

ANNUAL REPORT

2018/19

For the financial year ending
30 June 2019



The Smart Little City

SHAPING

NELSON'S FUTURE



Nelson City Council
te kaunihera o whakatū

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FOREWORD: MAYOR

E ngā mana, e ngā reo
E ngā rau rangatira mā
Tēnā koutou katoa

Looking back at the 2018/2019 year, I am both humbled and inspired by the support and resilience of the Nelson Tasman community. As a region, we faced one of the biggest challenges in recent years – the Pigeon Valley fires. The intensity and the duration of those fires placed our emergency services and local residents under immense pressure. However, the way our community rallied together was inspirational: people dropped everything to help stockpile clothes, food and supplies for the displaced families; iwi, emergency services, Civil Defence and council staff worked phenomenal hours, and people opened their homes and their hearts to help both neighbours and strangers. The concurrent drought put an already stretched water resource under even more pressure and resulted in significant water restrictions and economic losses. Last year, Cyclones Fehi and Gita wreaked havoc in our region leaving us with a repair bill in the millions for our region. Experiencing natural emergencies on this scale is not a new event but they are occurring with increasing frequency and intensity. The best advice we have is that climate change will bring even more of these extreme weather events.

In May this year, we took swift and decisive action and joined hundreds of governments, councils and organisations around the world in declaring a climate emergency, making us one of the first in the New Zealand local government sector to do so. This was done in recognition of the mounting advice from scientists and the United Nations that urgent action is needed if we are to avoid the most damaging effects of climate change. This issue affects us all and we need to harness the power of our business and community strengths to work alongside Council, to look at how

“ ..we took swift and decisive

action and joined hundreds of governments, councils and organisations around the world in declaring a climate emergency, making us one of the first in the New Zealand local government sector to do so.

..... ”

we can maintain our community wellbeing into the future.

As highlighted in the Long Term Plan 2018-2028, Council has continued its focus on paying particular attention to projects that deliver multiple benefits. Projects in one area can bring significant gains for another priority. In the 2018/19 year, Council has focused on issues which align with our four key priorities: infrastructure, environment, CBD development and lifting council performance, and there are a number of highlights. The accelerated programme to reduce inflow and infiltration into the wastewater system is well underway, aiming to reduce the risk of wastewater overflows into our waterways and Tasman Bay. Fewer overflows significantly benefits our environment and contributes to the smart development of our city. The Tahunanui shared pathway is also proving to be a great success, and it's been fantastic to see Stage One completed and already well patronised. Another highlight for the year has been the opening of the new Greenmeadows Centre. Whilst we appreciate this community centre has unfortunately been a long time coming, the end result

has given the residents of Stoke a warm, spacious and purpose-built space. Stoke Rugby, Cricket, Tennis and Stoke Seniors have all made Greenmeadows their home and the Centre is busy hosting a range of private and community events.

This past year has also seen Nelson Whakatū play host to a number of hugely successful events. Trafalgar Park was bursting at the seams last September when the All Blacks played Argentina, and Saxton Oval turned on the charm for the Black Caps over the summer as well. January kicked off with the sell-out music concert Bay Dreams coming to Nelson, with 20,000 music-lovers in town for the weekend. Hosting that number of people in a population of 51,000 is no small feat but Nelson absolutely delivered. We also had the triennial Eelco Boswijk Awards which recognise outstanding community service, with a particular focus on individuals or groups who are helping us achieve our vision that Nelson is The Smart Little City, he tāone tōrire a Whakatū.

Reading through the pages of this Annual Report, you will see how we continue to invest in our city, our environment and our region. We have done this whilst still maintaining a healthy financial position including retaining our Standard & Poor's long term credit rating (stable outlook) and ensuring debt and rates remain within our caps. This Annual Report is a snapshot of the work we have carried out within the last 12 months. As you can see, through the dedication and determination of our people and partners, we have achieved a great deal.

I'd like to take this opportunity to thank everyone who has helped make Nelson Whakatū The Smart Little City, he tāone tōrire a Whakatū.

Ngā mihi nui

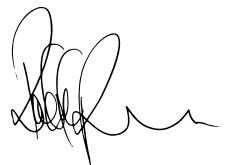


Rachel Reese
MAYOR OF NELSON



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Council and management of Nelson City Council confirm that they have 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



Pat Dougherty
CHIEF EXECUTIVE

AUDIT REPORT

Independent Auditor's Report

To the readers of Nelson City Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Nelson City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 100 to 103 and pages 111 to 174:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2019;
 - the results of the operations and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 104 to 105, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan;
- the City Council's activities on pages 19 to 93:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 26 to 92, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 26 to 92, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 106 to 110, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan and long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the City Council's activities as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 190, but does not include the audited information and the disclosure requirements.

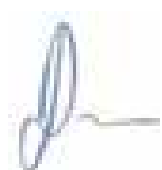
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the City Council's 2018-28 amended long-term plan, and performed a limited assurance engagement related to the City Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



Jacques Coetzee
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



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VISION AND MISSION

he whakakitenga, he whakārotau

Council has developed a vision and mission statement, which link to the community outcomes. We have decided on four overarching priorities for the 10 year work programme. These will express the aspirations we have for our city, guide our decision making and help us better direct our resources.

VISION

Nelson is The Smart Little City Whakatū Tōrere

Nelson is a vibrant place where we are deeply connected with, and committed to, our natural, social and cultural environment. Clever business and innovation help us thrive. We enjoy living fulfilled lives in smart, sustainable communities.

MISSION

We leverage our resources to shape an exceptional place to live, work and play.

OUR TOP FOUR PRIORITIES FOR 2018-28

Ē wha ngā whakaarotau

In implementing the following priorities set out in the Long Term Plan 2018-28, Council has been paying particular attention to projects that deliver multiple benefits. Projects in one area can bring significant gains for another priority. For example, the accelerated programme to reduce inflow and infiltration into the wastewater system aims to reduce the risk of wastewater overflows into our waterways and Tasman Bay. Fewer overflows mean significant benefits for our environment and contribute to the smart development of our city.



1. INFRASTRUCTURE

Ko ngā Tūāpapa

Our city, community and environment all depend on our core infrastructure networks to provide safe and smart transport, water, wastewater, stormwater, and flood protection. Key city assets need ongoing maintenance and replacement so we can depend on these essential utilities. This work also enables and protects investment in our city and removes constraints on our growth. Council is putting essential infrastructure at the forefront to future-proof our city.

2. ENVIRONMENT

Ko te Taiao

Kia whakatu tika te tai ao me te tai ao tiaki te tai ao - if the environment is kept well and strong it will look after itself and us. Council recognises investing in the environment is essential for our future. A healthy environment underpins the health of our community, the way people enjoy Nelson, supports the economy and means we have functioning ecosystems to support our treasured species. Responding to climate change and growing our community's resilience to the more extreme weather events it will bring is a top priority.

3. CBD DEVELOPMENT

Whakahoū taone

Our aim for Nelson's central business district is for it to be attractive to businesses, residents and visitors, with an exceptional mix of events, civic facilities and retail. We are working to build an environment that supports commerce, encourages inner city living and is a catalyst for private sector investment. The top of the South, Te Tau Ihu, needs a strong commercial centre to thrive. We want our city centre to enrich and build our local culture - the bustling meeting place for everyone who lives, works and visits here.

4. LIFT COUNCIL PERFORMANCE

Whakapikinga pukenga

To achieve our vision of a Smart Little City, we need a Council team that enables things to happen. It needs to provide solutions to cut through the red tape so that real value can be delivered to our community. Nelson deserves a Council that is strategic, achieves excellence in delivery and asset management, is business-friendly and has a strong culture of engagement with its community. Our projects seek to follow best practice principles, while always seeking to improve how we partner with our community.

COMMUNITY OUTCOMES



It is a requirement of the Local Government Act 2002 that Council develops a set of outcomes that will guide the delivery of services in a way that promotes the social, economic, environmental, and cultural well-being of communities in the present and for the future. This Annual Report reflects these outcomes and priorities, and reports on how well Council is doing in meeting these. Although the legislation defines the outcomes as 'community outcomes', they are in fact the outcomes that Council aims to achieve to meet the current and future needs of Nelson for good-quality local infrastructure, local public services, and performance of regulatory functions.

The outcomes were reviewed through the Long Term Plan process. The individual activity sections of this report provide detail on how each activity contributes to the relevant community outcomes.

COMMUNITY OUTCOMES:

Our unique natural environment is healthy and protected

Nelson is a place of stunning natural beauty and we treasure, protect and restore our special places, landscapes, native species and natural ecosystems. Our open spaces are valued for recreation and we welcome the many visitors who want to experience our extraordinary natural environment. We recognise the kaitiakitanga (guardianship) role of tangata whenua iwi.

Our urban and rural environments are people friendly, well planned and sustainably managed

Nelson is a well-planned district with a carefully managed urban intensification and a clear urban/rural boundary. The buoyant city centre is celebrated for its distinctive boutique character. Our easy city to sea access provides locals and visitors with a world-class waterfront experience. We work with our partners to support the development of a range of affordable,

healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

Our infrastructure is efficient, cost effective and meets current and future needs

Nelson City relies on its good quality, sustainable, affordable and resilient infrastructure network which supports a growing population and strong regional economy. The community is proud of the many active transport options available and the effective public transport system. We invest in waste water, storm water, solid waste and flood protection networks to keep our people safe and healthy, the environment protected and the economy flourishing.

Our communities are healthy, safe, inclusive and resilient

Nelson is a city of strong, and connected people and communities who live, work and play together. We support each other to build individual and community resilience. Our community works in partnership to understand, prepare for and respond to the impacts of natural hazards. We take pride in the warm welcome we give to our visitors and new arrivals and work together to see that our people are safe, and their diversity supported.



Our communities have opportunities to celebrate and explore their heritage, identity and creativity

We are proud of and celebrate our history and heritage and how that contributes to our identity. We have a strong sense of community, enhanced by the wide range of arts, cultural and sporting opportunities on offer.

Our communities have access to a range of social, educational and recreational facilities and activities

Nelson has developed high quality sports and recreation facilities for all ages. There are educational and leisure opportunities for the whole community to enjoy. We protect, enhance and celebrate Nelson's human heritage and historic sites.

Our Council provides leadership and fosters partnerships, a regional perspective and community engagement

Our leaders understand our community, are confident in our future, know how to drive success and to work with others to tackle the big issues facing Nelson. Council leaders are strongly connected to our people and mindful of the full range of community views and of the generations that follow. Residents have the opportunity to participate in major decisions and information is easy to access. We support and mentor our young people to be our leaders of the future.

Our region is supported by an innovative and sustainable economy

Nelson is a business-friendly city and the commercial centre of Te Tau Ihu, the top of the South Island. Economic activity is sensitive to the environment, heritage and people of Nelson. We are skilled and adaptable and we see the benefits of high-value industries and businesses. We enjoy a range of employment, education and training opportunities and take pride in being a city where youth can live, learn and work. Innovation and achievement are recognised and celebrated by our community.



PLANNING AND REPORTING

Council's planning and reporting processes centre on three key documents:

The Long Term Plan (LTP), updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over a ten year period. This Annual Report relates to year one of the 2018-28 Long Term Plan.

The Annual Plan is developed each year to update the Long Term Plan budgets and work programme forecasts with any exceptions from what was included in the Long Term Plan for that year.

The Annual Report is produced each year to evaluate how Council performed against its budget and work programme set out in the relevant Long Term Plan and Annual Plan and report any variations.



FINANCIAL OVERVIEW: YEAR ENDED 30 JUNE 2019

Council is required under the provisions of the Local Government Act 2002 (section 101) to manage its revenues, expenses, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of its community.

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even). This Annual Report shows that Council recorded a net surplus before revaluations for the year ended (30 June 2019) of \$5.2 million, which was \$7.9 million less than budget. An explanation of this variance can be found in note 40 in the Notes to Accounts section.

The surplus was \$10.8 million in the 2017/18 financial year. It should be noted that the word 'surplus' is an accounting term, and is different from the rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluations and vested assets which are required to be treated as income for accounting purposes.

As of 30 June 2019, Council's borrowings, net of deposits and cash, were \$85.6 million. This full

Annual Report 2018/19 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars.

The financial statements of Nelson City Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.



WORKING WITH MĀORI AND IWI



Council works with iwi and Māori to ensure there are structures for partnership and opportunities to contribute to decision-making processes. More information about how Council does this is included in the Māori contribution to decision-making processes section in the Long Term Plan 2018-28.

During 2018/19, the following actions were undertaken to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of Council:

- The Council Kaumātua assisted the Mayor and Council on official occasions providing cultural support for citizenship ceremonies, civic events, and welcoming dignitaries.
- The position of Kaituitui, Coordinator Māori Partnerships, was appointed in May 2019 to provide administrative support to the Kaihautū, Manager Māori Partnerships.
- On 13 December 2018, Council passed a resolution that an Iwi-Council Partnership Group be established. The members consist of the Mayor, Deputy Mayor, two elected members and one governance representative from each of the eight Te Tau Ihu iwi. The purpose of the Partnership Group is to review the Memorandum of Understanding and develop an Engagement and Partnering Strategy. The Partnership Group has met quarterly.
- The Nelson City Council and Iwi Managers Group also met quarterly to discuss management matters. This involves the Chief Executive and iwi General Managers.
- Council and iwi leaders are currently in discussion about formalising forums for engagement regarding operational matters. The Nelson City Council and Iwi Managers Group has agreed that Te Ohu Toi Ahurea (Arts and Heritage Group) and Te Ohu Taiao (Environmental Group) will continue to operate in the interim until decisions been made regarding the terms of reference of the forums.
- Iwi appointments have been made to the Nelson Regional Sewerage Business Unit and the Nelson Tasman Regional Landfill Business Unit. Both iwi representatives attended their first meeting on 16 July 2019. Two iwi appointments were made to the Nelson Regional Development Agency in February 2019.
- A Māori world view is provided on the Planning and Regulatory Committee through an appointed representative with insights into Te Ao Māori.
- A review of the Nelson Plan (Whakamahere Whakatū) is well underway. The iwi Working Group continues to meet and contribute to the development of the Nelson Plan.
- The Mayor continues to sit on the Whakatū Marae Committee.
- Council agreed as part of the Long Term Plan 2018-28 to provide \$30,000 in 2018/19 to the Marae for maintenance, and \$20,000 every year after that. A contract was signed on 25 May 2019 with the Marae.
- 80 Council employees participated in the He Waka Kuaka beginners Te Reo Māori programme during 2018/19.
- Te Kāhui Whiria, Māori Partnerships Team, provided cultural support, leadership and guidance alongside iwi for the following events:
 - All Blacks pōwhiri at Whakatū Marae
 - Te Reo Māori signage and dawn ceremony at Nelson Airport
 - Dawn ceremony and opening of Greenmeadows
 - Taurapa dawn ceremony

COUNCIL ACTIVITIES



YEAR ENDED 30 JUNE 2019

Transport	21
Water Supply	28
Wastewater	34
Stormwater	40
Flood Protection	45
Solid Waste	51
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COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2019

The following sections are organised by activity for funding and accountability and cover everything that Council does.

For a full 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 Nelson's Long Term Plan 2018-28. This is available at Nelson Public Libraries, on Council's website at nelson.govt.nz or by contacting our Customer Service Centre on 546 0200. Long Term Plans are prepared every three years, and the latest plan is the Long Term Plan 2018-28. It was developed in 2017/18 and outlines Council's activities and planned programme of work for 2018/19 to 2027/28.

The activity groups of Council are:

- Transport
- Water Supply
- Wastewater
- Stormwater
- Flood Protection
- Solid Waste
- Environment
- Social
- Parks and Active Recreation
- Economic
- Corporate

Note that through the Long Term Plan 2018-28 the activity groups of Council changed. A new activity group, Solid Waste, was created and there was some movement of activities within groups.

PERFORMANCE MEASURES

The Long Term Plan sets non-financial performance measures for each activity. There are 80 performance measures in total set by the Long Term Plan 2018-28. Council achieved 71% of its performance measures for 2018/19, a significant increase from 58% in 2017/18.



TRANSPORT

ABOUT COUNCIL'S TRANSPORT ACTIVITIES

Council's transport assets and services include the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking. Council also manages road safety, parking control, traffic control and public transport services.

Council's transport activities include:

- A road network including roading, structures such as bridges and retaining walls, footpaths, cycleways, road safety, street cleaning, and lighting
- Public transport including the NBus service and the Total Mobility Scheme
- Inner city parking
- Management of properties on road reserve

HIGHLIGHTS FOR 2018/19

The capital expenditure in the transport activity for 2018/19 was approximately \$7.5 million (including subsidised and unsubsidised roading projects).

Key renewal and maintenance activities that occurred on the existing transport network include:

- Construction began on the Saltwater Creek Bridge replacement
- The road maintenance programme was carried out (within budget) and included over 18 kilometres of road re-sealing and four kilometres of either new or renewed footpaths
- 123 condition assessments, which will inform our future works programme, were completed on roading bridges
- Bridge renewal work included a major refurbishment and deck replacement of the Westbrook Bridge, repair and re-paint of Collingwood Street Bridge, and rust prevention

work to extend the life of the Trafalgar footbridge by 40 years

- 434 retaining walls were assessed, catalogued and recorded in our Geographic Information System (GIS).

Projects for roads and footpaths carried out during the 2018/19 year include:

- Construction of stage one of the Tahunanui shared path cycleway network (along Annesbrook Drive). This project is linked with a Council water pipe renewal and the Network Tasman Limited electrical line installation.
- Extensive footpath work was undertaken during the year with 2,470 meters renewed and 1,425 meters added to the network
- Road resurfacing work was carried out with 18.5 kilometres completed
- The reintroduction of the Stoke Loop bus service contributed to an increase in public transport patronage of 5.1% from 2017/18 to 2018/19.

In addition to provision of supporting infrastructure for walking and cycling, Council encouraged active modes of transport through a variety of initiatives including:

- Provision of 'bike ready' skills and scooter skills training to more than 2,000 school students
- Workplace and school travel planning

Data collected on the numbers of people walking and cycling indicates a 5% growth in walking and cycling volumes at the Railway Reserve, Bishopdale shared path, Atawhai shared path, and Rocks Road since measurements were first recorded in 2015.

LED streetlight conversion

The installation of new LED streetlights has been a very successful change across our network. Some non-LED street lighting remains in areas that are either



decorative, where an LED option was not possible, or the lighting was not part of Council's network. This project is expected to provide annual cost savings through less power consumption of approximately \$100,000. The New Zealand Transport Agency funded approximately 85% of the total cost of the upgrade.

Seagull-proof lids

In order to keep the seagulls out of rubbish bins and keep our streets clean, a project commenced in our city centre to fit seagull-proof lids to the rubbish bins. The majority of the lids have been fitted, with work continuing in 2019/20.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Through providing a range of transport modes that minimise the impact on the environment
Our urban and rural environments are people-friendly, well planned and sustainably managed	Through taking into account the impact on public spaces when providing transport infrastructure
Our infrastructure is efficient, cost effective and meets current and future needs	Optimisation of both maintenance and renewal expenditure is undertaken to ensure the least cost for the whole of the assets life. Through providing an effective and efficient transport system that meets the needs of residents and businesses
Our communities are healthy, safe, inclusive and resilient	Through providing a safe and resilient transport network that provides for all modes
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	The transport asset provides the space and means to allow our community to interact
Our communities have access to a range of social, educational and recreational facilities and activities.	The transport asset provides the space and means to allow our community to interact
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Through providing a transport network that takes account of our regional placement. Through engaging with our community and regional partners as the transport network is developed
Our region is supported by an innovative and sustainable economy	Through providing an effective and efficient transport system that meets the needs of residents and businesses

TRANSPORT SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
A safe road network	Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network	One fewer fatality and serious injury crashes on the local road network compared to previous year (2017/18 year total was 16)	In 2018/19 there were 12 crash events on the local road network (excluding state highways) which resulted in serious injuries, and one fatality. There were 16 crashes which resulted in fatality or serious injury in the 2017/18 year.	Achieved
Smooth sealed road network	Average quality of ride on a sealed local road network, measured by smooth travel exposure by One Network Road Classification (information on this classification system is at https://www.nzta.govt.nz/roads-and-rail/road-efficiency-group/projects/onrc)	<p>The following Smooth Travel Exposure targets are maintained or exceeded in each year:</p> <p>One Network Smooth Travel Exposure Target by road classification: Regional: 90% Arterial: 85% Primary Collector: 80% Secondary Collector: 80% Access: 75% Low Volume: 75%</p> <p>(The Long Term Plan 2018-28 and Annual Report 2017/18 incorrectly included the words 'not exceeded' in this target, where 'maintained or exceeded' is correct. This has been altered here for clarity and will be amended officially in the next Long Term Plan).</p>	<p>In 2017/18 Council moved to the use of a high speed data (HSD) truck which used laser technology to provide Smooth Travel Exposure (STE) results. Our STE result dropped dramatically. Interrogation of the data revealed it had been skewed by inclusion of short road lengths and sections where the speed of the truck was less than 30 kilometres per hour. We were not able to account for the reason straight away and the Annual Report reflected a 'not achieved'. Work commenced to set a more prescriptive specification for the measurement and get a validation report from the truck. This measurement was proposed to take place in the third quarter of the financial year. Contractor operational difficulties prevented that occurring.</p> <p>In the absence of new data the 2017/18 data was revisited and 'cleansed' to remove the short and slow lengths which had resulted in unreliable readings. This work was carried out by a contractor.</p> <p>The following STE results are reported for 2018/19: Regional: 94.4% Arterial: 96.4% Primary Collector: 83.9% Secondary Collector: 78.1% Access: 74.9% Low Volume: 70.9%</p>	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
			<p>These results are from the One Network Road Classification Performance Measures Reporting Tool (ONRC PMRT) which uses data from Roding Assessment and Maintenance Management software (RAMM).</p> <p>STE is compiled from roughness data and traffic count estimates, which are based on traffic counts. Traffic count estimates are used to determine the exposure factor. Traffic count estimates in RAMM range from very current to 28 years old. Council is six months into a five year programme to update the traffic count records, which will improve the quality of the STE reporting during this time.</p> <p>Coupled with the volume resurfacing work carried out in the 2018/19 year, these STE results form the basis of the 'Achieved' result and indicate that renewal is keeping pace with any deterioration of the network.</p>	
Maintenance of sealed local road network	Percentage of the sealed local road network resurfaced	Not less than 3% and not more than 8.5% (in length) is resurfaced, in each year	<p>18.5km of road was resurfaced in 2018/19. This is 7% of the sealed road network, which is within the performance target range. The figure for 2017/18 was 3%.</p> <p>For a number of years Council has been concentrating resurfacing efforts on high stress turning areas, and roads that carry a high traffic volumes - these areas have been resurfaced with asphalt. In 2018/19 the focus changed to lower traffic volume carriageways where surfaces are at the end of their serviceable life. These roads have been resurfaced with chipseal solutions at a lower cost per m2 than asphalt. This explains the jump from 3% to 7% network resurfacing between 2017/18 and 2018/19.</p>	Achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Good quality smooth footpath surface	Percentage of footpaths that fall within the level of service standard for condition of footpath, as in Asset Management Plan (i.e. has a condition rating of no greater than 3)	95% or more of the footpath network by length has a condition rating between 1 and 3 (1-excellent/3-good/5-very poor)	96% of the footpath network has a condition rating no greater than 3. The figure for 2017/18 was 97%.	Achieved
Accessibility - Providing transport choices via public transport and, Efficiency – Maximise movement of people via public transport	NBus patronage	An increase to at least match a 4% increasing trend over time, from a baseline of 2017/18	NBus patronage is up 5.1% overall on the 2017/18 year baseline of 397,598. There were 417,918 patrons in 2018/19. Patronage growth was assisted by the reintroduction of the Stoke loop service.	Achieved
Efficiency – Maximise movement of people via walk and cycle modes	Percentage of the community that travel to work by walking or cycling as measured in the Residents' Survey	Year 1 – 20% combined of all journeys to work by walking or cycling	19% of people surveyed in the 2019 Residents' Survey walked, ran or cycled to work as their main mode of transport in the last 12 months. 10% cycled and 9% walked or ran. This does not meet our target of 20% for the 2018/19 financial year, but is an improvement on 14% in 2017/18. Nelson has high scores for active transport which have historically been well above the national average, so our target is challenging. It is encouraging to be so close to achieving it.	Not achieved
Responsiveness to service requests	Percentage of customer service requests relating to roads and footpaths to which Council responds within five working days	80% of service requests responded to within five working days	83.7% of Transport service requests were resolved within 5 working days. While significant numbers of streetlight and abandoned vehicle service requests lowered the average achievement, it is an improvement on the 2017/18 result of 81%.	Achieved

FINANCIAL PERFORMANCE - TRANSPORT

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	10,521	11,025	10,354
Targeted rates	0	0	0
Subsidies and grants for operating purposes	2,452	3,345	3,391
Fees and charges	608	1,432	610
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,925	1,829	1,754
Total operating funding	15,506	17,631	16,109
Applications of operating funding			
Payments to staff and suppliers	9,885	12,120	11,647
Finance costs	162	0	80
Internal charges and overheads applied *	1,306	824	607
Other operating funding applications	0	0	0
Total applications of operating funding	11,353	12,944	12,334
Surplus (Deficit) of operating funding	4,153	4,687	3,775
Sources of capital funding			
Subsidies and grants for capital	2,899	3,985	4,148
Development and financial contributions	195	313	342
Increase (decrease) in debt	3,741	(249)	(736)
Gross proceeds from sale of assets	23	25	3
Lump sum contributions	0	0	0
Total sources of capital funding	6,858	4,074	3,757
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	197	602	332
- to improve level of service	7,134	4,112	3,826
- to replace existing assets	3,680	4,047	3,374
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	11,011	8,761	7,532
Surplus (Deficit) of capital funding	(4,153)	(4,687)	(3,775)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

Fees and charges were less than budget by \$822,000 mainly due to Public Transport ticket revenue. Public Transport ticket revenue was less than budget by \$692,000, which reflects a delay in transferring to a gross contract with NBus. Public Transport expenditure was also less than budget by \$640,000. Parking meter income is \$149,000 less than budget, mostly due to further reduced income from the 1 hour free parking in the CBD.

Payments to staff and suppliers were less than budget by \$472,000. This reflects the aforementioned delay in transferring to a gross contract with Nbus, offset by increases in staff costs within subsidised roading.

Internal interest charges were \$134,000 less than anticipated due changes in the capital programme since the Long Term Plan (including an updated opening balance of internal borrowings) along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

\$487,000 less debt than budgeted reflects the lower than budgeted capital expenditure and depreciation movements. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

The receipt of vested assets is dependent on the development cycle of individual developers and the timing is difficult to predict.

Depreciation expenditure is over budget due to the 2017/18 revaluation of assets.

Unbudgeted non-cash expenditure includes losses on disposal and abandoned assets.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,153	4,687	3,775
Subsidies and grants for capital expenditure	2,899	3,985	4,148
Development and financial contributions	195	313	342
Vested Assets	0	4,120	1,722
Depreciation	(5,804)	(7,018)	(7,387)
Other non-cash income	0	0	2
Other non-cash exp	0	0	(892)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,443	6,087	1,710

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.



WATER SUPPLY

ABOUT COUNCIL'S WATER SUPPLY ACTIVITIES

Council supplies high quality water to most Nelson households and businesses through a piped network. Providing safe water to the city is a major part of Council's core business, because a good quality, reliable water supply is essential for community and environmental wellbeing.

The Nelson area water supply systems include:

- The Nelson system, from Saxton Road to the Glen, (covering most of Nelson city) takes raw water from the Maitai Dam, Maitai South Branch, and Roding River that is then treated at the ultra-filtration treatment plant at the Tantragee Saddle.
- A small number of Nelson city properties at the Wakatu Industrial Estate and between Saxton Road and Champion Road are served by Tasman District Council.
- Several private supplies in Nelson North that take water from a variety of sources.
- An increasing number of subdivisions that take Council-supplied water, but operate private pumping and storage systems for properties that are above the height that Council's supply can service.

HIGHLIGHTS FOR 2018/19

In 2018/19, the capital expenditure in the water supply activity was approximately \$7.0 million. Key projects that were undertaken in the 2018/19 year include:

Water membrane renewal

The water treatment plant membranes renewal project was completed in 2018/19, with a saving of \$230,000. These ultra-filtration membranes provide the primary treatment of our water supply, and have a service life of approximately ten years.

Water meter replacement

Residential water meters at the end of their useful lives have started being replaced with new mechanical meters. Installation started late May 2018, with 1,254 meters installed by 30 June 2019. Completion of this programme is planned for the end of June 2022.

Annesbrook Drive water renewal

Approximately one kilometre of water pipe along Annesbrook Drive was renewed. In the 2018/19 construction period the section north of Wakatu Drive (2km) was completed to align with the Tahunanui Shared Cycleway project and the Network Tasman Limited electrical project, which provided greater efficiencies and cost savings. The section south of Wakatu Drive has been designed and will be constructed during the 2019/20 construction period.

Nelson / Tasman Drought

The drought in February 2019 was a challenge for the Nelson Tasman region. The dry weather saw river flows drop as Nelson City introduced water restrictions, with residents and businesses getting on board to conserve the water supply. While the Matai dam provides good security of supply for the city it does not guarantee an unlimited supply, and water restrictions are necessary at times to ensure we do not run out of water. During the drought, the following actions were undertaken:

- Assisting Tasman District Council by supplying water to parts of Richmond
- Continuous modelling of water usage and dam storage
- Managing water quality issues
- Promotion of an extensive public awareness campaign about the water restrictions
- Fixing a significantly higher number of leaks than usual

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed water supply network that respects the natural, recreational and heritage values that are present in the rivers that supply the network and works to protect ecosystem health
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable water supply network meets the needs of our current and future community. Sufficient and appropriate water supply is provided to ensure residential and business growth projections are achieved
Our region is supported by an innovative and sustainable economy	Water resources have an important role in supporting a range of businesses that rely on clean and reliable water supplies
Our communities are healthy, safe, inclusive and resilient	Safe and well managed water resources deliver critical health outcomes for the community

WATER SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Good quality water	The extent to which drinking water supply complies with: a) part 4 of the drinking water standards# (bacterial compliance criteria), and b) part 5 of the drinking water standards# (protozoal compliance criteria)	100% compliance with parts 4 and 5 of the drinking water standards	Compliance with the drinking water standards, Part 4 and Part 5 was achieved for the 2018/19 year, as indicated by the Annual Drinking Water Compliance Report issued by the South Island Drinking Water Assessment Unit – Nelson, in September 2019. Compliance with parts four and five was achieved in the 2017/18 year.	Achieved
Good quality water	c) part 8 of the drinking water standards (chemical compliance criteria)	100% compliance with part 8 of the drinking water standards	Compliance with the drinking water standards, Part 8 was achieved for the 2018/19 year, as indicated by the Annual Drinking Water Compliance Report issued by the South Island Drinking Water Assessment Unit – Nelson, in September 2019. This is a new measure in the Long Term Plan 2018-28, therefore no comparative is available for 2017/18.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Good quality water	Total number of complaints per 1,000 connections about any of the following: - drinking water clarity - drinking water taste - drinking water odour - drinking water pressure or flow - continuity of supply - Council's response to any of these issues	No more than 50 valid complaints per 1000 connections	There were 23 complaints per 1000 connections. This was an increase from the number of complaints in 2017/18 which was 16. The increase is mainly due to low levels in the reservoir forcing us to take water from the second intake, exposing us to much higher manganese levels. This caused a spate of discoloured water complaints.	Achieved
Reliable supply of water	Average drinking water standard consumption per day per resident	Normal demand less than 500L per person per day. This includes both domestic and commercial-industrial	Calculated demand for drinking water was 286 litres per person per day. In 2017/18 demand was 259 litres per person per day.	Achieved
Reliable supply of water	% real water loss from the system	Real water loss less than 25%	Final (unaccountable) water loss calculations was 25.7%, slightly over the target of 25% which is very close to achievement. In 2017/18 unaccountable water loss was 28%. There is an ongoing programme of works to reduce unaccountable water losses within the network. Unaccountable water loss is water that is lost from the network that cannot easily be controlled or accounted for, such as: <ul style="list-style-type: none"> • Water lost from leaks in mains and lateral connections • Leakage and overflows at reservoirs and surge tanks • Leakage at customer meter boxes • Leakage from service lines up rights of ways and access ways 	Not achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Customer service – prompt response	a) attendance for urgent call-outs: from the time notification is received to the time service personnel reach the site	a) Contractor to attend urgent call-outs in a median time of 30 minutes or less	The final median attendance to urgent call-outs was 20 minutes. In 2017/18 it was 18 minutes.	Achieved
Customer service – prompt response	b) resolution of urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	b) Contractor to resolve urgent call-outs in a median time of 480 minutes or less	The final median resolution of urgent call-outs was 284 minutes. In 2017/18 it was 89 minutes. A detailed review for the increase in resolution time from 2017/18 hasn't been completed, however it's anticipated to be primarily attributable to an improved focus on reporting and increased accuracy around reporting timeframes.	Achieved
Customer service – prompt response	c) attendance for non-urgent call-outs: from the time notification is received to the time service personnel reach the site	c) Contractor to attend non-urgent callouts in a median time of 120 minutes or less	The final median attendance to non-urgent call-outs was 78 minutes. In 2017/18 it was 52 minutes. A detailed review for the increase in resolution time from 2017/18 hasn't been completed, however it's anticipated to be primarily attributable to an improved focus on reporting and increased accuracy around reporting timeframes.	Achieved
Customer service – prompt response	d) resolution of non-urgent call-outs: from the time notification is received to the time service personnel confirm resolution of the fault or interruption	d) Contractor to resolve non-urgent call outs in a median time of 1440 minutes (24 hours) or less	The final median resolution of non-urgent call-outs was 449 minutes. In 2017/18 it was 330 minutes. A detailed review for the increase in resolution time from 2017/18 hasn't been completed, however it's anticipated to be primarily attributable to an improved focus on reporting and increased accuracy around reporting timeframes.	Achieved

FINANCIAL PERFORMANCE - WATER SUPPLY

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	12,188	12,096	12,340
Subsidies and grants for operating purposes	0	0	0
Fees and charges	32	33	41
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	8	8	51
Total operating funding	12,228	12,137	12,432
Applications of operating funding			
Payments to staff and suppliers	6,173	6,445	6,399
Finance costs	0	0	0
Internal charges and overheads applied *	1,820	1,461	1,462
Other operating funding applications	0	0	0
Total applications of operating funding	7,993	7,906	7,861
Surplus (Deficit) of operating funding	4,235	4,231	4,571
Sources of capital funding			
Subsidies and grants for capital	0	0	89
Development and financial contributions	292	398	693
Increase (decrease) in debt	514	3,772	1,606
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	806	4,170	2,388
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	0	72
- to improve level of service	1,406	917	583
- to replace existing assets	3,635	7,484	6,304
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	5,041	8,401	6,959
Surplus (Deficit) of capital funding	(4,235)	(4,231)	(4,571)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

Development contributions were greater than budget by \$295,000. The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.

Conversely, vested assets were under budget by \$704,000. The timing of vested asset receipts is similarly dependent on the development cycle of individual developers and is difficult to predict.

