Chief Executive

Working with Māori

Council continued to build relationships with iwi/Māori as a key priority. Together we have established a new staff position that will grow our shared interests for the benefit of the wider Nelson community. Council provided a range of opportunities for Māori to participate in Council decision making, including two Kotahitanga Hui, which included discussion between Council and iwi leaders on mutual issues.

The Memorandum of Understanding between Tangata Whenua o Whakatū and Council was reviewed over the year and the key principles underlying the relationship were affirmed as a result. There was strong iwi involvement in key city projects, including the Heart of Nelson Strategy for the central city and heritage inventory for the Nelson Resource Management Plan.

Māori and iwi representatives took part in the Nelson Community Plan process, which included early discussion of priorities and submissions by groups including the Nelson College whanau council. There are also active rangatahi representatives on the Nelson Youth Council.

How did Council perform?

The following table is a summary of the Council's performance targets for each activity and shows the number of targets that were met as well as a sample service target. Details of all the targets are included in the full annual report.

ACTIVITY	NUMBER OF TARGETS MET	CLOSE TO TARGET OR ON TRACK	NUMBER OF TARGETS NOT ACHIEVED	NUMBER NOT ASSESSED	EXAMPLE OF SERVICE LEVEL	TARGET FOR SAMPLE SERVICE LEVEL	RESULTS: ☺ ACHIEVED ☹ CLOSE/ON TRACK ⊗ NOT ACHIEVED
Water supply	8	1	1	1	Water supply grading	At least 'A' for source and 'b' at point of distribution	☺ Ab grading confirmed May 2009
Waste water	5	-	2	-	Resident satisfaction	At least 80% satisfied or very satisfied	☺ 2008 survey showed 86% satisfaction
Stormwater/ flood protection	6	-	-	1	Response times	Clearance of obstructions within 2 working days 90% of the time	☺ 95% compliance recorded
Solid waste management	4	-	1	-	Resource consents	All consent conditions complied with	☺ One consent for York Valley landfill
Environmental management	6	7	3	-	Informed community	Provision of environmental monitoring strategy	⊗ Not produced as biosecurity and biodiversity work higher priority
Transport	11	-	8	2	Bridge strength	Maintain all bridges to full 'heavy normal' (HN) loading restriction	☺ all comply
Regulatory compliance*	6	1	4	-	Safe food standards	No more than five complaints per 100 premises	☺ 2.86/100 premises
Parks, open space	11	-	-	-	Sufficient reserves	More than 4 hectares per 1000 population	☺ 245 ha/1000 population
Recreation and leisure	6	-	-	-	-	Targets not set or assessed this financial year	-
Community facilities	12	-	2	2	Resident satisfaction -public libraries	At least 80% satisfied or very satisfied in annual Residents Survey	☺ 91% in 2008 survey
Economic and tourism support	-	-	-	1	Effects of growth	At least 80% of residents satisfied with how Nelson is coping with growth	Not assessed in 2008 or 2009
Emergency management	-	-	-	-	-	No service levels or targets set for emergency management	
Social development	1	-	3	3	Perception of benefit	At least 80% approval of usefulness of Summer Passport for youth	⊗ 75% rated it a useful resource
Culture, heritage, arts	6	-	1	3	Heritage sites maintained	All plans implemented, including condition assessments and remedial work as necessary	☺ assessments every 2 years and work was done as needed
Democracy and administration	-	-	-	-	-	Targets not set or assessed this financial year	
TOTALS	72	9	25	13			

*consents, licences, public health and monitoring

Key Council projects and achievements for the year to 30 June 2009

As Nelson City Council is a unitary council, it has regional council responsibilities like monitoring the environment as well as the usual essential services provided by a city council.

Towards healthy land, sea, air and water

Clean water

Nelson city continues to have very high quality water. Our Ab grading was confirmed in May 2009, which was A grade at the water source, the Tantragee treatment plant, and b grade at the point of distribution, your taps.

Better waste water facilities

Work continued at the Bells Island Sewerage Treatment Plant on the upgrade of the clarifier, inlet and de-watering facility, with commissioning expected in April 2010.

At the Nelson North Wastewater Treatment Facility, work on the wetlands was completed but has not yet been commissioned. Operational problems with tank failures led to short term odour issues that were sorted.

Stormwater progress

A culvert was installed on the lower reaches of the Arapiki Stream in Stoke. This is almost complete in the Quarantine Road area, at a capital cost of \$1.79 million. Orchard Creek pipe work was completed in Upper Stoke.

Some stormwater projects including those in Nayland/Saxton Roads and Weka Street were postponed to reduce capital expenditure during the recession.

