



# AGENDA

**Ordinary meeting of the**

**Governance Committee**

**Thursday 3 April 2014  
Commencing at 9.00am  
Council Chamber  
Civic House  
Trafalgar Street, Nelson**

Membership: Councillor Ian Barker (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Luke Acland (Deputy Chairperson), Eric Davy, Kate Fulton, Brian McGurk, Paul Matheson, Gaile Noonan, and Pete Rainey

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Orders:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)
- It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the table for discussion and voting on any of these items.

## **Apologies**

### **1. Interests**

- 1.1 Updates to the Interests Register
- 1.2 Identify any conflicts of interest in the agenda

### **2. Confirmation of Order of Business**

#### **3. Public Forum**

##### 3.1 Rural Fire Network

Ian Reade and Andy Karalus will provide a briefing regarding the rural fire network.

##### 3.2 Nelson Airport Limited Statement of Intent

Steve Cross will speak about the Nelson Airport Limited Statement of Intent.

##### 3.3 Nelson Airport

Sharyn Rouse will speak about operators flying in and out of Nelson Airport.

### **4. Confirmation of Minutes – 30 January 2014**

**7-11**

Document number A1139616

Recommendation

***THAT the minutes of the meeting of the Nelson City Council – Governance Committee, held on 30 January 2014, be confirmed as a true and correct record.***

### **5. Status Report– Governance 3 April 2014**

There are no Status Report updates for this meeting.

**6. Chairperson's Report**

**GOVERNANCE**

**7. Nelson City Council Governance Statement 2013-2016 12-44**

Document number A1154481

Recommendation

***THAT the report Nelson City Council Governance Statement 2013-2016 (A1154481) and its attachment (A303851) be received.***

Recommendation to Council

***THAT the Nelson City Council Governance Statement 2013-2016 (A303851) be adopted.***

**8. The Bishop Suter Trust Statement of Intent 2014/15 and Half Yearly Report 45-87**

Document number A1152410

Recommendation

***THAT the report The Bishop Suter Trust Statement of Intent 2014/15 and Half Yearly Report (A1152410) and its attachments (A1145727 and A1154794) be received.***

Recommendation to Council

***THAT the Bishop Suter Trust Statement of Intent 2014/17 be approved for signing.***

Note: Craig Potton, Chairperson, and Julie Catchpole, Director, will be in attendance for this item.

**9. Nelmac Statement of Intent 2014/15 and Half Yearly Report 88-104**

Document number A1153684

Recommendation

***THAT the report Nelmac Statement of Intent 2014/15 and Half Yearly Report (A1153684) and its attachments (A1150682 and A1150680) be received.***

Recommendation to Council

***THAT the Nelmac Statement of Intent 2014/15 be approved for signing subject to minor edits.***

Note: Rob Gunn, Chairperson, and Lee Babe, Chief Executive, will be in attendance for this item.

**10. Nelson Regional Economic Development Agency Statement of Intent 2014/15 and Half Yearly Report**

**105-141**

Document number A1155196

Recommendation

***THAT the report Nelson Regional Economic Development Agency Statement of Intent 2014/15 and Half Yearly Report (A1155196) and its attachments (A1149581 and A1149576) be received.***

Recommendation to Council

***THAT the Nelson Regional Economic Development Agency Statement of Intent 2014/15 be approved for signing subject to minor edits.***

Note: Paul Dalzell, Chairperson, and Bill Findlater, Chief Executive, will be in attendance for this item.

**FINANCE**

**11. Finance Report for the Period Ending 28 February 2014**

**142-157**

Document number A1157690

Recommendation

***THAT the Finance Report for the Period Ending 28 February 2014 (A1157690) and its attachments (A1156381, A1131218, A1158093 and A793514) be received and the variations noted.***

**PUBLIC EXCLUDED BUSINESS**

**12. Exclusion of the Public**

Recommendation

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

***The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Management Letter to Council for the Year Ending 30 June 2013</b>  This report contains information regarding legal advice relating to the Management Letter to Council for the year ending 30 June 2013 from Audit New Zealand.	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(g) To maintain legal professional privilege</li></ul>

### **13. Re-admittance of the public**

Recommendation

***THAT the public be re-admitted to the meeting.***

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## Minutes of a meeting of the Governance Committee

Held in the Council Chamber, Civic House, Trafalgar Street,  
Nelson

On Thursday 30 January 2014, commencing at 1.00pm

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Present: Councillor I Barker (Chairperson), Councillors L Acland  
(Deputy Chairperson), E Davy, B McGurk, and G Noonan

In Attendance: Chief Executive (C Hadley), Chief Financial Officer (N  
Harrison), Group Manager Support Services (H Kettlewell),  
Group Manager Infrastructure (A Louverdis), Acting Group  
Manager Strategy and Environment (N McDonald), Manager  
Communications (A Ricker), Manager Administration (P  
Langley), Kaihautū (G Mullen), and Administration Adviser (L  
Canton)

Apologies: Councillors K Fulton, P Matheson, and P Rainey, and Her  
Worship the Mayor

### 1. Apologies

Resolved

***THAT apologies be received and accepted from  
Councillors Fulton, Matheson, Rainey and Her  
Worship the Mayor.***

Davy/Noonan

Carried

### 2. Interests

There were no updates to the Interests Register and no conflicts of  
interest with items on the agenda were declared.

### 3. Confirmation of Order of Business

The Chairperson noted that since the agenda had been distributed, two  
public forums had been confirmed.

### 4. Public Forum

#### 4.1 Rating System in the Long Term Plan

Mr Andrew Dunlop spoke about submissions he had made to previous Annual Plans regarding elements of the rating system he considered should be altered. He said that the annual general and waste water charges applied to multi-unit properties were not charged fairly and asked councillors to understand these issues and incorporate them in the draft Annual Plan 2014/15.

The Chairperson advised that this issue would be considered as part of the rating review during the upcoming Annual Plan discussions.

#### 4.2 Review of the Nelson Resource Management Plan

Mr Andrew Dunlop spoke about the Nelson Resource Management Plan (NRMP). He suggested issues that could be considered in the review, including that the cost of the resource consent process was high and possibly overwhelming for the average community member.

He also suggested that the NRMP should include a mechanism for affected parties to resolve their problems or dispute consents in a simplified, low cost, consent process to be overseen by an independent party.

The Chairperson confirmed that the Chair of the Planning and Regulatory Committee was present at this meeting and had taken note of the issues raised by Mr Dunlop.

### 5. Confirmation of Minutes – 28 November 2013

Document number A1110925, agenda pages 6-12 refer.

Resolved

***THAT the minutes of a meeting of the Nelson City Council Governance Committee, held on 28 November 2013, be confirmed as a true and correct record.***

McGurk/Acland

Carried

### 6. Chairperson's Report

The Chairperson encouraged councillors to consider the recent Port Nelson Limited shareholder quarterly update and congratulated the company on the positive results recorded

## GOVERNANCE

### 7. Council Controlled Organisations: Local Government Act 2002 Obligations and Exemptions

Document number A1118960, agenda pages 13-18 refer.



Resolved

***THAT the report Council Controlled Organisations: Local Government Act 2002 Obligations and Exemptions (A1118960) be received.***

Noonan/Davy

Carried

Recommendation to Council

***THAT the Council, in accordance with Sections 7(3) and 7(6) of the Local Government Act 2002, after considering the matters in Section 7(5) of the Act, continue to grant an exemption to the City of Nelson Civic Trust for the purposes of Section 6(4)(i) of the Act.***

Noonan/Davy

Carried

## **8. Elected Members Engagement at Nelson Market**

Document number A1127841, agenda pages 19-24 refer.

It was noted that the requirement for some Council officer attendance at the market alongside councillors would incur a low cost.

Resolved

***THAT the report Elected Members Engagement at Nelson Market (A1127841) be received.***

Davy/Acland

Carried

Recommendation to Council

***THAT Council agree to attend the Nelson Market on the first Saturday of each month from 8am-1pm with assistance from an officer at an increased budget commitment of \$2,700 per year.***

Davy/Acland

Carried

## **FINANCE**

### **9. Finance Report for the Period Ending 30 November 2013**

Document number A1129044, agenda pages 25-36 refer.

Chief Financial Officer, Nikki Harrison, presented the report.

9.1 Interest rates

In response to a question, Ms Harrison advised that the Reserve Bank announcement that day had held the Official Cash Rate at 2.5%, but had indicated that a rate rise was imminent. She added that Council had interest rate hedges in place as detailed on page 34 of the agenda (Council Borrowings & Swaps), which would protect Council from interest rate rises for up to \$76 million worth of debt.

9.2 Festivals

In response to a question, Ms Harrison explained that the festivals budget was currently worse than projected reflecting that, although the biggest festival of the year was in October, the budget was phased evenly throughout the year. She said she anticipated that by the end of the financial year the festivals line was expected to meet budget.

Resolved

***THAT the Finance Report for the Period Ending 30 November 2013 (A1129044) and its attachments (1127379, 1127603 and 1127778) be received and the variations noted.***

Noonan/Davy

Carried

10. Exclusion of the Public

Resolved

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

***The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<b>Nelson City Council Governance Committee – Public Excluded minutes - 28 November</b>	Section 48(1)(a). The public conduct of this matter	The withholding of the information is necessary.

	<p><b>2013</b></p> <p>These minutes contain information regarding:</p>	<p>would be likely to result in disclosure of information for which good reason exists under section 7</p>	
	<p>Nelson Appointment of Director November 2013</p>		<ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons</li> </ul>

Davy/McGurk

Carried

The meeting went into public excluded session at 1.34pm and resumed in public session at 1.36pm.

10.1 Governance Committee Public Excluded minutes – 28 November 2013

During the public excluded session, the public excluded minutes of the Governance Committee meeting on 28 November 2013 were confirmed as a true and correct record

Resolved

***THAT the minutes of the part of the meeting of the Nelson City Council Governance Committee, held in public excluded on 28 November 2013, be confirmed as a true and correct record.***

McGurk/Noonan

Carried

**11. Re-admittance of the Public**

Resolved

***THAT the public be re-admitted to the meeting.***

Acland/McGurk

Carried

There being no further business the meeting ended at 1.36pm.

Confirmed as a correct record of proceedings:

\_\_\_\_\_ Chairperson \_\_\_\_\_ Date

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## **Nelson City Council Governance Statement 2013 - 2016**

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### **1. Purpose of Report**

- 1.1 To adopt the Nelson City Council Governance Statement 2013 – 2016.

### **2. Recommendation**

***THAT the report Nelson City Council Governance Statement 2013-2016 (A1154481) and its attachment (A303851) be received.***

#### **Recommendation to Council**

***THAT the Nelson City Council Governance Statement 2013–2016 (A303851) be adopted.***

### **3. Background**

- 3.1 According to section 40 of the Local Government Act 2002 (the LGA), the Council must prepare a local governance statement within six months after a local body election.
- 3.2 A local governance statement is a collection of information about the processes through which the local authority engages with its community and makes decisions, and how residents can influence those processes. A local governance statement helps support the purpose of local government by promoting local democracy, by providing the public with information on the ways to influence democratic processes.

### **4. Discussion**

#### **Local Government New Zealand**

- 4.1 The Nelson City Council Governance Statement (the Governance Statement) was extensively reviewed in August 2012. One of the reasons for this extensive review was to bring the document in line with the Local Government New Zealand Knowhow Guide to Governance.
- 4.2 The Local Government New Zealand Knowhow Guide to Governance provides assistance to councils on what should be included in a local governance statement. This guidance is in the form of examples of ways of complying with the requirements of the LGA. A copy of this guide is available from officers.

## **Updates to the Nelson City Council Governance Statement**

- 4.3 Updates to the Governance Statement in this current review are highlighted in track changes in the attached document (Attachment 1), and include:
- providing current information in relation to the local body elections, electoral representation review, reorganisation processes, key Council policies, plans and bylaws, contact details for elected members, and memoranda or agreements with Iwi;
  - outlining the new Mayoral powers in relation to section 41A of the Local Government Act 2002
  - outlining the governance structure and meeting processes of Council for the 2013 – 2016 term.

## **5. Conclusion**

- 5.1 The changes summarised in this report, and presented in the attachment, highlight the proposed amendments to the Governance Statement for adoption by Council.