\$2.2 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Unbudgeted non-cash expenditure includes abandoned assets.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,235	4,231	4,571
Subsidies and grants for capital expenditure	0	0	88
Development and financial contributions	292	398	693
Vested Assets	0	778	74
Gross proceeds from sale of assets	0	0	0
Depreciation	(4,235)	(4,231)	(4,292)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(727)
Net Surplus (Deficit) before taxation in Cost of Service Statement	292	1,176	407

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year





WASTEWATER

ABOUT COUNCIL'S WASTEWATER ACTIVITIES

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

Activities include operations and maintenance of the facilities and the network of pipes, manholes and pump stations in the city. The treatment plant at Nelson North treats wastewater from Bishopdale northwards, while the Bell Island Treatment Plant (jointly owned with Tasman District Council) serves the Stoke and Tahunanui areas as well as several large industrial premises and parts of the nearby Tasman area.

HIGHLIGHTS FOR 2018/19

In 2018/19, the capital expenditure in the wastewater activity was approximately \$6.3 million.

Neale Park pump station

An upgrade of the Neale Park wastewater pump station was carried out to reduce odour, improve overflow facilities, provide for peak flow pumping requirements and reduce pressure on the downstream network. The upgraded pump station has been designed to cater for maximum development in the Nelson central area including a generator facility to ensure continued operation during a power outage. The pump station is now fully operational.

Corder Park pump station

The wastewater pump station at Corder Park has been upgraded. The new system includes an improved odour control system and an activated carbon scrubber which will work as a secondary treatment to intercept peak concentrations of odour producing compounds. The pump station is now fully operational.

Inflow and infiltration

Monitoring and investigation of inflow and infiltration levels is underway at two trial catchments, Rutherford

Street and Washington Valley. This is a priority project as inflow and infiltration (where groundwater and/or stormwater gets into the sewer system) can lead to overflows into our freshwater and ocean.

During 2018/19 we have conducted visual inspections, flow metering, CCTV and temperature sensing fibre-optic cable to determine the sources of inflow. To reduce inflow and infiltration in to the network, Council has continued with pipe renewals and repairs to our own assets, including sewer renewals at Achilles Avenue, Wakatu Lane, Collingwood Street, Bridge Street, Halifax Street, Halstead Street and numerous manhole replacements at a total cost of approximately \$730,000.

We are looking further ahead to the long term strategy for inflow and infiltration, including a cost benefit analysis of response options and linking with the wastewater network model project. This work will allow us to better understand the effects of increased flows during wet weather events.

Sludge removal from the Nelson Wastewater Treatment Plant

The transfer of sludge from the Nelson North Wastewater Treatment Plant to the landfill has been completed ahead of schedule. This project was brought forward as a preventative measure, due to risks associated with the summer drought.

The drought caused the quality of the sewerage within the reticulated network to be potentially of poor quality and posed a risk of 'crashing' the treatment plant ponds following the first major rainfall event. The removal of the final two sludge bags allows the buffer pond facility (that was housing these bags) to be available to redirect the initial flush of poor quality sewerage following a large rainfall event. This risk didn't eventuate due to the severity of the rainfall events being smaller than anticipated.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	The wastewater network is managed to minimise impacts on the natural environment and provide a healthy living environment for residents and visitors
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable wastewater network that meets the needs of our current and future community
Our region is supported by an innovative and sustainable economy	A well-managed wastewater network is essential to the functioning of our regional economy
Our urban and rural environments are people-friendly, well planned and sustainably managed	Appropriate wastewater disposal options are important for both urban and rural environments
Our communities are healthy, safe, inclusive and resilient	An efficient wastewater network is essential for the prevention of waterborne disease and the health and productivity of the wider community

WASTEWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
A fully operational wastewater treatment system	Level of compliance of treatment plant with resource consent conditions	100% compliance	<p>12 odour complaints were received about odours from the Nelson Wastewater Treatment Plant, due to a sudden collapse of the algae within the oxidation pond system in October 2018.</p> <p>This resource consent includes Section 5, Condition 6, which requires there to be zero instances of discharges to air that are deemed objectionable or offensive at any point on or south of State Highway 6, as judged by an Enforcement Officer.</p> <p>100% compliance was achieved in 2017/18.</p>	Not achieved
A fully operational wastewater treatment system	Number of dry weather overflows from sewerage system, per 1000 connections	Fewer than 15 dry weather overflows per 1000 connections	There were only three dry weather overflows per 1000 connections for this year, compared with six in 2017/18.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Response – appropriate to reported network issues These median response times are measured for overflows resulting from a blockage or other fault in the sewerage system	a) attendance time: from when notification is received to the time service staff reach the site	Contractor to attend in median time of 60 minutes or less	The median time for attendance to overflows was 25 minutes. The median time was 28 minutes in 2017/18.	Achieved
Response – appropriate to reported network issues These median response times are measured for overflows resulting from a blockage or other fault in the sewerage system	b) resolution time: from the time notification is received to the time service staff confirm resolution of the blockage or fault	Contractor to resolve issue in median time of 480 minutes or less	The median time for resolution of overflows was 194 minutes. The median was 189 minutes in 2017/18.	Achieved
Environmental protection	Compliance with territorial authority's resource consents for discharge from the sewerage system measured by number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions in relation to those resource consents	100% compliance	No issues were reported in 2018/19, 100% compliance was achieved. This was also the case in the previous year.	Achieved
Environmental protection.	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with the sewerage system	No more than 20 valid complaints a year per 1000 connections	16 complaints per 1000 connections were received in 2018/19. In 2017/18 there were 20 complaints per 1000 connections.	Achieved

FINANCIAL PERFORMANCE - WASTEWATER

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	7,468	7,794	7,820
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,299	2,337	2,826
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,598	1,379	1,284
Total operating funding	11,365	11,510	11,930
Applications of operating funding			
Payments to staff and suppliers	6,314	7,021	7,471
Finance costs	444	310	0
Internal charges and overheads applied *	299	126	152
Other operating funding applications	0	0	0
Total applications of operating funding	7,057	7,457	7,623
Surplus (Deficit) of operating funding	4,308	4,053	4,307
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	487	664	1,558
Increase (decrease) in debt	1,084	2,356	475
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	1,571	3,020	2,033
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	823	111	115
- to improve level of service	3,501	4,765	4,290
- to replace existing assets	1,555	2,197	1,935
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	5,879	7,073	6,340
Surplus (Deficit) of capital funding	(4,308)	(4,053)	(4,307)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

The increase in non-rate income includes higher than anticipated trade waste income (\$399,000).

The difference in consolidation treatment is also reflected in payments to staff and suppliers. The NRSBU has incurred higher than budgeted (\$337,000) management and maintenance costs, and therefore the Council has a higher proportion of costs.

Finance costs of \$235,000 are reflected in internal charges due to a different consolidation process than used in the Long Term Plan

NCC capital expenditure is more than the Long Term Plan (\$972,000) due to the changes in timing of the capital programme. This mostly relates to the timing of Neale Park Pump station where \$1.15million was carried over into the 18/19 financial year from 17/18 financial year.

The NRSBU capital programme is \$1.7 million less than budgeted, mainly due to delays in the expansion of treatment of solids and sludge management at Bells Island.

\$1.9 million less debt than budgeted reflects the lower than budgeted capital expenditure and increased development contributions. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Development contributions were \$894,000 greater than budget. The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.

Conversely, vested assets were under budget by \$530,000. The timing of vested asset receipts is similarly dependent on the development cycle of individual developers.

Depreciation expenditure is over budget due to the 2017/18 revaluation of assets.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,308	4,053	4,307
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	487	664	1,558
Vested Assets	0	807	277
Gross proceeds from sale of assets	0	0	0
Depreciation	(4,557)	(4,605)	(4,801)
Other non-cash income	0	0	5
Other non-cash expenditure	0	0	(121)
Net Surplus (Deficit) before taxation in Cost of Service Statement	238	919	1,225

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.





STORMWATER

ABOUT COUNCIL'S STORMWATER ACTIVITIES

The stormwater network covers the pipes, open channels, detention dams, overland flow paths and pump stations that carry stormwater to waterways and the sea in the areas for which stormwater drainage rates are charged by Council.

Council provides a stormwater system to prevent harm to people and property, and to protect the environment from uncontrolled stormwater discharges.

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. Work within the stormwater activity continues to expand the piped network to areas of the city where this is lacking.

HIGHLIGHTS FOR 2018/19

In 2018/19, the capital expenditure in the stormwater activity was approximately \$1.7 million.

Wastney Terrace

An upgrade of the public stormwater system is required to serve future development potential in the area. This will allow re-routing of stormwater along Wastney Terrace from Jolie Street, to the proposed upgraded section at the south end of the street. Discussions and negotiations with landowners have continued throughout 2018/19 and construction works are planned for 2020/21.

Montcalm/Arrow/Washington Valley/Hastings Upgrade

Updates to the detailed design and site investigations are being finalised. This stage of the project includes an upgrade of the stormwater network along Washington and Hastings Streets. Construction is currently programmed for 2020/21.

Nile Street Stormwater Upgrade

Upgrade of the stormwater pipes in Nile Street East has been completed to increase capacity and alleviate flooding in the Nile Street/Clouston Terrace area. The construction for this project came in under budget.

Little Go Stream Project

Options to upgrade the capacity of the Little Go Stream stormwater system between Waimea Road and Examiner Street / Rutherford intersection is underway.

The additional stormwater modelling and assessment work is close to completion and additional options are being assessed and costed.

Stoke Stormwater Strategy

This pilot project includes stormwater network capacity analysis, mapping of secondary flow paths, and stream surveys to assess the receiving environment. The stormwater network model is largely complete. The methodology for the water course assessments has been drafted and stream surveys are due to be completed in 2019/20.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events. Works to support the stormwater and flood protection assets are managed as far as possible to respect the natural, recreational and heritage values that might be present and to protect ecosystem health as required by the National Policy Statement for Freshwater Management
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable stormwater and flood protection network meets the needs of our current and future community
Our region is supported by an innovative and sustainable economy	Impact on businesses and economic activity is minimised by understanding and managing the stormwater and flood protection network to protect people and property

STORMWATER SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Environmental Protection	Compliance with resource consents for discharge from the stormwater system, measured by number of: a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents	100% compliance with resource consents for discharge	No issues were reported in 2018/19, 100% compliance was achieved. Three contraventions were identified by the regulatory section during 2017/18.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Protection from damage to property	a) The number of flooding events that occur b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the stormwater network	No damage from flood events of a level that have a 50% probability of occurring in any one year No more than 10 per 1000 properties with habitable floor damage from events that have a 5% probability of occurring in any one year	There were no incidents for flooding of habitable floor space during 2018/19, as was the case in 2017/18.	Achieved
Response to stormwater system issues	Median response time to attend a flooding event, measured from the time that notification is received to the time service personnel reach the site	Median response time less than 60 minutes	Final median attendance time to stormwater related service requests for 2018/19 was 42 minutes, compared with 41 minutes in the previous year.	Achieved
Customer satisfaction – minimise valid complaints	Number of complaints received about the performance of the stormwater system, per 1000 properties connected to the stormwater network	No more than 20 complaints per 1000 connections per year	11 complaints per 1000 connections were made in 2018/19. There were 31 complaints received per 1000 connections during 2017/18. The difference between the numbers of complaints received in these years was caused predominantly by Cyclone Gita in 2017/18.	Achieved

FINANCIAL PERFORMANCE - STORMWATER

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	4,249	4,151	4,162
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	5
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding	4,249	4,151	4,167
Applications of operating funding			
Payments to staff and suppliers	1,086	1,344	1,756
Finance costs	0	0	0
Internal charges and overheads applied *	1,011	579	508
Other operating funding applications	0	0	0
Total applications of operating funding	2,097	1,923	2,264
Surplus (Deficit) of operating funding	2,152	2,228	1,903
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	273	372	714
Increase (decrease) in debt	1,507	(18)	(879)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	1,780	354	(165)
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	3,834	2,504	1,614
- to replace existing assets	98	78	124
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	3,932	2,582	1,738
Surplus (Deficit) of capital funding	(2,152)	(2,228)	(1,903)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

Over budget payments to staff and suppliers reflect higher than anticipated expenditure on investigative and feasibility work related to capital projects (\$265,000). The Modellers Pond trial external costs of \$123,000 were unbudgeted within the Long Term Plan.

Development contributions were greater than budget by \$342,000. The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.

Conversely, vested assets were under budget by \$437,000. The timing of vested asset receipts is similarly dependent on the development cycle of individual developers.

\$861,000 less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Depreciation is greater than budget as a result of the 2017/18 asset revaluation.

Unbudgeted non-cash expenditure includes asset impairments and abandoned assets.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,152	2,228	1,903
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	273	372	714
Vested Assets	0	1,129	692
Gross proceeds from sale of assets	0	0	0
Depreciation	(2,153)	(2,228)	(2,394)
Other non-cash expenditure	0	0	(184)
Net Surplus (Deficit) before taxation in Cost of Service Statement	272	1,501	731

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.



FLOOD PROTECTION

ABOUT COUNCIL'S FLOOD PROTECTION ACTIVITIES

The Nelson stormwater and flood protection system is in two parts – the natural waterways, and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways.

Operation and maintenance of Council's flood protection activity centres on the rivers and streams in the urban area of Nelson. Interventions will depend on the risk profile for each river or stream identified as part of flood modelling of the larger streams and rivers in the Nelson area. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear. Future upgrading works are expected to be required as a result of climate change and will follow a risk-based approach.

HIGHLIGHTS FOR 2018/19

In 2018/19, the capital expenditure in the flood protection activity was approximately \$1.9 million.

Maitai flood mitigation

Identification of appropriate flood response for the Maitai River in urban areas has continued throughout 2018/19. The risk based approach to flood protection needs to be consulted on further, including the criteria and weightings applied to prioritise interventions and evaluate flood mitigation options. Final flood levels will not be confirmed until the latest flood mapping is complete. Further development of options, alongside future climate change scenarios is planned for 2019/20.

Saxton Creek – Main Road Culvert to the sea

Initial design work has been completed for the Saxton Creek – Culvert to Sea project to upgrade the channel

and culverts between Main Road Stoke through the Wakatu Industrial Estate to the State Highway at Wakatu Drive. Landowner agreements and easements need to be concluded before detailed design and resource consent can be completed. Negotiations with landowners will commence in July 2019.

Saxton Creek upgrade – Champion Road to Main Road

Works to construct a new bridge to serve the Summerset development were completed in 2018/19. A resource consent is being sought for the construction between Saxton Field and Ngati Rarua Street. Construction for this portion of work is anticipated to be completed from 2019 to 2021.

The LTP budget of \$2.79 million was reduced to \$2.0 million as part of the 2018/19 carryover report.

Orphanage Stream upgrade

A long-term flood remediation programme for Orphanage Stream has begun, which includes channel works at Suffolk Road, and bunding (flood protection barrier).

Preliminary design and consenting for bunding upstream of Saxton Road East is complete. Detailed design and procurement is being progressed and construction is planned for the 2019/20 financial year.

Flood modelling

Updating river flood models for the new High Intensity Rainfall Design System (HIRDS v4) datasets and format is in progress. Flood mitigation works completed since the last set of mapping have been included in the new flood modelling. The project will continue into 2019/20.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed stormwater and flood protection network that minimises damage to the urban environment from rainfall events. Works to support the stormwater and flood protection assets are managed as far as possible to respect the natural, recreational and heritage values that might be present and to protect ecosystem health, as required by the National Policy Statement for Freshwater Management
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater and flood protection network Sufficient and appropriate stormwater infrastructure is provided to ensure the network does not present a barrier to residential or business growth
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable stormwater and flood protection network meets the needs of our current and future community
Our region is supported by an innovative and sustainable economy	Impact on businesses and economic activity is minimised by understanding and managing the stormwater and flood protection network to protect people and property

FLOOD PROTECTION SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Environmental protection, damage to people and property minimised, and a reliable flood protection network	The major flood protection and control works are maintained, repaired and renewed to the key standards defined in the Flood Protection Asset Management Plan	Network maintained to current service potential	<p>The Lower Maitai River Gravel Survey undertaken in 2018/19 shows no overall loss of current service potential relative to previous surveys done.</p> <p>Maintenance was completed on other streams as scheduled. Hillwood Stream North and Maire Stream tributary service potential was re-instated following maintenance works on sections of those streams.</p> <p>In 2017/18 there was also no loss of service potential to the network.</p>	Achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
		Flood event damage identified, prioritised and repair programme agreed with community	No flood events were recorded in 2018/19. The maximum flow recorded on the Maitai River during the reporting year was 45m ³ per second. In 2017/18 there were also no flood events that required repairs.	Achieved
		High priority work completed as soon as practicable	No flood events were recorded in 2018/19. The maximum flow recorded on the Maitai River during the reporting year was 45m ³ per second. Flood protection upgrade works were undertaken in several areas. In the previous year, high priority upgrade works were also carried out.	Achieved
		Network components renewed to continue provision of original design service potential	Network components were renewed to continue provision of original design service potential as planned. These include renewals to the Blick Terrace Retaining Wall, Maire Stream Rock Armouring Stage 1 and Saxton Creek Channel Widening stage 3d (culvert replacement/bridge to achieve new design capacity). Repairs were also carried out in 2017/18.	Achieved
	Develop risk based Maitai flood response options	Flood analysis and property impacts are identified	Flood analysis was undertaken and property impacts were assessed in the first half of the 2018/19 year. Flood analyses were then updated release of new National Institute of Water and Atmospheric Research (NIWA) data. Updated hazard mapping for the most conservative planning scenario was completed and is currently being peer-reviewed. A staff workshop was held in May 2019, where flood risk mitigation options for the CBD and Wood were discussed.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
			In addition, a recent 2018 channel survey assessed for gravel accumulation and flood conveyance capacity. This is a new measure, therefore no comparative is available.	
	Develop city wide flood protection strategies	Complete flood models for major streams	<p>Models for the seven major streams were completed as at the end of the financial year. These models were further updated based on new rainfall data from NIWA which was released in August 2018. This is a new measure, therefore, no comparative is available.</p> <p>Streams included were: the Hillwood/Todd Stream complex, Oldham Creek, the Maitai/Brook/York complex, Jenkins Creek, Poormans Stream, Orchard Stream, and Orphanage Creek.</p>	Achieved



FINANCIAL PERFORMANCE - FLOOD PROTECTION

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,534	1,654	1,658
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding	1,534	1,654	1,658
Applications of operating funding			
Payments to staff and suppliers	327	289	385
Finance costs	0	0	0
Internal charges and overheads applied *	949	767	693
Other operating funding applications	0	0	0
Total applications of operating funding	1,276	1,056	1,078
Surplus (Deficit) of operating funding	258	598	580
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,421	4,133	1,328
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	4,421	4,133	1,328
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	4,679	4,731	1,908
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	4,679	4,731	1,908
Surplus (Deficit) of capital funding	(258)	(598)	(580)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

\$2.8 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Vested assets were under budget by \$166,000. The timing of vested asset receipts is dependent on the development cycle of individual developers.

Depreciation is less than budget by \$121,000.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	258	598	580
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested Assets	0	166	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(258)	(598)	(477)
Other non-cash expenditure	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	166	103

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.





SOLID WASTE

ABOUT COUNCIL'S SOLID WASTE ACTIVITIES

Good public health and wellbeing depend on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material. Council provides waste management and minimisation services to reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment.

HIGHLIGHTS FOR 2018/19

Nelson City Council's solid waste activities are operated through a closed, self-funding group of accounts.

A range of waste minimisation activities were undertaken in 2018/19. This included a focus on encouraging households to divert organic waste by composting through subsidies, workshops, videos and promotions, with just under a 50% increase in uptake of compost subsidies by Nelson residents.

The year also saw programmes initiated to educate on the issue of textile waste including the launch of an Op Shop map, a business engagement programme and support for reducing waste at events. These activities will be consolidated into a joint action plan with Tasman District Council after the 2019 Joint Waste Management and Minimisation Plan has been to Council for adoption on 19 September.

Regional Landfill

The Nelson City Council and Tasman District Council Regional Landfill started as a joint operation from 1 July 2017. Each Council has a 50% share of the joint landfill. The regional landfill is managed based on the Terms of Reference for the Nelson Tasman Regional Landfill Business Unit.

The amount of waste per person disposed of at landfill (excluding contaminated soil and waste from outside the region) during 2018/19 was 634kg per person (excluding the estimated 32kg per person from the Pigeon Valley fires). This is a decrease of 9kg from the 643kg per person recorded in 2017/18.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Provides services and strategies to minimise the negative effect of waste management on the environment
Our urban and rural environments are people-friendly, well planned and sustainably managed	High quality services and consistent strategic direction provides a stable environment for business development and growth
Our urban and rural environments are people-friendly, well planned and sustainably managed	Provides services and direction for the management and minimisation of waste

SOLID WASTE SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Measures to encourage the community to reduce waste to landfill	Quantity (kg) per capita, annually, excluding bio-solids, material from H.A.I.L sites (contaminated land) and out of region waste e.g. Buller District	Maintain or decrease the amount of waste (kg) per capita to landfill, per year	<p>Residual waste received at York Valley has decreased from 643kg per person in 2017/18 to 634kg person in this reporting period. (This does not include an estimated 32kg per person that resulted from the Tasman Pigeon Valley fires in early 2019).</p> <p>While preparing this report, the 2017/18 waste per capita figure was re-calculated to use a more accurate population figure. For the 2017/18 Annual Report, the combined 2016 Nelson and Tasman region populations (100,900) had 1% added to allow for growth and this figure (101,909) was applied, giving a per capita total of 645kg per person. When the actual 2018 population figure (103,269) is used, the correct 2017/18 result is shown to be 643kg per capita. This does not change the performance result for that year.</p>	Achieved
Measures to encourage the community to increase composting of food and garden waste	Proportion of households composting food waste and garden waste, from Survey of Residents	Maintain or increase the % of households that compost food and garden waste compared to previous survey results	<p>The 2019 Residents' Survey shows an increase of 3% in households composting food waste from the previous year (from 57% to 60%), and a decrease of 1% in households composting garden waste (from 62% to 61%).</p> <p>In combination, the target was achieved. Additionally, the total of households composting both their food and garden waste has increased from 48% in 2017/18 to 51% in 2018/19.</p>	Achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Support for the collection and recycling of e-waste	Uptake of available subsidies for recycling e-waste	Consistent or increasing uptake of available e-waste subsidies compared to the previous year (in dollars)	Data on tonnage continues to show an increase in e-waste recycling, but uptake of subsidies has decreased. Reasons include the introduction of an industry-led free e-waste recycling programme for households, residents not being charged for e-cycling as more e-waste is being repurposed, and return visits not eligible for subsidy. Providers' e-waste recycling service is growing substantially – a review of the subsidy programme is to be undertaken to review the performance indicator and enhance business e-cycling. As a community, we have achieved what we set out to do which is to recycle more e-waste. E-waste subsidy uptake is a new measure.	Not achieved



FINANCIAL PERFORMANCE – SOLID WASTE

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	0	0	0
Subsidies and grants for operating purposes	150	193	198
Fees and charges	6,881	3,795	3,199
Internal charges and overheads recovered	4,931	2,250	2,257
Local authorities fuel tax, fines, infringement fees, and other receipts	43	2,271	2,249
Total operating funding	12,005	8,509	7,904
Applications of operating funding			
Payments to staff and suppliers	5,638	5,771	4,977
Finance costs	413	0	0
Internal charges and overheads applied *	4,943	2,296	2,304
Other operating funding applications	0	0	0
Total applications of operating funding	10,994	8,067	7,281
Surplus (Deficit) of operating funding	1,011	442	623
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	5	0	0
Increase (decrease) in debt	(1,014)	(334)	(243)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(1,009)	(334)	(243)
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	33	1
- to improve level of service	0	42	6
- to replace existing assets	2	30	83
Increase (decrease) in reserves	0	3	0
Increase (decrease) in investments	0	0	290
Total applications of capital funding	2	108	380
Surplus (Deficit) of capital funding	(1,011)	(442)	(623)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

The Nelson Tasman Regional Landfill Business Unit (NTRLBU) started operating on 1 July 2018. At the time of the LTP the basis under which the joint landfill would operate was still under discussion. The consolidation treatment assumed has resulted in significant line by line differences in this activity.

NTRLBU income is less than budgeted (\$538,000), due to an updated methodology in the consolidation treatment which has resulted in a significant offset between income and expenditure.

NTRLBU expenditure is also less than budgeted (\$698,000) due to an updated methodology in the consolidation treatment which has resulted in a significant offset between income and expenditure.

Variances other than those resulting from the NTRLBU:

Depreciation is under budget by \$104,000 due to the recategorisation of assets to the joint landfill.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,011	442	623
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	5	0	0
Vested Assets	0	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(411)	(332)	(266)
Gain on establishment of JV	0	0	0
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(70)
Net Surplus (Deficit) before taxation in Cost of Service Statement	605	110	287

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.



ENVIRONMENT

ABOUT COUNCIL'S ENVIRONMENTAL MANAGEMENT ACTIVITIES

As a unitary authority, Council has a wider span of environmental management responsibilities than most other Councils. It manages both territorial authority and regional council functions. These functions include: environmental science and non-regulatory programmes for air, freshwater, coastal and marine environments, land management, biodiversity, biosecurity, and environmental education.

HIGHLIGHTS FOR 2018/19

Science and Environment

Air Quality

The Long Term Plan performance targets for air quality were met in 2018/19 and monitoring is continuing in each of the four airsheds.

Air quality has seen significant improvement, with zero exceedances and a reduction in smoky chimney numbers this winter, an indication that the ongoing educational and monitoring programmes have been successful.

Freshwater Quality and Quantity

Long Term Plan performance targets for freshwater were met in 2018/19, with 100% of pristine sites maintained at the 2017 baseline, and 100% of key recreational bathing sites monitored and reported on.

The Nelson region experienced a drought from mid-January through to the beginning of April and rural water restrictions were enforced for all stream and groundwater takes. Upgrades to flow monitoring sites were completed to enable real-time reporting of river flow data in the Maitai catchment.

Coastal Estuaries and Healthy Streams

The Waimea Inlet Management Strategy was completed and approved by Nelson City Council, other key agencies, several iwi and the community. The

aim of the strategy is to ensure a shared community approach to the Waimea Inlet and its restorative future.

New estuarine water quality and health monitoring programmes were implemented to establish a baseline for all four of Nelson's estuaries which will enable trend analysis over time.

A number of river and stream ecology projects were delivered as part of the Healthy Streams programme including a continuation of fish passage remediation work in the Maitai and Brook catchments, and riparian planting in rivers and streams. The establishment of a fish passage in the pipe beneath Parkers Road, fish surveys, and planting of approximately 2,500 plants.

Land Management and Nelson Nature

A pilot Sustainable Land Project was funded through the Ministry of Primary Industries Hill Country Erosion Fund in 2018/19, and a grant of \$1.2 million was secured to extend the project over four years.

The 2018/19 project was delivered in partnership with New Zealand Landcare Trust, and over 42,000 plants were provided to landowners across the region this planting season, including 36,000 for erosion control.

The Nelson Nature biodiversity programme undertook a number of specific activities in the 2018/19 year including the removal of approximately 180 deer and goats to enable forest and limestone vegetation to recover and supporting landowners to manage biodiversity values.

Land Management and Nelson Nature

This year Council set its baseline emissions inventory for 2017/18, using the Enviro-Mark CEMARS (Certified Emissions Measurement and Reduction Scheme) process. This enabled Council to identify the quantity and source of its emissions, and highlighted opportunities to reduce its carbon footprint. Work on the next steps, including the design and delivery of a

carbon reduction action plan and setting organisation-wide emissions reduction targets, is continuing in 2019/20.

Biosecurity

Council adopted the Tasman-Nelson Regional Pest Management Plan 2019-2029 with Tasman District Council in March 2019.

Kotahitanga mō te Taiao Strategy

The strategy is a collaboration between the Department of Conservation, some Te Tau Ihu iwi, and all councils in the top of the South Island. It was adopted in June 2019 and launched as part of the Matariki celebrations in the 2018/19 year. The Strategy will help to align landscape-scale conservation efforts between the community, iwi, councils and Government agencies across the top of the South Island.

Eco-Building Design

Demand for the Eco Design Advisor Service remained strong this year, with an annual increase in inquiries. Stage five of the Warmer Healthier Homes programme was completed, and since its inception in February 2014 a total of 1572 (as at 30 June 2019) homes have been insulated across Nelson, Tasman, and Marlborough.

Planning Team

Coastal Hazards Engagement

Council embarked on a work programme to develop a strategic response to coastal hazards and climate change, including sea level rise, together with the community.

Following the adaptive pathways approach recommended by the Ministry for the Environment, a first round of community sessions were held in February and March 2019, to better understand changing coastal conditions and the impacts of past extreme coastal events, such as the 2018 ex-cyclones Gita and Fehi. Information collected during these sessions has helped to inform technical assessments of coastal erosion and coastal inundation. Work will continue in 2019/20.

The Resource Management Plan (Nelson Plan)

The draft Nelson Plan (the Plan) was brought together for the first time as one document in mid-2018. A series of 13 Council briefings across 30 topics was held over May-August 2019, to receive feedback on the Plan from Council's elected members. The Plan was reviewed by Council's Iwi Working Group (IWG) over this period and several Hui are being held to discuss specific topics and confirm the feedback with IWG members.

The draft Plan will be provided to elected members in November 2019. Following this, a period of stakeholder engagement on the Plan will commence in early 2020.

A range of technical information was delivered in 2018/19 that will inform the Plan. This information includes updated flood and liquefaction information. Work has also begun to identify slope instability areas and to update the fault hazard and flood hazard information.

Bylaws

The Urban Environments Bylaw was amended to include Kerr Street in the Alcohol Ban area. The Navigation Safety Bylaw was reviewed and work has commenced on the review of the Dog Control Bylaw and Policy.

City Development

Nelson Tasman Future Development Strategy

The Future Development Strategy (FDS) was prepared during 2018/19 (and adopted by Council in July 2019). The FDS provides a framework for planning for residential and business growth across the Nelson and Tasman regions and also future investment in infrastructure. The majority of future residential capacity over the next 30 years is to be provided from redevelopment and intensification of existing urban areas. Refer <http://www.nelson.govt.nz/building-and-property/city-development/future-development-strategy/>

City Centre Programme

Over the past six months the City Centre Programme Plan has been developed through a number of meetings and workshops, a review of previous strategic work and discussions with city centre stakeholders. The work programme focuses on six key moves, including linking the city centre to its natural environment, smart development and attracting and hosting major events in Nelson. The themes were included in the 2019/20 Annual Plan consultation with over 85% of respondents in support of the programme.

Building and Resource Consents Compliance, Enforcement and Monitoring

The Council's Building Consent Authority (BCA) received 974 building consents this year which compares to 908 in 2017/18. The value of the work for consents has significantly increased from \$165.52 million in 2017/18 to \$254.14 million in 2018/19. The work included the airport terminal, two

new retirement villages and multiple townhouse applications.

From 1 July 2015 to 1 October 2018 the BCA had consistently processed building consents and certificates of acceptance with 99.99% complying with the 20 working days statutory timeframe. Since 1 October 2018 up to 30 June 2019 there were 100 breaches of the 20 working day timeframe for issuing consents, with compliance at least 90% for 2018/19. This has been since the introduction of a new online consenting system. There were 743 Code Compliance Certificates issued during 2018/19 compared to 771 for the previous year.

Transition from Council's Earthquake Prone Building Policy to the amended Building Act 2004 requirements continued. Identification of priority earthquake-prone buildings is well advanced and consultation with the public is underway. Almost all unreinforced masonry buildings have been identified and 50% of owners have already completed seismic work on those that were earthquake prone. Identification and remediation of the remaining earthquake prone buildings is on track.