Solar Saver scheme launched

We announced our Solar Saver scheme for solar hot water systems, helping residents take advantage of Nelson's much admired renewable resource. This is one of many sustainability initiatives that were developed for the 2009-19 Nelson Community Plan.

Clean Heat Warm Homes

The Clean Heat Warm Homes programme was extended and updated. Over the year 356 home upgrades and clean heat conversions were completed. The trend in improving air quality continued on track.

Heart of Nelson

The Heart of Nelson Strategy was developed with the community to make Nelson a more distinctive and attractive place for businesses, locals and visitors. These projects will celebrate our heritage and identity and the first will be completed in time for Rugby World Cup 2011.

Biodiversity Action Plans

The Biodiversity Action Plans were completed and put into action through a collaborative process that brought many key organisations together. Council continued to work with rural landowners on environmental issues such as pest management, biodiversity, native plant protection and revegetation.

Recycling changes

When the global downturn hit markets for recycled material, Council reviewed its recycling services from a broader sustainability perspective with a greater emphasis on local and national reduce and reuse objectives. Council made a proactive decision to extend recycling services to households and now offers full recycling of all plastics. Our latest Residents' Survey shows 88% of residents recycle once or more every month and we now collect around 3,000 tonnes of recyclables per year, compared with the total volume of 40,000 tonnes a year of other solid waste.

Making low impact development easier

Council began work on changes to the Nelson Resource Management Plan to provide for better urban design and low impact developments. These changes should be completed early 2010.



Towards people-friendly places

Saxton Field Stadium

Work on the new stadium at Saxton Field was completed and the grand opening was held in October. Other projects, including the athletics track, continue to be developed at the complex as we work with Tasman District Council to build this premier sporting facility.

Performing Arts Centre

During 2008/09 we signalled our intent to seriously look into the feasibility of a performing arts centre with a related conference centre. The possibility of this facility has been discussed for over 15 years and consultation is now open.

Trafalgar Centre

The southern end of the Trafalgar Centre was completed at a cost of \$4.4 million and was seen to good effect with the summer festival show Circus Oz. Northern end improvements are planned for 2013/14.

Trafalgar Park

We completed planning for a major upgrade of Trafalgar Park to bring it up to standard as a top class sporting and event venue.

By bike and on foot

The Atawhai cycleway was completed and opened during the year, offering a healthy alternative for commuters and a new option for recreational bikers. The popular Railway Reserve was sealed to provide an improved surface for cyclists and walkers.

Street improvements

The \$1.3 million Collingwood Street upgrade project was completed this year. Work on Tosswill Road is due to be completed soon. A \$1 million project in Campbell Street was completed, Tasman Street was upgraded and work began on Toi Toi Street.

Car crashes

Council monitors crash statistics, which showed the total number of fatal and serious injury crashes across the whole Nelson city area remained steady at 25 in 2008, slightly up on the five year average of 23. Of these, 33% of all car/van driver casualties in Nelson were aged between 15-24 years, as were 43% of all passenger injuries.

Building consents

The Building Consent Unit expects to have a newly expanded team by the end of 2009 to speed up processing times. The Resource Consents Unit reached its full complement of staff in 2009 for the first time in over ten years, which gave a significant improvement in processing times. A total of 390 resource consents were processed this year. Seventy-eight percent of non-notified consents were

processed within statutory timeframes - the national average is 70% - and 69% of notified consents were processed within statutory timeframes, compared to a national average of 55%.

After the storm

Clean up and repairs after the July 2008 storm cost Council a total of \$1.97 million. There was widespread damage to trees throughout the city, with Isele Park and the Murphy Street Reserve worst hit, as well as damage to roads and the water supply pipeline.

Park facilities improved

The groundwork was done for replacement toilets at ANZAC Park, Branford Park and Basin Reserve and a bridge and walkway route was built on upper Orphanage Stream towards the Ngawhatu Valley. Council bought land to develop the reserve at the Glen and completed the community consultation on this. The Miyazu Park ponds were re-lined and filled with sand as leaks had become a major problem.

Planting days

Nelsonians turned out in droves at community plantings on the Grampians and Oyster Island in the Waimea Estuary. The Monaco foreshore was enhanced to soften the look of the area and at Tahunanui Beach the dunes were replanted with native vegetation.

Recreation for all

Council continued to support Way2Go, a Nelson-Tasman Active Communities project aiming to increase the physical activity levels of the community with a focus on people who are aware they should be more active, or want to get active, but currently are not.

We opened a new skatepark in Neale Park in late 2008 to fill a gap in the recreation facilities we offer to young people. The Women's Activator Series introduced women to a range of new sports activities. It was so successful that it is being repeated in 2009/10.