Penny Langley  
**Manager Administration**

### **Attachments**

Attachment 1: Draft Nelson City Council Governance Statement [A303851](#)

No supporting information follows.



**Nelson City Council**  
te kaunihera o whakatū

# **Nelson City Council Governance Statement 2013 - 2016**

**Adopted tbc**

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## **1.0 Introduction**

### **1.1 What is a Local Governance Statement?**

A local governance statement is a requirement of Section 40 of the Local Government Act 2002. A new local governance statement is required within six months of each triennial election and is updated as necessary.

The Local Government Act 2002 requires a local governance statement to include information on the following matters:

- functions, responsibilities and activities of the Council
- local legislation and bylaws
- the electoral system and the opportunity to change it
- representation arrangements, and the way these can be changed
- members' roles and conduct
- governance structures, processes, membership and delegations
- meeting processes
- consultation policies
- policies for liaising with Māori
- the management structure and the relationship between elected members and management
- equal employment opportunities policies
- key planning and policy documents and the process for their development and review
- public access to the Council and the elected members
- processes for official information requests.

### **2.0 The Functions, Responsibilities and Activities of the Nelson City Council**

The purpose of the Nelson City Council, as set out in section 10 of the Local Government Act 2002, is to:

- enable democratic local decision making and action by, and on behalf of, communities; and
- to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

In this Act, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- efficient; and



- effective; and
- appropriate to present and anticipated future circumstances

## 2.1 Essential Services and Activities

Section 11A of the Local Government Act 2002 also states that in performing its role, the Council must have particular regard to the contribution that the following core services make to its communities:

- Network infrastructure
- Public transport services
- Solid waste collection and disposal
- The avoidance or mitigation of natural hazards
- Libraries, museums, reserves, recreational facilities, and other community infrastructure.

To achieve this purpose, the Nelson City Council has divided its work into the following significant activities; transport, water supply, wastewater, stormwater, flood protection, environment, social, parks and active recreation, economic, corporate and Heart of Nelson.

A full description of what activities the Nelson City Council does in each of these activity areas is available in the Nelson City Council Long Term Plan 2012 – 2022. Copies of this Long Term Plan are available on the Council’s website or at the Council offices, refer to section 14 of this Governance Statement for contact details.

The Nelson City Council is also committed to taking a sustainable development approach through the services it provides and in the way that it operates as an organisation.

## 2.2 Nelson’s Vision for the Future

Given the range of activities the Council engages in, a vision (of what Nelson would be like in 2060) has been developed to help the community understand what the Council thinks is important for guiding its work programme.

*Nelson is an inclusive city, with a diverse range of residents who can connect easily to each other and to the beautiful place that we call home. Our inclusive leadership style supports our unique approach to living, which is boldly creative, ecologically exemplary, socially balanced and economically prosperous.*

In addition to this vision, the Council has adopted outcomes to help set its priorities for the three years [following the adoption of the Long Term Plan 2012 - 2022](#). These outcomes are broad goals the Council hopes to achieve through the implementation of the work outlined in the Nelson City Council Long Term Plan 2012 – 2022. The Council has also adopted a number of priorities to identify key focus areas to address.

A summary of the outcomes and priorities to help the Nelson City Council achieve its purpose is provided in the following table.

What we want – the outcomes	Council activities – deliver the outcomes	Council priorities – the proposed focus
Healthy land, sea, air and water	Transport, water supply, wastewater, stormwater, flood protection, environment	<ul style="list-style-type: none"> <li>• Rich, diverse community</li> <li>• Community hubs</li> <li>• Easy access to an active lifestyle</li> <li>• Nelson’s advantages</li> <li>• Edge/Natural Environment</li> <li>• Creativity</li> <li>• Leading lifestyle</li> </ul>
People-friendly places	Transport, water supply, wastewater, stormwater, flood protection, environment	
A strong economy	Economic	
Kind, healthy people	Social, parks and active recreation, economic	
A fun, creative culture	Social, parks and active recreation	
Good leadership	Corporate	

The Long Term Plan will next be adopted in 2015.

### 2.3 Unitary Authority – a Dual Role for Nelson City Council

As a unitary authority, the Nelson City Council has the combined responsibilities and functions of both a territorial (local) and regional council. This is different from most other local authorities in New Zealand. More often a regional council is a separate organisation with several territorial authorities (city or district councils) within its borders. Other unitary authorities are the Auckland Council, Gisborne District Council, Marlborough District Council, Tasman District Council and the Chatham Islands District Council.

The main effect of being a unitary authority is that Nelson City Council undertakes a wider range of functions and activities at both a local and regional level.

### 3.0 Local Legislation and Bylaws

There is currently no local legislation that confers powers on the Nelson City Council. However, there are a number of bylaws that are currently enacted. These are listed in Appendix 1.

### 4.0 The Electoral System and the Opportunity to Change it

Elections for the Mayor and Councillors are held once every three years.

#### 4.1 The Voting System

The Nelson City Council currently holds its elections under the First Past the Post electoral system. Electors vote by indicating their choice for Mayor by placing a tick beside one of the names and the person who receives the most votes becomes Mayor. Councillors are elected the same way, with the 12 candidates who each receive the most votes becoming Councillors. Voters in this system may vote for no more than 12 candidates. The elections are conducted by post over a three week period to make it as convenient as possible for people to vote.



The other option permitted under the Local Electoral Act 2001, but not currently used in Nelson, is the Single Transferable Vote system. Electors vote by ranking candidates in order of preference by placing a number beside each candidate's name. The elector can vote for one or up to the total number of candidates on the paper. The number of votes required for a candidate to be elected, the quota, depends on the number of positions to be filled and the number of valid votes. The successful candidates are worked out as follows:

- first, by counting the first preferences of all the electors and allocating these to the respective candidates
- then by transferring a proportion of each vote received by any candidate whose number of first preferences exceeds the quota, in accordance with their electors' second preferences
- then by excluding the lowest polling candidate and transferring their votes in accordance with their electors' second preferences
- this process is continued until the required number of members has been elected.

~~To run for Council at the 2013 local body elections, members of the public need to complete a nomination form. The nomination form must be signed by two electors whose names appear on the electoral roll for Nelson. Information on how to become a candidate and nomination forms for the 2013 local body elections will be available from Council offices or the Council website before the election. Refer to section 14 of this Governance Statement for contact details. This information will include what is involved in being the Mayor or a Councillor, the rules around campaigning, the election timeline and the required steps to become a candidate.~~

~~The last local body elections took place in October 2013, and the next elections will take place in October 2016.~~

## 4.2 Deciding on which Electoral System to Use

Under the Local Electoral Act 2001, the Nelson City Council can resolve to change the electoral system to be used for the next two elections, and it must review this decision every six years. The Council undertook a review of the system in September 2008 and resolved to remain with First Past the Post. The Local Electoral Act 2001 provides three methods in which a council can change their voting system:

- the Council can resolve to change the voting system
- the Council can conduct a binding poll of eligible electors on which electoral system to use
- or a binding poll can be initiated by at least five percent of eligible electors signing a petition demanding that a poll be held.

Once changed, an electoral system must be used for at least the next two triennial general elections. The electoral system cannot be changed for one election and then changed back for the next election.

A referendum was held in 2003 to decide which electoral system would be used for the 2004 and 2007 Nelson City Council elections. The outcome was that the First Past the Post system was retained. The 2008 review retained that system for the 2010 and 2013 elections.

~~The next review of the electoral system will commence in 2014.~~



## 5.0 Representation Arrangements

The Nelson City Council does not have any wards, constituencies or community boards.

### 5.1 Electoral Representation and Boundary Review

The Nelson City Council is required to review its representation arrangements at least once every six years. ~~The next representation review must take place 2014/ 2015.~~ This review must include the following:

- the number of elected members (within the legal requirement to have a minimum of six and a maximum of 30 members, including the Mayor)
- whether the elected members (other than the Mayor) shall be elected by the entire district, or whether the district will be divided into wards for electoral purposes, or whether there will be a mix of voting as a city as a whole or on a wards basis
- if election by wards is preferred, then the boundaries and names of those wards and the number of members that will represent each ward
- whether or not to have separate wards for electors on the Māori electoral roll
- whether to have community boards and if so how many, their boundaries and membership and whether to subdivide a community for electoral purposes.

The Council must follow the procedure set out in the Local Electoral Act 2001 when conducting this review, and should also follow guidelines published by the Local Government Commission. The Local Electoral Act 2001 gives members of the public the right to make a written submission to the Council, and the right to be heard on this submission, with respect to any reorganisation proposal.

Members of the public also have the right to appeal any decisions on the above to the Local Government Commission which will make a binding decision on the appeal. Further details on the matters that the Council must consider in reviewing its membership and basis of election can be found in the Local Electoral Act 2001.

The Nelson City Council at its meeting on 20 August 2009 decided that the Council shall consist of 13 members, including the Mayor, and that the members of the Council shall be elected by the electors of the City as a whole, meaning there would be no wards and that there shall be no community boards established within the Nelson City Council area.

The next representation review will commence in 2014.

### 5.2 Māori Wards

The Local Electoral Act 2001 (section 19Z) gives the Council the ability to establish separate wards for Māori electors. The Council may resolve to create separate Māori wards or conduct a poll on the matter, or the community may demand a poll. The demand for a poll can be initiated by a petition signed by five percent of eligible electors within the district at any time.

If Māori wards are implemented, the numbers of seats in that ward will be allocated according to the percentage of voters who are registered on the Māori electoral roll. In Nelson the number of such voters would only allow one ward.

In November 2011 the Council decided to establish a Māori Ward for the 2013 local body elections. Nelson residents initiated a petition for a poll of voters on this issue.



The 2012 poll result was against establishing a Māori Ward. Under the Local Electoral Act 2001 (section 19 ZF(5)) the result of that poll is effective for the next two triennial elections (i.e. 2013 and 2016) and the establishment of a Maori Ward cannot be considered until after the 2016 local body elections.

### 5.3 The Reorganisation Process

The Local Government Act 2002 ~~states that local government reorganisations may apply for one or more of the following matters-sets out procedures which must be followed during proposals to:~~

- ~~the union of districts or regions~~
- ~~the constitution of a new district or region, including a new local authority~~
- ~~the abolition of a district or region, including the abolition of a local authority~~
- ~~the alteration of the boundaries of the district~~
- ~~the transfer of statutory obligations from one local authority to another~~
- ~~the assumption by a territorial authority of the powers of a regional council.~~
- ~~make changes to the boundaries of the district~~
- ~~create a new district~~
- ~~create a unitary authority~~
- ~~transfer a particular function or functions to another council.~~

The procedures for resolving each type of proposal are slightly different. In general they begin with a proposal ~~to the Local Government Commission~~ either from the local authority, the Minister of Local Government, or by ~~any person, body or group a petition signed by 10 percent of electors.~~

Proposals for a boundary alteration or transfer of functions from one local authority to another will be considered by one of the affected local authorities or by the Local Government Commission if the local authorities refer the proposal to the Commission or if they cannot agree on which of them should deal with the matter.

Proposals for ~~the union of districts or regions,~~ the establishment of a new district, ~~the abolition of a district or region,~~ or for the creation of a unitary authority will be dealt with by the Local Government Commission. These proposals cannot be implemented without a poll of electors.

Further information on these requirements can be found in the Local Government Act 2002. The Local Government Commission has also prepared guidelines on procedures for local government reorganisation.

In July 2010 a petition for the union of Nelson and Tasman Councils ~~was assessed by~~ the Local Government Commission. In early 2012 the Local Government Commission announced that it had approved a new local government structure for the Nelson and Tasman areas which would be put to the electors of both districts for approval in separate polls in April 2012.

The results of this poll were against the proposal and separate councils for the Nelson and Tasman regions remain.

~~In December 2013, the Local Government Commission received an application for a reorganisation proposal for Nelson City and Tasman District Councils. The Local~~



Government Commission decided not to proceed with the application due to a lack of detailed information.

## 6.0 Members' Roles and Conduct

The roles of elected members, the Mayor and Deputy Mayor are explained below. The names of the 2013 - 2016 Nelson City Council elected members and the Mayor are provided in Appendix 2.