Staff vacancies have impacted on the ability to comply with statutory timeframes for non-notified resource consents, with 83% issued on time. A total of 348 resource consent decisions were issued.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	Land, air, water and coastal environments are sustainably managed through sound planning, monitoring, compliance, science and non-regulatory programmes so that we can be leaders in environmental matters
Our urban and rural environments are people friendly, well-planned and sustainably managed	Good planning and urban design provides an attractive, well-built, safe, resilient and walkable city for people of all ages and abilities. Unique built and natural sites and systems are protected and people are supported to make environmentally sustainable choices. Housing choice is broadened, land is used more efficiently
Our infrastructure is efficient, cost effective and meets current and future needs	Coordinating our growth and infrastructure planning. Programming growth to areas where infrastructure efficiencies can be made Reducing the carbon footprint of our infrastructure and urban development as well as building resilience to the impacts of climate change
Our communities are healthy, safe, inclusive and resilient	High standards of statutory compliance for built and natural environments contribute to the health and safety of the community. The community understands natural hazard risk and is supported to deal with natural hazard risks resiliently Guidance is provided to help our community manage the impact of climate changes, both through mitigation activity and adaptation to impacts
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Heritage sites are protected. Non-regulatory methods are used to retain heritage sites. Promotion of our heritage resource is achieved
Our communities have access to a range of social, educational and recreational facilities and activities	Sound planning and regulatory processes that include iwi and community groups enable a range of activities to occur both on land and water
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Strategic partnerships are developed with the Department of Conservation and private philanthropists, to achieve even greater gains for Nelson's environment. Leadership in climate change in response to the climate emergency declaration
Our region is supported by an innovative and sustainable economy	Council aims for a business friendly approach in its building, regulatory, and planning activities

ENVIRONMENT SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Clean air	Compliance with national Air Quality Standards – number of breaches in each airshed	No more than 3 breaches in Airshed A in winter 2018	Airshed A: No exceedances were recorded in the winter months to 30 June 2019, however a total of two breaches were recorded for the year. This is less than the three allowed in this airshed per annum. Two breaches for the year were also recorded in 2017/18.	Achieved
Clean air	Compliance with national Air Quality Standards – number of breaches in each airshed	No more than 1 breach in Airshed B1 in winter 2018	Airshed B1: No breaches were recorded in the winter to 30 June 2019. A total of two breaches were recorded for the full year, as was the case in 2017/18.	Achieved
Clean air	Compliance with national Air Quality Standards – number of breaches in each airshed	No breaches in Airshed B2	Airshed B2: No breaches were recorded in the winter to 30 June 2019. Note: Air quality in Stoke was monitored from 19 April 2019 for the winter months, following a period of no observance due to essential maintenance of the air quality monitor which required it to be sent to Australia. The highest PM10 daily average recorded for the period 19 April 2019 – 30 June 2019 was 28 µg/m³ on 20 June 2019, which is well below the National Standard of 50 µg/m³. There have been no exceedances of this standard in the Stoke airshed in the last 5 years. The National Environmental Standard for Air Quality (regulation 15) states that councils must monitor the ambient air quality if it is likely that the standard will be breached. In the case of Airshed B2, the standard has not been breached since monitoring began in 2010. Even though monitoring ceased for a time it is considered unlikely that the standard will have been breached in the 2018/19 year, due to the positive records since 2010 and that the highest µg/m³ values in any year are most likely to occur in winter.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Clean air	Compliance with national Air Quality Standards – number of breaches in each airshed	No breaches in Airshed C	Airshed C: No breaches were recorded this year. There were no breaches in 2017/18	Achieved
Natural water ways complying with National Policy Statement Freshwater requirements	% of pristine water bodies maintained at current state (2017 baseline) as a minimum	100%	<p>This new measure is based on the attributes for ecosystem health for rivers and streams listed in Appendix Two of the National Policy Statement for Freshwater Management 2014 (updated August 2017).</p> <p>These attributes are: Periphyton Nitrate (toxicity) Ammonia (toxicity) Dissolved Oxygen Escherichia coli (E.coli) Cyanobacteria (planktonic)</p> <p>The four pristine sites have been maintained at the 2017 baseline for these attributes.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. Supporting water quality information is provided on the Land, Air, Water Aotearoa (LAWA) website. 2. The Freshwater Classification used previously to assess water quality is no longer supported and does not align with the National Policy Statement for Freshwater Management limits. 3. Full reporting on the water quality attributes from the National Policy Statement for Freshwater Management requires monthly monitoring over a five year period. Annual updates (rolling medians) will be reported annually after 2020. 	Achieved
Safe recreational bathing sites, marine and freshwater	% key bathing sites monitored and public advised if water quality standards breached	100%	All monitoring was completed and reported in a timely manner. Signage was erected at the site, and the LAWA 'Can I swim here' module was updated when water quality standards were breached. This is a new measure, therefore no comparative is available.	Achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Resource consent processes that comply with statutory timeframes	% non-notified processed within 20 working days	100%	83% of non-notified consents were processed within 20 working days (an average of measurements from each quarter of the year). This figure was 90% in 2017/18.	Not achieved
Resource consent processes that comply with statutory timeframes	% fast track consents within 10 working days	100%	95% of fast track consents were on time for the year. This is a new measure, therefore no comparative is available.	Not achieved
Building unit compliance	% building consents (BC) and code compliance certificates (CCC) issued within 20 working days	100%	At least 90% of building consents and code compliance certificates were issued within 20 working days, compared to 99% for 2017/18. The lower figure for 2018/19 is in part a result of the transition to a new system for managing consents. Improved information will be available for the 2019/20 Annual Report. This year saw the number of building consents and amendments granted trending in line with 2016-17 figures (the highest recorded since 2012-13). A total of 974 consents were granted, compared to 876 in 2017/18.	Not achieved
Dog and animal control	% of all complaints responded to within one day	90% of complaints responded to within one day	In 2018/19 Council responded to over 2000 dog and animal complaints. The contractor that carries out this work (Environmental Inspections Limited, EIL) reported that they responded to 82.4% of 'high priority' dog and animal incidents within 30 minutes. However, our reporting system does not contain information on the response times for all complaints. Therefore we have classified the result for this performance measure as 'not measured'. In 2019/20 we will review our reporting systems to enable response times to be reported on by 2020/21. In 2017/18 it was reported that 90% of all urgent complaints were responded to within one day. This is a new measure for annual reporting.	Not Measured

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Food safety and public health	% premises receiving inspection as per statutory requirements	100% of premises are inspected according to legislative requirements on frequency	<p>In 2018/19 525 inspections were made of food premises. Council's information systems record each inspection, but not whether the date of the each inspection is within the statutory timeframes. Therefore we have classified the result for this performance measure as 'not measured'. In 2019/20 we will review our reporting systems to enable response times to be reported on by 2020/21.</p> <p>This is a new measure, therefore, no comparative is available.</p>	Not Measured
Alcohol licensing	% of licensed premises receiving two inspections per year	100% of premises inspected two times per year	<p>In 2018/19 over 200 inspections of licensed premises were undertaken. All high risk premises received at least two inspections, but the target of ensuring 100% of all premises were inspected twice cannot be assured. Therefore we have classified the result for this performance measure as 'not measured'. In 2019/20 we will review our reporting systems to enable response times to be reported on by 2020/21.</p> <p>This is a new measure, therefore no comparative is available.</p>	Not Measured
Pollution response	% responses to emergencies within 30 minutes and all other incidents within one day	100% of emergencies responded to within 30 minutes and all other incidents within one day	<p>In 2018/19 over 100 pollution complaints were responded to. We have not recorded the split between 'emergencies' and other incidents and therefore have classified the result for this performance measure as 'not measured'. In 2019/20 we will review our reporting systems to enable response times to be reported on by 2020/21.</p> <p>This is a new measure, therefore no comparative is available.</p>	Not Measured

FINANCIAL PERFORMANCE - ENVIRONMENT

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	7,814	7,853	8,138
Targeted rates	23	12	16
Subsidies and grants for operating purposes	29	55	270
Fees and charges	213	224	229
Internal charges and overheads recovered	0	0	53
Local authorities fuel tax, fines, infringement fees, and other receipts	3,358	4,384	4,255
Total operating funding	11,437	12,528	12,961
Applications of operating funding			
Payments to staff and suppliers	10,991	12,209	12,698
Finance costs	0	0	0
Internal charges and overheads applied *	326	285	371
Other operating funding applications	0	0	0
Total applications of operating funding	11,317	12,494	13,069
Surplus (Deficit) of operating funding	120	34	(108)
Sources of capital funding			
Subsidies and grants for capital	0	0	22
Development and financial contributions	0	0	0
Increase (decrease) in debt	(384)	(215)	(179)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	(384)	(215)	(157)
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	39	0
- to improve level of service	213	175	193
- to replace existing assets	1	44	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	(478)	(439)	(458)
Total applications of capital funding	(264)	(181)	(265)
Surplus (Deficit) of capital funding	(120)	(34)	108
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

\$296,000 more than anticipated has been spent on consultants in the Resource Consents team. Consultants were required to process a high number of applications in light of staff vacancies.

Unbudgeted risk pool claims of \$109,000 were incurred in the year.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	120	34	(108)
Subsidies and grants for capital expenditure	0	0	22
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(61)	(34)	(43)
Gain on establishment of JV	0	0	0
Other non-cash income	0	27	24
Other non-cash expenditure	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	59	27	(105)

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year





ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council works together with the community to support the quality of life and wellbeing of Nelson residents through the delivery of a range of social, arts and heritage facilities and services, such as our libraries and Founders Heritage Park.

Council funds events such as the annual Arts Festival, and provides investment and support to key community-owned facilities like the Theatre Royal and the Nelson Centre of Musical Arts. This area also assists with community development, including the provision of grants to groups providing social services and support to the community.

HIGHLIGHTS FOR 2018/19

Community Facilities

Greenmeadows Community Centre

The new sports and community facility in Stoke has been completed. This project encountered some challenges along the way and we have worked hard to get this facility delivered to a very high standard. The centre opened to the public on 9 June 2019 with a fun day of community events, and an opportunity for the resident clubs to welcome the public into their new spaces. Key tenants of the facility are Stoke Rugby, Nelson Cricket, Stoke Tennis, the Returned and Services Association, Stoke Seniors and a café, while many other groups are also enjoying use of the facilities.

Social Development

Community Housing

During consultation on the Annual Plan, we also included a proposal to amend Council's Long Term Plan 2018-28 to provide for divesting Council's 142 community housing units.

The objective of the proposal was to improve the wellbeing of existing tenants and increase the amount of social housing available in Nelson. This recognised the growing need for social housing, and that other

providers can access funding not available to councils.

Following public consultation on the proposal, Council made the decision to divest Council's community housing assets, conditional on a sale and purchase agreement (or agreements) which achieves, in Council's assessment, an appropriate level of protection for both tenant wellbeing and ratepayer interests.

Council intends that \$8.32 million of the net proceeds from any divestment of community housing assets, would be used to fund future work on housing in Nelson. Our aim is to work with partners who have the ability to deliver housing solutions for the community, and support their efforts. Any additional funds from a divestment would be used to pay down debt.

Community Housing Renewals

A programme for community housing renewal work was confirmed with the Nelson Tasman Housing Trust. All programmes including heating and ventilation were completed, taking into account the possible transfer of assets to another provider while meeting specific Healthy Home standards for heating, insulation, ventilation, moisture and drainage.

City For All Ages

Nelson's population is changing and by 2043 it is expected that a third of Nelson's population will be 65 years and older. This will mean changes, challenges and opportunities for the whole community. A Community Steering Group has begun work on developing a strategy to prepare for these changes, and on 22 July 2019 launched the City For All Ages project. This is a community-led project which Council is facilitating and supporting.

The planned steps include assessing Nelson's current level of age-friendliness across a number of key areas including transport, housing and social connection, identifying gaps, creating opportunities for community input, and developing an action plan with commitments from a range of partners.

Consultation with key stakeholders and the wider community began in 2018/19 and will continue in 2019/20.

Strengthening Community Governance

Following the joint Community and Whānau meeting in 2017, Council lead a partnership project aimed at strengthening community governance in the Nelson and Tasman regions.

Research was undertaken that highlighted changes in key areas that would help to develop the local community governance practice. Since then, a number of activities have taken place including Governance Bites, Institute of Directors training, and Action Group meetings, with participation from over 60 community organisations and 150 individuals.

Community Funders Roadshow

This event was hosted by the Community Funders Network at Greenmeadows Community Centre. The Roadshow was targeted at community organisations as a way of providing information on upcoming funding rounds that organisations can apply for.

The programme included presentations from the majority of the Community Funders Network, including Nelson City Council, Tasman District Council, Department of Internal Affairs, Rata Foundation, Te Puni Kōkiri, and Creative Communities. There was also a session on "Top Tips" and a panel/audience question and answer forum. Over 90 people attended the event with plenty of positive feedback received. Discussion is underway on the potential for repeating the event next year.

Youth Sector Leadership

The Youth Sector Leadership Group is a group of seven youth and adult community representatives from across the youth sector in Nelson. The Youth Sector Leadership Group supports Council to focus its spending on youth initiatives under the Council's Youth Strategy.

In the last year Council has funded a suite of activities for young people focussed on youth leadership (including youth governance) and neighbourhood participation, while continuing its range of council-led services and activities, including Enviroschools, Tahuna Sounds, and Young and Inspired. The latter event was in its fourth year and celebrated the achievements of young people who shared their experiences, including the challenges they have encountered and the choices they made along the way to overcome obstacles.

Youth Leadership Forum

A Youth Leadership Forum was held in May 2019 for over 200 young people. The forum's aim was to help inspire young people to work together to develop

their leadership potential, and to use their skills to bring about positive change. The day brought together inspiring young leaders to talk about their own journeys, and provided workshops for young people to work together. The forum was very well received with 100% of attendees that completed an evaluation saying the day was worthwhile. Leadership

Mayor's Industry Training Organisation

The Mayors Taskforce for Jobs (MTFJ) is a nationwide network of New Zealand's mayors, working together to have all young people involved in education, training, employment or other positive activity in their communities.

The success of more than 80 Nelson graduates was celebrated by over 200 employers, family and friends at a ceremony in November 2018. The number of graduates was up 13 from the previous year.

The graduates recently completed a National Certificate with an industry training organisation, including for retail, service industries, horticulture, engineering or refrigeration.

Arts, Heritage and Events

Bay Dreams

The Bay Dreams music festival was successfully delivered to 20,000 people in January 2019. The festival attracted international headline act Cardi B, and the line-up included local acts such as Katchafire. The festival was the biggest of its kind in the South Island and very positive feedback was received from customers, partner agencies, and the community. Due to its success and popularity Bay Dreams is coming back to Nelson in January 2020.

All Blacks

On 8 September 2018, Nelson hosted the All Blacks vs Argentina Investec Rugby Championship test match at Trafalgar Park, with 22,000 people attending the game. A pre-game street party was held, and Upper Trafalgar Street hosted a range of cultural entertainment and performances. This was Nelson's first All Blacks game and demonstrates the first-class attributes of the Trafalgar Park pitch, and the City's attraction as a centre for sport and entertainment on a large scale.

Taurapa Sculpture

The Taurapa sculpture was successfully installed at the Waka Landing in Rutherford Park, alongside the Mahitai/Maitai walkway. The sculpture was created by local artist Maia Hegglin, and represents migration and kotahitanga (strength in unity). The choice of medium complements the cultural significance of the site, and the historic contribution and evolution of Māori settlement and growth in Whakatū.



An anchor stone of locally sourced Argillite accompanies the Taurapa, connecting the sculpture to the land and river. This sculpture was planned over many years with a number of groups, including local iwi, and was made possible through the Council's Arts Fund.

Arts Festival

The 2018 Arts Festival involved almost 100 performances, plus free art exhibitions in and around the city centre. 90% of the shows were New Zealand acts. The Festival was well attended with approximately 8,500 tickets purchased for performances.

Attendance was slightly lower than the previous year, however this is believed to be due to a late addition to the local calendar of a large community event over Labour Weekend, and an All Black Test occurring in Nelson in the middle of the sales and marketing period. Just over half of the tickets were purchased online – an increase from previous years. The free community events were well attended, with over 2,000 participants at the Mask Parade and Carnivale and another 16,000 in attendance.

Summer Events Programme

The Summer Events programme was very successful, with only a few cancellations due to heavy rain. The Tahuna Summer Sounds had over 5,000 attendees compared to 2,000 for the 2017/18 year, and the Lantern Celebration had record attendance with over 3,000 attendees compared to 1,750 in 2017/18.

Nelson Buskers' Festival

The 2019 Buskers' Festival brought aerial acrobatics, archery contortionists, break-dancing and basketball freestyling, acrobatics, comedy and juggling to Nelson. The festival took place in three locations, including upper Trafalgar Street. Buskers came from Canada, Japan, Germany and New Zealand. The popular event was well attended and the feedback from the public was positive.

Kai Festival

The Eleventh International Kai Festival was well received, with about 5,000 people enjoying a day of kai and cultural performances provided by our local community. 500 visitors took the opportunity to attend the Powhiri at Whakatū Marae.

Eelco Boswijk Awards

The Eelco Boswijk Civic Awards were hosted at the Trafalgar Centre, with over 130 guests attending the awards function where five main awards were presented. The Civic Awards are to acknowledge the different ways that people contribute to our community.

Founders Heritage Park

Founders Heritage Park continues to be a well-used facility, attracting 115,700 visitors in 2018/19. The Park hosted 18 events which attracted 55,100 visitors, including 393 private bookings. 46,800 came to Founders for the visitor experience, enjoying the heritage displays, well maintained gardens, and vibrant community of working artisans.

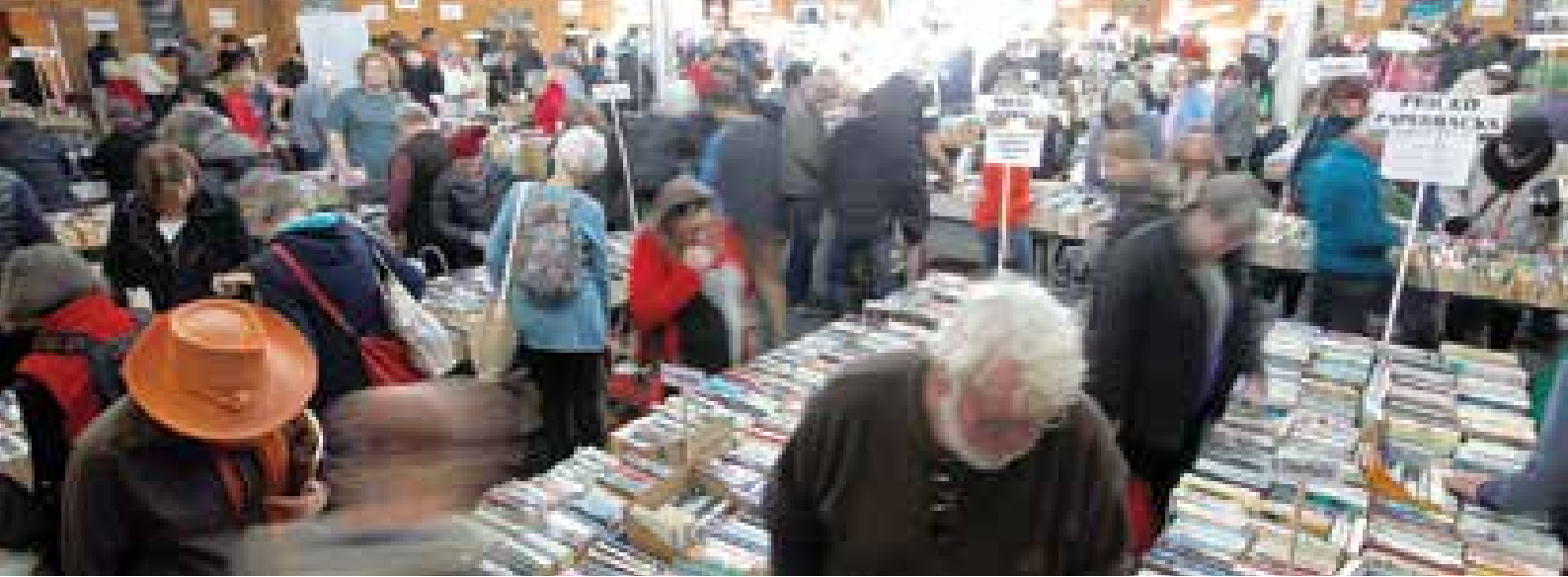
Founders Park Annual Book Fair

The annual Book Fair at Founders was a huge success, with over 12,000 people through the door. It raised more than \$150,000, which was \$9,000 more than in 2017/18, with people making the most of the pre-sale multi-day passes. All profits from this event go back to developments and maintenance at the Park.

The Book Fair started in 1988 and has developed a large following, making it one of the most popular annual events in Nelson, attended by booklovers from around New Zealand.

Broadgreen House

Broadgreen House had 4,000 visitors in 2018/19. The Suffragists at Home: Stitching for a Cause exhibition celebrated 125 years since New Zealand women won the right to vote. The exhibition allowed people to



visit an 1893 suffragist house, see women's stitching crafts, and learn how clothing helped the quest to get women the vote. Events during the year included: Among the Roses (including the Spring Flower Show) with the Nelson Pipe Band and the Nelson Youth Jazz Collective, the National Vintage Car Show, the Heritage Festival, Textile Kids Series (that taught crafts and sewing to children), open days, and craft workshops.

Isel House

Isel House welcomed more than 4,800 visitors in 2018/19. The Isel Twilight Markets continued to be popular throughout the year, with a number of new stall holders joining. The Bloom Festival of Flowers took place in spring, proving very popular with over 4,000 attendees (800 – 1,000 in previous years). A celebration of World Heritage Day took place at Isel House and Park, with activities and events throughout the day, including tours of the park by historian Peter Millward. A new CCTV camera system was installed to assist in protecting the precious Marsden Collection.

Melrose House

It has been a busy year at Melrose House, with the Melrose Society taking a lead in managing the house. Highlights from the year have seen a number of improvements including technology upgrades, new prints in the drawing-room, placement of a commemorative stone and camellias to mark the 125th anniversary of Women's Suffrage, improvements to period furniture and buildings, as well as utilising Nelson Venues to manage house bookings. Work has also been undertaken to strengthen and restore the stables and initially utilise this area for additional storage.

Heritage Festival

The Heritage Festival had an exciting programme of events which celebrated our city's past. Now in

its ninth year, the festival has evolved into a true community event. The festival took place in April 2019 and involved many different organisations and community groups. The event included live performances, talks, tours and other activities at a range of locations around Nelson, such as the Nelson Provincial Museum, Theatre Royal, Suter Art Gallery, libraries, and Founders Heritage Park. Surveys showed that 95% of respondents rated their satisfaction with this year's events at either a 4 or 5 out of 5. 77.5% rated the event as a 5 out of 5 or "loved it". This has increased from last year's figure of 69.4%.

Libraries

Elma Turner Library

During the latter part of 2018/2019 Council engaged consultants to undertake community engagement for the Elma Turner Library redevelopment, with Councillors, community groups, and library staff.

The engagement included surveys, community events and public drop-ins. The feedback provided useful information regarding the needs of a broad cross-section of the community. Further opportunities to provide feedback on the proposed development will continue during 2019/2020.

Stoke Pop-up Library

The Stoke Library experienced some watertightness issues leading to water damage. Internal repairs were completed and contracts are being prepared for the exterior works, to ensure the main beams are water tight. While work was being undertaken, Council took the opportunity to open a pop-up library at the new Greenmeadows Community Centre during the closure period. This proved to be a very popular service with the community, helping to activate the new community centre while maintaining a library service to the Stoke community. The library reopened on 1 July 2019.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our communities are healthy, safe, inclusive and resilient	The community is engaged to take part in civic activities and participate in decision- making Young people are supported and participate in our community
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Community achievement is celebrated through awards Events celebrate the community we live in
Our communities have access to a range of social, educational and recreational facilities and activities	Social, educational and recreation activities provided by Council
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	We provide leadership opportunities for our young people through Youth Council, cadetships and Youth Development Grants We support networks in the community sector to become stronger Partnerships are created to achieve Council outcomes and meet community needs
Our region is supported by an innovative and sustainable economy	Youth are supported through actions from the Youth Strategy We develop our community leaders and celebrate community contribution

SOCIAL SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Community partnerships address community needs and issues	Number of successful projects funded where officers work with groups to increase partnership opportunities & leverage funding	One new project funded per year that achieves the outcomes of the funding agreement.	This outcome was achieved. Support was provided to the Tahunanui Community Hub, and Council worked with the local community sector through the Strengthening Community Governance initiative and Community Funders Roadshow event. This is a new measure, therefore, no comparative is available.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Bishop Suter Art Gallery: a regional art gallery that engages, educates and entertains	% users satisfied or very satisfied with the facility	At least 80% of users satisfied or very satisfied	86% of users surveyed were satisfied or very satisfied with the facility, up 1% from 2017/18. Council has set a performance measure for satisfaction with the Bishop Suter Art Gallery because it receives significant ratepayer investment. However it should be noted that Council does not directly manage this activity.	Achieved
Bishop Suter Art Gallery: a regional art gallery that engages, educates and entertains	Number visits per year	At least 110,000	There were 140,975 visitors to the Suter Complex in the year to 30 June 2019. There were 154,432 visitors in 2017/18, which was a 51% increase of visitor numbers from 2016/17. Council has set a performance measure for level of use of the Bishop Suter Art Gallery because it receives significant ratepayer investment. However it should be noted that Council does not directly manage this activity.	Achieved
Theatre Royal: regional theatre widely used	Audience numbers per year and percentage of local audience Days in use per year.	Audience of 40,000 per annum 70% local audience At least 275 days of usage	Total audience numbers for the year were 26,300, and 75% of these were local. These are both new measures, therefore, no comparatives are available. The theatre was used for 261 days in the year, compared to 318 days in 2017/18. There was a national drop in the availability of touring shows between September and November 2018, which resulted in reduced audience and performance numbers for the year. Council has set a performance measure for the audience numbers for the Theatre Royal because it receives significant ratepayer investment. However it should be noted that Council does not directly manage this activity.	Not achieved
Nelson Centre of Musical Arts: independent music school & venue	Audience numbers per year Number of students per year	Audience numbers per year: At least 13,000 Number of students attending per year, including pathway courses: At least 530	NCMA audience numbers for the year were 11,028. 567 students attended, and 75,000 people used facility for community participation.	Not achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
	Number of people regularly using recital rooms / facility usage / community participation	Number of people regularly using facility for community participation: At least 12,000	<p>This performance measure was very close to being achieved. Council has set a performance measure for the level of use of the NCMA because it receives significant ratepayer investment.</p> <p>However it should be noted that Council does not directly manage this activity.</p> <p>This is a new measure, therefore, no comparative is available.</p>	Not achieved
Public libraries: well used, welcoming and safe	Customer satisfaction	At least 90% user satisfaction	89% of residents canvassed in the Residents' Survey were satisfied or very satisfied with public libraries in Nelson (92% in 2017/18). This performance measure was very close to being achieved.	Not achieved
Public libraries: well used, welcoming and safe	Library membership	At least 75% residents are library members	<p>The total number of members with Nelson addresses is 34,729. The total number of members is 40,121. The estimated total Nelson population at June 2018 (most recent Statistics New Zealand estimates) was 51,900. This equates to 67% of Nelson residents having library membership in 2018/19.</p> <p>In the previous year, it was calculated that 70% of Nelson residents were library members.</p>	Not achieved
Public libraries: well used, welcoming and safe	Door counts	At least 500,000 per year (except during redevelopment period)	<p>The libraries door count total for the year was 446,883.</p> <p>The count for 2017/18 was 460,237.</p>	Not achieved
Public libraries: well used, welcoming and safe	Online use (previous 3 years)	Online use increasing each year	Total online usage for 2018/19 was 2,076,499 – higher than 2,022,647 for the 2017/18 year.	Achieved
Founders Heritage Park: well used by residents and visitors	% occupancy of available space	95% occupancy maintained	<p>There was 81% occupancy at Founders Park this year. Leases are in the process of being negotiated for a number of spaces.</p> <p>This is a new measure, therefore, no comparative is available.</p>	Not achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Founders Heritage Park: well used by residents and visitors	Number of visitors of the facility per year	Maintain or increase visitor number each year	Total facility visitors for 2018/19 were down by 6.5% this year, as compared with 2017/18. Most of this decrease is due to changes in events offered at the Founders venue; for example the Evolve Festival became a biennial event which was then not held in 2019, and Marchfest had less tickets available than previous years in order to provide more space for eventgoers.	Not achieved
High quality, popular and accessible arts events	Nelson Arts Festival, Summer Programme and Opera in the Park well-supported by local community measured by Council survey of attendance every three years	Council Residents' Survey attendance levels maintained or exceeded: 53% Summer Festival 44% Masked Parade 31% Arts Festival 30% Opera in the Park (alternate years)	Attendance levels measured from Council's Residents' Survey: 43% Summer Festival 33% Masked Parade 19% Arts Festival Opera in the Park attendance was not measured, as it is a biennial event and was not held in 2019. The numbers obtained through the Residents' Survey do not reflect the high level of attendance at our summer events. For example, Tahuna Summer Sounds had a record number of attendees this year, over 5,000 people, compared with 2,500 in 2016/17. The benchmark targets were set from the Residents' Survey in 2014, and the percentage of people surveyed reporting attending an event have subsequently seen a decrease between 2014 and 2018/19.	Not achieved
High quality, popular and accessible arts events	Percentage of available tickets allocated	Percentage of available tickets allocated is greater than 60%	85% of available tickets were sold for ticketed events. This is a new measure, therefore, no comparative is available.	Achieved
High quality, popular and accessible arts events	Satisfaction levels of attendees measured at events annually	The percentage of attendees' satisfaction at events increases each year from a baseline of 2018/19	Other than anecdotal feedback, no data was gathered for this performance measure due to changes in staffing in the Events Team. There is a plan in place for the coming financial year to obtain event attendee feedback, which will set the baseline from 2019/20. This is a new measure therefore, no comparative is available.	Not measured

FINANCIAL PERFORMANCE - SOCIAL

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	12,323	12,872	12,878
Targeted rates	0	0	0
Subsidies and grants for operating purposes	178	171	300
Fees and charges	588	621	1,166
Internal charges and overheads recovered	0	0	1
Local authorities fuel tax, fines, infringement fees, and other receipts	1,652	1,708	1,759
Total operating funding	14,741	15,372	16,104
Applications of operating funding			
Payments to staff and suppliers	11,737	12,502	13,295
Finance costs	0	0	0
Internal charges and overheads applied *	1,483	1,652	1,692
Other operating funding applications	0	0	0
Total applications of operating funding	13,220	14,154	14,987
Surplus (Deficit) of operating funding	1,521	1,218	1,117
Sources of capital funding			
Subsidies and grants for capital	22	23	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(198)	1,571	2,993
Gross proceeds from sale of assets	0	0	1
Lump sum contributions	0	0	0
Total sources of capital funding	(176)	1,594	2,994
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	599	1,512	1,074
- to improve level of service	442	690	2,219
- to replace existing assets	404	770	947
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	(100)	(160)	(129)
Total applications of capital funding	1,345	2,812	4,111
Surplus (Deficit) of capital funding	(1,521)	(1,218)	(1,117)
Funding balance	0	0	(0)

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

Funding Impact Statement variances against budget

Festivals income is ahead of budget by \$400,000 relating to delays in transferring the Arts Festival to the trust. This is offset by festivals expenditure, which is ahead of budget by \$400,000.

Brook Camp site rental fees and recoveries are over budget by \$109,000 due to the camp receiving more patronage than expected. Brook Camp expenditure is over budget by \$250,000 as a result of contractor costs relating to staff services.

Crematorium income and expenditure are over budget by \$80,000 and \$96,000 respectively, as more cremations have occurred than anticipated.

The increase in debt is \$1.4 million higher than anticipated due to capital expenditure programme variances. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Other non-cash expenditure includes a decrease in the fair value of investments.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,521	1,218	1,117
Subsidies and grants for capital expenditure	22	23	0
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(1,340)	(1,351)	(1,239)
Other non-cash income	0	0	95
Other non-cash expenditure	0	0	(393)
Net Surplus (Deficit) before taxation in Cost of Service Statement	203	(110)	(420)

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year







PARKS AND ACTIVE RECREATION

ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. We also assist in the protection of Nelson's biodiversity, heritage, rivers and coast.

HIGHLIGHTS FOR 2018/19

Parks and Reserves

Grampians Reserve

A steep section of the Grampians was bypassed with a new section of zig-zag track, which offers an easier walking grade as well as superb views over the city and the mountains to the west. The new section is on the main ridge, south of Collingwood Street, just north of the Ronaki Track. It is about 350 metres long and bypasses the steep 200 metre section.

Marsden Cemetery Upgrade

The detailed design for the Marsden Valley Cemetery extension to improve the groundwater issues and develop a new burial area was completed. Construction was originally planned for 2019/20, however over 85% of this project was completed in 2018/19.

Mako Street Reserve Playground

A playground was installed at Mako Street Reserve that includes a green open space, and a children's natural play space, surrounded by planting.

Octopus Gardens Playground

Work was completed on the upgrade of the playground at Ngawhatu Reserve Sportsfield, known as Octopus Gardens. The upgrade included traditional playground items, natural play spaces featuring locally sourced logs and rocks, landscaping with more than

1,000 new plants and grasses, and an information board. The space was designed with accessibility in mind and has received positive feedback.

City Centre Play Space

The Long Term Plan 2018-28 included a play space development in Rutherford Park. As part of the City Centre Programme, we have transferred the funding from Rutherford Park to the City Centre.

The City Centre Park is in the preliminary investigative stage and the remaining 2018/19 funding was used for a small amount of natural play space in Rutherford Park.

Brook Waimarama Sanctuary

After a year of successful pest management work, the temporary closure of the Brook Waimarama Sanctuary allowed for some improvements to the Visitors Centre, including updated information panels and displays. At least 14 individual pest species were cleared from the sanctuary as a result. Council has continued to support the Sanctuary in its work, with a grant of \$250,000 in the 2018/19 year.

Recreation and Facilities

Renewal of Saxton Field Hockey Turf

Successful installation of replacement turf was completed in December 2018, to meet Federation of International Hockey standards for a Global Category Field. Savings from this project were allocated to the Queen's Gardens Toilet and Poorman's Walkway.

Stoke Community Youth Facility

The first stage of an investigation into a youth facility in Stoke is complete. A Council workshop in March discussed the options, including opportunities for Whanake Youth to be installed in the Stoke Seniors' building, along with relocatable recreation options over the short term.

Tahunanui Skate Ramp

A skate ramp was installed in Tahunanui to replace the one that was removed a number of years ago. The new ramp was completed to a very high standard and has proved popular with locals and visitors. Its surface material is made from a paper-composite material which does not splinter. The surface also maintains safe temperatures, even on a hot summer day, is environmentally friendly and sustainable, fire-resistant and easy to clean.

Marina Hardstand

Stage one of sealing four hardstand bays was completed. Stage two, the subsequent sealing of 8 additional bays, will be completed in 2019/20.

Codgers Recreation Hub

A new recreation hub providing trailhead facilities, including car parking, a toilet and a bike wash-down, was installed in the Brook Valley. 50% of this project was funded by the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund. A further recreation hub is proposed for the Maitai Valley and investigations are underway.

Queen's Gardens Toilet

The Queen's Gardens has received a much needed upgrade in the form of a permanent toilet facility. The facility will be used by visitors to the Queen's Gardens and is located adjacent to the Suter Gallery. It will open to the public on 3 August 2019.

Modellers Pond

An extensive trial was undertaken at the Modellers Pond in 2018/19, using Diatomix to reduce weed and algae. After reviewing a report provided on the trial, it was found that there were too many variables to conclude whether the treatment would resolve the algae issue in the long term.