Housing older residents

Council's 142 community housing units provide low cost housing for older people with limited means. Council decided to hold community housing rents at the current level for at least the next year.

On hold

Community projects where capital expenditure was held back were Community Housing (\$2.5 million) as we decided delay the Orchard Street development due to reduced central government funding. We also held back on dredging the large berth at the marina (\$710,000).



Towards a strong economy

Events and Regional Arts Strategies

This last year saw Council bringing its Events and Regional Arts Strategies to life. We put Nelson back on the radar with the successful bid to host Rugby World Cup 2011 – a once in a lifetime event that will bring more visitors, excitement and prosperity to Nelson.

Economic development and tourism

Council continued to fund the Regional Economic Development Agency (EDA) and Nelson Tasman Tourism (NTT) to carry out economic development projects and destination marketing, respectively.

Green apples

One of the EDA's successes has been the Apple Futures project, developed in conjunction with the Hawkes Bay and Otago regions and Pipfruit New Zealand. This aims to produce apples with no detectable chemical spray residues and to raise the profile of New Zealand fruit in the international marketplace.

Guest night trends

After many consecutive years of growth, guest nights in the region dropped by 4.7% for the year to June 2009, compared to a national decline of 3.5%. Nelson-Tasman is doing better in international guest nights compared to the national average, but worse on domestic guest nights, reflecting our unique visitor base. The successful spring marketing campaign has helped to bring in more visitors in the shoulder season.

Towards kind, healthy people

Managing emergencies

Civil defence responded to several emergency events including the severe wind storm in July that ruptured the Maitai pipeline. There was regional flooding in November when the Maitai River had to be sandbagged, and a major fire at Atawhai in February where houses had to be evacuated.

Social development

Nearly \$450,000 of community assistance funding was allocated to a range of community groups. Council also continues to support the new FOUND website that lists over 1,600 community groups. The Nelson Youth Council had a very active year, helped by Council staff. The barbeque area at Tahunanui Beach was opened, with further work to be completed later this year. Council continued to be active in the national Mayors' Taskforce for Jobs initiative, which aims to see all young people under 25 years in paid work, training or education, or in productive activities in our communities.

Towards a fun, creative culture

Culture, heritage and arts

Founders Heritage Park became the focus for more community events, including the Nelson Arts Festival. Free entry for residents was introduced and the entry and other buildings were refurbished. A conservation plan was prepared for the Rocks Road chains and bollards. Council-run events included the annual Opera in the Park, Nelson Arts Festival and the Summer Festival. All were well attended by locals and visitors.

Nelson's 150th year as a city

Together with the Anglican Diocese we commemorated the 150th anniversary of Nelson becoming a city in two major community events in September 2008 and February 2009.

Towards good leadership

Plan for the future

The largest whole of Council project was the development and promotion of the Nelson Community Plan. A draft was released for consultation in March 2009, submissions closed in May and the final plan, taking into account over 1,100 submissions, was approved by Council in June 2009.

Governance review

A major review of the Council's governance and committee structure began during the year, resulting in confirmation of new arrangements in August 2009. The total number on Council was proposed to reduce from 13 to 11, including the Mayor, although this was rejected in October. The five main standing committees were replaced by Councillor portfolios and fortnightly full Council meetings.

Financial results for the year

Council recorded a surplus for the year ended 30 June 2009 of \$18.0 million, which was close to the budget of \$19.0 million.

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

year. Council posted a rating surplus of \$0.939 million, largely due to savings in Council's activities.

Council borrowings at \$51.5 million were lower than the budgeted \$75 million because of delays with capital projects such as the Regional Sewerage Scheme upgrade, the Performing Arts Centre and other community facilities.

Summary statement of financial performance for the year ended 30 June 2009

Statement of financial performance for the year ended 30 June 2009

	Council		Group		
	Actual 2009 \$000	Estimate 2009 \$000	Actual 2008 \$000	Actual 2009 \$000	Actual 2008 \$000
Total operating revenue	86,482	86,056	82,776	98,306	83,889
Total operating expenditure*	68,442	67,069	61,176	72,166	65,071
Surplus/(deficit) before tax**	18,040	18,987	21,600	26,140	18,818
Share of associates surplus/(deficit)	0	0	0	4,065	4,222
Less taxation	(4)	0	52	257	327
NET SURPLUS/(DEFICIT)**	18,044	18,987	21,548	29,948	22,713