### 6.1 The Councillors

The role and responsibilities of a Councillor fall into two main categories:

- being a member of the governing body of the Council
- being an elected representative of the community.

Elected members are responsible for setting the policy direction of the Council, monitoring the performance of the Council and employing the Chief Executive.

Councillors in Nelson are elected by the city as a whole. Councillors have equal voting rights and may be appointed to one or more committees and working parties. They also may represent the Council on outside organisations and through attendance at civic events.

### 6.2 The Mayor

The Mayor is elected by the city as a whole and, as one of the elected members, shares the same responsibilities as other members of Council. In addition, the Mayor has the following roles:

- leadership of the community and the other elected members
- advocate on behalf of the community and representing its interests
- chairing Council meetings and being responsible for ensuring the orderly conduct of business as set out in the Council's standing orders (a set of procedures adopted by it for the conduct of its meetings)
- acting as the ceremonial head of the Council on behalf of Nelson.

Section 41A of the Local Government Act 2002 outlines new Mayoral powers in relation to the appointment of the Deputy Mayor and committee chairpersons, and the establishment of committees. The new provision also empowers the Mayor to lead the development of the Council's plans, policies and budgets.

### 6.3 The Deputy Mayor

The Deputy Mayor may be appointed by the Mayor or by the Council at its first meeting. The Deputy Mayor steps in when the Mayor is unavailable.

### 6.4 Code of Conduct

The Local Government Act 2002 (schedule 7 part 1 (15)) requires that all councils have a Code of Conduct for their elected members. The Nelson City Council adopted its Code of Conduct on 29 October 2013, and agreed to review the document and return it to Council for further approval. The Code of Conduct may be amended or replaced at a meeting of the full Council, provided that this motion is supported by 75 percent of the members present, but cannot be revoked without replacement.



The main principles in the Code of Conduct are that elected members are obliged to act in good faith and conscientiously perform their duties in a professional manner with honesty and integrity as well as with reasonable care and diligence. The Code of Conduct also sets out principles for working with the public, staff, and provides processes to be followed in the event of an alleged breach. Copies of the Nelson City Council Elected Members' Code of Conduct (A249529) are available on the Council's website or at the Council offices, refer to section 14 of this Governance Statement for contact details.

The Nelson City Council Standing Orders (A692787) detail Council and Committee meeting procedures. Refer to section 8 for more information about these Standing Orders.

There are a number of specific pieces of legislation applying to the conduct of elected members, including the following:

- Schedule 7 of the Local Government Act 2002, which includes obligations to act as a good employer in respect of the Chief Executive and to abide by the current code of conduct and standing orders
- the Local Authorities (Members' Interests) Act 1968 which regulates the conduct of elected members in situations where there is, or could be, a conflict of interest between their duties as an elected member and their financial interests (either direct or indirect)
- the Secret Commissions Act 1910, which prohibits elected members from accepting gifts or rewards which could be seen to sway them to perform their duties in a particular way
- the Crimes Act 1961 regarding the acceptance of gifts for acting in a certain way and the use of official information for private profit.

## **7.0 Governance Structures and Processes, Membership and Delegations**

### **7.1 Council**

The 2013 – 2016 Nelson City Council has decided to deal with all business through a Committee structure that reports through to full Council. This structure generally operates in a six-weekly cycle with a Committee meeting in week one to four of the cycle and a Council meeting in week six to consider all recommendations from Committees.

A schedule of Council and Committee meeting dates can be found on the Nelson City Council website.

### **7.2 Committees**

The Council has established four committees, and each has delegations specific to its topic area. These committees are:

- Works and Infrastructure
- Planning and Regulatory
- Governance
- Community Services

Council has a number of other committees that deal with matters relating to specific functions of the Council. A list of these committees is provided below, and a list of its members is provided in Appendix 2. The Nelson City Council Delegations Register (A257572) provides a full description of the functions, delegations and membership of all committees. A copy of the Nelson City Council Delegations Register (A257571) is available on the Council's website or at the Council offices, refer to section 14 of this Governance Statement for contact details. The Nelson City Council Delegations Register is discussed in more detail in section 7.4 of this Governance Statement.

Other Council Committees:

- Civil Defence Emergency Management Group
- Hearings Panel
- Joint Shareholders Committee
- Nelson Regional Sewerage Business Unit
- Resource Management Act Procedures Committee
- Regional Transport Committee
- Chief Executive Employment Committee

The Council also establishes working parties. These are similar to a committee but less formal and are assigned to a single issue or project for a specific time. Working parties may include members of the public and staff members and usually oversee the drafting of policies or plans before they are considered by the Council, however are not delegated decisions-making bodies.

### **7.3 Council Organisations**

The Nelson City Council also has links with many organisations that may be public, private, for profit or non-profit. A list of Council Controlled Trading Organisations (CCTO), Council Controlled Organisations (CCO) and other Council Organisations is provided in Appendix 3.

Further information about these organisations, including membership and delegation details and how directors to these organisations are appointed, is available in the Nelson City Council Delegations Register (A257571).

### **7.4 Delegation of Responsibilities**

To ensure efficiency and effectiveness in the conduct of a local authority's business, Schedule 7 section 32 of the Local Government Act 2002 enables local authorities to delegate most of its responsibilities, duties, or powers to committees, subordinate decision making bodies, members, or officers. There are some exceptions where specific powers cannot be delegated and these are listed in Schedule 7 section 32 of the Local Government Act 2002.

The Nelson City Council Delegations Register (A257571) sets out:

- the background to the responsibilities of the Council, individual Councillors and the Chief Executive
- the principles of delegation
- the actual delegations made by the Council to its Committees and the Chief Executive.



When deciding which powers to delegate, and to what level, the Council and the Chief Executive will balance the following needs:

- for the Council to operate efficiently and effectively
- for the Council to concentrate on its policy-making role and for the Chief Executive and staff to implement Council policy and administer Council facilities and services
- for the Council's operations to be carried out in an open and fair manner
- for those with responsibility for a task or function to have the authority necessary to carry it out effectively
- for all statutory requirements to be properly observed.

Principles relevant to the Nelson City Council Delegations Register are that:

- delegations are made to positions, not to specific persons
- delegations must be recorded in the Nelson City Council Delegations Register
- decisions made under delegated authority cannot be subsequently overturned by the Council.

Copies of the Nelson City Council Delegations Register (A257571) are available on the Council's website or at the Council offices, refer to section 14 of this Governance Statement for contact details.

## **8.0 Meeting Processes**

The legal requirements for Council meetings are set down in Schedule 7 of the Local Government Act 2002 and Part VII of the Local Government Official Information and Meetings Act 1987.

All Council and Committee meetings must be open to the public unless there is good reason to consider an item in a public excluded part of the meeting. When the item is deemed to be public excluded, members of the public are asked to leave the room until discussion on the item is complete. The Local Government Official Information and Meetings Act 1987 section 48 contains a list of the limited circumstances where Council may consider items with the public excluded. These circumstances generally relate to the protection of personal privacy, legally privileged information or information subject to commercial activities or negotiations and the maintenance of public health, safety and order.

For an ordinary meeting of Council, at least 14 days notice of the time and place of the meeting must be given to members. Extraordinary meetings generally can be called with three working days notice.

The Council agenda is a public document, although parts of it may be withheld if the public excluded circumstances apply. Minutes of meetings must be kept as evidence of the proceedings of the meeting. Agendas and minutes of meetings must be made available to the public subject to the provisions of the Local Government Official Information and Meetings Act 1987.

During meetings the Mayor and Councillors must follow standing orders. Council may suspend parts of the standing orders by a vote of 75 percent of the members present and voting. The Nelson City Council adopted its Standing Orders (A691137) at the 29 October 2013 meeting. The basis of the Standing Orders is the model Standing Orders (NZS 9202:2003 'Model Standing Orders for Meetings of Local Authorities and Community Boards') with amendments:

- the alteration of clause 3.4.4 to state that quorum at committee meetings consists of half of the members if the number of members is even, and a majority of members if the number of members is odd
- the alteration and addition of 2.6.1 and 2.7.1 to 2.7.5 to include Mayoral powers (Local Government Act 2002 section 41A) to appoint the Deputy Mayor, committee chairpersons and establish committees
- ~~that Councillors receive agendas of Council and Committee meetings four clear working days before the meeting, instead of two working days (clause 2.12.4)~~
- ~~the addition of clause 3.3.15 limiting the use of 'cell phones' during Council meetings~~
- the addition of section 3.21 outlining the process for public forums at Council meetings.

The Mayor or committee chairperson is responsible for maintaining order at meetings and may, at his or her discretion, order the removal of any member of the public for disorderly conduct, or remove any member of Council who does not comply with standing orders.

Members of the public are able to attend Council and Committee meetings. Members of the public do not have speaking rights at meetings unless the Chairperson invites someone to speak.

However, members of the public are welcome to attend and address a meeting of the Council or its committees through a public forum or petition. Clauses 3.19 and 3.21 of the Nelson City Council Standing Orders explain this process. Copies of the Nelson City Council Standing Orders are available by contacting an Administration Adviser at the Council offices, refer to section 14 of this Governance Statement for contact details.

If you are interested in attending a Council meeting, or require any information about a Council meeting, you can contact an Administration Adviser at the Council offices. All public meetings are advertised in Live Nelson (a free fortnightly publication that details Council news and information) or the Nelson Mail, and the meeting agendas and minutes are available on the Council's website, at the Council offices and public libraries, refer to section 14 of this Governance Statement for contact details.

## **9.0 Consultation Policies**

### **9.1 Special Consultative Procedure**

The Local Government Act 2002 sets out certain consultation principles and a procedure that local authorities must follow when making certain decisions. This procedure, the special consultative procedure, is regarded as a minimum process.

Consultation is defined as the seeking and obtaining of information and feedback from the community to assist the Council to make informed decisions. The basic requirements for any consultation undertaken are set out in section 82 of the Local Government Act 2002. The main points are that:

- persons affected by or have an interest in a decision or matter should be given information about it
- the Council should encourage people to provide feedback on issues that affect them
- the Council should consider people's views with an open mind and give them due consideration



- the Council should provide information about the decision, and the reasons for it, to the people who presented their views to the Council.

The special consultative procedure consists of the following steps and is outlined in sections 83 – 87 of the Local Government Act 2002:

#### **Step One - Preparation of a Statement of Proposal and a Summary**

The Council must prepare a description of the proposed decision or course of action. The Statement of Proposal must be available throughout the community and must be available for inspection at the Council office. The Council also has to prepare a full and fair summary of the proposal which must be distributed as widely as the Council considers being reasonably practicable. The Statement of Proposal must be included on an agenda for a Council meeting.

#### **Step Two - Public Notice**

The Council must publish a notice in a daily newspaper, or in other newspapers of equivalent circulation, of the proposal and of the consultation being undertaken.

#### **Step Three - Receive Submissions**

The Council must acknowledge all written submissions and offer submitters a reasonable opportunity to make a verbal submission. The Council must allow at least one month (from the date of the notice) for submissions to be received.

#### **Step Four - Deliberate in Public**

All meetings where the Council deliberates on the proposal or hears submissions must be open to the public (unless there is some reason to exclude the public under the Local Government Official Information and Meetings Act 1987). All submissions must be made available to the public unless there is reason to withhold them under the Local Government Official Information and Meetings Act 1987.

#### **Step Five - Follow Up**

A copy of the outcome and a summary of the reasons for the decision must be provided to submitters. There is no prescribed format for such a summary.

Under the Local Government Act 2002 a special consultative procedure is required for certain significant decisions, including the adoption or amendment of a Long Term Plan, Annual Plan and the adoption, review or amendment of bylaws. Council's Significance Policy sets out the approach Council takes to determining the significance of proposals and decisions and includes a list of strategic assets. The Council is likely to use a special consultative procedure where a change is proposed to a policy in a significant activity area that is not outlined in a Long Term Plan or Annual Plan.

Changes to the Nelson Resource Management Plan also require a specific process to be followed as outlined in the First Schedule of the Resource Management Act 1991. The review and adoption of Reserve Management Plans requires a specific consultation process under the Reserves Act 1977.