Council is now looking for a permanent solution for the pond, and after considerable investigation and assessment of options, officers are working on a full upgrade of the pond (including installing a concrete base and improving water circulation), as well as any alternative options iwi consider appropriate. Officers will report back to the Sports and Recreation Committee with the preferred approach, which will then be put to the community for feedback. Funding for the project will be subject to approval via the Annual Plan process.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our unique natural environment is healthy and protected	<p>Parks and reserves have a key role in improving the health of waterways through riparian planting, which filters nutrients, reduces river water temperature and helps to control erosion from coastal and river processes</p> <p>Pest and weed control programmes help to protect and enhance our biodiversity, including in the ultramafic rock zone where a number of species endemic to the region occur. The Nelson City Council's policy is to use the least toxic chemical necessary to destroy unwanted weeds and organisms. All chemical applications are carried out by Growsafe certified staff</p> <p>Council manages some land as Landscape Reserves, to protect and enhance the City's unique backdrop</p> <p>Over 10,000 hectares of backcountry is managed by Council, much of it in native forest and accessible for walking, running and mountain biking</p>
Our urban and rural environments are people-friendly, well planned and sustainably managed	<p>Council strives to ensure reserves acquired through subdivision are appropriately located, well connected and on suitable land</p>

Table continued >

Community Outcome	Contribution
	Council leverages the region's favourable climate and provides well distributed play equipment across the city, and continues to develop cycling and walking connections across and through our reserves
Our infrastructure is efficient, cost effective and meets current and future needs	<p>High quality playing surfaces and facilities are integral to attracting national and international sporting events. The facilities require sound condition assessments and renewal programmes to reduce whole of life costs</p> <p>Hard surfaces within Parks and Reserves are developed and monitored using industry best practice. We are prioritising incorporating road assessments and maintenance management</p>
Our communities have access to a range of social, educational and recreational facilities and activities	<p>A wide range of healthy, accessible and safe recreation opportunities are provided that meet community needs and improve wellbeing</p> <p>Council's reserves support a wide range of sports and recreation facilities for all ages, including youth and older residents. We protect, enhance and interpret Nelson's human heritage and historic sites</p> <p>Use of reserves for community events is encouraged, such as the Blossom Festival and Race Unity Day</p>
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	<p>The Council's Parks team works with a range of trusts, clubs, codes and community groups, and often undertakes development through co-funding agreements</p> <p>Saxton Field continues to be developed in partnership with Tasman District Council</p>
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	<p>Many of Council's reserves have significant heritage value including the Queen's Gardens, other Public Gardens which include historic houses, and the Brook Conservation Reserve which has important pakohe (argillite), copper and chromite mine workings, the route of the country's first railway line and Nelson's first municipal water supply</p> <p>Council reserves provide venues for a range of festivals and events that showcase the region's creativity, often in a unique setting</p>
Our region is supported by an innovative and sustainable economy	<p>Quality reserves and recreation opportunities enhance quality of life, and thus forms a key part of making Nelson a better place, which in turn encourages new residents to the region</p> <p>Council recognises the importance of activities that use reserves for generating tourism and encouraging settlement in the region. Parks have a key role in providing venues and other support for recreational and sporting opportunities, from formal developments at Saxton Field to support for entities such as the Nelson Mountain Bike Club</p>

PARKS AND ACTIVE RECREATION SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Parks and recreation service that meets or exceeds residents' expectations	Resident satisfaction with parks and recreation, by survey	80% or more satisfied or very satisfied	81% of residents were satisfied or very satisfied with parks and recreation services in the 2018/19 Residents' Survey. This figure was 85% in 2017/18.	Achieved
Iwi heritage recognised in parks and reserves	% new reserves and renewed signs with Te Reo Māori name where one exists	100%	There has been limited opportunity to implement this measure as only one Park would be eligible for renaming during 2018/19 which was Te Manu Reserve. This is a new measure therefore, no comparative is available.	Achieved
Sufficient open space provided in the City	Area in hectares of Neighbourhood Parks per 1,000 residents	At least 1.7 hectares per 1,000 residents	There were 1.7 hectares of Neighbourhood Parks per 1,000 residents this year. This is a new measure for annual reporting, but this statistic has been previously measured by the Parks team. There has been no change from 2017/18.	Achieved
Conveniently located open space i.e. neighbourhood park, public garden or sportsground	% residential properties within 800m of open space, approximately 10 min walk	At least 99%	99% of residential properties were within 800m of open space. This is a new measure for annual reporting, but this statistic has been previously measured by the Parks team. There has been no change from 2017/18.	Achieved
Play facilities that are conveniently located	% of residential properties within 1km of a playground, approximately 15 min walk	At least 95%	95% of residential properties were within 1km of a playground this year. This is a new measure for annual reporting, but this statistic has been previously measured by the Parks team. This figure was 97% in 2017/18.	Achieved
Saxton Stadium well utilised	Use rate in hours per annum	Saxton Stadium use achieves target of at least 1,450 hours per annum	Saxton Stadium was used for 2325 hours in the 2018/19 year. This is a new measure therefore, no comparative is available.	Achieved

Table continued >

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Trafalgar Centre facilities well utilised	Trafalgar Centre annual number of users	Trafalgar Centre annual number of users at least 60,000	There were 51,901 users of the Trafalgar Centre in total for 2018/19. This is an increase in attendance of 54% from 33,667 users in 2017/18. The growth in numbers is reflected by the growth in both the number and scale of events at Trafalgar Centre. This is a new measure for annual reporting, as the Centre was closed for renovations from 2014-2016.	Not achieved
Marina managed to meet demand	Marina berth occupation rates in relation to target	Marina berth occupation of at least 85%	Berth occupancy at the Marina was 96%. This is a new measure therefore, no comparative is available.	Achieved



FINANCIAL PERFORMANCE - PARKS AND ACTIVE RECREATION

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	13,417	12,643	13,312
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,014	2,224	469
Internal charges and overheads recovered	0	449	449
Local authorities fuel tax, fines, infringement fees, and other receipts	1,143	1,844	3,840
Total operating funding	16,574	17,160	18,070
Applications of operating funding			
Payments to staff and suppliers	9,583	11,466	12,395
Finance costs	0	0	0
Internal charges and overheads applied *	3,396	2,817	2,763
Other operating funding applications	0	0	0
Total applications of operating funding	12,979	14,283	15,158
Surplus (Deficit) of operating funding	3,595	2,877	2,912
Sources of capital funding			
Subsidies and grants for capital	276	828	451
Development and financial contributions	1,268	1,800	840
Increase (decrease) in debt	31	1,254	152
Gross proceeds from sale of assets	0	0	5
Lump sum contributions	0	0	0
Total sources of capital funding	1,575	3,882	1,448
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	1,998	2,951	812
- to improve level of service	1,021	1,858	1,382
- to replace existing assets	2,151	2,066	2,166
Increase (decrease) in reserves	0	(116)	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	5,170	6,759	4,360
Surplus (Deficit) of capital funding	(3,595)	(2,877)	(2,912)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

A categorisation change has resulted in the variances in Fees and Charges and other receipts.

Unbudgeted storm event costs of \$276,000 have been incurred in relation to the February 2018 events. These costs are funded through the Disaster Recovery Fund.

Sports Parks income is greater than budget by \$165,000 and expenditure is greater than budget by \$217,000. These variances relate to offsetting venue hire expense recoveries, in addition to greater than anticipated rental income and maintenance costs.

Staff costs are \$200,000 higher than budgeted, however this is offset in other activities.

Trafalgar Centre income is greater than budget by \$109,000 and expenditure is greater than budget by \$204,000. These variances relate to offsetting venue hire expense recoveries, as well as unbudgeted rental discounts given to community groups.

The variance in subsidies and grants for capital reflects variances in the capital programme.

\$1.1 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Development contributions were less than budget by \$960,000. The receipt of development contributions reflects the development cycle of individual developers and the timing is difficult to predict.


Conversely, vested assets were over budget by \$288,000. The timing of vested asset receipts is similarly dependent on the development cycle of individual developers.

Unbudgeted non cash expenditure represents asset impairments.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,595	2,877	2,912
Subsidies and grants for capital expenditure	276	828	451
Development and financial contributions	1,268	1,800	840
Vested Assets	0	0	288
Gross proceeds from sale of assets	0	0	0
Depreciation	(3,311)	(3,183)	(3,248)
Other non-cash income	0	0	0
Other non-cash expenditure	0	0	(116)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,828	2,322	1,127

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year



ECONOMIC

ABOUT COUNCIL'S ECONOMIC ACTIVITIES

Council has a role in creating a successful, sustainable and economically viable region and fostering economic development. The economic development activity is largely delivered through the Council owned Nelson Regional Development Agency (NRDA), which has a focus on delivering Nelson Tasman's unique identity. The identity of our region is based on five pillars that make Nelson Tasman different from other regions in New Zealand. These pillars are: Clever Business, Stunning Natural Landscapes, Surprisingly Diverse, Arts and Artisans, and Highly Connected. Although the NRDA is owned by Nelson City Council, its work is also supported and funded by Tasman District Council, businesses, and central government.

Nelson City Council's funding for the NRDA was \$1.3m million in 2018/19, including economic events supported through the Contestable Events Fund. In 2018/19 Council also supported bringing the All Blacks vs Argentina rugby game and the music festival Bay Dreams to Nelson. These two events brought a significant number of out-of-town visitors and associated spending to our city.

HIGHLIGHTS FOR 2018/19

Council has supported the development of a new regional economic development strategy - Te Taihu Intergenerational Strategy. This strategy covers Nelson, Tasman and Marlborough and is being developed in partnership with a wide range of organisations and individuals, including Wakatu Corporation, Tasman and Marlborough councils, iwi, businesses, and the Nelson Marlborough Institute of Technology. Central

government is a key funder for the development of this strategy, and Council's financial contribution in 2018/19 was \$50,000. The strategy is expected to be completed later in 2019, followed by the implementation phase.

We have also supported business applications to central government's Provincial Growth Fund (PGF). This \$3 billion fund is central government's main vehicle for supporting new economic development opportunities in the regions. In April 2019 the PGF confirmed funding of \$6 million to help establish a National Algae Centre in Nelson, through the Cawthron Institute.

Uniquely Nelson and the Nelson Tasman Business Trust are also key partners for economic development and are supported through Council funding.

Note: NRDA's 2018/19 Annual Report will be available on its website when it is completed.

Upper Trafalgar Street

Due to the success of the upper Trafalgar Street summer closure over the last two summers, and continued public feedback requesting permanent closure to motor vehicles, the public was consulted in 2019 on a proposal to declare upper Trafalgar Street a permanent pedestrian area all year round. The majority of submitters supported some form of closure for part of or the full year.

Council passed a resolution on 27 August 2019 to declare upper Trafalgar Street (between Hardy Street and Selwyn Place) a permanent pedestrian mall and is expected to be in place by the end of 2019. The closure includes exemptions for emergency vehicles, maintenance, and service vehicles.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The community's aspirations are understood and taken into account. The economic needs of the Nelson community and the wider region are considered in decision making
Our region is supported by an innovative and sustainable economy	Council is responsive to business and committed to providing an enabling environment. Support is provided to organisations and projects that attract new investment and innovation to the region, bringing training opportunities and encouraging our workforce to become more skilled and adaptable

ECONOMIC SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Overview of a healthy local economy	GDP measured as three year average	Percentage increase in GDP per annum at least equal to or better than the national average	<p>Official Statistics NZ regional GDP numbers for the year to 31 March are not made available until the following year. For example, the GDP for Nelson in the year to 30 March 2019 will not be available until March 2020. As a result, Council contracts the economics firm Infometrics to provide estimates on a quarterly basis.</p> <p>Based on estimates supplied by Infometrics for the Nelson region (as at 30 June 2019), GDP grew by around 1.7% for the year to 30 June 2019 compared to 2.5% for NZ overall for the same period.</p> <p>Council has set a performance measure for GDP growth because of the significant ratepayer funding the Nelson Regional Development Agency receives in order to stimulate economic growth. However it should be noted that Council does not directly manage this activity.</p> <p>This is a new measure therefore, no comparative is available.</p>	Not achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Strategic overview of economic development for the benefit of the community	Value of tourism (total spend) annually in Nelson city	Increase the annual value of tourism spend in Nelson from previous year	Updated data from Infometrics shows that the tourism spend in Nelson City was \$365 million in 2018, compared to \$345 million in 2017. This is a new measure therefore, no comparative is available.	Achieved
Measures that contribute to the vitality and attractiveness of the Nelson CBD	Total annual spending in the Nelson CBD	Total annual spending in the Nelson CBD is greater than or equal to previous annual spend	Due to the time needed to compile the quarterly results, the latest available data is for the March quarter. The amount spent to the year ending March 2019 was \$195.3 million. Spend in the year to end of March 2018 was \$194.7 million. This is a new measure therefore, no comparative is available.	Achieved
Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	Number of out of town visitors attending major events greater or equal to previous three year average (17,496). This was based on an average taken from 2016/17, 2017/18 and 2018/19.	It is estimated that over 19,188 out of town visitors attended events in the year ending June 2019. This is a new measure for annual reporting.	Achieved
Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	At least 80% of those visits are in the months of March to November	80% of the visits were during the period from March to November. This is a new measure, therefore, no comparative is available.	Achieved

FINANCIAL PERFORMANCE - ECONOMIC

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	1,304	1,720	1,740
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	300	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding	1,304	2,020	1,740
Applications of operating funding			
Payments to staff and suppliers	1,290	2,006	1,794
Finance costs	0	0	0
Internal charges and overheads applied *	14	14	11
Other operating funding applications	0	0	0
Total applications of operating funding	1,304	2,020	1,805
Surplus (Deficit) of operating funding	0	0	(65)
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	200	65
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding	0	200	65
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve level of service	0	200	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding	0	200	0
Surplus (Deficit) of capital funding	0	0	65
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

Under budget subsidies and grants are offset by under budget expenditure, and relate to TDC payments that were made directly to the Nelson Regional Development Agency rather than through the Council.

The debt variance reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	(65)
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Vested Assets	0	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	0	(65)

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year





CORPORATE

ABOUT COUNCIL'S CORPORATE ACTIVITIES

Council's corporate activity includes finance and administration, governance services, local government elections, and behind the scenes support services to ensure the smooth running of the organisation.

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
- Council Controlled Organisations
- Long term planning, strategy development and policy
- Organisational assurance
- Financial reserves
- Emergency Response Fund

HIGHLIGHTS FOR 2018/19

During 2018/19, Council prepared, consulted on and adopted the Annual Plan 2019/20. This Annual Plan contained exceptions to year two of the Long Term Plan 2018-28, and also included an amendment to the Long Term Plan 2018-28 on Community Housing. Through this process, Council received 364 submissions, including 79 submissions on the proposed amendment to Community Housing. The final Annual Plan was adopted on 27 June 2019.

The preparation for the Annual Plan was carried out over a number of months, and included Council workshops as well as consultation with the community.

Climate Change

During consultation on this Annual Plan, the majority of submissions received on climate change welcomed Council's increasing focus on the issue. They also called

for Council to do more and accelerate its response, including committing more funding to climate change initiatives. Several submissions also called on Council to declare a climate emergency.

Nelson City Council declared a climate emergency on 16 May 2019. In doing so, we joined over 528 councils in nine countries, as well as the UK and Irish Parliaments. Several other councils in New Zealand have also declared a climate emergency. The Climate Emergency declaration is not a legal process, and creates no formal duties or powers. However, it highlighted Council's commitment to play a key role in leading the community toward a resilient, low emissions future.

Council then approved a total of \$254,500 for climate change initiatives, which will be used to:

Establish a Climate Forum and a Climate Taskforce.

This will enable Council to work with the community, including businesses, investors, and iwi, and with other stakeholders such as central government, to address the challenges of, and seize any opportunities associated with, climate change.

Appoint a dedicated Council staff member to coordinate and oversee a climate change work programme. This will include support for the Climate Forum and Climate Taskforce, as well as measures to integrate climate change considerations across Council decision-making and strategic planning. Council will be recruiting for this staff member in early 2019/20.

Measure and reduce Council's organisational greenhouse gas emissions through our participation in the Certified Emissions Management and Reduction Scheme and investigate how to measure community emissions.

In addition, Council also decided to establish a \$500,000 reserve from the special dividend received in 2018/19 from the Port Company for further climate initiatives and actions.

Strategic Property

In late 2018, Council received an approach from an established Nelson-based investor with an interest in purchasing a section of the eastern end of Wakatu Square and Wakatu Lane, for the development of an integrated shopping precinct.

While the proposal ultimately did not progress due to the withdrawal of the key anchor tenant, the process demonstrated that Nelson City Council is ready to consider and support local business opportunities.

Council is working towards developing commercial opportunities for the Haven Precinct, to revitalise and enhance this area and contribute to the walking and cycling connection to the CBD, Tahunanui and beyond. Council has received a number of proposals for the area, which will inform future plans to be developed in consultation with stakeholders.

Office of the Ombudsman

During 2018/19, a total of five new cases about Council were opened by the Office of the Ombudsman, all of which were under the Local Government Official Information and Meetings Act 1987.

As at 30 June 2019, two of the cases had a final opinion issued within the timeframe. The Ombudsman determined there were no administrative deficiencies, and Council's decisions were upheld in both cases. The remaining three cases were still under review.

Risk Management and Reporting

Council received quarterly reporting on its key risks during 2018/19. A risk management framework was identified for the four Long Term Plan priority areas of Infrastructure, Environment, City Centre Development, and Lifting Council Performance.

Internal audit reviews were carried out and completed on the following:

- Library Revenue Control Environment
- Performance Management System
- Property and Facilities Maintenance Contract
- Contractor Management

Business improvements began for our Contract Management System and a review of our current information system for our asset management.

Key health, safety and wellbeing updates were reported to Council quarterly. Other due diligence activities were carried out by councillors, including site visits to a number of workplaces during the year.

Rates Rebates

During 2018/19, 1,848 rates rebates interviews were completed, with \$1.057 million in rebates being approved.

Residents' Survey

In the 2018/19 Residents' Survey, 44% of residents were satisfied or very satisfied with opportunities to provide feedback and take part in Council's decision making in their community. This compares to 36% in 2017/18. The main reasons for being dissatisfied with the opportunities to provide feedback were that residents were not always aware of opportunities to provide feedback, felt that decisions were made with a lack of consultation, or that they weren't listened to.

Lifting Council Performance

In the Long Term Plan, one of Council's four priorities was to lift council performance. To enable this, staffing has been increased in critical areas, and new systems of monitoring and reporting on programmes and projects have been implemented.

A total of 23.2 Full Time Equivalents (FTEs) were agreed in the Long Term Plan for 2018/19 and 2019/20. In order to address staffing issues, this process was accelerated and 21.2 of those FTEs have now been recruited. In addition, critical staff shortages, particularly in capital project management, utilities management and transport and roading have been addressed through the recruitment of a small number of staff to support the development and maintenance of key infrastructure.

Council Controlled Organisations

The annual reports for Council Controlled Organisations will be available on their websites when they have been completed and adopted:

- Port Nelson Ltd
- Nelmac Ltd
- Nelson Airport Ltd
- Nelson Regional Development Agency
- Tasman Bays Heritage Trust (Nelson Provincial Museum)
- The Bishop Suter Trust

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community Outcome	Contribution
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	Council works together with community and regional partners. The needs of future generations are considered in all its decisions and our youth are mentored and encouraged to take on leadership roles. Community input to Council's decision making is facilitated by inclusive consultation
Our infrastructure is efficient, cost effective and meets current and future needs	Council seeks to apply sustainable energy use practices in its activities

CORPORATE SERVICE LEVELS AND PERFORMANCE

Measures from Year One of the Long Term Plan 2018-28

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Effective engagement and consultation	% residents satisfied or very satisfied with opportunities to provide feedback, by survey	Annual improvement in the % of residents satisfied or very satisfied with opportunities to provide feedback	Satisfaction with opportunities to engage with Council increased from 36% in 2017/18 to 44% in 2018/19.	Achieved
Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfaction with attainment of six-monthly CCO targets for all SOIs - refer to CCO section for measures for each CCO	Council receives six-monthly reports from all CCOs and is satisfied with attainment of targets	Six-monthly reports were reported to the Governance Committee (where NCC 100% owned) or the Joint Shareholders Committee (if jointly owned) in April 2019, and Council is satisfied with CCO performance. This was the same in 2017/18.	Achieved
Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes	Strategic framework established for Chairs of Te Waka a Maui to work with mayors across Te Tau Ihu	Collaboration between iwi and councils on development of a strategic framework	The Iwi-Council Partnership Group met several times in 2019. The Group reviewed the 2005 Memorandum of Understanding (MOU), and have developed a draft Terms of Reference for a number of working parties. A meetings framework was established, and an ongoing work programme was agreed. This is a new measure.	Achieved

What Council will provide	Performance measures	Target 2018/19	2018/19 (Full Year)	End of year result
			End of year comment (2018/19)	Achieved/ Not achieved (2018/19)
Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	95% of EOC management and group roles staffed	EOC management and Group role staffing levels are being increased to support these services. This is a new measure, therefore, no comparative is available.	Not achieved
Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	EOC meets Ministry of CDEM monitoring and evaluation requirements	The group EOC met Ministry CDEM requirements at its review. This is a new measure, therefore, no comparative is available.	Achieved



FINANCIAL PERFORMANCE - CORPORATE

Funding Impact Statement

	Long Term Plan 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General Rates, uniform annual general charges, rates penalties	(185)	1,036	958
Targeted rates	0	0	0
Subsidies and grants for operating purposes	5	5	5
Fees and charges	0	0	90
Internal charges and overheads recovered*	11,796	8,894	8,773
Local authorities fuel tax, fines, infringement fees, and other receipts	4,569	5,602	6,912
Total operating funding	16,185	15,537	16,738
Applications of operating funding			
Payments to staff and suppliers	6,023	7,335	7,499
Finance costs	6,539	4,712	4,537
Internal charges and overheads applied *	1,180	772	970
Other operating funding applications	0	0	0
Total applications of operating funding	13,742	12,819	13,006
Surplus (Deficit) of operating funding	2,443	2,718	3,732
Sources of capital funding			
Subsidies and grants for capital	0	0	0
Development and financial contributions	0	0	2,102
Increase (decrease) in debt	8,940	12,276	1,059
Gross proceeds from sale of assets	0	0	412
Lump sum contributions	0	0	0
Total sources of capital funding	8,940	12,276	3,573
Applications of capital funding			
Capital Expenditure			
- to meet additional demand	345	924	395
- to improve level of service	889	894	307
- to replace existing assets	688	718	664
Increase (decrease) in reserves	240	0	2,287
Increase (decrease) in investments	9,221	12,458	3,652
Total applications of capital funding	11,383	14,994	7,305
Surplus (Deficit) of capital funding	(2,443)	(2,718)	(3,732)
Funding balance	0	0	0

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

Funding Impact Statement variances against budget

Other operating income was \$1.3 million greater than budget. Dividend income was \$882,000 greater than anticipated, including unbudgeted dividend income received from Port Nelson and Nelson Airport. Emergency Response fund income was \$202,000 greater than budget, which relates to an unbudgeted insurance refund for the February 2018 storm event.

Staff costs in this activity were \$109,000 higher than anticipated.

The difference between development contributions received and development contributions transferred to activities of \$2.1m has been recognised in the Corporate activity. These funds are held in the Subdivisions Reserve account until required and is also apparent in the unbudgeted increase in reserves.

Other non-cash income and expenditure represents unbudgeted revaluations of interest rate swaps and investments.

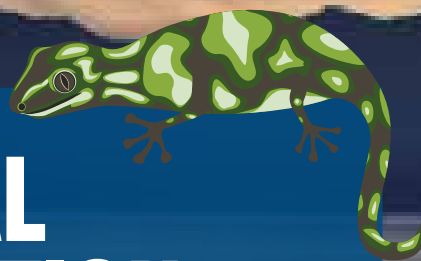
Debt required is less than budget due to lower than anticipated internal loans (\$7 million), and capital expenditure within this activity (\$1 million). The internal loans variance is also apparent in the less than budgeted increase in investments. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

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 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,443	2,718	3,732
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	2,102
Vested Assets	3,187	0	0
Gross proceeds from sale of assets	0	0	0
Depreciation	(1,741)	(1,875)	(1,759)
Other non-cash income	0	0	863
Other non-cash expenditure			(4,652)
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,889	843	286

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year





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SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

Project	Carry over 2017/18 (\$000)	Estimate 2018/19 (\$000)	Available 2018/19 (\$000)	Actual 2018/19 (\$000)
Corporate				
Civic House				
Floor 1 upgrade	-	588	588	111
Aircon	-	395	395	-
Capital: Plant & Equipment	-	252	252	76
Administration				
Nmap upgrade	97	49	145	53
E-Plan	163	-	163	86
Building Systems Upgrade	102	-	102	94
Capital: H/ware: Desktop	-	10	10	106
Core Systems enhancement	-	270	270	230
Corporate Projects under \$100,000	124	973	1,096	611
Total Corporate	485	2,537	3,022	1,367
Economic				
CBD Enhancements	-	200	200	-
Total Economic	-	200	200	-
Environmental Management				
Monitoring The Environment	-	108	108	115
Environmental Management Projects under \$100,000	-	150	150	78
Total Environmental Management	-	258	258	193
Flood Protection				
Orphanage Stream / Sunningdale	-	132	132	102
Orphanage Stream - bunding and Suffolk Road Culvert	-	140	140	55
Vested Assets	-	166	166	-
Inventory of Urban Streams	-	238	238	281
Flood Mitigation	3	-	3	182
Whakatu Drive (Storage World)	-	604	604	61
Saxton Creek Culvert Upgrade	-	150	150	19
Maire Stream: Stage 1	5	150	155	36
Saxton Creek upgrade	-	2,796	2,796	810
Flood Protection Projects under \$100,000	24	520	544	362
Total Flood Protection	32	4,896	4,928	1,908
Parks & Active Recreation				
Neighbourhood Parks				
Reserve Development Programme	-	120	120	19
Land Purchase: General Reserve	-	1,180	1,180	191
Landscape Reserves				
Capital: Grampians	-	150	150	-
Brook MTB Hub	-	-	-	248
Esplanade & Foreshore Reserves				

Project	Carry over 2017/18 (\$000)	Estimate 2018/19 (\$000)	Available 2018/19 (\$000)	Actual 2018/19 (\$000)
Vested Assets	-	-	-	267
Poormans walkway (Main rd - Neale ave)	38	60	98	111
Walkways				
Tahuna Beach to Great Taste Trail (airport)	-	809	809	51
Vested Assets	-	-	-	21
Trafalgar Centre				
Replacement tiered seating	245	-	245	254
Pools				
Renewals: Riverside	-	60	60	143
Play Facilities				
Mako St playground development	-	150	150	139
Marina				
Marina Hardstand LOS improvements	10	227	237	217
Public boat ramp improvements	-	285	285	350
Saxton Field				
Renewals: replace hockey turf	-	605	605	313
Regional Community Facilities				
Water sports building at Marina	10	600	610	35
Park & Active Recreation Projects under \$100,000	233	2,624	2,858	2,288
Total Park & Active Recreation	537	6,870	7,407	4,647
Social				
Managing Heritage And Arts				
Art Works Programme	46	181	228	227
Nelson Library				
Elma Turner Library Extension/ Relocation	-	400	400	61
Book Purchases	-	400	400	397
Marsden Valley Cemetery				
New burial area	-	850	850	505
Toilets (Free)				
Queens Garden Toilet	186	-	186	349
Greenmeadows Centre				
Greenmeadows Centre	21	125	146	1,462
Community Housing				
Community Housing Renewals	-	290	290	285
Social Projects under \$100,000	47	726	772	955
Total Social	300	2,971	3,271	4,241
Solid waste				
Joint landfill	-	12	12	9
Solid Waste Projects under \$100,000	-	93	93	81
Total Solid waste	-	105	105	90

Table continued >

Project	Carry over 2017/18 (\$000)	Estimate 2018/19 (\$000)	Available 2018/19 (\$000)	Actual 2018/19 (\$000)
Stormwater				
Vested Assets	-	1,129	1,129	692
Parere Street Stormwater upgrade	-	316	316	380
Tosswill to Tahuna Stormwater Upgrade	-	100	100	130
LOS: Nile Street East	-	808	808	772
Nayland Road / Galway	-	206	206	48
Rutherford Stage 1 - Girls College Detention	-	290	290	43
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	-	100	100	102
Stormwater Projects under \$100,000	27	762	789	264
Total Stormwater	27	3,711	3,738	2,430
Transport				
Subsidised roading				
WC 215 Structures component replacement	-	104	104	14
WC 222 Traffic Service Renewals - Signs, markings and deline	-	80	80	108
WC 222 Traffic Services Renewal - Lighting	-	367	367	203
WC 213 Drainage Renewals	-	150	150	375
WC 214 Sealed Road Pavement Rehabilitation	-	278	278	-
WC 212 Sealed Road Resurfacing	-	1,170	1,170	1,239
WC 452 UCP Saltwater Creek Crossing	-	400	400	552
WC 125 Renewals: Footpaths	-	800	800	839
WC 341 Minor Improvements	-	525	525	34
WC 341 Railway Reserve/Princes Dr cycle crossing upgrade	-	104	104	22
WC 341 New Footpaths	-	700	700	792
WC 341 Jenkins Creek shared path widening	-	180	180	5
WC 324 Streetlight conversion to LED	-	723	723	619
WC 341 Tahunanui Cycle Network - SH6 Tahunanui Drive connect	-	200	200	818
WC 341 Athol St slip stabilisation	-	-	-	222
WC 215 Westbrook Convergence Bridge deck replacement	-	448	448	240
Unsubsidised Roding				
Maitai Valley Road shared path modifications	-	180	180	53
Vested Assets	-	4,120	4,120	1,722
Parking and CBD Enhancement				
Church Street Improvements	-	400	400	-
Renewal: CBD aesthetic elements	-	150	150	49
Renewals: On and Off St Parking Meter	-	159	159	62
Public transport				
WC 531 Integrated Ticketing GRETS	-	310	310	214
Transport Projects under \$100,000	209	1,334	1,543	1,071
Total Transport	209	12,882	13,091	9,253

Project	Carry over 2017/18 (\$000)	Estimate 2018/19 (\$000)	Available 2018/19 (\$000)	Actual 2018/19 (\$000)
Wastewater				
Vanguard St (Totara - Franklyn) sewer upgrade	-	-	-	300
Vested Assets	-	807	807	277
Awatea Place Pump station	-	300	300	291
Pump station resilience improvement programme	-	130	130	102
Corder Park Pump Station	26	-	26	200
NWWTP renewals	-	150	150	189
St Vincent street sewer renewal	-	200	200	65
Stansell #52 and Princes Drive 274/278 Sewer renewal	-	150	150	51
Achilles Avenue and Whakatu Lane sewer renewal	-	170	170	159
Bronte Street and Collingwood Street sewer renewal	-	355	355	174
Bridge Street, Hardy and Alma Street sewer renewal	-	50	50	220
Halifax Street and Halstead Street sewer renewal	-	200	200	115
Nelson Regional Sewerage	-	2,327	2,327	621
Neale Park Pump station	1,115	2,117	3,231	3,034
Renewals Pump stations	-	162	162	193
Wastewater Projects under \$100,000	31	763	794	625
Total Wastewater	1,172	7,881	9,052	6,617
Water Supply				
Hardy St renewal (Trafalgar - Collingwood)	-	-	-	400
Annesbrook (Manchester - Marie St) water renewal	-	50	50	853
Bolt Road pipe renewal	-	610	610	469
Vested Assets	-	778	778	74
Capital Roding RC Renewal	-	210	210	18
Maitai Resource consent renewal	-	190	190	84
Renewal: Membranes WTP	-	3,000	3,000	2,371
Water Treatment Plant Renewals	-	200	200	377
Church St water renewal	-	200	200	-
Tui Glen Road water renewal	-	600	600	43
Kakenga Road water renewal	-	210	210	232
Capital: Rider mains	-	168	168	-
Capital: Backflow Prevention	-	162	162	148
Renewals: Water Pipes	-	29	29	171
Renewals: Commercial Meters	-	150	150	123
Renewals: Headworks	-	95	95	141
Residential Meters renewals	-	1,100	1,100	334
Brooklands water renewal	-	416	416	354
Water Loss Reduction Programme	-	216	216	211
Water Supply Projects under \$100,000	30	795	825	633
Total Water Supply	30	9,179	9,209	7,033
TOTAL CAPITAL EXPENDITURE	2,791	51,490	54,281	37,781
Total Vested Assets	-	7,000	7,000	3,052
Total Joint Committees	-	2,339	2,339	630
TOTAL CAPITAL - Excluding Vested and Joint Committees	2,791	42,151	44,942	34,099

STATEMENTS OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

	Note	Council			Group	
		Actual 2019	Budget 2019	Actual 2018	Actual 2019	Actual 2018
		\$'000	\$'000	\$'000	\$'000	\$'000
Rates	3	64,665	64,391	61,853	64,665	61,853
Fees and charges	5	29,174	28,381	26,750	44,083	38,469
Subsidies and grants	4	8,933	8,905	7,949	9,651	8,548
Finance income	9	564	9	242	598	283
Development/financial contributions		6,249	3,547	4,242	6,249	4,242
Other revenue	5	12,762	16,798	12,381	8,138	9,309
Other gains/(losses)	6	(6,061)	49	1,280	(5,963)	1,366
Total revenue		116,286	122,080	114,697	127,421	124,070
Personnel costs	8	(20,209)	(20,420)	(17,906)	(37,918)	(33,989)
Depreciation and amortisation expense	19,20	(25,907)	(25,455)	(24,443)	(27,581)	(26,073)
Other expenses	7	(60,447)	(58,090)	(57,182)	(55,871)	(50,772)
Finance costs	9	(4,492)	(5,022)	(4,320)	(4,628)	(4,431)
Total operating expenditure		(111,055)	(108,987)	(103,851)	(125,998)	(115,265)
Share of associate's surplus	25	-	-	-	9,448	9,005
Surplus before tax		5,231	13,093	10,846	10,871	17,810
Income tax expense	10	-	-	-	(180)	(318)
Surplus after tax		5,231	13,093	10,846	10,691	17,492
Other comprehensive revenue						
Land and Infrastructure revaluations	31	40,814	17,501	42,935	40,814	42,935
Share of associate's revaluations	25	-	-	-	(855)	4,905
Total other comprehensive income		40,814	17,501	42,935	39,959	47,840
Total comprehensive income		46,045	30,594	53,781	50,650	65,332

Surplus is attributable to:

Explanations of major variances against budget are provided in note 40.

Summary of significant accounting policies and the accompanying notes form part of these financial statements. The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018/19 financial year.

Statements of changes in equity for the year ended 30 June 2019

	Note	Council			Group	
		Actual 2019	Budget 2019	Actual 2018	Actual 2019	Actual 2018
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July		1,464,757	1,440,535	1,411,321	1,597,571	1,532,807
Total comprehensive income previously reported		46,045	30,594	53,781	50,650	65,332
Total comprehensive income as restated		46,045	30,594	53,781	50,650	65,332
Transfer from reserves		-	-	533	-	378
Transfer from special fund		-	-	-	-	-
Equity released on disestablishment		-	-	-	-	-
Equity adjustment on establishment		-	-	(878)	-	(878)
Prior year adjustment		-	-	-	-	(68)
Balance at 30 June	31	1,510,802	1,471,129	1,464,757	1,648,221	1,597,571
Nelson City Council Group		46,045	30,594	54,292	50,650	65,332

Summary of significant accounting policies and the accompanying notes form part of these financial statements. The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018/19 financial year.



STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Council			Group	
		Actual 2019	Budget 2019	Actual 2018	Actual 2019	Actual 2018
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current assets						
Cash and cash equivalents	12	15,391	639	7,432	16,294	8,448
Trade and other receivables	13	15,105	12,795	12,621	17,505	14,788
Other financial assets	16	2,634	1,466	6,834	3,750	7,764
Inventories	15	-	-	-	1,055	1,180
Current tax receivables	14	-	-	-	9	14
Non-current assets held for sale	18	10,934	-	-	10,934	-
Total current assets		44,064	14,900	26,887	49,547	32,194
Non-current assets						
Derivative financial instruments	17	-	25	-	-	-
Investments accounted for using the equity method	25	36,663	36,663	36,663	151,946	147,618
Other financial assets	16	3,870	4,854	4,698	4,087	4,795
Property, plant and equipment	19	1,543,767	1,532,491	1,504,615	1,572,535	1,533,582
Intangible assets	20	2,897	2,256	2,380	3,457	2,919
Forestry assets	22	4,497	4,270	4,325	4,497	4,325
Investment property	23	1,180	1,142	1,150	1,180	1,150
Trade and other receivables	13	-	-	-	-	-
Investments in subsidiaries	24	8,200	8,200	8,200	-	-
Deferred tax assets	11	-	-	-	4	70
Total non-current assets		1,601,074	1,589,901	1,562,031	1,737,706	1,694,459
Total assets		1,645,138	1,604,801	1,588,918	1,787,253	1,726,653
LIABILITIES						
Current liabilities						
Trade and other payables	27	16,634	12,775	15,867	17,082	16,537
Derivative financial instruments	17	290	40	116	290	116
Borrowings	28	11,000	15,579	6,400	11,233	6,630
Employee benefits liabilities	30	2,386	2,181	2,101	4,230	3,823
Provisions	29	148	-	270	148	270
Current tax liabilities		-	-	-	(132)	62
Total current liabilities		30,458	30,575	24,754	32,851	27,438
Non-current liabilities						
Derivative financial instruments	17	10,273	5,401	6,058	10,273	6,058
Borrowings	28	90,000	95,000	90,000	92,891	92,574
Employee benefits liabilities	30	190	231	232	232	294
Provisions	29	2,141	1,652	2,016	2,141	2,016
Trade and other payables	27	1,274	813	1,101	644	702
Total non-current liabilities		103,878	103,097	99,407	106,181	101,644
Total liabilities		134,336	133,672	124,161	139,032	129,082
Net assets		1,510,802	1,471,129	1,464,757	1,648,221	1,597,571
EQUITY						
Accumulated funds	31	425,191	474,578	422,300	484,733	476,382
Other reserves	31	1,085,611	996,551	1,042,457	1,163,488	1,121,189
Total equity		1,510,802	1,471,129	1,464,757	1,648,221	1,597,571

Summary of significant accounting policies and the accompanying notes form part of these financial statements. The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018/19 financial year.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Council			Group	
		Actual 2019	Budget 2019	Actual 2018	Actual 2019	Actual 2018
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Receipts from rates revenue		73,151	72,754	69,501	73,151	69,501
Subsidies and grants received		8,933	8,905	7,949	9,118	7,609
Development and financial contributions received		6,249	3,547	4,242	6,249	4,242
Interest received		546	9	242	589	292
Dividends received		4,266	3,854	3,634	3,896	3,268
Receipts from other revenue		23,601	25,712	25,915	38,913	37,296
		116,746	114,781	111,483	131,916	122,208
Payments to suppliers		(59,193)	(57,960)	(51,746)	(55,123)	(44,772)
Payments to employees		(19,966)	(20,377)	(17,901)	(37,698)	(33,985)
Interest paid		(4,492)	(5,022)	(4,320)	(4,628)	(4,431)
Income tax paid		-	-	-	(296)	(231)
GST (net)		-	-	-	81	(15)
		(83,651)	(83,359)	(73,967)	(97,664)	(83,434)
Net cash flow from operating activities	32	33,095	31,422	37,516	34,252	38,774
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		21	25	9,334	86	9,446
Repayment of LGFA borrower notes		80	80	-	80	-
Sale of biological assets		-	626	-	-	-
Repayment of term deposit		5,000	-	-	5,000	-
Receipts from sale of investments		-	-	-	166	710
Repayment of community loans and advances		964	608	408	964	408
		6,065	1,339	9,742	6,296	10,564
Term deposits		-	-	(5,000)	-	(5,000)
Renewals		(16,263)	(17,434)	(9,851)	(16,346)	(10,126)
New capital works - growth		(2,947)	(6,172)	(3,453)	(2,947)	(3,453)
New capital works - increased level of service		(14,404)	(20,888)	(23,942)	(15,619)	(25,144)
Purchase of intangible assets		(1,173)	-	(732)	(1,360)	(987)
Purchase of biological assets		-	(248)	-	-	-
Investments in LGFA borrower notes		(160)	(240)	(80)	(160)	(80)
Other investments		(252)	-	(393)	(588)	(1,011)
Community loans advanced		(602)	-	(680)	(602)	(680)
		(35,801)	(44,982)	(44,131)	(37,622)	(46,481)
Net cash flow from investing activities		(29,736)	(43,643)	(34,389)	(31,326)	(35,917)
Proceeds from borrowings		11,000	14,856	8,200	11,320	8,379
Other capital contributions		-	-	-	-	-
Repayment of borrowings		(6,400)	(2,451)	(4,150)	(6,400)	(4,150)
Net cash flow from financing activities		4,600	12,405	4,050	4,920	4,229
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		7,959	184	7,177	7,846	7,086
Cash, cash equivalents, and bank overdrafts at the beginning of the year		7,432	455	255	8,448	1,362
Cash, cash equivalents, and bank overdrafts at the end of the year	12	15,391	639	7,432	16,294	8,448

Explanations of major variances against budget are provided in note 40. Summary of significant accounting policies and the accompanying notes form part of these financial statements. The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018/19 financial year.