Movements in equity for the year ended 30 June 2009

EQUITY AT START OF YEAR	1,025,697	1,007,481	969,696	1,084,645	1,018,088
Revaluation gains/(losses) taken to equity	25,264	27,149	34,453	24,539	43,844
Surplus/(deficit) for year	18,044	18,987	21,548	29,948	22,713
Total recognised revenue and expenditure for year	43,308	46,136	56,001	54,487	66,557
EQUITY AT END OF YEAR	1,069,005	1,053,617	1,025,697	1,139,132	1,084,645

Balance sheet as at 30 June 2009

Current assets	23,020	16,229	21,651	25,202	23,741
Non-current assets	1,108,285	1,125,760	1,054,161	1,177,526	1,112,159
Total assets	1,131,305	1,141,989	1,075,812	1,202,728	1,135,900
Current liabilities	15,832	22,743	24,075	17,019	25,158
Non-current liabilities	46,468	65,629	26,040	46,576	26,097
Total Liabilities	62,300	88,372	50,115	63,595	51,255
Total net assets	1,069,005	1,053,617	1,025,697	1,139,133	1,084,645

Equity					
Retained earnings	289,747	278,456	270,475	314,423	283,246
Other reserves	779,258	775,161	755,222	824,710	801,399
Total Equity	1,069,005	1,053,617	1,025,697	1,139,133	1,084,645

Statement of cashflows for the year ended 30 June 2009

Cashflows from operating activities	23,423	30,546	21,685	24,776	23,163
Cashflows from investing activities	(34,644)	(59,188)	(27,035)	(35,749)	(28,517)
Cashflows from financing activities	15,100	27,697	1,325	15,151	1,325
Net increase/(decrease) in cash held	3,879	(945)	(4,025)	4,178	(4,029)
Plus opening cash balance	6,270	7,559	10,295	7,193	11,222
CLOSING BALANCE	10,149	6,614	6,270	11,371	7,193

Represented by:					
Cash and cash equivalents	10,149	6,614	6,538	11,383	7,461
Bank overdraft	0	0	(268)	(12)	(268)
	10,149	6,614	6,270	11,371	7,193

* Includes finance costs of: 3,248 4,378 2,699 3,254 2,699

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

Notes:

These summary financial statements have been prepared in compliance with 'Financial Reporting Standard No. 43 Summary Financial Statements' issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants (May 2007). The financial information is shown in New Zealand dollars.

This Summary has been authorised for issue by the Mayor and Chief Executive, 5 November 2009.

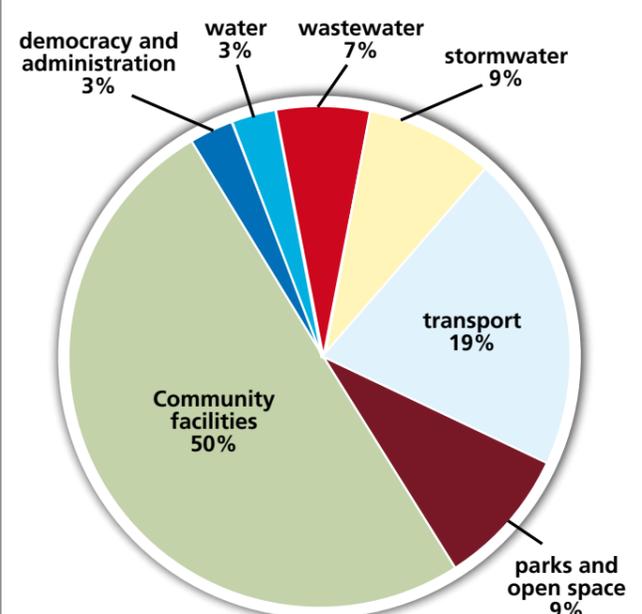
This Summary Financial Report has been extracted from the Nelson City Council 2008/09 Annual Report dated 15 October 2009 and was audited by Audit New Zealand, which issued an unqualified opinion dated 15 October 2009.

Capital expenditure

The full annual report explains all the major variances from what had been budgeted. Total actual capital expenditure for 2008/09 was \$41.8 million compared to the estimate of \$61.3 million.

In comparison, the previous year's capital spending was \$27.6 million. Most of the increased investment went into developing community facilities, totalling \$20.6 million and including \$11.6 million on the Saxton Field stadium and \$4.4 million on the southern extension of the Trafalgar Centre.

Most of the shortfall between what was actually spent compared to budget was due to delays in a number of major capital projects, so there was less borrowing and lower interest costs. Delayed projects included the regional sewerage scheme upgrade at Bells Island, parks and reserves projects, the performing arts and conference centre, community housing, marina development, and the Civic House upgrade.



% of capital spent on council activities 2008/09

As well as the activities shown on this graph, there were small amounts of capital expenditure totalling less than 1% for recreation and leisure, social development and culture heritage and arts.