## **9.2 Community Engagement**

The Council engages with the public through a range of methods and media including:

- Live Nelson, a free fortnightly publication sent to households and non resident ratepayers on request that details Council news and information (contact Angela Ricker, 03 546 0343 or [angela.ricker@ncc.govt.nz](mailto:angela.ricker@ncc.govt.nz))
- the Council website at [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz)



- newspaper advertisements with legal announcements such as resource consent or election notices, and others such as calls for tenders
- press releases, radio interviews, public presentations and forums
- social media
- consultation and engagement activities.

The Nelson City Council also conducts frequent surveys as well as an annual telephone survey of a sample of residents.

## 10.0 Policies for Liaising with, and Memoranda or Agreements with Māori

The Nelson City Council encourages all residents including Māori to participate in Council's decision-making processes.

The Local Government Act 2002 Part 6 provides principles and requirements for local authorities that facilitate the participation of Māori in decision-making processes. This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi, and to maintain and improve opportunities for Māori to contribute to local authority decision-making processes.

These principles and requirements are as follows:

- a local authority must establish and maintain processes to provide opportunities for Māori to contribute to their decision-making processes and to consider ways to foster the development of Māori capacity
- consultation with Māori – a local authority must ensure that it has in place processes for consulting with Māori that are in accordance with the principles of consultation as set out by section 82 of the Local Government Act 2002
- local authority decision making - where, in the course of the decision-making process, a significant decision relates to land or a body of water, the local authority must take into account the relationship of Māori and their culture and their traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga
- working with Māori – the Long Term Plan must outline how the local authority will work with Māori to further community outcomes
- the Local Government Act 2002 requires Council to build the capacity of Māori to engage with local government. This is currently done by agreement through the Kotahitanga Forum (a joint forum for Iwi chairs, representatives of Matawaka and Councillors).

The Council Kaumātua supports the Mayor and Chief Executive on tikanga (Māori customs), pōwhiri (welcomes on the marae), blessings and other ceremonies.

The Nelson City Council is currently negotiating Memoranda of Understanding (MOU) with each of the eight mana whenua iwi of Te Tau Ihu (Top of the South), as required by the pending Treaty of Waitangi Settlement Act for Te Tau Ihu (due for its final reading on 13 March 2014). Nelson City Council currently works with Māori groups on projects that benefit both Maori and wider community of Whakatū (Nelson). The original Memorandum of Understanding was first signed in 2005 and is currently due to be reviewed in the context of the Treaty of Waitangi Settlement Acts currently before Parliament. Until new MOU are in place with each Iwi, the 2005 MOU will be the primary document for Council to coordinate its efforts to provide opportunities for



all Māori to participate in its decision-making processes, whilst recognising the mana of the tangata whenua iwi and the legislative and community obligations of Council. The Kotahitanga Hui is where iwi representatives, Matawaka, Councillors and senior managers meet to discuss issues of mutual interest.

Representatives of the Māori community are also involved in Council working groups on relevant issues, and the Mayor (or the Mayor's nominated representative) is a standing member of the Whakatū Marae Management Kōmiti.

Council has also created a Kaihautū position which reports directly to the Chief Executive and provides advice to Council and Councillors on Māori issues and to liaise between Iwi and the Council. Further detail about this position can be found in the Management Diagram in Appendix 4.

There are six local Iwi associated with Whakatū Marae in Nelson:

- Ngāti Kuia
- Ngāti Koata\*
- Ngāti Rārua\*
- Ngāti Tama\*
- Ngāti Toa Rangatira
- Te Ātiawa\*

Treaty Settlement will require Nelson City Council to establish a formal relationship with Rangitane ki Wairau and Ngāti Apā ki te Rā Tō Trust.

Representatives of four (\*) of these Iwi meet six-weekly as Tiakina te Taiao Limited to consider resource management issues, replacing a former Nelson Iwi Resource Management Advisory Komiti. Tiakina te Taiao provides advice about which Iwi need to be consulted about specific resource consent applications, explains Iwi environmental concerns, and sets up hui to assist good decision-making. Council officers hold similar separate hui with Ngāti Kuia and Ngati Toa on resource management and environmental issues.

## **11.0 The Management Structure and Relationship between Management and Elected Members**

A diagram illustrating the management structure of the Nelson City Council is provided in Appendix 4. This diagram also explains the responsibilities of each area of the Council's management.

### **11.1 The Chief Executive**

The Chief Executive is the only person directly employed by the Council. The role and responsibilities of the Chief Executive are listed in the Local Government Act section 42 and Schedule 7 sections 33 - 36 and are also outlined in the Nelson City Council Delegations Register (A257571). The Chief Executive is employed by the Council for a term of up to five years, and in some circumstances this may be increased for an additional two years.

The Chief Executive implements and manages the Council's policies and objectives within the budgetary constraints established by the Council. Under section 42 of the Local Government Act 2002, the responsibilities of the Chief Executive are:

- implementing the decisions of the Council

- providing advice to the Council
- ensuring that all responsibilities, duties and powers delegated to the Chief Executive or to any person employed by the Chief Executive, or imposed or conferred by any Act, regulation or bylaw are properly performed or exercised
- managing the activities of the Council effectively and efficiently
- maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the Council
- providing leadership for the staff of the Council
- employing staff (including negotiation of the terms of employment for the staff).

All other Council officers are employed by the Chief Executive. The Chief Executive is therefore the only person that can give an instruction to a staff member. For this reason, complaints about a Council staff member should be directed to the Chief Executive rather than elected members. The Chief Executive can be contacted at the Council offices, refer to section 14 of this Governance Statement for contact details.

## **12.0 Equal Employment Opportunities Policy**

The principle of equal employment opportunities is an essential component of staff management and the Nelson City Council is committed to integrating it into human resource management strategies. Equal employment opportunities are not just about creating a workforce where men and women are treated equally, rather it is recognition that diversity is appreciated and valued. Equal employment opportunities enhance the work and personal environments of employees, both current and future.

The Nelson City Council will continue with the on-going development of human resource policies, practices and procedures to ensure that the recruitment, development and advancement of staff as well as the availability of opportunities occurs in an open and transparent manner regardless of age, gender, ethnicity, religion, sexual preference, disability and/or political beliefs. These strategies will recognise diversity, enhance the workplace and enable staff to contribute to the on-going success of the organisation.

## **13.0 Key Approved Planning and Policy Documents and the Process for their Development and Review**

The Nelson City Council has a large number of policy and planning documents that are available on the Council website and at the Council offices, refer to section 14 of this Governance Statement for contact details.

The key approved documents are:

### **Long Term Plan 2012 – 2022**

The Nelson City Council reviews and adopts a Long Term Plan every three years. The current Long Term Plan was adopted in July 2012. The main purpose of the Long Term Plan is to detail priority activities and spending for a ten year period.

The Long Term Plan is subject to consultation according to the special consultative procedure outlined in section 84 of the Local Government Act 2002.

### **Annual Plan**

The Nelson City Council develops and adopts an Annual Plan every year where a Long Term Plan is not adopted. The main purpose of an annual plan is to update the



financial information from the current Long Term Plan and provide specific detail (including budgets) on proposed Council activities for that year.

The Annual Plan is subject to consultation according to the special consultative procedure outlined in section 85 of the Local Government Act 2002.

### **Annual Report**

The Annual Report is released each October and covers the previous financial year. The Council approved the Annual Report 2012 - 2013 in October 2013, and the next Annual Report will be adopted in October 2014.

The Annual Report is the Council's key accountability report and covers its financial and service performance for the previous year.

### **Asset/Activity Management Plans**

An asset or activity management plan is prepared for each of Council's significant assets, including water, transport, sewerage systems, storm water, solid waste, community facilities, community housing and parks and reserves.

These documents are key planning tools that outline how agreed levels of service will be delivered for the key infrastructural assets of Nelson.

Asset/Activity Management Plans are reviewed every three years and inform the Long Term Plan.

### **Regional Policy Statement 1997**

The Regional Policy Statement was completed in 1997 with extensive public input and is currently overdue, however a review of the document is required to take place every 10 years. The Regional Policy Statement sets out how Council will achieve integrated management of the significant resource management issues of the area, including general principles by which Council will be guided in making decisions on these issues. The Regional Policy Statement is the overarching statement of resource management policy for the district.

### **Nelson Resource Management Plan**

The Nelson Resource Management Plan is a combined district and regional plan incorporating the Regional Coastal Plan. By law it must be reviewed at least every ten years. In November 2013, the Council agreed to undertake a full review of the Nelson Resource Management Plan. The result of this will be a new 'Nelson Plan' that encompasses a review of the Regional Policy Statement 1997.

### **Nelson Air Quality Plan**

The Nelson Air Quality Plan was approved by the Council in 2008 and is reviewed on a regular basis. The Plan promotes the sustainable management of Nelson's air resource and will be due for full review in 2018.

### **Social Wellbeing Policy**

The Council reviewed and adopted the Social Wellbeing Policy in 2011. The Social Wellbeing Policy outlines how the Council will promote the social wellbeing of its communities in the present and for the future.

### **Regional Arts Policy**

The Arts Policy provides detail on how the Nelson City Council plans to implement the objectives of the Nelson Tasman Regional Arts Strategy through its activities. The Arts Policy was adopted in July 2011.

### **Regional Land Transport Strategy**

This Regional Land Transport Strategy sets the direction for the development of Nelson's land transport system for the next 30 years. It aims to deliver a sustainable transport network within Nelson to meet the current and future needs of the Nelson community and the wider region.

The Regional Land Transport Strategy was developed through extensive consultation with both the public and other government agencies, including Tasman District Council and the New Zealand Transport Agency.

## **14.0 Public Access to Council Services and Elected Members**

### **14.1 Contact Details for the Council Offices**

General enquiries:

Civic House  
PO Box 645  
110 Trafalgar Street  
NELSON 7040

Telephone: (03) 546 0200 (24 hour service)

Fax: (03) 546 0239

E-mail: [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz)

Website: <http://www.nelsoncitycouncil.co.nz>

Written correspondence to the Council may be addressed to the Chief Executive or appropriate staff member at the postal and email address above.

### **14.2 Contact Details for the Mayor and Elected Members**

Mayor Rachel Reese	<a href="mailto:mayor@ncc.govt.nz">mayor@ncc.govt.nz</a>	(03) 546 0218 027 246 7766
Councillor Luke Acland	<a href="mailto:luke.acland@ncc.govt.nz">luke.acland@ncc.govt.nz</a>	(03) 539 1359 021 477 634
Councillor Ian Barker	<a href="mailto:ian.barker@ncc.govt.nz">ian.barker@ncc.govt.nz</a>	(03) 547 3448 027 496 6864
Councillor Ruth Copeland	<a href="mailto:ruth.copeland@ncc.govt.nz">ruth.copeland@ncc.govt.nz</a>	(03) 548 1771 027 694 4469
Councillor Eric Davy	<a href="mailto:eric.davy@ncc.govt.nz">eric.davy@ncc.govt.nz</a>	(03) 547 3322 027 262 3574
Councillor Kate Fulton	<a href="mailto:kate.fulton@ncc.govt.nz">kate.fulton@ncc.govt.nz</a>	(03) 546 4704 027 844 3197



Councillor Matt Lawrey	<a href="mailto:matt.lawrey@ncc.govt.nz">matt.lawrey@ncc.govt.nz</a>	(03) 548 1672 027 406 3434
Councillor Brian McGurk	<a href="mailto:Brian.mcgurk@ncc.govt.nz">Brian.mcgurk@ncc.govt.nz</a>	(03) 544 1955 027 444 0170
Councillor Paul Matheson	<a href="mailto:paul.matheson@ncc.govt.nz">paul.matheson@ncc.govt.nz</a>	(03) 548 5653 027 444 9680
Councillor Gaile Noonan	<a href="mailto:gaile.noonan@ncc.govt.nz">gaile.noonan@ncc.govt.nz</a>	(03) 548 2688 027 518 8812
Councillor Pete Rainey	<a href="mailto:pete.rainey@ncc.govt.nz">pete.rainey@ncc.govt.nz</a>	(03) 546 7654 021 747 383
Councillor Tim Skinner	<a href="mailto:tim.skinner@ncc.govt.nz">tim.skinner@ncc.govt.nz</a>	(03) 548 8879 021 668 733
Councillor Mike Ward	<a href="mailto:mike.ward@ncc.govt.nz">mike.ward@ncc.govt.nz</a>	(03) 548 7838 (03) 539 4959

## 15.0 Requests for Official Information

Under the Local Government Official Information and Meetings Act 1987 any person may request information from the Council. All requests for information are deemed to be a request made under the Local Government Official Information and Meetings Act 1987. Requests need to be specific about the information to be provided. Once a request is made, Council must supply the information within 20 working days (there are certain circumstances where this time-frame may be extended).