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Annual Plan 2017/18	Annual Report 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	45,657	45,834	47,151	47,378
Targeted rates	23,940	23,927	25,707	25,997
Subsidies and grants for operating purposes	3,372	3,741	4,069	4,163
Fees and charges	7,237	7,664	10,666	8,634
Interest and dividends from investments	3,385	3,376	3,863	5,300
Local authorities fuel tax, fines, infringement fees, and other receipts	14,299	16,058	15,160	16,804
Total Operating Funding	97,890	100,600	106,616	108,276
Applications of operating funding				
Payments to staff and suppliers	69,228	71,940	78,510	80,312
Finance costs	4,670	4,320	5,022	4,619
Other operating funding applications	0	0	0	0
Total applications of operating funding	73,898	76,260	83,532	84,931
Surplus (Deficit) of operating funding	23,992	24,340	23,084	23,345
Sources of capital funding				
Subsidies and grants for capital	5,326	4,209	4,836	4,710
Development and financial contributions	3,064	4,242	3,547	6,249
Increase (decrease) in debt	19,384	(7,690)	12,512	5,642
Gross proceeds from sale of assets	7,700	8,857	25	421
Lump sum contributions	0	0	0	0
Total sources of capital funding	35,474	9,618	20,920	17,022
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,770	3,345	6,172	2,802
- to improve level of service	37,774	20,277	20,888	16,330
- to replace existing assets	16,406	10,492	17,434	15,598
Increase (decrease) in reserves	(25)	(5,756)	(111)	2,286
Increase (decrease) in investments	(459)	5,600	(379)	3,351
Total applications of capital funding	59,466	33,958	44,004	40,367
Surplus (Deficit) of capital funding	(23,992)	(24,340)	(23,084)	(23,345)
Funding balance	0	0	0	0

Reconciliation between the surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Long Term Plan 2017/18	Annual Report 2017/18	Long Term Plan 2018/19	Actual 2018/19
	(\$000)	(\$000)	(\$000)	(\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,992	24,340	23,084	23,345
Subsidies and grants for capital expenditure	5,326	4,209	4,836	4,710
Development and financial contributions	3,064	4,242	3,547	6,249
Vested Assets	6,000	4,896	7,000	3,052
Gain on formation of JV	2,251	0	0	0
Depreciation	(24,542)	(24,444)	(25,455)	(25,907)
Non cash income	59	1,017	81	983
Non cash expenditure	(382)	(2,903)	0	(7,201)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	15,768	11,357	13,093	5,231

* The Long Term Plan 2018-28 amendment undertaken during 2018/19 does not significantly impact the 2018-19 financial year.



FINANCIAL PRUDENCE

Annual report disclosure statement for the year ending 30 June 2019

What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the Local

Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

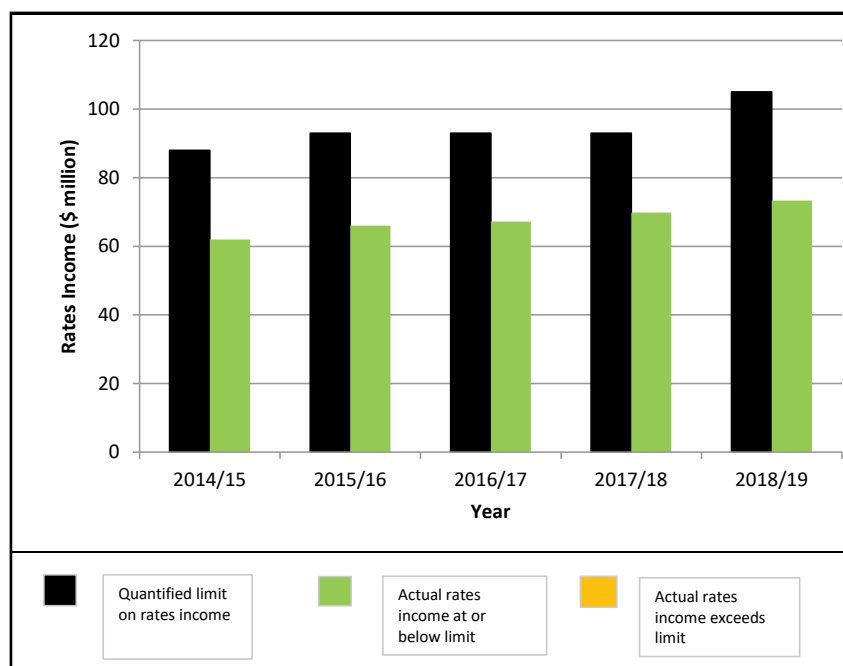
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

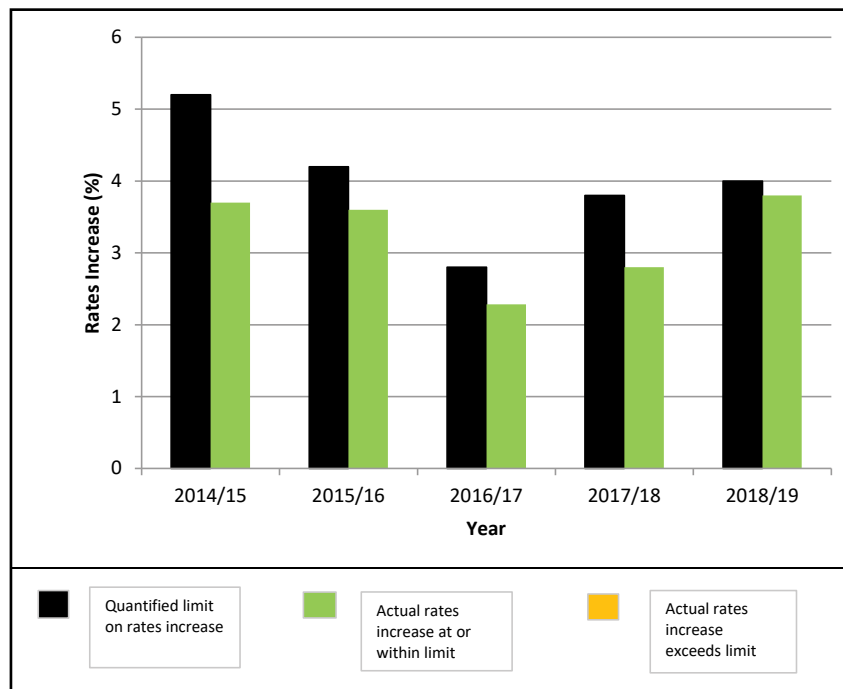
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long term plan. The quantified limit is \$105 million.



Rates (increases) affordability

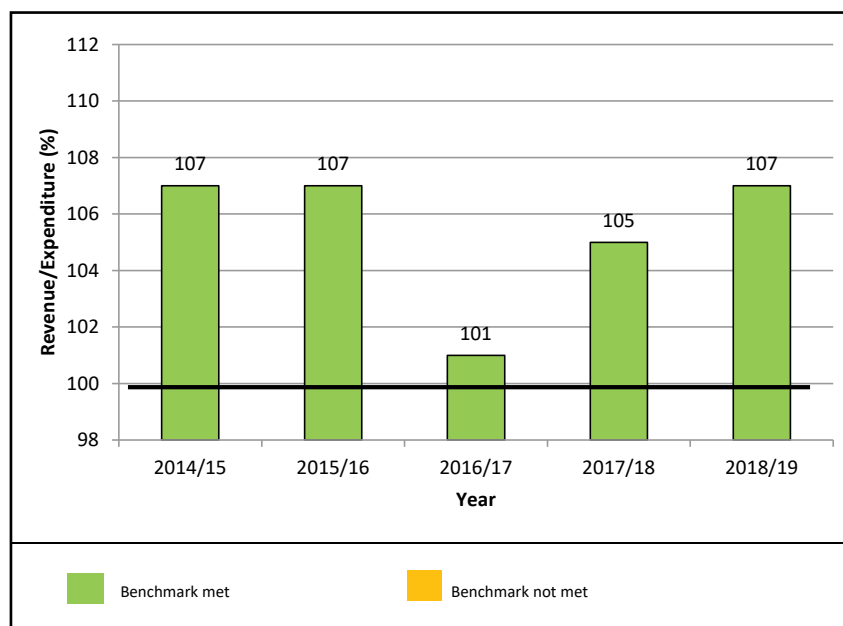
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Financial Strategy included in the Council's Long Term Plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.



Balanced budget benchmark

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

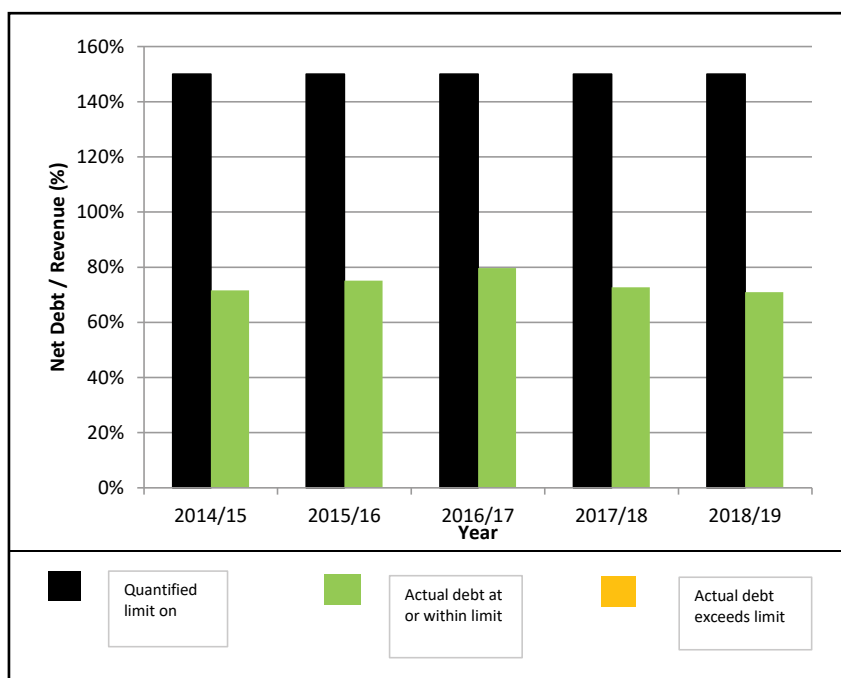
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Debt affordability benchmark

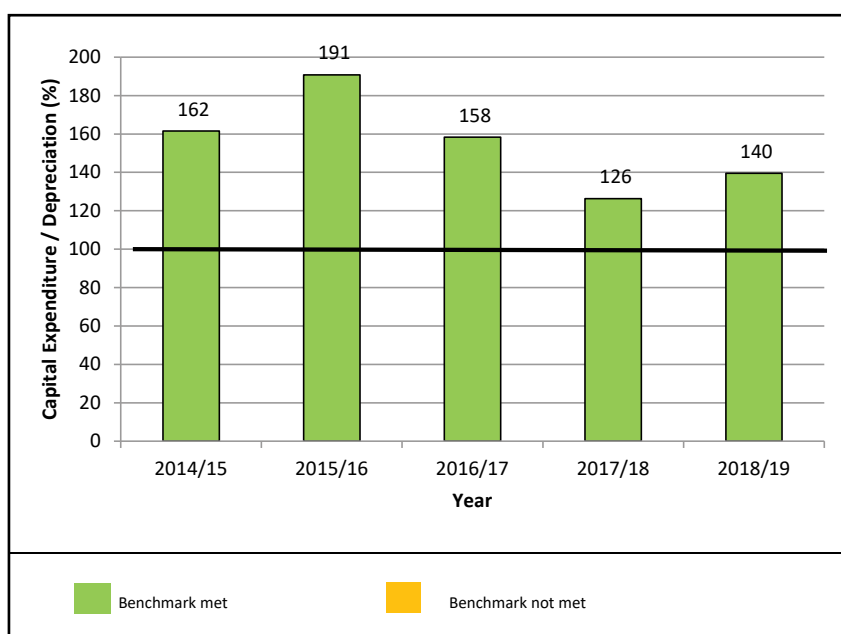
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the council's LTP. The quantified limit is that net external borrowings are not to exceed 150% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances and deposits.



Essential services benchmark

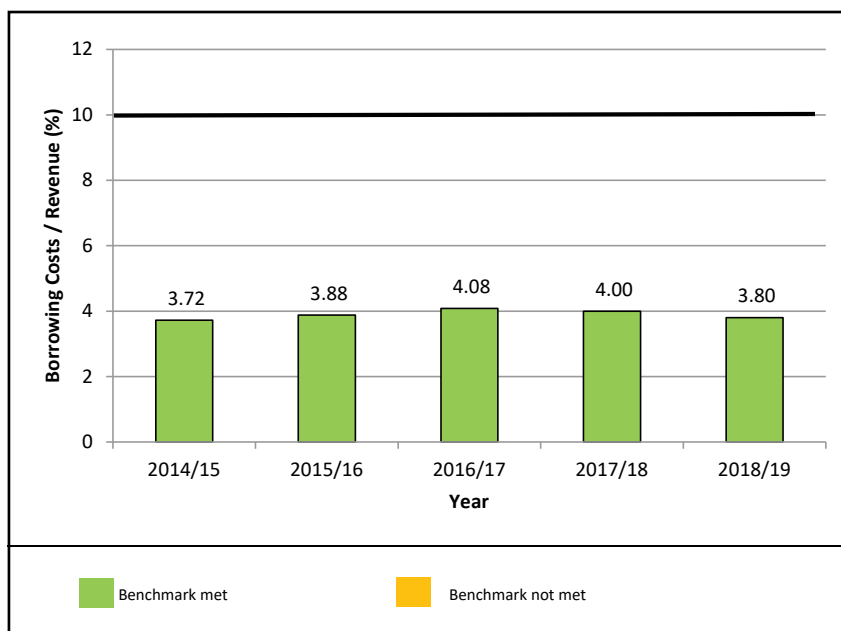
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

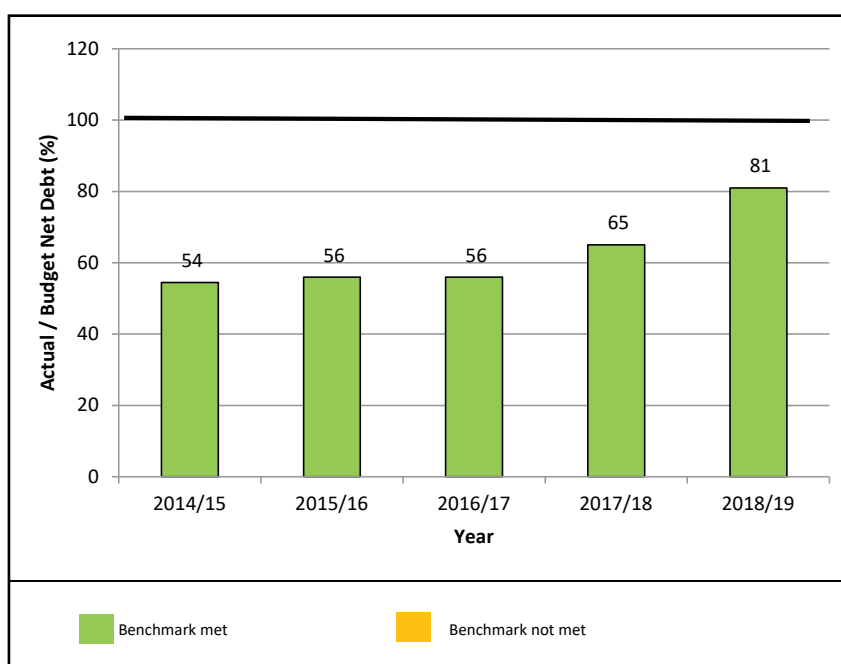
Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

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

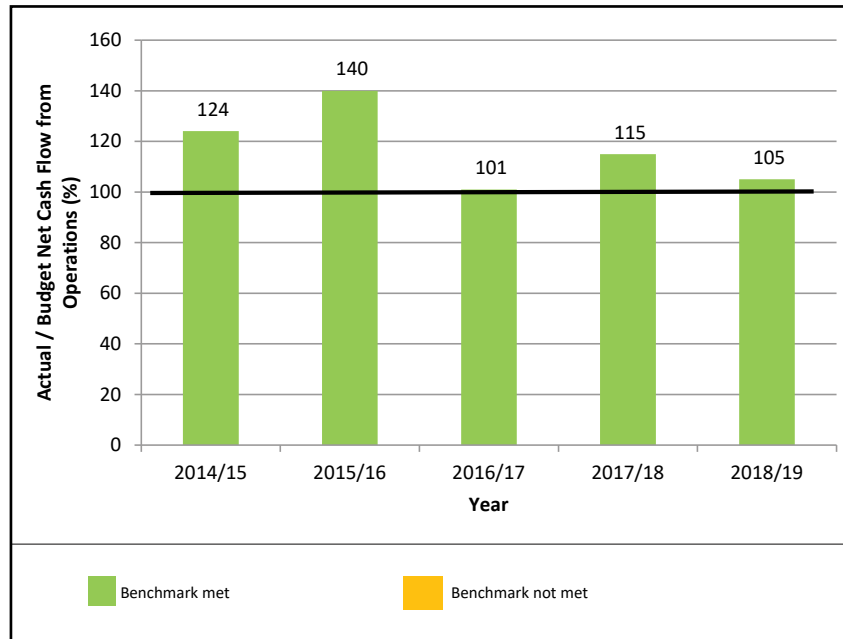
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operational control benchmark

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

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





NOTES TO ACCOUNTS

1 Statement of accounting policies for the year ended 30 June 2019

1.1 Reporting entity

Nelson City Council Group (the Council) is a unitary local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

These financial statements include details on the Council's share of subsidiaries and other associated activities. How each associated activity is accounted for and the consolidation policy are covered in the following pages.

The Nelson City Council Group consists of Nelson City Council, its subsidiaries – Nelmec Ltd, the Nelson Civic Trust, the Bishop Suter Trust and the Nelson Regional Development Agency – and associates and joint ventures.

The Entity and Group provide local infrastructure, local public services, and performs regulatory functions to the community. The Group does not operate to make a financial return.

The Group has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Council and Group are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 31 October 2019.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have

been applied consistently through the period.

Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA (Local Government Act 2002) and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Entity and its subsidiaries and associate is New Zealand dollars.

Changes in accounting policies

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

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

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

PBE IPSAS 36 Investments in Associates and Joint Ventures (effective date 1 January 2019)

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

PBE IFRS 9 - Financial Instruments (effective date 1 Jan 2022)

This standard has been released in advance of the new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for profit sector.

PBE IPSAS 21 - Impairment of Non Cash Generating Assets & PBE IPSAS 26 Impairment of Cash Generating Assets (effective 1 January 2019)

The amendment bring revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 & PBE IPSAS 26.

PBE IPSAS 35 - Consolidation Financial Statements (effective from 1 January 2019)

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

PBE IPSAS 37 - Joint Arrangements (effective from 1 January 2019)

Establishes two types of joint arrangements (1) joint arrangements, and (2) joint ventures, based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement.

2.2 Basis of consolidation

Subsidiaries

The Entity consolidates in the Group financial statements all entities where the Entity has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Entity controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Entity or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries in which the Council has a controlling interest are consolidated by separate line by line aggregations of like items of assets, liabilities, equity, revenue, expense and cash flows into the consolidated financial statements. All significant inter entity transactions are eliminated upon consolidation. Nelmac Limited is a fully owned subsidiary and has been consolidated on a line by line basis. The City of Nelson Civic Trust (Inc), The Bishop Suter Trust and the Nelson Regional Economic Development Agency (NRDA) are controlled by Council via the appointment of a majority of the trustees. The Trusts and NRDA have been consolidated on a line by line basis.

The investment in subsidiaries is carried at cost in the Entity's parent entity financial statements.

Equity accounted joint ventures

The Entity's joint venture investment is accounted for in the Group financial statements using the equity method. An equity accounted joint venture is an entity which is a separate legal entity, over which the Entity does not have a controlling interest and that is not a subsidiary. The investment in an equity accounted joint venture is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the venture after the date of acquisition. Distributions received from a venture reduce the carrying amount of the investment in the consolidated financial statements.

Where the Group transacts with an equity accounted joint venture, surpluses or deficits are eliminated to the extent of the Group's interest in the venture.

The investment in the equity accounted joint venture is carried at cost in the Council's parent entity financial statements.

As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method: Port Nelson Limited (PNL), Nelson Airport Limited, Tasman Bays Heritage Trust.

Proportionally accounted joint ventures

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

2.3 Revenue

Revenue is measured at fair value.

Exchange and non exchange transactions

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All customers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

All rates with the exception of water by meter are non exchange transactions.

The following policies for rates have been applied:

- General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Entity considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water by meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Entity has received an application that satisfies its rates remission policy.

Service and other

Significant items of service and other income include:

Government grants

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non exchange transactions.

Provision of commercially based services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained. This is non exchange revenue.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer. These are exchange transactions.

Traffic and parking infringements

Revenue from traffic and parking infringements is recognised when paid. This income is non exchange revenue.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Interest and dividends are considered income from exchange transactions.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non exchange transactions.

Housing New Zealand suspensory loan

The Council considers the suspensory loan from Housing New Zealand is in substance a grant with conditions and has recognised the funds received as a liability and releases the liability to revenue on a straight line basis over the 20 year term of the agreement. This is in substance a non exchange transaction.

2.4 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.5 Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

2.6 Grant expenditure

Non discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

2.7 Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

2.9 Debtors and other receivables

Short term debtors and other receivables are recorded at their face value, less any provision for impairment.

2.10 Derivative financial instruments

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

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

Swaps are classified as non current if the remaining maturity is more than 12 months, and as current if the remaining maturity is less than 12 months.

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

2.11 Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include land, buildings, improvements, landfill post closure, library books, plant and equipment, forestry, marina and motor vehicles.

Restricted assets – Restricted assets are land, buildings and improvements owned by the Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructural Assets – infrastructural assets are the fixed utility systems owned by the Council. These include the roading, water, sewer, and stormwater networks.

Heritage assets – consisting of museum artefacts, collections and historical buildings and monuments.

Additions

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Entity and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

Class of PP&E	Estimated useful life (years)
Operational assets	
Buildings	50 - 100
Marina	30 - 50
Improvements	Nil-20
Plant and equipment	2 - 30
Motor vehicles	7
Library books	3 - 10
Restricted assets	
Buildings	50 - 100
Improvements	Nil - 20
Infrastructural assets	
Road network	
Surfacing (sealed)	1 - 50
Surfacing (unsealed)	n/a
Basecourse	5 - 80
Sub-base	n/a
Formation	n/a
Culverts	60 - 90
Footpaths	5 - 100
Signs	15
Streetlights	20 - 60
Bridges	20 - 100
Retaining walls	30 - 100
Water system	
Pipeline	55 - 120
Manholes	58 - 110
Reservoirs and tanks	100
Dams	10 - 200
Sewerage system	
Pipes	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation ponds	15 - 151
Stormwater and flood protection	
Pipeline	40 - 120
Manholes	90

Table continued

Class of PP&E	Estimated useful life (years)
Bank protection	25 - 100
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

Revaluation

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets apart from land under roads and land (operational and restricted). These are re valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

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

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

Impairment

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

2.12 Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2019. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

2.13 Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Estimated useful life	Amortisation rates
Computer software	3 - 10 years	10 – 33%

2.14 Impairment of property, plant, and equipment and intangible assets

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the

surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

2.15 Inventory

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

2.16 Work in progress

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

2.17 Investment property

Investment property is measured initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

2.18 Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity and Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables; and
- held to maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Derivatives are also classified as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non current classification of derivatives is explained in the derivatives accounting policy.

Loans and receivables (including cash and cash equivalents and other receivables)

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non current assets.

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

Loans made to community organisations at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the current value and the face value of the expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non current assets.

With the exception of shares in the Local Government Insurance Corporation, which are recorded at their

net asset value, investments other than in associated entities are measured after initial recognition at amortised cost, using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Entity and Group includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

2.19 Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Impairment of a loan or receivable is established when there is objective evidence that the Entity and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Impairment in term deposits, stock, government bonds, and loans, are recognised directly against the instrument's carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Nelson City Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

2.20 Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Entity or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

2.21 Creditors and other payables

Short term creditors and other payables are recorded at their face value.

2.22 Employee entitlements

Short term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where a member of the group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

2.23 Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and

- a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

As the NTRLBU is the operator of the York Valley and Eve's Valley landfills, it has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. The calculation assumes no change in the resource consent conditions for closure and post closure treatment. Council's 50% share of this provision is consolidated into the parent accounts.

2.24 Income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and

associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

2.25 Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statements of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

2.26 Budget figures

The budget figures are those approved by the Entity in its 2018-28 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

2.27 Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

2.28 Equity

Equity is the community's interest in the Entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds;

- restricted reserves;
- property revaluation reserve;
- Council created reserves

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Entity. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves

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

Revaluation reserves

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

2.29 Critical accounting estimates and assumptions

In preparing these financial statements Nelson City Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an

asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

The revaluation of infrastructural assets is carried out in house by council engineering staff, and is then peer reviewed by experienced independent valuers.

2.30 Non current assets held for sale

An asset is held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Any impairment losses for write downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

3 Rates income

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
General rates	39,111	37,338	39,111	37,338
Uniform annual general charge	8,570	8,786	8,570	8,786
Total general rates income	47,681	46,124	47,681	46,124
Sewerage	7,820	7,294	7,820	7,294
Water fixed charge	3,630	3,459	3,630	3,459
Stormwater	4,167	4,004	4,167	4,004
Flood protection	1,654	1,239	1,654	1,239
Solar saver	16	23	16	23
Total targeted rates income	17,287	16,019	17,287	16,019
Less - Rate remissions	(303)	(290)	(303)	(290)
Total rates, excluding targeted water supply rates	64,665	61,853	64,665	61,853

	Council	
	Actual 2019	Actual 2018
	\$'000	\$'000
Rates	64,665	61,853
Metered water supply rates	8,710	7,908
Total annual rates income	73,375	69,761

Rates remissions

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

- Community and sporting groups, and groups delivering affordable social and community housing 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 ratepayer's 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.
- Commercial premises under 20 square metres.
- Maori freehold land.

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Total gross rates, excluding targeted water supply rates	61,338	58,684	61,338	58,684
Rates remissions:				
Community, sporting and other organisations	(87)	(81)	(87)	(81)
Rates for affordable social and community housing	(5)	-	(5)	-
Rates penalties remitted	(51)	(53)	(51)	(53)
Rates for residential properties in commercial/industrial areas	(8)	(7)	(8)	(7)
Rates on cemeteries	(27)	(26)	(27)	(26)
Rates on low value properties	(1)	(1)	(1)	(1)
Heritage	(73)	(69)	(73)	(69)
Clean heat warm homes	(41)	(42)	(41)	(42)
Dependant relative	(2)	(2)	(2)	(2)
Land affected by natural calamity	(2)	(4)	(2)	(4)
Commercial premises under 20 square meters	(6)	(5)	(6)	(5)
Total remissions	(303)	(290)	(303)	(290)
Rates (net of remissions), excluding targeted water supply rates	61,035	58,394	61,035	58,394

The total amount of rates charged that has not been eliminated from revenue and expenditure is as follows:

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Rates	1,057	1,075	1,094	1,096
Metered water supply rates	530	911	561	914
	1,587	1,986	1,655	2,010

Rating base information

The revenue from rates for the year ended 30 June 2019 was based on the following rating information as at 30 June 2018.

Number of rating units 30 June 2019: 22,482 (30 June 2018: 22,290)

	Council	
	Actual 2019	Actual 2018
	\$ million	\$ million
Total capital value of rating units	15,631	11,522
Total land value of rating units	7,437	5,071
	23,068	16,593

4 Subsidies and grants

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
NZ Transport Authority grants	7,405	5,571	7,405	5,571
Housing NZ suspensory loan	59	59	59	59
Other central government grants	705	409	705	409
Other capital grants	423	1,138	423	1,139
Other operating grants	341	772	1,059	1,370
Total subsidies and grants	8,933	7,949	9,651	8,548

5 Other revenue

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Regulatory revenue	4,054	3,655	4,054	3,655
Sales of goods and services	10,707	9,579	25,599	21,330
Rents received	5,703	5,608	5,720	5,576
Water by meter	8,710	7,908	8,710	7,908
Total fees and charges	29,174	26,750	44,083	38,469
Infringements and fines	727	770	727	770
Petrol tax	399	404	399	404
Vested assets	3,052	4,896	3,114	4,982
Dividends	4,736	3,134	100	19
Insurance proceeds	337	101	337	101
Other income	3,511	3,076	3,461	3,033
Total other revenue	12,762	12,381	8,138	9,309

6 Other gains/(losses)

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Loss on disposal of property, plant and equipment	(1,953)	(907)	(1,921)	(900)
Gain on establishment of joint landfill business unit	-	1,913	-	1,913
Loss on disposal of other assets	(260)	14	(260)	14
Net interest rate swap loss	(4,389)	(757)	(4,389)	(757)
Gain on changes in fair value of forestry	833	653	833	653
Gain on changes in fair value of investment property	30	50	30	50
Fair value loss	(382)	-	(382)	-
Other fair value gains	60	314	126	393
Total gains/(losses)	(6,061)	1,280	(5,963)	1,366

7 Other expenses

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Fees to auditors:				
- Audit fees for financial statements audit	143	161	216	237
- Audit fees for Long Term Plan amendment	25	86	25	86
Service provision	23,986	21,471	19,400	14,985
Impairment of receivables	25	20	25	21
Minimum lease payments under operating leases	204	228	204	228
Professional services fees / legal fees	2,150	1,922	2,140	1,912
Repairs and maintenance expenses	24,267	22,911	24,283	22,919
Other operating expenses	5,960	6,331	5,891	6,332
Electricity	1,994	1,980	1,994	1,980
Insurance	1,459	1,226	1,459	1,226
Impairment of Assets	234	846	234	846
Total other expenses	60,447	57,182	55,871	50,772

Total audit fees for Council (\$167,950) include the cost of audits for the Civic Trust (\$4,150) and the Debenture Trust Deed (\$4,500).

Audit fees of \$11,380 paid by the Bishop Suter Trust and \$20,325 paid by the Nelson Regional Development agency for 2019 were paid separately to their auditors Crowe.

Service provision refers to the external costs of delivering certain services and events to the

community. These costs are often by means of a contract or a subsidy for: services such as public transport, wastewater, economic development, civil defence, and many regulatory activities; grants and subsidies for organisations including the museum, Natureland, Theatre Royal, and School of Music; operations of Council assets such as the marina; and events such as international cricket fixtures and festivals. Operating expenses for NCC subsidiaries that provide these services to Council are also included.

8 Personnel costs

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	19,802	17,337	37,251	32,957
Kiwisaver/superannuation schemes employer contributions	650	574	1,001	977
Increase/(decrease) in employee entitlements/liabilities	(243)	(5)	(334)	55
Total personnel costs	20,209	17,906	37,918	33,989

9 Finance income and finance costs

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Finance income				
Other interest received	564	242	598	283
Total finance income	564	242	598	283
Interest on floating rate borrowings (note 28)	2,597	2,337	2,733	2,448
Interest on interest rate swaps	1,821	1,904	1,821	1,904
Other finance costs	74	79	74	79
Total finance costs	(4,492)	(4,320)	(4,628)	(4,431)
Net finance costs	(3,928)	(4,078)	(4,030)	(4,148)

10 Income tax

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Components of tax expense				
Current tax	-	-	90	258
Adjustments to current tax in prior years	-	-	92	1
Deferred tax	-	-	(2)	61
Tax expense	-	-	180	320
Surplus/(deficit) before tax	5,231	10,846	10,871	17,810
Tax at 28%	1,465	3,037	2,965	5,130
Plus/(less) tax effect of:				
Non taxable income/adjustments	(1,465)	(3,037)	(2,785)	(4,810)
Tax expense	-	-	180	320

Table continued >

11 Deferred tax assets/(liabilities)

The balance comprises temporary differences attributable to:				
Employee benefits	-	-	272	289
Property, plant and equipment	-	-	(263)	(204)
Provisions	-	-	(52)	(44)
	-	-	(43)	41
Other	-	-	47	29
Total deferred tax assets	-	-	4	70

	PP&E	Other	Tax losses carried forward	Total
	\$'000	\$'000	\$'000	\$'000
Group				
Opening balance 1 July 2017	(155)	285	-	130
Credited (charged) to other comprehensive income	(49)	(10)	-	(59)
Credited (charged) directly to equity	-	(1)	-	(1)
Balance at 30 June 2018	(204)	274	-	70
Opening balance 1 July 2018	(204)	274	-	70
Credited (charged) to other comprehensive income	(59)	(7)	-	(66)
Credited (charged) directly to equity	-	-	-	-
Balance at 30 June 2019	(263)	267	-	4

12 Cash and cash equivalents

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	1,391	2,432	2,194	3,448
Short term deposits with maturities of three months or less	14,000	5,000	14,000	5,000
Short term deposits maturing four to twelve months from date of acquisitions	-	-	100	-
Total cash and cash equivalents	15,391	7,432	16,294	8,448

(a) Cash at bank and on hand

The carrying value of cash at bank, call deposits, and term deposits with maturities less than three months approximates their fair value.

(b) Short term deposits and deposits at call

The carrying amount of the short term deposits approximates their fair value. The three short term deposits have a weighted average fixed interest rate of 3.29% and with maturity dates between 9 July 2019 and 26 July 2019.

Cash, cash equivalents, and bank overdrafts include the following for the purposes of the statements of cash flows:

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	1,391	2,432	2,194	3,448
Short term deposits with maturities of three months or less	14,000	5,000	14,000	5,000
Short term deposits maturing four to twelve months from date of acquisitions	-	-	100	-
Total	15,391	7,432	16,294	8,448

13 Trade and other receivables

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Net trade receivables				
Rates receivable	2,093	1,869	2,093	1,869
Other trade receivables	674	459	2,686	2,150
	2,767	2,328	4,779	4,019
Net other receivables				
Other receivables	6,679	4,300	6,711	4,316
Dividend receivable	2,470	2,000	2,470	2,000
Sundry debtors	2,566	3,471	2,692	3,560
Provision for doubtful receivables	(36)	(16)	(82)	(17)
	11,679	9,755	11,791	9,859
Prepayments	659	538	935	910
Total current debtors and other receivables	15,105	12,621	17,505	14,788

Receivables from exchange transactions

This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	5,614	5,027	7,691	6,806
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Receivables from non-exchange transactions

Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	8,832	7,056	8,879	7,072
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Fair value

Receivables are generally short term and non interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Impairment

The 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. These powers allow the 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 judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The ageing profile of receivables at year end is detailed below:

	2019			2018		
	Gross	Provision for uncollectability	Net	Gross	Provision for uncollectability	Net
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council						
Not past due	11,569	-	11,569	10,348	-	10,348
Past due 1-30 days	990	-	990	609	-	609
Past due 31-60 days	551	-	551	430	-	430
Past due more than 61 days	1,372	(35)	1,337	712	(16)	696
Total	14,482	(35)	14,447	12,099	(16)	12,083
Group						
Not past due	13,462	-	13,462	11,922	-	11,922
Past due 1-30 days	1,170	-	1,170	782	-	782
Past due 31-60 days	574	-	574	454	-	454
Past due more than 61 days	1,446	(81)	1,365	737	(17)	720
Total	16,652	(81)	16,571	13,895	(17)	13,878

14 Current tax receivables

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Current tax asset	-	-	9	14
	-	-	9	14

15 Inventories

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Raw materials at cost	-	-	478	274
Merchandise at cost	-	-	72	33
Work in progress at cost	-	-	380	589
Finished goods at cost	-	-	136	284
Provision for obsolete stock	-	-	(11)	-
Total inventory	-	-	1,055	1,180

16 Other financial assets

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Emissions Trading Scheme (ETS) credits	1,292	1,040	1,292	1,040
Held to maturity investments	-	80	-	80
Fixed interest securities	-	-	139	61
Short term bank deposit with maturities of 4-12 months	-	5,000	1,077	5,969
Community Loans	1,242	614	1,242	614
Loans to related parties	100	100	-	-
Total current portion	2,634	6,834	3,750	7,764
Held-to-maturity investments	1,040	880	1,040	880
Fixed interest securities	-	-	134	92
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans	2,150	3,075	2,150	3,075
Loans to related parties (note 35)	540	603	-	-
Listed shares	-	-	623	608
Total non-current portion	3,870	4,698	4,087	4,795

Civic Trust investments

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

Held to maturity investments

The New Zealand Local Government Funding Agency Limited, which commenced in December 2011 is the 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.

Loans to related parties

The loan to related parties is a loan with an outstanding face value of \$725,000 to Tasman Bays Heritage Trust with a remaining term of 8 years. The loan is at a 0% interest rate, and a discount rate of 4.2% (2018: 4.66%) has been used.

Unlisted shares

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

Community loans

Community loans include the following:

- Solar Saver \$157,000 (2018: \$246,000). Remaining terms up to 3 years, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, face value \$496,000 (2018: \$866,000), remaining terms up to 3 years, zero interest rate. The loan has been written down based on a discounted interest rate of 4.2% (2018: 4.66%)
- Theatre Royal, face value \$2.1m (2018: \$1.5m), remaining term of 35 years, 0% interest rate. The loan has been written down based on a discounted interest rate of 4.2% (2018: 4.66%)
- Nelson Centre of Musical Arts, face value \$680,000, term 1 year remaining, zero interest rate. This is a bridging loan to enable the entity to complete its earthquake strengthening and restoration works. The loan has not been written down due to its short term.
- Others \$931,900 (2018: \$1m), various repayment terms and interest rates.

17 Derivative financial instruments

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Current liability portion				
Interest rate swaps	290	116	290	116
Total current liability portion	290	116	290	116
Non-current liability portion				
Interest rate swaps	10,273	6,058	10,273	6,058
Total non-current liability portion	10,273	6,058	10,273	6,058
Total derivative financial instrument liabilities	10,563	6,174	10,563	6,174
Total net derivative financial instruments	(10,563)	(6,174)	(10,563)	(6,174)

Fair value

Interest Rate Swaps

The Council has \$138.5m notional principal of interest rate swaps (2018: \$131.5m), with maturity dates between September 2019 and October 2029. Fixed interest rates range from 2.14% to 5.25% (2018: 2.33% to 5.25%) and the weighted average interest rate of the swap portfolio is 3.96% (2018: 4.08%).

\$61.5m (2018 \$54.5m) of that notional principal are forward start swaps, with start dates between September 2019 and October 2025.

18 Non current assets held for sale

In June 2019, after public consultation, Council resolved to sell its Community Housing property portfolio to one or more approved social housing providers. Council has also made the State Advances building on Trafalgar Street available for sale as Council has no further use for it. The completion date of both sales is expected to be before 30 June 2020.

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Non-current assets held for sale are:				
Land	7,064	-	7,064	-
Buildings	3,853	-	3,853	-
Plant and equipment	4	-	4	-
Other improvements	13	-	13	-
Total non-current assets held for sale	10,934	-	10,934	-

The accumulated property revaluation reserve recognised in equity for the properties at 30 June 2019 totals \$7.04 million.

Sales of these assets are expected to occur in the period ending 30 June 2020.



19 Property, plant and equipment

Council 2019	Cost / revaluation 1 Jul 2018	Accumulated depreciation and impairment charges 1 Jul 2018	Carrying amount 1 Jul 2018	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating assets								
Land	60,278	-	60,278	250	(7,045)	-	-	
Buildings	34,457	(13,135)	21,322	411	(3,384)	-	(827)	
Other improvements	6,116	(1,172)	4,944	357	(14)	-	(263)	
Landfill post closure	427	(240)	187	-	-	-	(14)	
Library books	4,721	(2,696)	2,025	417	(1)	-	(441)	
Other plant and equipment	15,565	(9,357)	6,208	1,250	(11)	-	(1,248)	
Motor vehicles	1,025	(568)	457	109	(3)	-	(111)	
Marina	10,882	(1,826)	9,056	757	-	(1)	(149)	
Total	133,471	(28,994)	104,477	3,551	(10,458)	(1)	(3,053)	
Infrastructural assets								
At cost & valuation								
Wastewater treatment plant and facilities	45,380	-	45,380	771	-	-	(1,388)	
Wastewater reticulation	128,557	-	128,557	5,762	-	(6)	(3,412)	
Water treatment plant and facilities	17,028	-	17,028	2,763	-	-	(903)	
Water supply	144,279	-	144,279	4,254	-	-	(3,381)	
Stormwater reticulation	133,233	-	133,233	2,133	-	(3)	(2,376)	
Flood protection	26,293	-	26,293	1,573	-	-	(321)	
Solid waste	4,929	-	4,929	90	-	(70)	(233)	
Roading	667,278	-	667,278	8,731	(3)	(26)	(7,205)	
Car parks	1,031	-	1,031	146	-	(1)	(44)	
Total	1,168,008	-	1,168,008	26,223	(3)	(106)	(19,263)	
Restricted assets								
Land	118,133	-	118,133	1,990	(5)	-	-	
Buildings	71,324	(12,360)	58,964	1,223	(470)	-	(1,351)	
Improvements	73,501	(18,468)	55,033	3,660	-	(127)	(1,584)	
Total	262,958	(30,828)	232,130	6,873	(475)	(127)	(2,935)	
Total Council	1,564,437	(59,822)	1,504,615	36,647	(10,936)	(234)	(25,251)	

	Loss on disposals	Revaluation surplus	Cost / revaluation 30 Jun 2019	Accumulated depreciation and impairment charges 30 Jun 2019	Carrying amount 30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
	-	7,470	60,953	-	60,953
	-	-	28,644	(11,122)	17,522
	-	-	6,448	(1,424)	5,024
	-	-	427	(254)	173
	-	-	5,119	(3,119)	2,000
	(2)	-	15,443	(9,246)	6,197
	-	-	1,040	(588)	452
	-	-	11,637	(1,974)	9,663
	(2)	7,470	129,711	(27,727)	101,984
	-	591	45,354	-	45,354
	(117)	1,777	132,561	-	132,561
	(221)	255	18,922	-	18,922
	(506)	2,218	146,864	-	146,864
	(177)	2,009	134,819	-	134,819
	-	399	27,944	-	27,944
	-	10	4,726	-	4,726
	(865)	9,271	677,181	-	677,181
	-	11	1,143	-	1,143
	(1,886)	16,541	1,189,514	-	1,189,514
	-	16,803	136,921	-	136,921
	-	-	71,917	(13,551)	58,366
	-	-	77,034	(20,052)	56,982
	-	16,803	285,872	(33,603)	252,269
	(1,888)	40,814	1,605,097	(61,330)	1,543,767

19 Property, plant and equipment (continued)

Council 2018	Cost / revaluation 1 Jul 2017	Accumulated depreciation and impairment charges 1 Jul 2017	Carrying amount 1 Jul 2017	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating assets								
Land	61,540	-	61,540	513	(539)	-	-	
Buildings	33,577	(12,257)	21,320	907	(4)	-	(828)	
Other improvements	5,452	(1,006)	4,446	759	(94)	-	(167)	
Landfill post closure	853	(471)	382	191	(382)	-	(4)	
Library books	4,639	(2,632)	2,007	462	(1)	-	(444)	
Other plant and equipment	15,017	(10,688)	4,329	2,897	(14)	-	(996)	
Motor vehicles	985	(593)	392	144	(46)	-	(79)	
Marina	10,693	(1,678)	9,015	189	-	-	(148)	
Total	132,756	(29,325)	103,431	6,062	(1,080)	-	(2,666)	
Infrastructural assets								
At cost & valuation								
Wastewater treatment plant and facilities	42,983	-	42,983	670	-	-	(1,352)	
Wastewater reticulation	126,452	-	126,452	5,058	-	(17)	(3,169)	
Water treatment plant and facilities	15,908	-	15,908	555	-	-	(1,000)	
Water supply	137,991	-	137,991	2,843	-	(183)	(3,193)	
Stormwater reticulation	125,614	-	125,614	1,299	-	(68)	(2,150)	
Flood protection	21,720	-	21,720	4,534	-	-	(400)	
Solid waste	7,139	-	7,139	3,436	(5,393)	(82)	(335)	
Roading	645,354	-	645,354	7,677	(1,813)	(347)	(6,601)	
Car parks	1,237	-	1,237	385	-	-	(56)	
Total	1,124,398	-	1,124,398	26,457	(7,206)	(697)	(18,256)	
Restricted assets								
Land	116,646	-	116,646	1,487	-	-	-	
Buildings	65,859	(11,113)	54,746	5,632	-	-	(1,274)	
Improvements	71,171	(16,828)	54,343	2,695	-	-	(1,640)	
Total	253,676	(27,941)	225,735	9,814	-	-	(2,914)	
Total Council	1,510,830	(57,266)	1,453,564	42,333	(8,286)	(697)	(23,836)	

	Loss on disposals	Revaluation surplus	Cost / revaluation 30 Jun 2018	Accumulated depreciation and impairment charges 30 Jun 2018	Carrying amount 30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
	-	(1,236)	60,278	-	60,278
	(73)	-	34,457	(13,135)	21,322
	-	-	6,116	(1,172)	4,944
	-	-	427	(240)	187
	1	-	4,721	(2,696)	2,025
	(8)	-	15,565	(9,357)	6,208
	46	-	1,025	(568)	457
	-	-	10,882	(1,826)	9,056
	(34)	(1,236)	133,471	(28,994)	104,477
	-	3,079	45,380	-	45,380
	-	233	128,557	-	128,557
	-	1,565	17,028	-	17,028
	(306)	7,127	144,279	-	144,279
	(349)	8,887	133,233	-	133,233
	(45)	484	26,293	-	26,293
	-	164	4,929	-	4,929
	(158)	23,166	667,278	-	667,278
	-	(535)	1,031	-	1,031
	(858)	44,170	1,168,008	-	1,168,008
	-	-	118,133	-	118,133
	(140)	-	71,324	(12,360)	58,964
	(365)	-	73,501	(18,468)	55,033
	(505)	-	262,958	(30,828)	232,130
	(1,397)	42,934	1,564,437	(59,822)	1,504,615

19 Property, plant and equipment (continued)

Group 2019	Cost / revaluation 1 Jul 2018	Accumulated depreciation and impairment charges 1 Jul 2018	Carrying amount 1 Jul 2018	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating assets								
Land	61,991	-	61,991	250	(7,045)	-	-	
Buildings	47,593	(14,282)	33,311	420	(3,386)	-	(1,279)	
Other plant and equipment	27,473	(16,095)	11,378	2,104	(666)	-	(2,101)	
Library books	4,721	(2,696)	2,025	417	(1)	-	(441)	
Capital work in progress	117	-	117	5	(117)	-	-	
Marina	10,882	(1,826)	9,056	757	-	(1)	(149)	
Motor vehicles	4,442	(2,230)	2,212	624	(144)	-	(305)	
Other improvements	6,575	(1,211)	5,364	356	(14)	-	(285)	
Landfill post closure	427	(240)	187	-	-	-	(14)	
Art collection	7,803	-	7,803	65	-	-	-	
Total	172,024	(38,580)	133,444	4,998	(11,373)	(1)	(4,574)	
Infrastructural assets								
At cost & valuation								
Roading	667,278	-	667,278	8,731	(3)	(26)	(7,205)	
Water supply	144,279	-	144,279	4,254	-	-	(3,381)	
Wastewater reticulation	128,557	-	128,557	5,762	-	(6)	(3,412)	
Stormwater reticulation	133,233	-	133,233	2,133	-	(3)	(2,376)	
Wastewater treatment plant and facilities	45,380	-	45,380	771	-	-	(1,388)	
Water treatment plant and facilities	17,028	-	17,028	2,763	-	-	(903)	
Flood protection	26,293	-	26,293	1,573	-	-	(321)	
Car parks	1,031	-	1,031	146	-	(1)	(44)	
Solid waste	4,929	-	4,929	90	-	(70)	(233)	
Total	1,168,008	-	1,168,008	26,223	(3)	(106)	(19,263)	
Restricted assets								
Land	118,133	-	118,133	1,990	(5)	-	-	
Buildings	71,324	(12,360)	58,964	1,163	(470)	-	(1,351)	
Improvements	73,501	(18,468)	55,033	3,660	-	(127)	(1,584)	
Total	262,958	(30,828)	232,130	6,813	(475)	(127)	(2,935)	
Total Group	1,602,990	(69,408)	1,533,582	38,034	(11,851)	(234)	(26,772)	

	Loss on disposals	Revaluation surplus	Cost / revaluation 30 Jun 2019	Accumulated depreciation and impairment charges 30 Jun 2019	Carrying amount 30 Jun 2019
	\$'000	\$'000	\$'000	\$'000	\$'000
	-	7,470	62,666	-	62,666
	2	-	41,831	(12,720)	29,111
	615	-	27,549	(16,200)	11,349
	-	-	5,119	(3,119)	2,000
	-	-	5	-	5
	-	-	11,637	(1,974)	9,663
	127	-	4,832	(2,336)	2,496
	-	-	6,907	(1,486)	5,421
	-	-	427	(254)	173
	-	-	7,868	-	7,868
	744	7,470	168,841	(38,089)	130,752
	(865)	9,271	677,181	-	677,181
	(506)	2,218	146,864	-	146,864
	(117)	1,777	132,561	-	132,561
	(177)	2,009	134,819	-	134,819
	-	591	45,354	-	45,354
	(221)	255	18,922	-	18,922
	-	399	27,944	-	27,944
	-	11	1,143	-	1,143
	-	10	4,726	-	4,726
	(1,886)	16,541	1,189,514	-	1,189,514
	-	16,803	136,921	-	136,921
	-	-	71,917	(13,551)	58,366
	-	-	77,034	(20,052)	56,982
	-	16,803	285,872	(33,603)	252,269
	(1,142)	40,814	1,644,227	(71,692)	1,572,535

19 Property, plant and equipment (continued)

Group 2018	Cost / revaluation 1 Jul 2017	Accumulated depreciation and impairment charges 1 Jul 2017	Carrying amount 1 Jul 2017	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating assets								
Land	63,253	-	63,253	513	(539)	-	-	
Buildings	46,593	(12,959)	33,634	1,031	(7)	-	(1,276)	
Other plant and equipment	26,416	(16,957)	9,459	3,834	(435)	-	(1,865)	
Library books	4,639	(2,632)	2,007	462	(1)	-	(444)	
Capital work in progress	193	-	193	117	(193)	-	-	
Marina	10,693	(1,678)	9,015	189	-	-	(148)	
Motor vehicles	4,146	(2,089)	2,057	410	(65)	-	(255)	
Other improvements	5,908	(1,022)	4,886	761	(94)	-	(189)	
Landfill post closure	853	(471)	382	-	(427)	-	(4)	
Art collection	7,650	-	7,650	153	-	-	-	
Total	170,344	(37,808)	132,536	7,470	(1,761)	-	(4,181)	
Infrastructural assets								
At cost & valuation								
Roading	645,354	-	645,354	7,677	(1,813)	(347)	(6,601)	
Water supply	137,991	-	137,991	2,843	-	(183)	(3,193)	
Wastewater reticulation	126,452	-	126,452	5,058	-	(17)	(3,169)	
Stormwater reticulation	125,614	-	125,614	1,299	-	(68)	(2,150)	
Wastewater treatment plant and facilities	42,983	-	42,983	670	-	-	(1,352)	
Water treatment plant and facilities	15,908	-	15,908	555	-	-	(1,000)	
Flood protection	21,720	-	21,720	4,534	-	-	(400)	
Car parks	1,237	-	1,237	385	-	-	(56)	
Solid waste	7,139	-	7,139	3,436	(5,393)	(82)	(335)	
Total	1,124,398	-	1,124,398	26,457	(7,206)	(697)	(18,256)	
Restricted assets								
Land	116,646	-	116,646	1,487	-	-	-	
Buildings	65,859	(11,113)	54,746	5,632	-	-	(1,274)	
Improvements	71,171	(16,828)	54,343	2,695	-	-	(1,640)	
Total	253,676	(27,941)	225,735	9,814	-	-	(2,914)	
Total Group	1,548,418	(65,749)	1,482,669	43,741	(8,967)	(697)	(25,351)	

	Loss on disposals	Revaluation surplus	Cost / revaluation 30 Jun 2018	Accumulated depreciation and impairment charges 30 Jun 2018	Carrying amount 30 Jun 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
	-	(1,236)	61,991	-	61,991
	(71)	-	47,593	(14,282)	33,311
	385	-	27,473	(16,095)	11,378
	1	-	4,721	(2,696)	2,025
	-	-	117	-	117
	-	-	10,882	(1,826)	9,056
	65	-	4,442	(2,230)	2,212
	-	-	6,575	(1,211)	5,364
	471	(235)	427	(240)	187
	-	-	7,803	-	7,803
	851	(1,471)	172,024	(38,580)	133,444
	(158)	23,166	667,278	-	667,278
	(306)	7,127	144,279	-	144,279
	-	233	128,557	-	128,557
	(349)	8,887	133,233	-	133,233
	-	3,079	45,380	-	45,380
	-	1,565	17,028	-	17,028
	(45)	484	26,293	-	26,293
	-	(535)	1,031	-	1,031
	-	164	4,929	-	4,929
	(858)	44,170	1,168,008	-	1,168,008
	-	-	118,133	-	118,133
	(140)	-	71,324	(12,360)	58,964
	(365)	-	73,501	(18,468)	55,033
	(505)	-	262,958	(30,828)	232,130
	(512)	42,699	1,602,990	(69,408)	1,533,582

Infrastructure assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2019

Council 2019	Closing book value	Additions		Most recent replacement cost estimate for revalued assets
		Additions: constructed by Entity	Additions: transferred to Entity	
	\$'000	\$'000	\$'000	\$'000
Water supply:				
– treatment plants and facilities	18,922	2,763	-	29,742
– other assets (such as reticulation systems)	146,864	4,185	69	253,912
Sewerage:				
– treatment plants and facilities	45,354	771	-	68,065
– other assets (such as reticulation systems)	132,561	5,501	261	248,949
Stormwater drainage	134,819	1,737	396	212,479
Flood protection and control works	27,944	1,573	-	35,574
Roads and footpaths	677,181	7,041	1,690	825,969
Total infrastructural assets	1,183,645	23,571	2,416	1,674,690

Council 2018	Closing book value	Additions		Most recent replacement cost estimate for revalued assets
		Additions: constructed by Entity	Additions: transferred to Entity	
	\$'000	\$'000	\$'000	\$'000
Water supply:				
– treatment plants and facilities	17,028	555	-	26,414
– other assets (such as reticulation systems)	144,279	1,975	868	246,232
Sewerage:				
– treatment plants and facilities	45,380	670	-	65,296
– other assets (such as reticulation systems)	128,557	4,291	767	239,477
Stormwater drainage	133,233	306	993	207,209
Flood protection and control works	26,293	4,534	-	33,465
Roads and footpaths	667,278	5,409	2,268	800,510
Total infrastructural assets	1,162,048	17,740	4,896	1,618,603

Valuation

New Council assets that are added between valuations are recorded at cost except for vested assets.

Vested assets (current year additions transferred) are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current “in the ground” cost of providing identical services.

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

Land (operational, restricted, and infrastructural land with a title)

The most recent valuation of land was performed by an independent registered valuer, Quotable Value New Zealand. The valuation is effective as at 30 June 2019.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the value in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer’s judgement.

Restrictions on the Council’s ability to sell land would normally not impair the value of the land because

the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Infrastructural asset classes: sewerage, water, drainage, and roads

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2019 based on an internal valuation plus additions at cost less depreciation. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Entity could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Specialist infrastructural assets

Specialist infrastructural assets including dams, water reservoirs and wastewater treatment plants have been revalued in house by means of applying an inflation index of 1.6% to obtain 2019 valuations. Opus International Consultants Ltd supplied the inflation index and reviewed the valuation methodology and results. Revaluations are updated annually.

Nelson Tasman Regional Sewerage Business Unit

Land is valued at market valuation as at 30 June 2019 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2019. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.

Nelson Regional Landfill Business Unit

Land is reviewed annually and revalued at market value every five years or if there is a material movement. The latest valuation was conducted as at 30 June 2019 by QV Valuations.

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2019 based on an internal valuation plus additions at cost less depreciation. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated.

The results of revaluing land and infrastructural assets are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the Surplus or Deficit. To the extent that increases in value offset previous decreases debited to the Surplus or Deficit, the increase is credited to the Surplus or Deficit.

Earthquake prone buildings

Nelson City Council is required to undertake seismic assessments of some of its buildings in accordance with the Building Act and its own Policy for Earthquake Prone, Dangerous and Insanitary Buildings. All required assessments have now been completed.

A total of 10 buildings have been assessed as under 34%NBS (this excludes bus shelters, toilet blocks, garages and other outbuildings). Four of these buildings are not considered earthquake prone, the other 6 have a section 124 notice that requires additional work to either strengthen the buildings to 34%NBS or otherwise remove the risk. Council is working through a process for all s124 Notices to be replaced with EPB Notices as required by the Building (Earthquake Prone Buildings) Amendment Act 2016 which came into effect on 1 July 2017.

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Council and Group	
	Actual 2019	Actual 2018
	\$'000	\$'000
Water system	748	1,246
Roading network	3,273	1,723
Land and buildings	238	7,255
Sewerage	1,548	5,154
Stormwater	723	534
Solid waste	81	-
Flood protection	347	347
Other	364	209
Total work in progress	7,322	16,468

20 Intangible assets

Council	Computer software \$'000
At 1 July 2017	
Cost	5,469
Accumulated amortisation and impairment	(3,213)
Net book amount	2,256
Year ended 30 June 2018	
Opening net book amount	2,256
Additions	733
Amortisation charge	(609)
Closing net book amount	2,380
At 30 June 2018	
Cost	5,646
Accumulated amortisation and impairment	(3,266)
Net book amount	2,380
Year ended 30 June 2019	
Opening net book amount	2,380
Additions	1,173
Amortisation charge	(656)
Closing net book amount	2,897
At 30 June 2019	
Cost	6,043
Accumulated amortisation and impairment	(3,146)
Net book amount	2,897

20 Intangible assets (continued)

Group	Computer software
	\$'000
At 1 July 2017	
Cost	6,244
Accumulated amortisation and impairment	(3,591)
Net book amount	2,653
Year ended 30 June 2018	
Opening net book amount	2,653
Additions	1,112
Disposals	(220)
Amortisation charge	(626)
Closing net book amount	2,919
At 30 June 2018	
Cost	6,581
Disposals	-
Accumulated amortisation and impairment	(3,662)
Net book amount	2,919
Year ended 30 June 2019	
Opening net book amount	2,919
Additions	1,347
Disposals	-
Amortisation charge	(809)
Closing net book amount	3,457
At 30 June 2019	
Cost	7,151
Accumulated amortisation and impairment	(3,694)
Net book amount	3,457

21 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2019	Actual 2018
	\$'000	\$'000
Directly attributable depreciation and amortisation expense by group of activity		
Corporate	672	616
Parks and active recreation	3,248	3,106
Social	1,239	1,228
Transport	7,387	6,769
Environmental management	43	41
Solid waste	267	361
Wastewater	4,801	4,525
Stormwater	2,394	2,168
Water supply	4,292	4,198
Flood protection	477	530
Total directly attributable depreciation and amortisation by group of activity	24,820	23,542
Depreciation and amortisation not directly related to group of activities	1,087	901
Total depreciation and amortisation expense	25,907	24,443

22 Forestry assets

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Carrying amount opening balance	4,325	5,798	4,325	5,798
Gain/loss arising from changes in fair value less estimated point-of-sale costs	833	653	833	653
Harvest	(661)	(2,126)	(661)	(2,126)
Balance at 30 June 2019	4,497	4,325	4,497	4,325

Council owns 528.3 hectares, (451 at 30 June 2018), of Radiata Pine and Cupressus Macrocarpa planted between 1981 and 2018. Other stands totalling 51 hectares, (56.9 at 30 June 2018), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2019. A discount rate of 6.0%, (6.0% in 2018), has been used in discounting the present value of expected after tax cash flows.

23 Investment property

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.

Rents received from this property were \$261 (2018: \$9,500)

The movement of investment property is as follows:

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Investment properties - fair value - opening balance	1,150	1,100	1,150	1,100
Investment properties - fair value - net gain (loss) from fair value adjustment	30	50	30	50
Balance at 30 June	1,180	1,150	1,180	1,150

24 Investments in subsidiaries

Accounting policy

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(2.2):

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Nelson Regional Development Agency	200	200	-	-
Nelmac	2,000	2,000	-	-
Bishop Suter Trust	6,000	6,000	-	-
Civic Trust	-	-	-	-
Total investment in Subsidiaries	8,200	8,200	-	-

Significant subsidiaries of Council comprise:

Name of entity	Principal activity	Council control	
		2019	2018
		%	%
Nelson Regional Development Agency	Regional development, marketing and promotion	100	100
Nelmac	Management of facilities and infrastructure	100	100
Bishop Suter Trust	Art gallery	100	100
Civic Trust	Enhancement of city environment	100	100

All subsidiaries have a balance date of 30 June and are resident in New Zealand.

These fully controlled subsidiaries have been consolidated line by line.

Council's movement in investment in subsidiaries is as follows:

	2019	2018
	\$'000	\$'000
Opening balance	8,200	8,200
Net investment made during the year	-	-
Total investment in subsidiaries	8,200	8,200

25 Investments in equity accounted joint ventures

	Actual 2019	Actual 2018
	\$'000	\$'000
Council		
Port Nelson Ltd	12,708	12,708
Tasman Bays Heritage Trust	4,922	4,922
Nelson Airport Ltd	19,033	19,033
Shares in associates	36,663	36,663

Only the equity value of these 50% owned associates is consolidated.

All associates have a balance date of 30 June and are resident in New Zealand.

	2019	2018
	\$'000	\$'000
Group		
Movements in the carrying amount of investments in equity accounted joint ventures:		
Balance at 1 July	147,618	136,602
Share of total recognised revenue and expenses	9,448	9,005
Share of revaluation gain	(855)	4,828
Share of dividend	(4,265)	(2,750)
Other movements	-	(67)
Balance at 30 June	151,946	147,618

Summarised financial information of equity accounted joint ventures presented on a gross basis

	Actual 2019	Actual 2018
	\$'000	\$'000
Council		
Assets	403,847	373,153
Liabilities	127,586	104,342
Revenues	84,769	79,502
Surplus/(deficit)	17,706	17,508

26 Proportionally accounted joint ventures

Council's interest in the Regional Sewerage Scheme, Regional Landfill and Civil Defence joint ventures is accounted for as jointly controlled operations.

Council's interests in the jointly controlled operation are as follows:

Name	Principal activity	2019	2018
		Percentage ownership	Percentage ownership
		%	%
Regional Sewerage	Sewerage disposal services	50%	50%
Civil Defence	Coordination of emergency services	50%	50%
Regional Landfill	Solid Waste disposal service	50%	50%

The Regional Sewerage Business Unit, Regional Landfill Business Unit and Civil Defence have a balance date of 30 June and are domiciled in New Zealand.

Summarised aggregate financial information of the Group's share of joint ventures (net of eliminations) proportionally consolidated:

	2019	2018
	\$'000	\$'000
Assets		
Current assets	2,355	1,989
Non-current assets	35,170	35,281
Total assets	37,525	37,270
Liabilities		
Current liabilities	475	1,160
Non-current liabilities	7,444	6,849
Total liabilities	7,919	8,009
Revenue	6,568	6,010
Expenses	(6,525)	(5,331)
Net surplus/(deficit)	43	679



27 Trade and other payables

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables	11,582	11,516	11,556	11,665
Deposits and bonds	1,033	541	1,033	541
Accrued expenses	1,761	1,372	1,846	1,496
Income in advance	1,234	1,111	1,239	1,217
Amounts due to customers for contract work	186	243	186	243
Other payables	727	774	733	822
Suspensory loan	59	59	59	59
Trust accounts	38	246	38	246
Taxes payable other than income tax	14	5	392	248
Total current creditors and other payables	16,634	15,867	17,082	16,537
Total creditors and other payables from exchange transactions	15,364	14,960	15,434	15,387
Total creditors and other payables from non-exchange transactions	1,270	907	1,648	1,150
Non current				
Housing New Zealand Suspensory Loan	644	702	644	702
Suter depreciation accrual	630	399	-	-
Total non-current creditors and payables	1,274	1,101	644	702
Non-current payables from exchange transactions	-	-	-	-
Non-current payables from non-exchange transactions	1,274	1,101	644	702
Total non-current payables from exchange and non-exchange transactions	1,274	1,101	644	702
Total trade and other payables	17,908	16,968	17,726	17,239

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

The Council received a 20 year suspensory loan of \$1.17 million from Housing New Zealand that must be repaid if the Council makes certain decisions that affect the provision of its social housing (including

selling properties) prior to January 2032. The Council considers that the substance of the arrangement is the Council receives funding on condition that it provides social housing services over the 20 year term of the agreement. The current portion of the suspensory loan represents that amount of the loan that will be recognised as revenue over the next 12 months.

28 Borrowings and other financial liabilities

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Current portion				
Secured				
Secured loans	1,000	1,400	1,233	1,630
Floating rate notes	10,000	5,000	10,000	5,000
Total secured current interest bearing borrowings	11,000	6,400	11,233	6,630
Total current portion	11,000	6,400	11,233	6,630
Non-current portion				
Secured loans	-	-	2,891	2,574
Floating rate notes	90,000	90,000	90,000	90,000
Total non-current portion	90,000	90,000	92,891	92,574
Total borrowings	101,000	96,400	104,124	99,204

Council's secured loans, commercial paper and floating rate notes are secured over the city's rates.

The Council's secured loans are issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk.

Due to interest rates on debt resetting to the market rate every three months, the carrying amount of secured loans approximates their fair value.

As at 30 June 2019 the Council had borrowing facilities of \$20 million with Westpac Banking Corporation (2018: \$20m) and \$15m with ANZ National Limited (2018: \$15m). At balance date \$1 million of the total \$35m facility was drawn down (2018: \$1.4m). Council also has a business card facility with Westpac with a limit of \$42,000 (2018: \$42,000).

The interest rates on the Council borrowings range from 2.01% to 2.74% (2018: 2.37% to 2.87%). The weighted average interest rate on the above loans was 2.35% (2018: 2.6%).



29 Provisions

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Regional Landfill - closure and post closure provision	148	270	148	270
Total current portion	148	270	148	270
Regional Landfill - closure and post closure provision	2,141	2,016	2,141	2,016
Total non-current portion	2,141	2,016	2,141	2,016
Total provisions	2,289	2,286	2,289	2,286
Movements in provisions:				
Opening balance	2,286	1,313	2,286	1,313
Movement on creation of joint Regional Landfill	-	305	-	305
Reassessment of liability	41	709	41	709
Interest	(38)	(41)	(38)	(41)
Closing balance	2,289	2,286	2,289	2,286

The Nelson Tasman Regional Landfill Business Unit (NTRLBU) operates the York Valley Landfill in NCC and the Eves Valley landfill in Tasman District Council. The Business Unit has a legal obligation to provide ongoing maintenance and monitoring services after closure.

This provision is calculated on the basis of discounting closure and post closure costs into present day values. This calculation assumes no change in the resource consent conditions for closure and post closure treatment.