The purpose of the law is to enable more effective participation by the public in the actions and decisions of local authorities and promote the accountability of local authority members and officials.

### 15.1 How do I Make a Request for Information?

The best way is to put your request in writing to:

The Chief Executive  
Nelson City Council  
PO Box 645  
NELSON 7040

or email to [enquiry@ncc.govt.nz](mailto:enquiry@ncc.govt.nz).

### 15.2 Can the Council Withhold Information?

Once a request is made, the Council must supply the information promptly unless good reason exists for withholding it. The Local Government Official Information and Meetings Act 1987 sections 6 and 7 provide the reasons for a local council to withhold official information. In summary, these are if the information would:

- endanger the safety of any person;

- prejudice maintenance of the law;
- compromise the privacy of any person;
- reveal confidential or commercially sensitive information;
- cause offence to tikanga Māori or would disclose the location of wāhi tapu;
- prejudice public health or safety;
- compromise legal professional privilege;
- disadvantage the local authority while carrying out negotiations or commercial activities; or
- allow information to be used for improper gain or advantage.

### **15.3 Will I have to Pay for the Information?**

There may be a charge, but the Local Government Official Information and Meetings Act 1987 states that:

- you should be told of the charge, or given an estimate, before the information is provided,
- that any charge will be related to the reasonable cost of the labour and materials involved in making the information available, and
- if you think the charge is unfair you can raise any issues with the Ombudsmen (see below).

Charges may include photocopying of up to 20 cents per A4 page when more than 20 pages are copied, and a labour charge after the first hour of \$38 per half hour or part thereof. The Council will only charge for information if the total cost is greater than \$10. Therefore if less than half an hour is needed to obtain the information, the Council will provide up to 50 pages free of charge. Council's charges may be reviewed from time to time.

### **15.4 Can I Complain about a Decision?**

You can complain to the Ombudsmen if:

- you are refused access to any information, and you disagree with the grounds on which it was refused
- the person handling your request does not reply to you within the time limit
- you are not happy with the length of an extended time limit
- you believe that you have been charged an unreasonable amount for the information
- you are not happy with the way the information has been made available or with any conditions placed on the use of the information.

Complaints about refusals to release official information should be directed to one of the Offices of the Ombudsmen. The main office is:

PO Box 10 152  
The Terrace  
WELLINGTON 6143

[www.ombudsmen.parliament.nz](http://www.ombudsmen.parliament.nz)

Freephone: (0800) 802 602

Email: [complaint@ombudsmen.govt.nz](mailto:complaint@ombudsmen.govt.nz)

## Appendix 1 Nelson City Council Bylaws April 2014

Part 8 of the Local Government Act 2002 allows councils to create and apply bylaws in their areas. Bylaws are to be reviewed five years after the date they were enacted. After that, bylaws are to be reviewed every 10 years.

Number	Name	General Description	Effective Date	Review Date
No 206	Control of Drinking in Public Places	Establishes areas within the urban area of the City where the possession or drinking of alcohol is prohibited.	1 December 2003 <u>and reviewed in 2009.</u>	16 April 2019
No 207	Parking and Vehicle Control	Provides the means for the Council to establish vehicle parking areas and other vehicle control measures, and to regulate their use.  Includes provisions banning the use of skateboards in high density pedestrian areas.	31 December 2004 <u>and reviewed in December 2011.</u>	15 December 2016
No 208	Advertising Commercial Sexual Services	Controls advertising associated with brothels.	20 May 2011	20 May 2016
No 210	Speed Limits	Provides the means for the Council to introduce different speed limits for different parts of the City.	24 December 2004	24 November 2016
No 211	Reserves	Provides some additional controls in relation to the public use of reserves.  <u>The 2006 reserves bylaw expired in July 2013. A new bylaw is currently being consulted on, with deliberations on submissions to occur on 8 May 2014.</u>	<u>Mid 2014</u>	<u>Mid 2019</u>



Number	Name	General Description	Effective Date	Review Date
No 212	Stormwater	Provides minimum standards for discharges and sets out procedures required to be followed to prevent contaminants entering the Council stormwater system.  <u>This bylaw will expire in April 2014. No review is proposed.</u>	13 April 2007	
No 213	Trading in Public Places	Provides for the licensing of street traders and regulates the use of public places for trading and soliciting.	5 June 2007	5 June 2017
No 214	Trade Waste	Provides the minimum standards for, and the means to control, discharges to the Council wastewater system.  <u>This Bylaw is currently under review and will likely be replaced with a new 'Wastewater Bylaw'.</u>	1 October 2007	1 October 2012
No 215	Miscellaneous Matters	Provide controls in relation to barbed wire fences, animals, caravans, and refuse disposal.  <u>This bylaw will expire in June 2015 if it is not reviewed before that date.</u>	9 June 2008	9 June 2013
No 216	Burial and Cremation	Regulating the use of the Council cemeteries.  <u>This bylaw will expire in June 2015 if it is not reviewed before that date.</u>	25 August 2008	25 August 2013
No 217	Water Supply	Providing for the supply and use of the Council water supplies and the catchments.  <u>This Bylaw is currently under review.</u>	13 October 2008	13 October 2013

<b>Number</b>	<b>Name</b>	<b>General Description</b>	<b>Effective Date</b>	<b>Review Date</b>
No 218	Navigation and Safety	This Bylaw regulates all navigable waters within Nelson City.	<u>October 2011 and reviewed on 1 December 2012</u>	<u>1 December 2022</u>
No 219	Numbering of Buildings	Requiring the display of street numbers for buildings within the City.	2 June 2009	2 June 2014
<u>No 221</u>	<u>Control of Dogs</u>	<u>This Bylaw gives effect to the Dog Control Policy by regulating the adverse impacts of dogs on the community.</u>	<u>25 February 2013</u>	<u>25 February 2018</u>

## **Appendix 2 Nelson City Council Mayor and Elected Members and Committees (2013 - 2016)**

### **Mayor (ex-officio on all Committees except Hearings Panel and Regional Transport Committee)**

Rachel Reese

### **Deputy Mayor**

Paul Matheson

### **Committees**

#### **Works and Infrastructure Committee**

Councillor Davy (Chairperson)

Councillor Lawrey (Deputy Chairperson)

Councillor Acland

Councillor Barker

Councillor Copeland

Councillor Noonan

Councillor Skinner

Mayor

#### **Planning and Regulatory Committee**

Councillor McGurk (Chairperson)

Councillor Fulton (Deputy Chairperson)

Councillor Barker

Councillor Copeland

Councillor Davy

Councillor Lawrey

Councillor Ward

Mayor

#### **Governance Committee**

Councillor Barker (Chairperson)

Councillor Acland

Councillor Davy  
Councillor Fulton  
Councillor McGurk  
Councillor Matheson  
Councillor Noonan  
Councillor Rainey  
Mayor

**Community Services Committee**

Councillor Rainey (Chairperson)  
Councillor Noonan (Deputy Chairperson)  
Councillor Copeland  
Councillor Lawrey  
Councillor Matheson  
Councillor Skinner  
Councillor Ward  
Mayor

**Civil Defence Emergency Management Group**

Mayor  
Deputy Mayor

Note: This Committee also includes the Mayor and Deputy Mayor of Tasman District Council.

**Hearings Panel – Resource Management Act**

Commissioner Barker  
Commissioner Davy  
Commissioner Fulton  
Commissioner Reese

**Hearings Panel - Other**

All Councillors

**Nelson City Council Tasman District Council Joint Shareholders Committee**

Mayor  
Deputy Mayor



Chairperson Governance Committee

Note: This Committee also includes The Mayor, Deputy Mayor and a Councillor representative from Tasman District Council.

**Nelson Regional Sewerage Business Unit**

Councillor Copeland  
Mr Derek Shaw

Note: This Committee also includes two representatives from Tasman District Council, and an Independent Chairperson.

**Resource Management Act Procedures Committee**

Mayor  
Deputy Mayor  
Councillor Fulton

**Chief Executive Employment Committee**

Mayor  
Deputy Mayor  
Councillor Acland

**Regional Transport Committee**

TBC

### Appendix 3 Council Organisations

A Council Organisation is considered to be an organisation in which one or more local authorities control any proportion of the voting rights or rights to appoint a director/trustee.

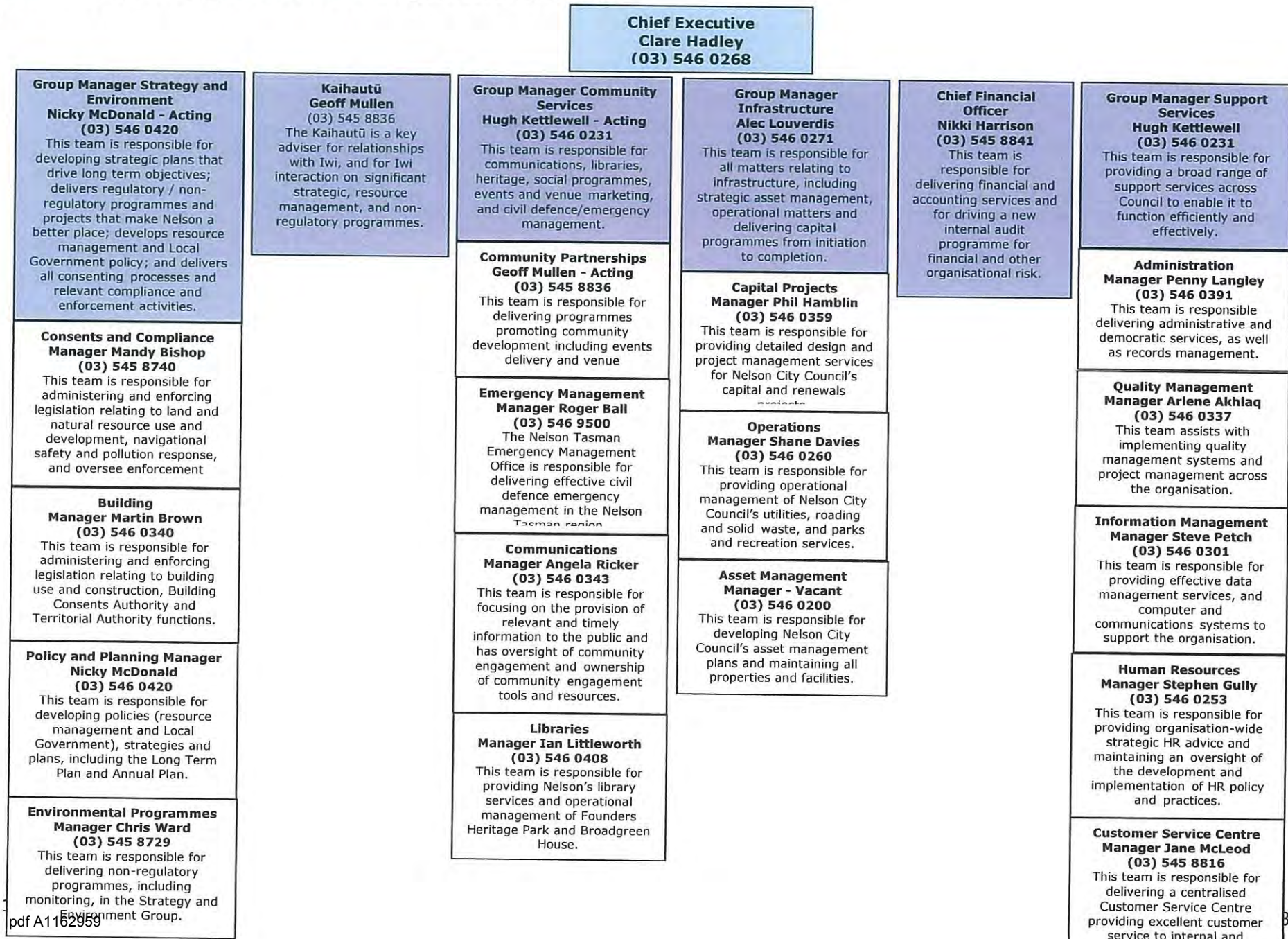
<b>Council Controlled Trading Organisations</b>	<b>Council Controlled Organisations</b>	<b>Council Organisations</b> <small>These organisations are where the Council controls any portion of the voting rights, or rights to appoint directors/trustees.</small>	<b>Other Organisations with Official Council Representation</b> <small>These organisations are external to the Council, yet have Council representation.</small>
<p>Nelmac Nelson Airport** Tourism Nelson/Tasman Ltd** Stoke Heights Joint Venture (The Ridgeways) Port Nelson** (not strictly classified as a Council Control Trading Organisation but is considered a commercial trading enterprise)</p>	<p>The Nelson Regional Economic Development Agency The Bishop Suter Trust The Tasman Bays Heritage Trust** The City of Nelson Civic Trust Nelson Municipal Band Trust</p>	<p>Arts Council Nelson Broadgreen Society Cawthron Institute Board Kahurangi Employment Trust Nelson Tasman Business Trust Nelson Tasman Mayoral Relief Trust** Safer Community Council Sport Tasman Trust Tahunanui Beach Holiday Park Talking Heads Top of the South Scenic and Heritage Trails Trust Trustpower Community Awards Whakatu Marae Youth and Community</p>	<p>Marina Users Group Te Tau Ihu Sustainability Forum Nelson Biodiversity Forum Nelson City Physical Activity Fund Nelson Tasman Connections Steering Group** Positive Ageing Forum Regional Funding Forum** Sister Cities Tasman Bay Heritage Trust Appointments Committee** Waimea Water Augmentation Committee** Community Action Youth and Drugs (CAYAD)</p>