30 Employee benefits liabilities

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Annual leave	1,104	957	2,371	2,138
Long service leave	122	82	127	103
Retirement gratuities	53	51	53	51
Sick leave	43	41	43	41
Accrued pay	1,064	970	1,636	1,490
Total current portion	2,386	2,101	4,230	3,823
Long service leave	122	165	144	193
Retirement gratuities	68	67	88	101
Total non-current portion	190	232	232	294
Total employee entitlements	2,576	2,333	4,462	4,117

31 Equity

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Customers' equity				
Retained earnings	425,191	422,300	484,733	476,382
Reserves	1,085,611	1,042,457	1,163,488	1,121,189
Balance at 30 June 2019	1,510,802	1,464,757	1,648,221	1,597,571
Accumulated funds				
Balance at 1 July	422,299	414,580	476,381	462,162
Opening equity adjustment on entity establishment	-	(878)	-	(878)
Equity released on disestablishment	-	-	-	-
Transfer to special fund	-	533	-	533
Disposal of property, plant and equipment	156	4,068	156	4,068
Prior year correction	-	-	-	(69)
Movement in reserves	(2,495)	(6,849)	(2,495)	(6,926)
Surplus/(deficit) for the year	5,231	10,846	10,691	17,492
Balance 30 June	425,191	422,300	484,733	476,382
Reserves include				
Property, plant and equipment revaluation reserve	1,074,808	1,034,150	1,154,351	1,113,693
Hedging reserve - cash flow hedges	-	-	(1,666)	(811)
Restricted reserves	10,753	8,257	10,753	8,257
Contingency reserve	50	50	50	50
Total reserves	1,085,611	1,042,457	1,163,488	1,121,189
Property, plant and equipment revaluation reserve				
Balance at 1 July	1,034,150	995,283	1,113,693	1,069,921
Net revaluation gains	40,814	42,935	40,814	47,840
Transfer to accumulated funds on disposal of property	(156)	(4,068)	(156)	(4,068)
Balance at 30 June	1,074,808	1,034,150	1,154,351	1,113,693
Property revaluation reserves for each asset class consist of:				
Land	182,058	156,355	225,389	199,686
Buildings	-	-	456	456
Airport	-	-	22,311	22,311
Sewerage system	137,591	135,236	137,591	135,236
Water system	129,404	127,014	129,404	127,014
Stormwater network	111,581	109,621	111,581	109,621
Flood protection network	2,010	1,611	2,010	1,611
Roading network	508,880	501,044	508,880	501,044
Solid waste	3,265	3,255	3,265	3,255
Forestry (NRSBU)	19	14	19	14
Wharves	-	-	13,445	13,445
Total	1,074,808	1,034,150	1,154,351	1,113,693

Table continued >

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Hedging reserve - cash flow hedges				
Balance at 1 July	-	-	(811)	(734)
Fair value gains/(losses) in the year	-	-	(1,175)	(137)
Deferred tax movement	-	-	320	60
Balance at 30 June	-	-	(1,666)	(811)
Restricted reserves				
Balance at 1 July	8,258	1,408	8,258	1,408
Net transfers (to)/from accumulated funds	2,495	6,850	2,495	6,850
Balance at 30 June	10,753	8,258	10,753	8,258
Contingency reserve				
Balance 1 July	50	50	50	50
Fair value movement	-	-	-	-
Balance 30 June	50	50	50	50

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

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000
2019					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	41	317	(358)	-
Events Contestable Fund reserve	Economic	(46)	-	(69)	(115)
Forestry	Forestry	1,251	400	-	1,651
Founders Park reserve	Social	175	136	(107)	204
L C Voller bequest	Social	23	1	-	24
Landfill	Environmental	4,305	109	-	4,414
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	112	4	-	116
Solid Waste	Environmental	1,583	7	(47)	1,543
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	608	2,864	(762)	2,710
Walker bequest	Parks	9	-	-	9
Total restricted reserves - 2019		8,258	3,838	(1,343)	10,753

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$'000	\$'000	\$'000	\$'000
2018					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	117	304	(380)	41
Events Contestable Fund reserve	Economic	360	16	(422)	(46)
Forestry	Forestry	-	1,251	-	1,251
Founders Park reserve	Social	172	132	(130)	175
L C Voller bequest	Social	22	1	-	23
Landfill	Environmental	-	4,305	-	4,305
Nellie Nightingale bequest	Social	146	1	(147)	-
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	111	1	-	112
Solid Waste	Environmental	-	1,583	-	1,583
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	206	2,332	(1,930)	608
Walker bequest	Parks	77	2	(70)	9
Total restricted reserves - 2018		1,408	9,928	(3,079)	8,258



32 Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) after tax	5,231	10,846	10,691	17,492
Depreciation and amortisation expense	25,907	24,443	27,584	26,073
Property, plant, and equipment impairment	234	697	234	697
Vested assets	(3,052)	(4,896)	(3,113)	(4,982)
(Gains)/losses in fair value of biological assets	(833)	(653)	(833)	(653)
(Gains)/losses in fair value of investment property	(30)	-	(30)	(50)
(Gains)/losses on derivative financial instruments	4,389	757	4,389	757
Increase in deferred tax	-	-	66	60
Conditional grants released to income	(59)	(59)	(59)	(59)
Associates surplus ex dividends	-	-	(5,253)	(6,215)
(Gains)/losses in fair value of investments	-	(50)	(66)	(53)
Movement in landfill liability	3	973	3	973
Provision for discount unwinding	322	(313)	322	(339)
Suter depreciation accrual	232	-	232	-
Total non-cash items	27,113	20,899	23,476	16,209
(Gains)/losses on disposal of property, plant, and equipment	1,887	2,566	1,860	2,548
(Gains)/losses on disposal of biological assets	260	-	260	-
Movement in non-current provisions	-	-	-	28
Movement in capital creditors	43	1,593	43	1,593
Movement in investment-related accounts receivable	-	-	(20)	(19)
Other (gains)/losses on investing activities	-	-	(224)	-
Total items classified as investing or financing activities	2,190	4,159	1,919	4,150
(Increase)/decrease in receivables	(2,363)	(544)	(3,800)	(3,490)
(Increase)/decrease in prepayments	(121)	(81)	(25)	(62)
(Increase)/decrease in inventory	-	-	(82)	2
(Increase)/decrease in WIP	-	-	209	6
Increase /(decrease) in payables	802	2,232	1,732	4,413
Increase /(decrease) in income tax payable	-	-	(202)	18
Increase /(decrease) in provisions	-	-	-	(44)
Increase /(decrease) in employee entitlements	243	5	334	80
Net movement in working capital items	(1,439)	1,612	(1,834)	923
Net cash inflow/(outflow) from operating activities	33,095	37,516	34,252	38,774

33 Capital commitments and operating leases

Capital commitments

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Nelson City Council				
- Roading network	4,149	3,312	4,149	3,312
- Flood protection	1,366	331	1,366	331
- Other improvements	779	-	779	-
- Wastewater	266	2,441	266	2,441
- Water supply	239	33	239	33
- Stormwater	-	702	-	702
- Buildings	-	271	-	271
- Land	-	150	-	150
Group				
Nelmac Ltd				
- Vehicles & Equipment	-	-	-	432
Port Nelson Ltd				
- Wharf and property purchase	-	-	10,083	2,005
Nelson Airport Ltd				
- Terminal development	-	-	3,566	10,925
Tasman Bay Heritage Trust				
- Property, Plant & Equipment	-	-	49	-
Total capital commitments	6,799	7,240	20,497	20,602

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

Council leases land in the normal course of its business. These leases have non cancellable terms of between one and 20 years.

The group leases land and buildings and plant and equipment in the normal course of its business.

The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Not later than one year	272	202	596	452
Later than one year and not later than five years	834	753	1,140	857
Later than five years	317	485	318	485
Total non-cancellable operating leases	1,423	1,440	2,054	1,794

Leases can be renewed at the Entity and Group's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Entity and group by any of the leasing arrangements.

Operating leases as lessor

Land and buildings owned by Council and group are let under operating leases. Non cancellable terms vary between one month and 25 years, with the majority under five years.

The future aggregate lease payments to be collected under non cancellable operating leases are as follows:

	Council		Group	
	Actual 2019	Actual 2018	Actual 2019	Actual 2018
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,163	1,207	4,708	3,863
Later than one year and not later than five years	2,787	3,003	12,820	9,931
Later than five years	3,744	4,092	15,579	14,784
Total non-cancellable operating leases	7,694	8,302	33,107	28,578

34 Contingencies

Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

Council:

Local Government Funding Agency

The Entity is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+ which is equal to NZ Government sovereign rating.

Nelson City Council is a guarantor of all of LGFA borrowings in the event of default. At balance date Council's guarantee totalled \$9,531 million (2018: \$8,272 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.

Weathertight homes claims

Council is currently a party to two leaky building claims. Council has a balance sheet provision that can be used in settlement of any claims, however it is possible that the eventual settlement will be in excess of those sums. Council is unable to determine a sufficiently reliable estimate for any settlement at this time and therefore recognises an unquantifiable contingent liability.

Group:

There are no contingent assets or liabilities arising from the consolidated entities.

35 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Entity and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Entity group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed.

Related party transactions with subsidiaries, associates, or joint ventures

	Council	
	Actual 2019	Actual 2018
	\$'000	\$'000
Expenditure		
<i>Bishop Suter Trust</i>		
Operating grant	654	565
Depreciation grant	232	228
<i>Economic Development Agency (NRDA)</i>		
Operating grant	824	1,243
Contestable events fund	468	765
Light Nelson	-	100
<i>Tasman Bays Heritage Trust</i>		
Operating grant	932	933
Payables		
Suter depreciation grant	630	399
Receivables		
NRDA contestable events fund	116	46
	3,856	4,279

Grants to subsidiaries and associates

Council provides grants to certain of its associates, assisting them with maintenance or other operating costs, or for other specific purposes.

The Suter depreciation grant is an accrual. The purpose of the accrual is to assist the Suter to fund renewals. The Suter's annual Statement of Intent will include a renewals schedule, on adoption of which the accrual will be released for the forthcoming year. The expenditure and the accrual consolidate to zero within the Group.

Tasman Bays Heritage Trust related party loan

Council made a loan to the trust of \$1.2 million, initially repayable over 30 years at 0% interest. Repayments on the loan have been renegotiated at \$100,000 per year, and the loan has been recalculated as required under PBE IPSAS to net present value. A discount rate of 4.2% (2018: 4.66%) has been used. This has resulted in an asset to council of \$639,500, with the last payment currently scheduled for the year 2026.

Council also purchases services from its associates. Transactions and balances related to these activities

are not included in this disclosure as they are exchange transactions on an arms length basis.

Nelmac Ltd maintenance of utility services contract

Council has awarded a number of contracts to its wholly owned subsidiary Nelmac Ltd.

The contract for utility services was not tendered and the value of the contract for the 2019 financial year was \$3.6 million (2018: \$3.8 million). As the contract was not tendered and there is no benchmarking available for these very individualised services, Council is unable to determine that the contract is at arm's length.

With Council's agreement, contracts may not be tendered because of: the procurement costs of public tender, a high standard of work by the incumbent, service levels consistently achieved, and/or non competitive local industry.

Council are satisfied that this contract represents value for the ratepayer because of economies gained through the stability and continuity of the relationship (retention of both local and specific knowledge that could not be matched by a new or external supplier).

Transactions with key management personnel

Key management personnel compensation

	Council	
	Actual 2019	Actual 2018
	\$'000	\$'000
<i>Council members</i>		
Remuneration	718	723
Full-time equivalent members	13.0	13.0
<i>Senior Management Team, including the Chief Executive</i>		
Remuneration	1,772	1,635
Full-time equivalent members	7.8	7.8
Total key management personnel compensation	2,490	2,358
Total full-time equivalent personnel	20.8	20.8

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors.

Key management personnel include the Mayor, Councillors, Chief Executive, and senior leadership team, and key advisors to that group.

Key advisors include three committee members who are external to the organisation. These advisors bring technical expertise to the Commercial subcommittee, the Audit, Risk, and Finance subcommittee and the Planning and Regulatory committee. The remuneration for each external committee member varies between \$1,070 and \$1,903 per month depending on which committees are serviced. Additional payments totalling \$40,000 were made to 1 advisor for other business advisory work undertaken. In total the payments for these advisors totalled \$100,000 (2018: \$46,000).

External committee members are John Murray, John Peters, and Glenice Paine.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.



36 Remuneration

Chief Executive

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

The total remuneration (including any non financial benefits) paid or payable for the year to the Chief

Executive was \$361,000 (2018: \$322,839).

Elected representatives

Elected representatives received the following remuneration:

	Council	
	Actual 2019	Actual 2018
	\$	\$
Mayor Reese	137,510	135,662
Deputy Mayor Matheson	63,203	64,320
Councillor Barker	53,828	52,254
Councillor Courtney	44,404	44,863
Councillor Dahlberg	44,326	45,196
Councillor Fulton	42,599	44,578
Councillor Lawrey	42,191	43,098
Councillor Skinner	50,803	51,896
Councillor Acland	42,191	43,098
Councillor McGurk	50,803	51,896
Councillor Noonan	51,199	51,545
Councillor Rutledge	44,242	44,845
Councillor Walker	50,803	50,217
Total elected representatives' remuneration	718,102	723,468

26 fortnightly payments are included in this disclosure for the 2018/19 financial year. In 2017/18 there were 27 fortnightly payments.

Payments for commissioner hearings and District Licensing Committee included in total remuneration:

	Council	
	Actual 2019	Actual 2018
	\$	\$
Councillor Barker	1,191	358
Councillor Fulton	408	1,480
Councillor Matheson	510	332
Total Local Boards	2,109	2,170

Council employees

At balance date, Council employed 297 staff (2018: 284), made up of 197 (2018: 192) full time employees (FTEs), with the balance of staff representing 56.56 (2018: 54.65) FTEs. The FTE total for 2019 was 253.56 (2018: 246.65).

Total annual remuneration by band for the 297 employees as at 30 June:

2019	Number of employees
< \$60,000	117
\$60,000 – \$79,999	80
\$80,000 – \$99,999	57
\$100,000 – \$119,999	25
\$120,000 – \$159,999	12
\$160,000 – \$379,999	6
Total employees	297

2018	Number of employees
< \$60,000	123
\$60,000 – \$79,999	80
\$80,000 – \$99,999	49
\$100,000 – \$119,999	19
\$120,000 – \$159,999	7
\$160,000 – \$359,999	6
Total employees	284

37 Severance payments

Council

For the year ended 30 June 2019, the Council made 2 (2018: 1) severance payments to separate employees of \$5,722 and \$17,829 (2018: \$2,202).

Group

For the year ended 30 June 2019, the group made 1 severance payment to an employee of \$6,000, in addition to those made by Council.

38 Financial instruments

(a) Fair value estimation

For those instruments recognised at fair value in the statements of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – 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.
- Valuation techniques with significant non observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
30 June 2019 - Council				
Financial assets				
Derivatives	-	-	-	-
Shares	140	-	-	140
Financial liabilities				
Derivatives	10,563	-	10,563	-
30 June 2018 - Council				
Financial assets				
Shares	140	-	-	140
Financial liabilities				
Derivatives	6,174	-	6,174	-
30 June 2019 - Group				
Financial assets				
Derivatives	-	-	-	-
Shares	763	623	-	140
Other held to maturity investments	-	-	-	-
Financial liabilities				
Derivatives	10,563	-	10,563	-
30 June 2018 - Group				
Financial assets				
Shares	748	608	-	140
Managed fund	153	153	-	-
Total financial assets	901	761	-	140
Financial liabilities				
Derivatives	6,174	-	6,174	-

(b) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management 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.

Council holds only short term investments with the major banks, and holds no listed equity instruments.

Currency risk

Council has exposure through the occasional purchase of foreign exchange denominated goods and services.

Significant individual amounts of NZD100,000 or greater commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount and timing are known.

As at June 2019, Council have contracts hedging a total of \$nil (2018: \$nil).

Fair values

The fair value of financial instruments is their carrying amount as stated in the balance sheet.

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 2019 the Council had entered into interest swap agreements to a value of \$138.5m (2018: \$131.5m) at interest rates between 2.14% and 5.25% (2018: 2.33% and 5.25%).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 3.29% (2018: 1.5%).

The interest rates on Nelson City Council borrowings are disclosed in note 28.

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 \$14.3 million receivables are outlined in note 13

Details of investments are outlined in note 16, 24, 25 and 26

As at 30 June 2019 Council has short term deposits, now with maturities of less than three months, of \$5 million with Bank of New Zealand (2018: \$5 million) and two of \$5 million and \$4 million with ANZ (2018: one of \$5million).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation and only allows funds to be invested with entities that have a strong Standard and Poor's credit rating.

Community and related party loans

The net present value of Council's community and related party loans at 30 June 2019 is \$4 million (2018: \$4.4 million) and there is a risk that some of these could be defaulted on. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for mortgage securities on two community loans with face values of \$2.1 million and \$680,000 (2018: \$1.5 million).

Maximum exposure to credit risk

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

	Council		Group	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at bank and term deposits	15,391	12,432	17,371	14,417
Receivables	14,482	12,099	16,652	13,895
Community and related party loans	4,032	4,392	3,392	3,689
LGFA borrower notes	1,040	960	1,040	960
Other held to maturity investments	-	-	-	153
Shares	140	140	140	140
Listed shares	-	-	623	608
Total credit risk	35,085	30,023	39,218	33,862

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 34.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	15,391	12,432	17,371	14,417
Derivative financial instrument assets				
Other financial assets - LGFA borrower notes				
AA+	1,040	960	1,040	960
Other financial assets - loans and receivables				
AA-	-	-	1,077	5,969
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	3,392	3,689	3,392	3,689
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	640	703	-	-
Total community and related party loans	4,032	4,392	3,392	3,689
Receivables				
Existing counterparty with no defaults in the past	14,482	12,099	16,652	13,895
Held to maturity investments	-	-	-	-
Existing counterparty with no defaults in the past	-	-	-	153
Fixed interest securities				
Existing counterparty with no defaults in the past	140	140	279	140
Listed shares	-	-	-	-
Existing counterparty with no defaults in the past	-	-	-	608

Receivables arise mainly from 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. Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from customers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed

credit facilities, and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available with Westpac and ANZ National Bank Ltd.

Council provides security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2019 had security stock issued of \$49m and debenture stock issued of \$35 million. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

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

Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2018: \$nil).

Contractual maturity analysis of financial liabilities

	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2019					
Payables	16,674	16,674	-	-	-
Secured loans	101,000	11,000	30,000	35,000	25,000
Derivative financial liabilities	10,563	290	1,056	2,682	6,535
Total	128,237	27,964	31,056	37,682	31,535
Council 2018					
Payables	15,857	15,857	-	-	-
Secured loans	96,400	6,400	10,000	60,000	20,000
Derivative financial liabilities	6,174	116	494	2,299	3,265
Total	118,431	22,373	10,494	62,299	23,265
Group 2019					
Payables	16,487	16,487	-	-	-
Secured loans	104,124	11,233	32,891	35,000	25,000
Derivative financial liabilities	10,563	290	1,056	2,682	6,535
Total	131,174	28,010	33,947	37,682	31,535
Group 2018					
Payables	16,022	16,022	-	-	-
Secured loans	99,204	6,630	12,574	60,000	20,000
Derivative financial liabilities	6,174	116	494	2,299	3,265
Total	121,400	22,768	13,068	62,299	23,265

Council is exposed to liquidity risk as a guarantor of all of the 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 34.



Contractual maturity analysis of financial assets

	Contractual Cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
Council 2019					
Cash and cash equivalents	15,391	15,391	-	-	-
Receivables	14,482	14,482	-	-	-
Other financial assets:					
- term deposits	-	-	-	-	-
- community and related party loans	4,032	1,342	441	749	1,500
- LGFA borrower notes	1,040	-	320	320	400
Derivative financial instruments	-	-	-	-	-
Total	34,945	31,215	761	1,069	1,900
Council 2018					
Cash and cash equivalents	7,432	7,432	-	-	-
Receivables	12,099	12,099	-	-	-
Other financial assets:					
- term deposits	5,000	5,000	-	-	-
- community and related party loans	4,392	714	1,294	951	1,433
- LGFA borrower notes	960	80	-	320	560
Derivative financial instruments	-	-	-	-	-
Total	29,883	25,325	1,294	1,271	1,993
Group 2019					
Cash and cash equivalents	16,294	16,294	-	-	-
Receivables	16,652	16,652	-	-	-
Other financial assets:					
- term deposits	1,077	1,077	-	-	-
- community and related party loans	3,392	1,242	345	483	1,322
- LGFA borrower notes	1,040	-	320	320	400
Derivative financial instruments	-	-	-	-	-
Total	38,455	35,265	665	803	1,722
Group 2018					
Cash and cash equivalents	8,448	8,448	-	-	-
Receivables	13,895	13,895	-	-	-
- term deposits	5,969	5,969	-	-	-
- community and related party loans	3,689	614	1,198	689	1,188
- LGFA borrower notes	960	80	-	320	560
Derivative financial instruments	-	-	-	-	-
Total	32,961	29,006	1,198	1,009	1,748

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposures at balance date.

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

	2019				2018			
	-100bps	-100bps	+100bps	+100bps	-100bps	-100bps	+100bps	+100bps
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
	\$'000				\$'000			
Council								
INTEREST RATE RISK								
Financial assets								
Derivative financial assets	-	-	-	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	35	-	(34)	-	122	-	(108)	-
Financial liabilities								
Derivative financial liabilities	(4,718)	-	4,356	-	(4,595)	-	4,218	-
Total sensitivity	(4,683)	-	4,322	-	(4,473)	-	4,110	-
Group								
INTEREST RATE RISK								
Financial assets								
Derivative financial assets	-	-	-	-	-	-	-	-
Other financial assets:								
- Community loans and loans to related parties	35	-	(34)	-	122	-	(108)	-
Financial liabilities								
Derivative financial instruments	(4,718)	-	4,356	-	(4,595)	-	4,218	-
Total sensitivity	(4,683)	-	4,322	-	(4,473)	-	4,110	-

c) Financial instrument categories

Payables balances exclude income in advance, and receivables balances exclude both prepayments and provisions for doubtful debt.

	Council		Group	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument assets	-	-	-	-
Fixed interest securities	-	-	-	153
Loans and receivables				
Cash and cash equivalents	15,391	7,432	16,294	8,448
Receivables	14,482	12,099	16,652	13,895
Other financial assets:				
- Term deposits	-	5,000	1,077	5,969
- Community loans and loans to related parties	4,032	4,392	3,391	3,689
Total loans and receivables	33,905	28,923	37,414	32,001
Held-to-maturity				
Other financial assets:				
- LGFA borrower notes	1,040	960	1,040	960
Fair value through other comprehensive revenue and expense				
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Listed shares	-	-	623	608
Total fair value through other comprehensive revenue and expense	140	140	763	748
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument liabilities	10,563	6,174	10,563	6,174
Financial liabilities at amortised cost				
Payables	16,674	15,857	16,487	16,022
Borrowings:				
- secured loans	101,000	96,400	104,124	99,204
Total financial liabilities at amortised cost	117,674	112,257	120,611	115,226

39 Events occurring after the balance date

Council

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August to 1.0% and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rate swaps.

Group

On 25th September 2019 Jetstar announced a consultative proposal to withdraw regional services which includes those servicing Nelson. This withdrawal by Jetstar may reduce Nelson Airport Ltd's future revenue, of which Nelson City Council is a 50% shareholder, and could have a marginal flow on impact on the valuation of the airport assets. At this stage the financial impact of this withdrawal cannot be quantified as Nelson Airport Ltd is continuing to focus on their growth strategy and expect that based on demand, other carriers will increase their services to mitigate some of the impact of Jetstar's withdrawal.

40 Explanation of major variances against budget

Statements of comprehensive revenue and expense

Total operating income \$5.8 million less than budget:

Other gains of \$6.1 million less than budget reflect the following non cash items:

- Interest rate swap valuations (\$4.4 million). Council utilises interest rate swaps to minimise exposure to interest rate movements. These derivatives are revalued annually.
- Losses on abandoned assets (\$1.9 million). "Abandoned assets" refer primarily to assets which have been replaced earlier than anticipated, resulting in the residual book value being written off.
- Other unbudgeted movements on the valuation of assets of \$200,000.

Other revenue is \$4 million less than budget. Significant items include:

- The value of assets vested to Council by developers is \$3.9 million less than budget. The timing of vested asset receipts is dependent on the development cycle of individual developers;
- NTRLBU income is under budget by \$1.1 million. The movement is the result of a change in the accounting treatment applied to NTRLBU.

- Dividend income is over budget by \$882,000. This relates to additional income of \$450,000 from Port Nelson Ltd, which includes a special dividend of \$750,000, offset by ordinary dividends being \$300,000 under budget due to timing difference between setting the budget and Port Nelson Ltd's Statement of Corporate Intent being received. An additional \$415,000 was received from the Airport, of which \$375,000 relates to a timing difference in receiving the prior year's dividend.
- Other revenue items totalling \$118,000 over budget;

Fees and charges are \$793,000 more than budget. More details can be seen in the activities section, however the most significant items are:

- Nelson Tasman Regional Landfill Business Unit (NTRLBU) income is over budget by \$1.1 million. The movement is the result of a change in the accounting treatment applied to NTRLBU.
- Other fees and charges totalling \$307,000 under budget.

Development and subdivision reserves contributions are \$2.7 million higher than anticipated. The receipt of development contributions reflects the development cycle of individual developers and is not within the control of Nelson City Council.

Total operating expenditure was \$2.1 million more than budget:

Personnel costs were \$211,000 less than budget, which relates to staff vacancies.

Other Expenses were over budget by \$2.4 million. More details can be seen in the activities section, however the most significant items are:

- Temporary staff costs were \$533,000 more than budget, relating to the use of temporary staff to backfill vacancies.
- Unprogrammed expenditure of \$395,000 relating to the February 2018 storm event.
- An additional \$324,000 has been spent on preliminary feasibility studies. These items relate to infrastructure for the storm, water and flood protection capital programme.
- Unprogrammed service delivery costs were over budget by \$315,000, including items such as the Brook Camp, Maire Stream remediation, provision of freedom camping amenities and the Bay Dreams festival. Most of these items have been offset by additional income.
- Venue Hire expenses \$256,000 more than budget, this relates to increased management costs and is offset by increased income.
- Unprogrammed asset maintenance costs were over budget by \$230,000, due to increased use of

sports parks and drought related costs, as well as additional water reactive maintenance.

- Other expenditure items totalling \$347,000 over budget.

Finance Costs \$530,000 less than budgeted, this is due to lower levels of debt than anticipated during the budgeting process and more favourable interest rates than anticipated.

Depreciation and amortisation expenses were \$452,000 greater than budget. This is the result of the revaluation of assets being higher than budgeted, which has resulted in a higher depreciation expense.

Other comprehensive income

The infrastructure assets are revalued every year to smooth out the large fluctuations, and land is revalued when its fair value diverges materially from its carrying value. The revaluation as at 30 June 2019 resulted in a total increase in asset value of \$40.8 million, \$23.3 million more than budget. Council revalued land as at 30 June 2019 which comprised \$25.6 million of the revaluation increase.

Statements of financial position

Current assets are \$28.9 million greater than budget. This relates to \$14 million of unbudgeted term deposits, which includes unbudgeted cash surpluses and a \$10 million deposit held to offset the prefunding of debt. \$10.9 million has also been transferred to

assets held for sale to reflect the intention to sell Community Housing and the State Advances Building.

Property, plant, and equipment was \$11.3 million more than budget. The opening balance at the 1 July was \$15.7 million more than forecast at the time of setting the budget. Revaluations were \$23.3 million more than budget. Capital additions were \$15 million less than budget, \$10.9 million has been transferred to assets held for sale, vested assets were \$3.9 million less than budget, and other disposals and impairments were \$2.1 million more than budget.

Current trade and other payables are \$4.3 million more than budget. \$2.3 million relates to higher than anticipated payables due at 30 June 2019. There is also an additional \$920,000 in accrued expenditure and \$662,000 held in deposits and bonds.

The Council's external borrowings as at 30 June 2019 were \$101 million, which is \$9.6 million below budget. External borrowings are summarised in Note 28 of the financial statements. In 2018/19 Council also undertook to pre fund \$10m of debt due to mature in July 2019 in order to take advantage of favourable interest rate margins at the time. There is an offsetting term deposit in place to match the pre funding.

Total provisions \$637,000 more than budget. This relates to the NTRLBU and a change in the methodology in calculating the closure and post closure provision of the landfill.



41 Reclassification and restatement

The Council and Group has adjusted its comparative year financial statements for the year ended 30 June 2018 due to a recalculation of the post closure provision in the Nelson Tasman Regional Landfill Business Unit. The adjustments are shown in the table below:

Council		Actual 2018		
		Before adjustments	Correction of error	After adjustments
		\$'000	\$'000	\$'000
Income				
Rates	3	61,853	-	61,853
Fees and charges		26,750	-	26,750
Subsidies and grants	4	7,949	-	7,949
Finance income	9	242	-	242
Development/financial contributions		4,242	-	4,242
Other revenue	5	12,381	-	12,381
Other gains/(losses)	6	1,280	-	1,280
Total income		114,697	-	114,697
Expenditure				
Personnel costs	8	(17,906)	-	(17,906)
Depreciation and amortisation expense	19,20	(24,443)	-	(24,443)
Finance costs	9	(4,320)	-	(4,320)
Other expenses	7	(56,671)	(511)	(57,182)
Total operating expenditure		(103,340)	(511)	(103,851)
Surplus/(deficit) after tax		11,357	(511)	10,846
ASSETS				
Current assets				
Cash and cash equivalents	12	7,432	-	7,432
Trade and other receivables	13	12,621	-	12,621
Other financial assets	16	6,834	-	6,834
Total current assets		26,887	-	26,887
Non-current assets				
Investments accounted for using the equity method	25	36,663	-	36,663
Other financial assets		4,698	-	4,698
Property, plant and equipment	19	1,504,615	-	1,504,615
Intangible assets	20	2,380	-	2,380
Forestry assets	22	4,325	-	4,325
Investment property	23	1,150	-	1,150
Investments in subsidiaries	24	8,200	-	8,200
Total non-current assets		1,562,031	-	1,562,031
Total assets		1,588,918	-	1,588,918

Council		Actual 2018		
		Before adjustments	Correction of error	After adjustments
		\$'000	\$'000	\$'000
LIABILITIES				
Current liabilities				
Trade and other payables	27	15,867	-	15,867
Derivative financial instruments	17	116	-	116
Interest bearing liabilities	28	6,400	-	6,400
Employee benefits liabilities	30	2,101	-	2,101
Provisions	29	267	3	270
Total current liabilities		24,751	3	24,754
Non-current liabilities				
Derivative financial instruments	17	6,058	-	6,058
Interest bearing liabilities	28	90,000	-	90,000
Employee benefits liabilities	30	232	-	232
Provisions		1,508	508	2,016
Trade and other payables		1,101	-	1,101
Total non-current liabilities		98,899	508	99,407
Total liabilities		123,650	511	124,161
Net assets		1,465,268	(511)	1,464,757
EQUITY				
Accumulated funds	31	422,811	(511)	422,300
Other reserves	31	1,042,457	-	1,042,457
Total equity		1,465,268	(511)	1,464,757

Group		Actual 2018		
		Before adjustments	Correction of error	After adjustments
		\$'000	\$'000	\$'000
Income				
Rates	3	61,853	-	61,853
Fees and charges		38,469	-	38,469
Subsidies and grants	4	8,548	-	8,548
Finance income	9	283	-	283
Development/financial contributions		4,242	-	4,242
Other revenue	5	9,309	-	9,309
Other gains/(losses)	6	1,366	-	1,366
Total income		124,070	-	124,070
Expenditure				
Personnel Costs	8	(33,989)	-	(33,989)
Depreciation and amortisation expense	19,20	(26,073)	-	(26,073)
Finance costs	9	(4,431)	-	(4,431)
Other expenses	7	(50,261)	(511)	(50,772)
Total operating expenditure		(114,754)	(511)	(115,265)
Operating surplus before tax and share of equity accounted investments		9,316	(511)	8,805

Table continued >

Group		Actual 2018		
		Before adjustments	Correction of error	After adjustments
		\$'000	\$'000	\$'000
Share of associate's surplus/(deficit)	25	9,005	-	9,005
Surplus/(deficit) before tax		18,321	(511)	17,810
Income tax expense	10	(318)	-	(318)
Surplus from continuing operations		18,003	(511)	17,492
Surplus/(deficit) after tax		18,003	(511)	17,492
ASSETS				
Current assets				
Cash and cash equivalents	12	8,448	-	8,448
Trade and other receivables	13	14,788	-	14,788
Other financial assets	16	7,764	-	7,764
Inventories	15	1,180	-	1,180
Current tax receivables	14	14	-	14
Total current assets		32,194	-	32,194
Non-current assets				
Investments accounted for using the equity method	25	147,618	-	147,618
Other financial assets		4,795	-	4,795
Property, plant and equipment	19	1,533,582	-	1,533,582
Intangible assets	20	2,919	-	2,919
Forestry assets	22	4,325	-	4,325
Investment property	23	1,150	-	1,150
Deferred tax assets	11	70	-	70
Total non-current assets		1,694,459	-	1,694,459
Total assets		1,726,653	-	1,726,653
LIABILITIES				
Current liabilities				
Trade and other payables	27	16,537	-	16,537
Derivative financial instruments	17	116	-	116
Interest bearing liabilities	28	6,630	-	6,630
Employee benefits liabilities	30	3,823	-	3,823
Provisions	29	267	3	270
Current tax liabilities		62	-	62
Total current liabilities		27,435	3	27,438
Non-current liabilities				
Derivative financial instruments	17	6,058	-	6,058
Interest bearing liabilities	28	92,574	-	92,574
Employee benefits liabilities	30	294	-	294
Provisions		1,508	508	2,016
Trade and other payables		702	-	702
Total non-current liabilities		101,136	508	101,644
Total liabilities		128,571	511	129,082
Net assets		1,598,082	(511)	1,597,571

Group		Actual 2018		
		Before adjustments	Correction of error	After adjustments
		\$'000	\$'000	\$'000
EQUITY				
Accumulated funds	31	476,893	(511)	476,382
Other reserves	31	1,121,189	-	1,121,189
Total equity		1,598,082	(511)	1,597,571

42 Insurance

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

Wastewater, Stormwater, Water Supply, Flood Protection and Solid Waste assets

These activities have a total book value of \$510,657,377. Repairs to these assets following a significant event are covered 40% through Council's membership of the AoN South Island collective with a large deductible, with the remaining 60% being funded by Central Government. Council has a disaster recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the deductible. Due to prior emergency events, there are no funds available as at 30 June 2019, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

Roading assets

Subsidised roading assets have a total book value of \$646,502,601 (including land under roads). For these assets, Council would receive a minimum of 44% subsidy from the NZTA, with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$4,662,039. This includes such items as walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

Land, Buildings, Plant & Equipment, and other assets

These assets have a total asset book value of \$383,426,045

The sum insured for non residential property material damage is \$336,956,000. Council is part of a Top of

the South collective with total non residential property insured of \$1,009,853,000.

Residential property (material damage) is insured to a value of \$24,615,000. Council is part of a Top of the South collective with total residential property insured of \$82,071,000.

Both policies include limits of indemnity of \$2,000,000 for capital additions, construction/alterations of \$2,000,000, landslip \$2,000,000 and subsidence of \$2,000,000.

Forestry is insured to a value of \$4,847,000

Tahunanui Beach Holiday Park assets are insured to a value of \$21,072,200.

Vehicles

The total book value of vehicles belonging to Council is \$426,000. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old).

Deductibles, excesses, and non material assets

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2019 is \$451,000.

43 Capital management

The Council's capital is its equity (or customers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the LGA) requires the Entity 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 Entity. Intergenerational equity requires today's customers to meet the costs of

utilising the Entity's assets and not expecting them to meet the full cost of long term assets that will benefit customers in future generations. Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that customers 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 (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Entity 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 LTP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self insurance reserves; and
- 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 Entity 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.