Council Controlled Trading Organisations	Council Controlled Organisations	Council Organisations	Other Organisations with Official Council Representation
		<p>These organisations are where the Council controls any portion of the voting rights or rights to appoint directors/trustees.</p>	<p>These organisations are external to the Council, yet have Council representation.</p>
		<p>Facilities Trust (The New Hub) Youth Nelson Community and Whanau Group* Nelson Youth Council*</p>	

\* These are organisations where elected representatives do not have voting rights

\*\* These are joint organisations with Tasman District Council

Appendix 4 Nelson City Council Management Structure



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## **The Bishop Suter Trust Statement of Intent 2014/15 and Half Yearly Report**

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### **1. Purpose of Report**

- 1.1 To seek Council approval of the Bishop Suter Trust Draft Statement of Intent 2014/17 (Attachment 1).
- 1.2 To offer the Bishop Suter Trust the opportunity to present and explain its Half Yearly Report (Attachment 2).

### **2. Recommendation**

***THAT the report The Bishop Suter Trust Statement of Intent 2014/15 and Half Yearly Report (A1152410) and its attachments (A1161189 and A1154794) be received.***

#### **Recommendation to Council**

***THAT the Bishop Suter Trust Statement of Intent 2014/17 be approved for signing.***

### **3. Background**

- 3.1 The Bishop Suter Trust, along with the other Council Controlled Trading Organisations, is required to complete a Statement of Intent by agreement with the Council by 30 June each year. The proposed Statement of Intent (SOI) is included as Attachment 1.
- 3.2 Schedule 8 of the Local Government Act outlines the purpose of a Statement of Intent, what is to be included and how it is to be approved. The Statement of Intent, as supplied by the Bishop Suter Trust, is compliant.
- 3.3 The Half Yearly Report for the period ending 31 December 2013 is included as Attachment 2. The Chairperson, Craig Potton, and Director, Julie Catchpole, will be in attendance at the meeting to present the information and answer questions.
- 3.4 The Bishop Suter Trust was not supplied with a Statement of Expectation (SOE) to help guide it in the creation of the Statement of Intent reasons. The timing of the SOE process would have required the Council to consider it at the first full meeting of the new Council and there were other more pressing matter to attend to.

## **4. Discussion**

### **Half Yearly Report**

- 4.1 The Half Yearly Report shows continuing control over costs and a significant range of activities undertaken for the community.
- 4.2 There are no concerns in relation to the finances and performance of the Bishop Suter Trust over the period with all issues and interventions clearly explained.

### **Statement of Intent**

- 4.3 The clear focus of the Bishop Suter Trust is on the upcoming redevelopment. It is important that the SOI is considered in the context of the redevelopment.
- 4.4 The measures the Suter intends during the closure are sufficiently clear for the Council to have confidence in delivery throughout the redevelopment period.
- 4.5 During a normal year the outcomes and measures agreed at this time would simply be reported at the half year meeting and at the AGM. This is not a normal year so some of the outcomes desired may ultimately not be achievable. However the intent of the Board to continue to deliver a range of outcomes to the ratepayer is clear.
- 4.6 Along with the redevelopment, by far the most important issues for the Board to manage throughout this period, are the decanting and safe storage of the collection and the need to maintain a strong profile in the community. Both of these matters are well covered in the SOI.
- 4.7 The only issue to note is the Suter accounts have been inflated by 2% CPI. It has been recent practice for Nelson City Council to use the December quarter figure for this purpose. The rate of annual inflation as calculated for the December quarter 2013 is 1.6%. It is recommended that the budgets are recast for 2014/15 using the lower figure.

## **5. Conclusion**

- 5.1 The performance and delivery of the Bishop Suter Trust over the last 6 months has been sound and the Statement of Intent is, subject to adjustments, acceptable. The Council can have every confidence of this continuing through 2014/ 2015 financial year and the coming redevelopment.

Hugh Kettlewell

**Group Manager Support Services**

### **Attachments**

Attachment 1: Bishop Suter Trust Draft Statement of Intent [A1161189](#)

Attachment 2: Bishop Suter Trust Half Yearly Report [A1154794](#)

No supporting information follows.

# **THE BISHOP SUTER TRUST**

## **STATEMENT OF INTENT**

### **2014/2017**

**THE BISHOP SUTER TRUST**

**Registered Office:**

**208 Bridge Street, Nelson**

**P.O. Box 751, Nelson 7040**

**[www.thesuter.org.nz](http://www.thesuter.org.nz)**

**version iii**

**A1161189**

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## 1. The Bishop Suter Trust Statement of Intent 2014-2017

As a Nelson City Council (NCC), council-controlled organisation (CCO) and in accordance with statutory obligations of Section 64 of the Local Government Act 2002, this Statement of Intent is for the forthcoming financial year 2014/15 and the following two financial years, ending 30 June 2017.

The purpose of this Statement of Intent is to promote public accountability and it is intended as a base against which performance can be assessed.

**An extra ordinary period:** For at least 2 out of the 3 years of this Statement of Intent The Suter Art Gallery will be relocated to another premises to allow a complete redevelopment project to proceed on its land at 208 Bridge Street, Nelson. It is expected to re-open as a more expansive public arts facility in mid 2016. There is therefore in this Statement of Intent transition period measures as well as an indication of the performance targets for the 2016/17 financial year.

This transitional period when the entire contents of The Suter will be decanted to another site, injects a great deal of uncertainty in terms of what can be achieved, nevertheless it is intended that The Suter will continue to actively engage with the public through arts related projects, programmes and educational activities whilst temporarily relocated.

The future intentions of The Suter will be set out in a ten year strategic plan which is currently under review.

**Organisational description:** The Suter Art Gallery Te Aratoi o Whakatū is governed by the Bishop Suter Trust, incorporated under the Charitable Trusts Act 1957, and is a not-for-profit entity established to deliver a public art gallery service for residents of Nelson and Tasman and visitors to the region. The Bishop Suter Trust has charitable status with the Inland Revenue Department and is registered with the Charities Commission.

The Suter is a council-controlled organisation whereby the NCC has the right to directly appoint 1 or more of the trustees.

### Abbreviations:

The Suter Art Gallery, Te Aratoi o Whakatū	The Suter
The Bishop Suter Trust	The Trust
Nelson City Council	NCC
Tasman District Council	TDC
Council Controlled Organisation	CCO
Nelson Suter Art Society	NSAS
Long Term Council Plan	LTP

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## 1.2 Vision

***The Suter will provide access to an exciting range of visual arts and cultural experiences that enrich and inspire. The Suter will be a focal point for the Nelson and Tasman communities, an attraction for visitors to the region, enhance cultural life, promote public pride and protect our artistic heritage.***

## 1.3 Mission:

The Suter Te Aratoi o Whakatū is the public art gallery and a key art educator for the Nelson and Tasman region. The Suter protects and documents the artistic heritage of the region through the permanent collection and provides inspiration for the future through a programme of exhibitions and life-long learning opportunities that aim to inform, challenge and engage the wider community.

## 1.4 Values:

The following principles underpin decision making and set the standard for performance and interactions with The Suter's communities of interest:

- Culturally inclusive: Celebrating and respecting New Zealand's cultural heritage of Tangata Whenua and Tangata Tiriti; and Nelson/Tasman's diverse past and present cultural mix
- Innovative: Apply imaginative approaches to all our activities
- Customer focussed: Responsive to our visitors' needs
- Professional: Upholding quality museum practices, underpinned with scholarship
- Relevant to our community
- A good employer
- Commercially positive: Able to attract resources and support for our activities

## 2 Nature and Scope of the Activities to be undertaken

The Nelson City Council's expectation is that the activities of The Suter will engage the regional community and provide a service that is of value to that community as both the owners and customers. Further, the NCC expects that the activities of The Suter will support the objectives of the Nelson Tasman Regional Arts Strategy and the Arts Policy:

### 2.1 Activities

- To manage and operate The Suter for the benefit of the residents of the Nelson/Tasman region and visitors.
- To promote the study, creation and appreciation of all forms of visual arts.

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- To acquire, manage, interpret and preserve the Collection and taonga for the benefit of the residents of the Nelson/Tasman region and visitors.
- To develop and maintain partnerships for the mutual benefit of The Suter, the community and allied organisations.

## 2.2 Key Priorities

### 2.2.1 Operate a successful visual arts centre and public art gallery

#### To be achieved by:

- Optimising the use of all The Suter's facilities and resources in order to achieve its objectives.
- Working in partnership with the Nelson City Council to implement the plans for the redevelopment of The Suter as a visual arts centre; and continuing to work with other potential funders and supporters to realize these plans.
- Undertaking arts related activities that will engage the public and arouse awareness of the Redevelopment
- Building the capability - people, facilities, funding streams and processes - to ensure operational sustainability and programme innovation.

***During the redevelopment Period:*** The Redevelopment Project will begin in earnest in the 2014/15 financial year requiring The Suter to relocate its staff, the Collection, furniture and equipment to (a) temporary location(s) for the construction period. It is expected that construction and fit out will take until mid-2016 when The Suter will re-open on its redeveloped Bridge Street site

At the time of writing the new temporary location(s) have not been determined or fitted out. The priority for The Suter is a site which will afford protection of the collection. Ideally a site will also allow the Suter shop to operate and some public programmes, including education activities to be held there.

Irrespective, it is intended that the staff will undertake arts projects and public programmes, including exhibitions and educational activities, either in the new temporary location(s), and/or, from other sites. On occasion these activities will include working in partnership with other arts, cultural and heritage organisations. Where The Suter engages in providing exhibitions or displays these will most likely occur in other organisations' premises, (e.g. a WWI related exhibition to be held at the Museum) or in novel settings (e.g. vacant shop, warehouse etc). The Suter staff will also implement visual arts projects that link with significant community cultural events, such as Waitangi Day, the Nelson Arts Festival and Light Nelson.

Importantly staff will use this transition period to undertake collection care projects; build an on-line presence for The Suter and investigate the use of new media to promote the activities of The Suter and as potential interpretative tools for the new Gallery; research and prepare the opening suite of exhibitions for 2016 and the programmes for the following years.

As the Redevelopment proceeds, staff expert input will be required particularly with respect to collection storage systems and methods, aspects of the restoration of the Original gallery, design of display furniture and equipment and fit out.

During transition the Trust will be comprehensively reviewing its strategic plan, and will be refreshing its branding, membership, methods of marketing and communication and looking to increase benefaction, patronage and build other supportive partnerships.

**Impact of redevelopment:** Relocation will clearly have an impact on the nature of activities undertaken by staff and importantly, on the ability of The Suter to earn revenue from sources such as leases, venue hire and admission charges. There will be some increased cost from renting alternative facilities.

The Project will also impact the value of building assets initially through impairment of existing building values due to the demolition of a significant proportion of the complex and the need to write down book values to reflect that. Also a consequential increase in depreciation costs will arise from investment in the rebuild project.

**The redevelopment of the facilities will contribute to the future achievement of the objectives of The Suter in the following ways:**

- By providing appropriate spaces, plant and equipment that allow a lively programme of exhibitions and related activities to be presented;
- By adding a fourth gallery space to cater for larger exhibitions and/or concurrent exhibitions;
- By upgrading the environmental controls in galleries so that The Suter can present to the public, travelling exhibitions and art works that are currently not available to The Suter;
- Through life- long learning opportunities that occur in the galleries, the Theatre and in a dedicated education space where hands on art activities can be undertaken;
- By providing facilities that all people can access through the elimination of access barriers;
- By ensuring that the artistic heritage of the region can be housed in conditions essential for the long term protection of this valuable and growing community asset;
- That leased facilities, retail area and foyer within the complex are attractive and fit for purpose to ensure income streams for the Trust
- That staff and volunteers are housed in a safe and functional work environment;



### **2.2.2. Engage, educate and entertain the regional community and visitors through visual arts' programmes:**

#### **To be achieved by:**

- Providing a programme of exhibitions that appeal to a variety of audiences, and that present the visual arts in its many forms by local, national and where possible, international artists.

**During Redevelopment:** this activity will have to be delivered differently than the way they have been achieved to date at The Suter, or will be delivered in the new facilities. In the transition period what can be undertaken is to some extent dependent on the facilities available, so it is most likely that exhibition projects will be undertaken in cooperation with other parties, using their facilities and/or held in novel settings (e.g. 'pop-up' exhibitions and small themed displays). The Suter will also facilitate some visual arts projects

A key activity will be planning, researching and preparing exhibitions for the opening of the redeveloped Suter, and the public programmes thereafter.

- Encouraging life-long learning by being a respected provider of curriculum relevant learning experiences outside the classroom (LEOTC) for the school sector, and provider of visual arts experiences for diverse audiences.

**During redevelopment:** The Suter will continue to offer educational activity for schools as a LEOTC provider. Also an emphasis will be on providing other types of art experiences for the public such as educational activity, talks and events, as there are a variety of venues where these can be held in Nelson and the wider region.

The current (extended) LEOTC Contract between the Ministry of Education and The Suter will end on 31 December 2015 and the Trust will bid for another Contract<sup>1</sup>.

The Suter delivers after school programmes (Suter Kids Club) and its intended to continue to deliver these when temporarily relocated.

### **2.2.3 Collect, record, interpret and preserve the artistic heritage of the Nelson/Tasman region, and New Zealand**

#### **To be achieved by:**

- Being the recognised custodian of Nelson/Tasman region's artistic heritage by developing the Collection, disseminating information and increasing knowledge of the Collection.
- By profiling aspects of the Collection and Nelson/Tasman regions' artists through exhibitions, public programmes, publications, website and other means.

**During Redevelopment:** One of our key projects will be to undertake research with the aim of improving Collection records<sup>2</sup>, improving the

<sup>1</sup> This is a contestable tender process

<sup>2</sup> Improving catalogue entries, imaging collection items to publication standard, establishing copyright status etc

protection of and presentation of collection works (e.g. conservation treatment and reframing) and by providing online access to the Collection. It is intended that some aspects of this project will involve the community<sup>3</sup>

- By restoring and interpreting the heritage aspects of The Suter's building.

This will be realised in the Redevelopment with the restoration of heritage features and seismic strengthening of the original 1899 Bishop Suter Memorial Art Gallery building. More of the heritage fabric of this building will be revealed as a consequence of the Redevelopment, and this will facilitate interpretation of this registered historic place<sup>4</sup>.

#### 2.2.4 Develop partnerships that sustain The Suter

##### To be achieved by:

- Developing partnerships which contribute to the delivery of programmes, development of the Collection, resources and other projects: - in particular to develop partnerships which contribute to the Redevelopment Project and the ongoing operational and collection funding of The Suter.
- Contributing to the fulfilment of the Nelson Tasman Regional Arts Strategy and Arts Policy by providing leadership in the area of visual arts.

### 2.3 Alignment with Nelson City Council Outcomes

<b>People friendly places:</b>	By providing an arts centre in which inspiring art, heritage and cultural activities take place.
<b>A strong economy:</b>	By encouraging a thriving arts, heritage and cultural community, through employment, exhibitions, promotion of Nelson region's arts, and as a tourism attraction.
<b>Kind, healthy people:</b>	By contributing to social well-being.
<b>A fun, creative culture</b>	By providing opportunities for social engagement and recreation
<b>Good leadership:</b>	By demonstrating leadership in the arts community, promoting the development of Nelson arts and being the recognised custodian of Nelson/Tasman region's artistic heritage.

<sup>3</sup> E.g. in research projects using community learning groups such as U3A

<sup>4</sup> This building is a NZHPT Category II Historic Place, and Category A in the Nelson RMP

### 3. Objectives, Performance Measures and Targets

The following chart indicates objectives and goals for The Bishop Suter Trust for three years and the target levels of performance. For at least two of these years The Suter will be a transition situation and The Trust may or may not meet the performance targets, or be able to accurately measure achievement. Some targets are for the 2016/17 financial year when it is assumed that The Suter will have re-opened in its new facilities.

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#### 3.1 GOVERNANCE: Operate a successful visual arts centre and public art gallery:

- 3.1.1. Successfully implement the Suter Art Gallery Redevelopment Project in partnership with NCC; **Ensure that the overall Project design/ costs remain within the \$12 million budgeted and that The Suter is completed to plan, budget and timeframe**
- 3.1.2 Provide a public art gallery experience during Redevelopment (refer 3.2); **Report six monthly with visitor statistics and response**
- 3.1.3 Ensure that the Suter is well managed and operates within its agreed plans: **Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually and mitigation strategies identified are implemented.**
- 3.1.4 Develop a 10 year strategic plan for the BST / The Suter
- 3.1.5 Develop a Marketing Plan which focusses on the attracting visitors and developing resourcing for the Redeveloped Suter (refer also 3.4); **Report on progress**
- 3.1.6 Develop an asset management plan in relation to the new Suter facilities; **Plan prepared by 2016/17 for the ongoing maintenance of the Redeveloped Suter**
- 3.1.7 Be a good employer by maintaining good employer policies and practices; **Report on observance of policies, health & safety, turnover and related statistics**

---

#### 3.2 VISITOR EXPERIENCE: Engage, educate and entertain the regional community and visitors through visual arts' programmes: Exhibitions and Life- long learning opportunities:

- 3.2.1 During Redevelopment facilitate and deliver exhibition projects that contribute to significant cultural events; **Projects are delivered in relation to Light Nelson 2014, Nelson Arts Festival, Waitangi Day 2015, Centenary of WW1.**
- 3.2.2 During Redevelopment provide displays/ exhibitions, potentially in the Suter Off-site premises and in various other spaces as opportunities arise; **Displays are in locations accessible to the public, Report quarterly on progress**
- 3.2.3 Develop a suite of exhibitions for the opening of the Redeveloped Suter; **Research undertaken and loans secured. Report quarterly on progress**

- 3.2.4 Develop a forward exhibition programme that is diverse and stimulating, for the Redeveloped Suter including internally produced and externally sourced exhibitions; **Exhibitions scheduled that meet the needs and interests of a broad audience. Report on progress quarterly**
- 3.2.5 Provide public programmes which enhance appreciation and enjoyment of the visual arts; **A minimum of 20 talks/ events/ activities are held per annum**
- 3.2.6 Provide learning experiences for regional school students that support their NZ curriculum studies based on the Suter's programmes and resources; **Target is 3,000 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.**
- 3.2.7 Seek to obtain a further LEOTC Contract; **The current LEOTC contract expires on December 31 2015. Report on progress**
- 3.2.8 Provide out-of-school art educational activities; **50 sessions of Suter Kids Club are delivered per annum**

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3.3 **COLLECTION:** Collect, record, interpret and preserve the artistic heritage of the Nelson/Tasman region and New Zealand.

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- 3.3.1 Develop the Suter's Collection in accordance with the Suter's Collection Policy; **All acquisitions and de-accessions comply with the Collection Policy and related procedures. All acquisitions/de-accessions approved by the Trust and reported annually.**
- 3.3.2 Maintain and develop the 10x10 Acquisitions Fund & Collection Bequests to allow active collecting to occur; **The acquisitions' funds meet or exceed budget and all such funds are used for the purposes so designated**
- 3.3.3 The Collection is safely relocated during the period of Redevelopment, and post Redevelopment is safely installed into new storage; **The Collection is stored 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**
- 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 the collection and to enhance the reputation of the significance of the collection; **All collection items are imaged; Collection items are uploaded to internet sites including NZ Museums; Loan and other collection requests are met; Progress reported six monthly**
- 3.3.5 Initiate collection related research projects, involving community groups, to enhance knowledge about the Collection and engage the community directly with the Collection. Advance subject indexing of the Collection<sup>5</sup>. Disseminate knowledge of the collection: **Collection related items in media; Participate in**

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<sup>5</sup> Through 'tagging' - a community project whereby staff and public 'tag' collection items images with subject keywords, locations and objects- a new approach to providing a public interface with art collections. The information is digitally recorded into Vernon Collection Management database



**compiling the Nelson 'craft' story as a contribution to a NZ craft history project administered by Auckland Museum; Progress reported six monthly**

---

### 3.4 PARTNERSHIPS: Partnerships that sustain The Suter

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- 3.4.1 Strengthen the Suter's relationship with Iwi and Maori; **Complete 3 yearly review of MoU. Honour the kaupapa of the MoU with Ko Te Pouāranga; the Redevelopment reflects the relationship**
  - 3.4.2 Actively engage in collaborative partnerships to support the programmes of The Suter (refer to 3.2.1 and 3.3.5), the Redevelopment and subsequent projects and programmes; **Sufficient resources are achieved to support projects**
  - 3.4.3 The Friends of The Suter (FOTS) is enhanced and a patronage scheme is developed; **FOTS membership and activities is reported 6 monthly; progress on patronage scheme reported.**
  - 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 cultural wellbeing; **Report on contribution to the implementation of the regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives**
- 

## 4. Operating Framework

### 4.1. Background

The history of The Suter goes back to 1895 when Amelia Suter, widow of Bishop Andrew Burn Suter, gave a collection of art works and land to encourage the establishment of an art gallery, as a memorial to her late husband. Bishop Suter initiated the Bishopdale Sketching Club in 1889, the forerunner of the Nelson Suter Art Society Inc. whose Grabham Studio and McKee Gallery form part of The Suter. In 1896 the Bishop Suter Art Gallery Board of Trustees was formed, and a private Act of Parliament passed allowing the transfer and acquisition of property including the Gallery's Queen's Gardens site and establishing a self-perpetuating form of trust.

In May 1899 the Frederick de Jersey Clere designed Bishop Suter Art Gallery opened. Later additions to the building included further gallery spaces, workshop and studio, theatre, foyer shop and café, the latter designed by Warren and Mahoney. On the 108<sup>th</sup> anniversary of the opening of the Original Gallery it was recognised as a Category II Historic Place.

The repeal of The Bishop Suter Art Gallery Trustees Act (1896) and replacement with the Bishop Suter Art Gallery Restructuring Act (2008) paved the way for The Suter to become a CCO of the Nelson City Council.

Redevelopment of The Suter Gallery is now the key priority for the Bishop Suter Trust working in partnership with the Nelson City Council.

A1161189

The Collection reflects the community ownership of The Suter, with over 90% of items in it donated or acquired through benefaction. The Collection, of national significance, includes historical and contemporary art works and ceramics by New Zealand artists, plus some international works.