PERFORMANCE OF COUNCIL OWNED COMPANIES

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2018/19, the organisations that Council controlled to achieve agreed community outcomes are:

- The Port Company – Port Nelson Ltd (50% with TDC)
- Council Controlled Trading Organisations – Nelmac Ltd and Nelson Airport Ltd (50% with Tasman District Council)
- Council Controlled Organisations – Nelson Regional Development Agency, the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50% with Tasman District Council), and the Bishop Suter Trust and City of Nelson Civic Trust

Full details are available for each Council Controlled Organisation in their respective Annual Reports. Note that the City of Nelson Civic Trust and Nelson Municipal Band Trust are Council Controlled Organisations.

Council agreed to continue exemptions¹ for the Nelson Civic Trust in March 2017, and therefore its performance is not reported on in this Annual Report.

The Nelson Municipal Band Trust is a Council Controlled Organisation. Council agreed in October 2017 to approve an exemption² for the Nelson Municipal Band Trust, meaning it is exempt from reporting requirements. Therefore, reporting for the Trust is not included in this Annual Report.

PORT NELSON LTD

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other 50%. The company provides core port services for the Nelson region including cargo, logistics, vessel slipping services and the development and leasing of land and buildings. The Port is a strategic asset in accordance with Council's Significance and Engagement Policy. Port Nelson Ltd is a port company and is covered by the Port Companies Act 1988, which imposes obligations on Port Nelson Ltd almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services and managed property portfolio services including:

- 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 which include receipt, delivery, transit, storage and shipment of a wide range of import and export cargos
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services
- The development, leasing and management of land and buildings not required for Port operating purposes

¹ - 23 March 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

² - 26 October 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

PERFORMANCE TARGETS – PORT NELSON LTD

Measure of performance against objectives	Target	2018/19	Achieved/Not achieved	2017/18
People				
Lost time injury frequency rate*	<1.5	4.04	Not achieved	2.06
Performance				
Shareholder funds to total assets	65%	68%	Achieved	70%
Net debt to equity	<45%	32%	Achieved	30%
Dividends declared	\$5.5m	\$5.5m	Achieved	\$5.5m
Return on equity	6%	8%	Achieved	8%
Return on funds employed	7%	9%	Achieved	9%
Revenue	\$63.7m	\$70.7m	Achieved	\$67.2m
Capital Expenditure	\$22.1m	\$19.2m	Achieved	\$15.2m
Environment and Community				
Incidents leading to pollution of harbour**	Nil	Nil	Achieved	Nil
Compliance with all Resource Consent Conditions	100%	100%	Achieved	100%
Compliance with NZ Maritime Safety Standards***	100%	100%	Achieved	100%
Compliance with noise variation	100%	100%	Achieved	100%
Maintain ISO14001 certification	100%	100%	Achieved	100%
Customers				
Cargo throughput (tonnes)	3.2m	3.9m	Achieved	3.6m
Vessel visits	834	804	Not achieved	887
Shipping tonnes	11.6m	11.1m	Not achieved	12.2m

*LTI frequency rate: lost time injuries divided by hours worked in period multiplied by 100,000

** This measure relates to port operational are only (excludes port lease areas)

***Return on average shareholder's funds is based on the net profit earnings figure prior to other comprehensive income

For more information, see Port Nelson's Annual Report for 2018/19.

FINANCIAL PERFORMANCE – PORT NELSON LTD

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

	2019	2018
	\$000	\$000
Revenue	70,696	67,159
Expenses	50,688	49,063
Net Surplus Before Taxation	20,008	18,096
Provision for Taxation	(4,752)	(4,046)
Net Surplus for Year after Taxation	15,256	14,050
Other comprehensive income	(1,709)	159
Total comprehensive Income	13,547	14,209
Shareholder's funds brought forward	183,827	175,118
Impact of change in accounting policy	(3)	-
Dividend	(7,000)	(5,500)
Shareholder's funds carried forward	190,371	183,827

NELMAC LTD

Nelson Maintenance & Construction Limited (NelMAC) commenced operations on 1 July 1995 following the corporatisation of the Operations Business Unit. The company is fully owned by the Nelson City Council. Nelmac provides high quality management, maintenance and construction of the natural and built environment. This includes managing Council facilities, infrastructure such as water and waste, parks, reserves and sports fields.

PERFORMANCE TARGETS – NELMAC LTD

As set out in the table below, Nelmac has achieved 92% percent of the performance measures set out in its Statement of Intent.

Performance measure	Target	Comment	Result 2018/19
Non-shareholder business			
To ensure that all non-NCC work contributes to the profitability of the Company	Forecast NCC work of approximately 55% to 60% of total	56%:44%	Achieved
Equity ratio			
Investment delivers a sustainable return at or above industry norms	EBIT Return on Equity is in the upper quartile of industry Benchmarks	8.4%	Not achieved
Financial risk limited by maintaining a ratio of Shareholder Funds to Total Assets.	In the range of 50%-60%	53%	Achieved
	Debt to Equity: up to 55%	34%	Achieved
Quality of Service			
Company will maintain its AS/ NZS ISO 9001 accreditation	Maintain accreditation	Achieved	Achieved
Achieve compliance with NCC contract key performance measures for the year ending 30 June, to be monitored monthly	Maintain compliance	Achieved	Achieved
Undertake an annual customer satisfaction survey	2018/19 Pulse Survey with Nelson City Council Contract Managers	Pulse Survey undertaken	Achieved
People and safety			
Leadership Contribution to the Nelson Economy	Maintain a head office within Nelson City	Achieved	Achieved
Employee morale / turnover, excluding retirement, redundancy and internal transfers	Employee Turnover within the range of +/- 5% of national industry average	19%	Achieved
Employee Health and Safety: continue to actively promote health & safety in the workforce	<1% workday losses to accidents	0.2%	Achieved

Table continued >

Performance measure	Target	Comment	Result 2018/19
People and safety (continued)			
Maintain Tertiary level of ACC workplace safety management practices (Note ACC no longer provide WSMP accreditation Nelmac is transitioning to ISO 45001 accreditation)	Maintain Compliance	ACC Tertiary Accreditation in place to Feb 2019: ISO 45001 Stage 1 Audit complete. Full certification expected Oct. 2019.	Achieved
Dividend Policy			
The company will pay an annual dividend of at least 50% of tax paid profit provided that there are no specific reasons why the directors consider the company unable to meet this dividend policy. If so they shall notify the shareholder and a discussion shall be held in respect of variance from this policy.	50% of NPAT	Dividend of 50% of NPAT for Year ended June 18 paid Jun 19	Achieved

For the full summary of performance, see Nelmac's Annual Report 2018/19.

FINANCIAL PERFORMANCE – NELMAC LTD

		2019	2018
		\$000	\$000
Revenue		34,666	30,793
Expenses		34,064	29,702
Net Surplus Before Taxation		602	1,091
Provision for Taxation		(181)	(310)
Net Surplus for Year after Taxation		421	781
Retained Earnings Brought Forward		8,695	8,298
Revaluation		-	-
Dividend		(391)	(384)
Retained earnings carried forward		8,725	8,695

NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd (NAL) with Tasman District Council owning the other 50%. The airport is a strategic asset in accordance with Council's Significance and Engagement Policy. 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

As set out in the table below, Nelson Airport has achieved 72% percent of the performance measures set out in its Statement of Intent.

Target 2018/19	Comment 2018/19	Result 2018/19
INFRASTRUCTURE		
Timely investment in high quality and efficient infrastructure that supports airlines and key stakeholders		
Stage A construction activities completed	Stage A of new terminal opened and operational in October 2018	Achieved
Apron works progressed	Stage 1 has been successfully completed. This included a re-milling and complete refurbishment of two of the taxiways (Southern and Central) as well as the installation of taxiway lighting	Achieved
Stage B proposed completion late 2019	Stage B of new terminal remains on target to be completed October 2019	Achieved
PEOPLE		
Putting people at the heart of our business		
Staff are engaged and talent is attracted for growth roles	<p>NAL has developed a framework around staff engagement and well-being around the areas of Social, Celebrations, Rewards, Health & Well-being, Active and Support. Within the structure NAL has a myriad of initiatives, both existing and developing, to support staff engagement. The Personal Development Review (PDR) process is utilised to monitor and manage staff engagement throughout the business.</p> <p>NAL recruited for seven positions during the 2018/19 year with a good response from potential candidates. All positions were filled with qualified candidates in a timely manner.</p>	Achieved
Community feels informed and engaged	Customer surveys, social media channels, shareholder feedback and direct customer feedback are continually monitored to assess the effectiveness of communications and adjust where necessary. Feedback suggests an informed and engaged community. The monitoring of stakeholder feedback will continue.	Achieved
No Lost Time Injuries (LTI's)	No lost-time work-related injuries.	Achieved
SUSTAINABILITY		
Having a policy that reflects our commitment to sustainable practices in everything we do		
Have a Board approved Sustainability Policy	The Sustainability Policy was created and presented to the Board in June 2019. Final Board approval is expected in the first quarter of 2019/20.	Not achieved
Sustainable features of the new terminal well promoted and understood	Positive feedback received via shareholders, social media and direct from customers indicates a good appreciation of the sustainable features of the new terminal.	Achieved
Stakeholders aligned with sustainable policy (i.e. retail waste)	<p>NAL has been in communication with key stakeholders around the essential elements of the Draft Sustainability Policy. Engagement from stakeholders has been good and specific joint initiatives are underway such as a programme to utilise a compostable coffee cup shredder.</p> <p>Although alignment has been achieved NAL will be continuing to work with stakeholders to ensure opportunities for further alignment/initiatives are identified and jointly delivered.</p>	Achieved

Table continued >

Target 2018/19	Comment 2018/19	Result 2018/19
FINANCIAL		
Manage financial performance to achieve forecasts and compliance		
Achieve Operational Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$7m	EBITDA of \$7.15m achieved	Achieved
Obtain an unqualified Audit Opinion for the 2017/18 Annual Report	NAL obtained an unqualified audit opinion for the 2017/18 Annual Report	Achieved
Pay a dividend of \$800,000	NAL declared an ordinary dividend for the 2018/19 year of \$780,000. This was in excess of both the prior year dividend and the consumer price index, as per the dividend policy.	Not achieved
CUSTOMERS		
Keeping customers at the core and building relationships that enhance the experience and business performance		
Attain the 1.1 million passenger milestone	Total passengers for NAL for the 2018/19 year was 1.1m	Achieved
Complete the Customer Strategy	Good progress was made on the critical elements of the customer strategy although a single Customer Strategy Paper was not produced.	Not achieved
	Customer research was undertaken, including the passenger survey, as well as other analysis of customers, customer feedback and the customer offering. The comprehensive Economic Impact Report also supported the work around customer strategy.	
Economic Impact Research Report commissioned and completed	A comprehensive Economic Impact Research Report, Nelson Airport's contribution to the Nelson Tasman economy, completed.	Achieved
RISK AND COMPLIANCE		
Risks managed and best practice guidelines followed		
Implement a compliant Safety Management System (SMS)	The implementation programme for the Safety Management System (SMS) requires the approval of the Civil Aviation Authority (CAA) – who is certifying the individual SMS systems for all airports in New Zealand. Consequently the implementation plan for NAL's system must fit with CAA's wider national programme. CAA has approved NAL's SMS implementation for June 2020.	Not achieved - as implementation did not occur by the current year end
Plan and resources in place to meet PFOS-related Compliance Order obligations	All outstanding items in the noncompliance order have been satisfied and accepted by the EPA.	Achieved
Sustainability Policy completed and integrated Solar Farm Strategy completed	The significant work done in the sustainability area included a feasibility assessment on a solar farm. Expert advice was obtained with recommendations acknowledging NAL's Masterplan and other strategies. Advice received was that a solar farm is not a feasible prospect for NAL at this time. Due to the advice received no integrated solar farm strategy will be completed at this time.	Not achieved

For the full summary of performance, see Nelson Airport's Annual Report 2018/19.

FINANCIAL PERFORMANCE – NELSON AIRPORT LTD

On 31 March 1999 Nelson Airport Limited purchased the airport assets and commenced operating the airport. The company is 50% owned by the Nelson City Council, and is currently administered by the Council.

		2019	2018
		\$000	\$000
Revenue		11,859	10,151
Expenses		7,911	5,461
Net Surplus Before Taxation		3,948	4,690
Provision for Taxation		(1,180)	(1,244)
Net Surplus for Year after Taxation		2,768	3,446
Other comprehensive income		-	9,649
Total comprehensive Income		2,768	13,095
Equity Brought Forward		65,287	52,328
Prior year adjustment		-	(136)
Dividend		(1,530)	-
Retained earnings carried forward		66,525	65,287

NELSON REGIONAL DEVELOPMENT AGENCY

The Nelson Regional Development Agency (NRDA) was established by Council and has been operating since 1 July 2016. It was formed from the merger of two previous Council Controlled Organisations, Nelson Regional Economic Development Agency and Nelson Tasman Tourism. The mission of the NRDA is to partner with the public and private sectors in the attraction and retention of investment, visitors and talent who want to add to the special character of the region.

NRDA is 100% owned by Nelson City Council, with directors appointed by Nelson City Council. NRDA also receives funding from Tasman District Council and other third party funders. It is current Council policy to retain ownership of NRDA.

PERFORMANCE TARGETS – NRDA

As outlined in the table below, NRDA has achieved 16 of 20 (80%) of the desired outcomes set in its Statement of Intent (SOI).

Focus Area	Key Performance Measures	Result
Nelson Tasman Identity Economic Development Aspirations	Nelson Tasman Economic Development Aspirations Strategy with key stakeholder sign-off by January 2019.	Not achieved
	Attraction of appropriate resource commitments to drive priority NRDA actions by June 2019 and included in 2019/20 Sol.	Achieved
	Where resources allow, key NRDA priority actions underway by June 2019.	Not achieved
	Priority strategies carried through into the 'Top of the South' Te Taihū Regional Economic Development Strategy.	Achieved
Regional Identity Story shared by others	Priority Regional Identity story sharing tools developed and utilised by over (1000).	Not achieved
	Regional Identity Partner Programme established and at least (25) partners signed-up.	Achieved
	A Nelson Tasman local ambassador programme established with initial priority activities completed.	Achieved

Table continued >

Focus Area	Key Performance Measures	Result
	Delivery of the Nelson City Identity Story as the first place-based sub-set story of the regional identity by December 2018.	Achieved
Talent Attraction	Regional Identity Talent attraction programme developed by September 2018, and initial priority activities completed with demonstrated key stakeholder commitment by June 2019.	Achieved
Regional Business Partner Programme	Delivery of the Regional Business Partner Programme with the aim of attracting \$1 million in Central Government support and a customer satisfaction Net promoter score of +50 by June 2019.	Achieved
Facilitate a cohesive business support and investment ecosystem	Nelson Region Innovation and Investment Coordination Programme activated and key stakeholder commitment.	Achieved
	Establishment of a physical co-location/ collaboration innovation hub facility by December 2018 (Mahitahi Colab).	Achieved
Domestic consumer marketing programme	Two domestic consumer campaigns delivered targeted at attracting Auckland, Wellington and Christchurch visitors over the spring and autumn shoulder seasons.	Achieved
	Number (25) of business partner contribution commitments to delivery of programmes.	Achieved
International visitor marketing programme	Targeted Australia, US, UK, Europe and China FIT visitor trade programmes activated.	Achieved
	Number (25) of business partner contribution commitments to delivery of programmes.	Achieved
Nelson i-SITE programme	Maintain a customer Satisfaction rating: (90% of 4/5 and 5/5 ratings).	Achieved
	Implementing a revised business model to achieve a sustainable break-even financial bottom-line.	Not achieved
	Number (50) of stakeholders with i-SITE contracts.	Achieved
Business Events – Sales and Marketing	Contributing to the attraction of 6,000 out of region business events delegates, at an average of three nights each (18,000 room nights), with 75% between March-November for events to take place within the next three years.	Achieved
	Number (15) of business partner contribution commitments to delivery of programmes.	Achieved
Visitor Industry partner programme	Total Number (100) & Value (\$300K) of business partner contribution commitments to delivery of the Destination Management programmes.	Achieved
Nelson City Council Economic Events programme	Within the NCC events strategy framework, contributing to the attraction of 15,000 major events attendees, with 80% between March-November delivering a return on event fund investment ratio of 10:1.	Achieved
Financially sustainable organisation	The NRDA delivers a balanced budget on the Shareholder investment of \$1.26 million adjustment base funding.	Achieved
	NRDA delivers a clean Audit.	Achieved

For the full summary of performance, see NRDA's Annual Report 2018/19.

FINANCIAL PERFORMANCE – NRDA

The NRDA commenced operations on 1 July 2016. It is fully owned by Nelson City Council and is self-administered.

	2019	2018
	\$000	\$000
Revenue	2,350	2,506
Expenses	2,413	2,477
Net Surplus Before Taxation	(63)	29
Provision for Taxation	1	(8)
Net Surplus for Year after Taxation Share capital	(62)	21
Equity Brought Forward	397	376
Equity carried forward	335	397

TASMAN BAYS HERITAGE TRUST (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. The Trust 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 – TBHT

TBHT has advised Council that it has achieved the following results against the performance measures set out in its Statement of Intent. In summary:

Achieved	65%
Partial	7%
On target	21%
Not achieved	7%

Measure	Comment 2018/19	Result 2018/19 (As provided by TBHT)
To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage collection		
Project plan including timeline and budget completed by December 2018	Business case completed and submitted to Councils in Aug 2018. Expanded planning docs due Dec 19 as per new SOI	Achieved
Fundraising plan in place by March 2019	Overarching options paper complete, further work required. Due December 2019 in new Statement of Intent	Partially achieved
Location secured by June 2019	Sale completed 18 May 2019.	Achieved
20% of funding secured by December 2020		Achieved
Secure support of our Stakeholders by June 2020		Due June 2020

Table continued >

Measure	Comment 2018/19	Result 2018/19 (As provided by TBHT)
To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage collection (continued)		
Major contractors retained by March 2021		Due March 2021
To become a must-see visitor destination and be recognised as integral to the Nelson Tasman experience		
New visual identity and brand assets delivered and implemented by June 2019	Needs alignment with the capital works programme. To be completed in the 2019/2020 financial year.	Not achieved
Initiate the development of at least one exhibition co-developed with mana whenua iwi by June 2019	Co-developed showing of tupuna photos from the Māori tupuna within the glass-plate collection to mana whenua. Programme of Taonga pūoro classes that involves local iwi.	Achieved
Regional Gallery refreshed by June 2020	Compiled list of general maintenance & improvement jobs. Planning for staged content refresh and object swap outs underway.	Due June 2020
Concept and business case for Discovery Centre aligned with capital works plan	Timing of capital works plan put back to meet increased Council requirements, CDC still aligned with capital works plan.	Achieved
Develop a significant exhibition based on the Tyree Collection by December 2018	Successfully produced and delivered the award winning "A Century of Saying Cheese" exhibition.	Achieved
Make a touring exhibition based on this collection available to the district museums by June 2019	Touring exhibition complete, scheduled to exhibit at Golden Bay Museum in Dec 2019.	Achieved
Achieve target visitation of 60,000 across all venues by June 2019	Achieved a visitation of 71,960 visitors at date of reporting.	Achieved
Achieve annual Ministry of Education visitation target of 5,500	6,124 visitors as part of our Ministry of Education programmes	Achieved
An average of 25% of retail products are designed or made in Nelson Tasman over the next three years	Over 40% of retail products sourced from local producers.	Achieved
To establish and maintain sustainable funding streams		
20% of funding secured for the capital works project by December 2020 (preliminary costing \$14 million)	Work in progress. 21% secured through Nelson City Council LTP inclusion.	Achieved
Secure Councils commitment to funding the project in the next review of the Long Term Plan (LTP), 2021	Funding secured in NCC LTP and only noted in TDC LTP.	Not achieved
Specialist fund-raising resource secured by December 2018	Specialist fund-raising resource secured by December 2018.	Achieved
A minimum of \$45,000 raised from sponsorship and grants annually	\$15,280 raised in-kind and in cash	Not achieved
A minimum of \$20,000 raised in sponsorship for touring exhibitions	Funding not specific to touring exhibitions in 2018/2019 year.	Not achieved

Measure	Comment 2018/19	Result 2018/19 (As provided by TBHT)
Retail sales amount to \$75,000 annually	\$99,128 to date	Achieved
On-line store in operation by December 2018	Online store in operation – online sales representing for 5% of all retail sales.	Achieved
LEOTC contract renewed	LEOTC funding contract received after the 2018/2019 year end.	Not achieved
To actively support and collaborate with Nelson Tasman cultural heritage organisations		
At least one exhibition toured to district museums annually	Installed “Trailblazers” exhibition at Golden Bay Museum. Produced and installed EQ exhibition refresh at Murchison Museum in June 2019. Multiple smaller-scale exhibitions delivered in the regions.	Achieved
Organise hui with district museums to decide priorities for support	Organised hui on 12.3.19 at Isel Research facility.	Achieved
Continue organising three regional hui for Nelson Tasman regional museums and galleries annually	Feedback from attendees at regional hui was two hui per year was preferred to three due to impact on smaller museums. Only one regional hui held during the year in review. However, the Museum responded to specific support requests from Murchison Museum, Broadgreen House and Golden Bay Museum. Delivered Wikipedia GLAM workshop on June 2019.	Not achieved
Continue to work with National Services Te Paerangi to host at least one regional workshop per year	Post-hui conversations with regional GLAM organisations underway to gauge requirements.	Achieved
Collaborative projects delivered with two Nelson Tasman organisations annually, including at least one district museum in Tasman	Multiple pop-up exhibitions delivered across the regions (e.g. Richmond Library, Tasman Rest Homes). Collaboration with Murchison Museum to develop earthquake exhibition refresh underway. Opening in June.	Achieved
To provide appropriate care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility		
Audit three Collection storerooms in Isel Storage building ensuring their Collection contents have computerised records and have been inventoried in the last six years (1 January 2012 – current) by June 2019	483 new inventory records in Vernon covering Publications, Firearms and donations under consideration and Maori Taonga. Inventory methodology for the next 2 years finalised to focus on physical description rather than provenance to facilitate storage planning.	Achieved
To improve access to the Museum’s Collection using digital technology		
Increase number of Collection object records available online by 15% annually	40,042 new Collections Online records created	Achieved
Increase number of Glass Plate Negative records available online by 15,500 by June 2019	Over 39,000 new glass plate negatives added	Achieved

Table continued >

Measure	Comment 2018/19	Result 2018/19 (As provided by TBHT)
Feasibility study into using Creative Commons licenses completed and considered by June 2019	Completed and presented to the Board.	Achieved
Implement at least 3 outreach projects in Nelson Tasman region involving digital images from the Collection	'Limelight' photographic projection played in Trafalgar St as part of Nelson Arts Festival Digital imagery from collection part of Murchison EQ display. Imagery from digital collection utilised in Tasman Rest Homes outreach work.	Achieved
Establish at least one additional storytelling format on the Museum's digital channels by June 2019	Ran Instagram competition as part of Permian Monsters activity. "Celebrating our Collection" heritage photo campaign on social media (Instagram and Facebook) with weekly posts attracting high engagement over the last 6 months	Achieved

For the full summary of performance, see TBHT's Annual Report 2018/19.

FINANCIAL PERFORMANCE – TBHT

		2019	2018
		\$000	\$000
Revenue		2,214	2,199
Expenses		2,532	2,197
Net Surplus Before Taxation		(318)	2
Revaluation		-	506
Equity brought forward		19,683	19,175
Equity carried forward		19,365	19,683

THE BISHOP SUTER TRUST (Suter Gallery)

Council established The Bishop Suter Trust (TBST) in 2008 as a Council Controlled Organisation to run the Suter Art Gallery. Its first Statement of Intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom programme for schools.

The Suter has been operating in its new redeveloped Suter Art Gallery at its historic Bridge Street site since it was completed in 2016/17.

PERFORMANCE TARGETS – THE BISHOP SUTER TRUST

As set out in the table below, TBST has advised Council that it has achieved 75% of the performance measures as set out in its statement of intent. Remaining measures are ongoing (13%) and not achieved (8%).

Measure/target	Comment 2018/19	Result 2018/19 (As provided by TBST)
3.1 GOVERNANCE: Operate a successful visual arts centre and visitor destination		
3.1.1 Provide an arts centre and visitor attraction <ul style="list-style-type: none"> That is open 362 days of the year with a minimum of 130,000 visits per annum to The Suter® facilities and with visitor satisfaction ratings of 90% 7+ (out of 10 = excellent). Report six-monthly with visitor statistics and response annually. 	Open every day, except Christmas Day, New Year's Day and Good Friday as advertised. Visits to the facilities 140,975. Note this does not include all visitors to the Café who may have entered and left via the Gardens.	Achieved
3.1.2 Ensure that The Suter® is well managed and operates within its agreed plans <ul style="list-style-type: none"> Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually, and mitigation strategies identified are implemented (including cyber security, and response planning for natural hazards). 	Cyber risk mitigation occurs as part of supply agreement- no incidents. Identified Health & Safety risks progressively being mitigated. Risk management plan reviewed six-monthly.	Achieved
3.1.3 Develop and implement a Marketing Plan which focusses on the attracting visitors and developing resourcing for The Suter® (refer also 3.4) <ul style="list-style-type: none"> Report on progress 	Increasing marketing using social media channels in addition to paid promotion in tourism and arts related media	Achieved
3.1.4 Implement an asset management plan (maintenance and renewals) in relation to the Suter facilities and develop an assets' renewal fund, to be achieved from operational cash surpluses (before depreciation) to fully fund the BST's share of depreciation, over time <ul style="list-style-type: none"> Report on progress annually. 	Assets renewal fund established. Building Warrant of Fitness achieved.	Achieved
3.1.5 Be a good employer by maintaining good employer policies and practices and providing a safe workplace <ul style="list-style-type: none"> Report on observance of policies, health & safety, turnover and related statistics. 	Health & Safety - Safety improvements for identified hazards implemented. No serious harm incidents Staff turnover - 5 appointments made, 2 temporary staff employed in summer; 1 new position. 3 resignations.	Achieved
3.2 VISITOR EXPERIENCE: Inform and engage the public through the visual arts		
3.2.1 Provide a programme of regularly changing exhibitions <ul style="list-style-type: none"> Report six-monthly on progress 	18 exhibitions installed in period + NSAS Spring and Autumn exhibitions	Achieved
3.2.2 Develop a forward exhibition programme that is diverse and stimulating, including internally produced and externally sourced exhibitions <ul style="list-style-type: none"> Exhibitions scheduled that meet the needs and interests of a broad audience. Report 6 monthly on progress. 	Exhibitions planned 12-28 months ahead	Achieved

Table continued >

Measure/target	Comment 2018/19	Result 2018/19 (As provided by TBST)
3.2 VISITOR EXPERIENCE: Inform and engage the public through the visual arts (continued)		
3.2.3 Provide public programmes which enhance appreciation and enjoyment of the visual arts; <ul style="list-style-type: none"> A minimum of 30 talks/ events/ activities are held per annum. Report 6 monthly on progress. 	<ul style="list-style-type: none"> 36 daytime activities - talks, seminars held; 17 evening events such as openings, 9 shared events, 4 other events (shared/offsite) 16 activities for volunteers. Note - some events are in conjunction with NSAS, or NSAS initiated, but held in Suter gallery spaces.	Achieved
3.2.4 Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's® programmes and resources; <ul style="list-style-type: none"> Target is 3,100 students from 25 schools as per the Ministry of Education LEOTC Contract Milestones & post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory Committee meeting held per annum. Structured schools' education programme delivery target: 5,000 students per annum. 	199 LEOTC educator led programmes delivered to 5,090 students accompanied by 1,432 helpers. Satisfaction targets achieved. LEOTC monitoring visit by NZCER with excellent feedback. Advisory Committee met twice in period.	Achieved
3.2.5 Provide out-of-school art educational activities <ul style="list-style-type: none"> Minimum 80 sessions of Suter Kids Club and other community learning sessions are delivered per annum. 	Term 3 and 4 2018: 5 sessions per week for students (Suter Kids Club- SKC and MYArtSpace - MAS) and 1 session per week for adults (OurArtSpace); Terms 1 & 2 2019 6 sessions per week for students and 1 session per week for adults. SKC & MAS 205 sessions with 2,241 participants, 32 adult class sessions with 423 attending.	Achieved
3.2.6 Provide and manage The Suter® Volunteers' programme: That provides av.>80 hours of contribution per month/ per annum. <ul style="list-style-type: none"> Report 6 monthly on progress 	Averaged monthly contribution of 87.75 hours. 17 volunteer training sessions held including volunteer previews of exhibition, training and volunteer get-togethers.	Achieved
3.3 COLLECTION: Collect and preserve, record and communicate our artistic heritage		
3.3.1 Develop The Suter's Collection in accordance with The Suter's Collection Policy; <ul style="list-style-type: none"> All acquisitions and de-accessions comply with the Collection Policy and related procedures. All acquisitions/de-accessions approved by the Trust and reported 6 monthly. 	29 gifted works and 4 purchases. Refer Appendices of The Suter's Annual Report for more information	Achieved
3.3.2 Maintain and develop the Acquisitions Fund & Collection Bequests to allow active collecting to occur <ul style="list-style-type: none"> The acquisitions' funds meet or exceed budget and all such funds are used for the purposes so designated. 	5 x 40 and 10 x 10 donations received Bequests and FoTs donations received Bequests invested income grew. All tagged funds used as designated	Not achieved

Measure/target	Comment 2018/19	Result 2018/19 (As provided by TBST)
3.3 COLLECTION: Collect and preserve, record and communicate our artistic heritage (continued)		
<p>3.3.3 The Collection is stored, handled and exhibited safely and securely</p> <ul style="list-style-type: none"> The Collection is stored/displayed in environmental conditions that are in line with accepted museum practice (including temperature 18-22°C/ relative humidity 50-55%, pest control, archival materials, security and fire monitoring). There are no handling mishaps or other damage occurs to Collection items. 	On track	Achieved
<p>3.3.4 Collection records are significantly upgraded to increase accessibility and usability, as a part of a long term strategy to provide on-line access to copyright cleared Collection items and to enhance the reputation of the Collection</p> <ul style="list-style-type: none"> Collection items are uploaded to the internet site www.nzmuseums.co.nz Loan and other collection requests are met. Progress reported six-monthly. 	<p>No progress uploading items to nzmuseums online, however new in-house initiative of curated continually playing slideshows of artworks from the collection which now screen in the Jane Evans Foyer.</p> <p>All loan and reproduction requests met</p>	<p>Not achieved</p> <p>Achieved</p>
<p>3.3.5 Initiate collection related research projects, involving the community where possible, to enhance knowledge about the Collection. Continue subject indexing of the Collection. Disseminate knowledge of the Collection</p> <ul style="list-style-type: none"> Progress reported six-monthly 	Research on collection items for inclusion in exhibitions and collection 'slide'- shows. 4 catalogues published. 2 articles for Ceramics NZ; contributions to research and publishing by others; display of items drawn from the collection displayed at Richmond Library; and 2 "How to Look at Art" talks given at Richmond Library.	Achieved
3.4 PARTNERSHIPS: Partnerships that sustain The Suter®		
<p>3.4.1 Strengthen The Suter's® relationship with Iwi and Maori;</p> <ul style="list-style-type: none"> Honour the kaupapa of the Memorandum of Understanding (MoU) with Ko Te Pouāranga; KTP input to programmes and collection development. Begin review of MoU. Report 6 monthly. 	Iwi involvement in Ngā Hau Ngākau exhibition in particular, oiling of the pou in The Suter Foyer and for openings. Attend KTP hui by Suter trustee and Director. MoU renewed and signed.	Achieved
<p>3.4.2 Actively engage in collaborative partnerships to support the programmes of The Suter® (refer to 3.2.1 and 3.3.2):</p> <ul style="list-style-type: none"> Sufficient resources are achieved to support projects 	Collaboration with Light Nelson Trust for Vincent Ward exhibition, Nelson Embroiderers Guild for The Centre of Things, Ngā Puna Raranga ; Ngati Tama for Ngā Hau Ngākau and signing of MoU; Greenhough & Neudorf wines for Steve Fullmer opening + support from Nelson Potters Assn. Wine for Royce McGlashen: 70x70 opening; Donated artworks, goods and services for Palate to Palette Dinner and Auction event; Chia Sisters, Wine Nelson and Founders Brewery for Suter/ Royal New Zealand Ballet Foundation event	Achieved

Table continued >

Measure/target	Comment 2018/19	Result 2018/19 (As provided by TBST)
3.4 PARTNERSHIPS: Partnerships that sustain The Suter® (continued)		
3.4.3 The Friends of The Suter® (FOTS) and Legacy Group are enhanced <ul style="list-style-type: none"> FOTS membership increases, activities and progress on patronage scheme reported six-monthly. Friends' membership subscriptions now run annually from when received (rather than a fixed year) 	38 New memberships of the FoTs and 18 notified resignations/passed away. Year end 407 memberships compared with 431 memberships 17/18 financial year.	Not Achieved
3.4.4 The Suter® contributes to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage and provides leadership in fields of expertise to support the Council's provision of social / cultural wellbeing <ul style="list-style-type: none"> Report on contribution to the implementation of the Regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives; report on contribution nationally in areas of expertise 	Director participated in Arts Panel meetings (Airport sculptures re-location; new proposals) and gave a workshop to post-graduate Museum Studies Contact Course students for Massey University. Curator and Director 'curated' Level 7 BAM exhibition at Nelson Marlborough Institute of Technology (NMIT). Curator marking moderator NMIT; Curator invited to contribute reviews to NZ ceramic's journal; Suter Educator gave papers at Educators' conference in Canberra & 2019 Museums Aotearoa conferences & to Museum Educators (MEANZ) network.	Achieved
	Educator completed her PhD. researching into value of education in gallery settings and submitted thesis. Director and Suter attended/supported 150th anniversary of consecration by Bishop Suter of St Albans Church, Appleby. Curator gave paper at 2019 Museums Aotearoa Conference. Director consulted for art gallery/museum redevelopment projects - Marlborough, Hokitika and Whanganui. Curator delivered "How to Look at Art" talks at Richmond Library	

For the full summary of performance, see The Bishop Suter's Annual Report 2018/19.

FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

		2019	2018
		\$000	\$000
Revenue		1,647	1,468
Expenses		1,464	1,441
Net Surplus Before Taxation		183	27
Equity Brought Forward		20,677	20,650
Prior year /rounding adjustment		1	-
Equity injection		-	-
Equity carried forward		20,861	20,677

CONTACT US



Visit: Civic House,
110 Trafalgar
Street, Nelson



Post: PO Box 645,
Nelson, 7040



Email:
enquiry@ncc.govt.nz



Phone:
03 546 0200



Online at
nelson.govt.nz

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays (from 9.00am Wednesdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson.

CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239. Emails should be sent to enquiry@ncc.govt.nz

ATTEND A COUNCIL MEETING

Council meetings are advertised in Our Nelson. Members of the public are welcome to attend meetings of 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 meetings where up to five minutes will be available for members of the public to speak to Council. You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0436.

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Governance Adviser on 03 546 0436.



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PHOTOS

Many of the beautiful Nelson images in this publication were kindly provided by Dom Channon, Phillip Rollo, Tim Cuff, and Chris Porteners.