#### 4.2 Governance, allied organisations and staffing

**The Bishop Suter Trust** has been formed by the NCC, as a charitable trust, and incorporated under the Charitable Trust Act (1957) to manage and operate The Suter Art Gallery Te Aratoi o Whakatū. As a CCO, the NCC are responsible for appointing the majority of the members of the Board, comprising 7 trustees, including a representative of Ko Te Pouāranga and ex-officio, Chair of the NSAS. Trustees are appointed for three year terms.

The Bishop Suter Art Gallery Trust Board has a longstanding relationship with the **Nelson Suter Art Society Inc.**, a voluntary incorporated society with rights including access and use of the Graham Studio, McKee Gallery plus defined exhibiting rights in other parts of The Suter, in exchange for financial support.

**The Suter 2000 Appeal Trust** is incorporated and was registered as a charitable trust on 13 July 2001 to raise and administer funds associated directly with the earlier Suter redevelopment project. It is independent of The Bishop Suter Trust and currently holds in trust significant funds to be assigned to the Redevelopment Project. Once these funds are released to the Redevelopment Project the Trust will be wound up.

**Friends of The Suter** comprises approximately 500 members of which about a third are Life members. It is not an incorporated society. Members receive regular newsletters, and talks and other events are held to advance Friends' appreciation of art in general as well as support for The Suter. Reciprocal Friends' benefits have been agreed with Christchurch Art Gallery and Auckland Art Gallery.

**Ko Te Pouāranga** is the name of the group consisting of representatives from each of the six recognised manawhenua Iwi trusts of Whakatū. A Memorandum of Understanding signed on 04/08/2010 with Ko Te Pouāranga establishes principles of partnership and confirms full, permanent as of right, Maori representation on the Board of The Suter as outlined in the Trust Deed

**Staffing:** The Suter's current staffing complement is 7.6 F.T.E.s and regular volunteer contribution equates to 24 hours per week on average. The configuration and increased scale of the redeveloped Suter will necessitate some increase in staffing.

## 5. Operating Environment

The following factors are likely to influence The Suter over the next three years:

#### Visitor trends:

Statistics for the past few financial years show an average of 30,000 visits to the exhibition galleries. It is anticipated that this level of visitation will be improved upon in the new Suter by at the very least, 20%. With a successful café and theatre operating, approximately 90,000 people used aspects of The Suter complex prior to

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redevelopment and these activities make a significant contribution to awareness of and funding of the operation. Over 60% of visitors are from Nelson/Tasman area, the balance being tourists - the greatest proportion domestic travellers. Efforts have been made to increase awareness of The Suter through tourism media, at I-Sites, by developing [www.thesuter.org.nz](http://www.thesuter.org.nz), and making links to other sites such as [eventfinder.co.nz](http://eventfinder.co.nz) as well as local sites such as It's on-Nelson Tasman Events.

There is a seasonal aspect to visitation - with numbers increasing through the tourist season (November-April) and The Suter being one of a relatively limited number of wet weather activities available to visitors in the region. The improvements to be achieved in the redeveloped Suter include more exhibitions and activities of interest to families, air conditioning, longer opening hours and disabled access to all areas. The building will be more attractively linked to its surroundings, particularly the Queen's Gardens.

### **Technology:**

As indicated above the internet is increasingly widely used to research places to visit, to provide virtual experiences, and to search collections. The Suter can further connect with audiences by mounting virtual exhibitions and having the Collection on line. Social media is also increasingly used to spread the word about what to see and do and working on providing Suter experiences 'virtually' will be one of a number of improvements which will be addressed when The Suter is closed for Redevelopment.

Technologies are increasingly an expected part of exhibitions- either as part of art works (new media, moving image/sound works) or to provide interaction opportunities and interpretation. Infrastructure to facilitate use of new technologies will be incorporated in the Redevelopment of The Suter.

### **Facilities:**

A mobile population experience galleries, museums and other attractions elsewhere in New Zealand, and as a consequence expect facilities to be up to a certain standard. The redeveloped Suter will have facilities that will be of a high quality and that will make The Suter a 'destination', making a far greater contribution to tourism in the region.

### **Collecting:**

The Suter intends to keep developing its collection. Well over 90% of the Suter's collection has been acquired by donation- either of art works or funds, reflecting community input and ownership and it is intended that we continue to grow the collection using funds raised. It is desirable for The Suter to actively collect if the Gallery is to provide a comprehensive record of the visual arts of Nelson/Tasman, contextualised in relation to developments in New Zealand art. Contributors to the 10x10 Acquisitions Fund will be actively involved in The Suter's collection development and as our acquisitions' programme gains momentum The Suter will continue to enhance our collection of national significance.

During the rebuild as much cataloguing and research information as can practically be collected, will be undertaken to facilitate development of online collection access, publishing and future exhibition preparation. Under normal circumstances The Suter

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endeavours to meet all reasonable requests for loans from the Collection<sup>6</sup> and for illustrations for publications as further ways for the Collection to be enjoyed by the widest possible audiences.

### **Resourcing:**

The Suter's main income streams are local government, leases, LEOTC, sales (retail, door, commissions), grants and sponsorships. Additional revenue comes from memberships, donations and events/activities. During the period of redevelopment The Suter's ability to earn revenue from most of these income streams will be significantly compromised, however the Redevelopment includes a refurbished Theatre, a new Café, and an enlarged atrium, with retail area; all of which will contribute to increased income. Our aim is to make admission to the galleries free from the re-opening, except for special exhibitions, to encourage wider access to art experiences. The Suter is a tourist attraction but as a consequence it is vulnerable to any downturn in domestic or international tourism.

## **6. Accountability**

### **6.1 Information to be provided to Nelson City Council**

#### **Half Yearly**

By 28 February a six month report covering Statement of Financial Performance and Statement of Financial Position, performance against targets, commentary on activities, cash flow statement, and other such information as the Trustees consider necessary to enable an informed assessment of the Trust's performance during the period being reported.

#### **Annually:**

Within three months of the end of the financial year (i.e. 30 September) the Trustees shall deliver to NCC an annual report which fulfils the requirements of Section 67 of the Local Government Act 2002, prepared to comply with International Financial Reporting Standards and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A Trustees' Report including a summary of the financial results, a review of operations, and a comparison of planned and actual performance in relation to objectives.
- A financial statement disclosing actual and budgeted revenue and expenditure and comparative figures from the previous financial report.
- A statement of financial position as at the financial year end.
- A statement of cash flows.

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<sup>6</sup> Loans to other museums and galleries for exhibitions. During Redevelopment it may not be possible to meet loan requests depending on how and where the Collection is housed.

- An Auditor's Report on the above statements and the measures of performance in relation to objectives.
- Any other matters that NCC and the Trustees agree shall be disclosed as appropriate.

This Annual Report shall be made available for inspection at Council offices.

## 7. Prospective Financial Statements

### 7.1. Introduction:

The Suter's Statement of Intent covers the period 1 July 2014 to 30 June 2017. The financial information contained in the Statement of Intent has been prepared to assist the NCC consider The Suter's planned performance.

The prospective financial statements are based on assumptions as to future events that The Suter may reasonably expect to occur at the time when this information was prepared. Actual results may vary, and this variation may be material, for instance when the Trust embarks on redevelopment of The Suter.

### 7.2 Statement of Significant Assumptions

**7.2.1. Fiscal support from local authorities:** The Suter is a NCC CCO with the NCC's commitment to long term funding support set out in a Memorandum of Understanding. The TDC also provides an annual contribution, and the basis of this commitment is set out in the TDC's LTP, annually adjusted for CPI. To the extent the actual money allocated is less or more than that set out The Suter will need to adjust its activity levels.

**7.2.2. Other revenues:** Other revenues reflect forecast visitor activity levels consistent with historic trends, obligations of lessees and the restrictions and requirements of the Redevelopment project.

**7.2.3. Special Purpose Funds** The Suter has historic and ongoing bequests, gifts and contributions that generally have restrictions on use. These funds are shown separately on the balance sheet.

**7.2.4. Operating Expenditure** Operating expenditure is forecast to continue at historic levels adjusted for inflation and the requirements of the Redevelopment Project.

**7.2.5. Capital Expenditure** The majority of Capital Expenditure during the period will relate to the Redevelopment of the Gallery and associated replacement of furniture and fittings.

**7.2.6. Inflation:** 2% CPI adjustment has been applied in the 2014/2015 financial year and for the subsequent financial years' projected revenue and expenditure.



**7.2.7. Trustees' Estimate of Trust Value:** The Trustees estimate that the opening balance of funds in the annual accounts will represent the value of the Trust. The Trustees will advise NCC on an annual basis if they believe the value to differ materially from this state. The audited opening equity at 9 August 2008 is \$9,593,656<sup>7</sup>.

**7.2.8. Heritage Assets:** This is represented by the Collection. Additions to the Collection will be recorded at either purchase price or market valuation for donated art works. The Collection is not regarded as a realisable financial asset and valuation is carried out for the purposes of insurance and compliance with NZ IFRS.

**7.2.9. Dividend Policy:** It is important to note that the shareholders of the Trust do not expect, nor anticipate, the Trust to pay dividends in the usual commercial manner. However the Trust anticipates, through appropriate performance measures, to review annually the non-financial dividend which will be returned to our wider regional community.

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<sup>7</sup> This is the date when The Bishop Suter Trust assumed responsibility for governance of The Suter Art Gallery

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## APPENDIX I: FINANCIAL BUDGETS

## The Bishop Suter Trust

	Actual YE 30 Jun 2013	Plan YE30 Jun 2014	Forecast YE 30 Jun 2014	Plan YE 30 Jun 2015	Plan YE 30 Jun 2016	Plan YE 30 Jun 2017
Cpi	2.00%	0.90%		1.60%	2.00%	2.00%
	\$	\$	\$	\$	\$	\$
<b>Statement of Comprehensive Income</b>						
<b>Income</b>						
<b>General Funds</b>						
Investments	3,751	5,000	4,500	5,000	5,000	5,000
Donations & Sponsorships	37,299	26,200	17,000	10,000	10,000	42,600
Grants						
NCC - Operating	561,995	561,995	572,711	595,797	506,504	522,984
NCC - Depreciation				0	0	230,000
NCC - Depreciation Renewals Funding				0	0	10,000
NCC - Capital, maintenance				0	0	0
NCC - costs during redevelopment				0	0	0
TDC	82,772	84,427	85,254	86,116	87,838	89,595
Exhibitions	13,588	5,000	7,500	5,000	5,000	12,000
Life Long Learning	45,688	46,000	48,000	48,000	48,000	48,960
Visitor Services & Marketing	154,963	129,438	130,000	80,000	110,000	150,000
Rent	58,041	62,000	60,000	15,000	30,000	60,000
Other Income	3,636	1,000	1,000	1,000	1,000	1,000
<b>Total Income General Funds</b>	<b>961,733</b>	<b>921,060</b>	<b>925,965</b>	<b>845,913</b>	<b>803,342</b>	<b>1,172,119</b>
<b>Special Purpose Funds</b>						
<b>Redevelopment &amp; Capital Funds</b>						
NCC / TDC Equity grant					2,500,000	
Public fund raising	470,960	250,000	250,000	1,075,000		
Interest earned	4,444		25,000			
Suter Trust - fundraising				500,000		
MCH, NZLGB and other funders				4,000,000		
<b>Suter Renewal Fund</b>						
Opening Value	0	0	0	0	0	0
Funded Depreciation						
Income from fund: 4%pa on previous year						
<b>Cuthbertson Fund</b>						
Vesting of opening market value	0	0	0	0	0	0
Interest and dividends earned	12,073	11,000	11,000	11,000	11,000	11,800
Cuthbertson Fund unrealised market adjustmer	(19,713)	0	0	0	0	0
<b>Burton Fund</b>						
Vesting of opening market value	0	0	0	0	0	0
Interest earned	4,430	4,000	4,000	4,000	4,000	4,600
<b>Acquisitions Fund</b>						
Donations received	50,000	50,000	45,000	50,000	50,000	50,000
Interest earned	289	500	100	500	500	600
<b>Total Special Purpose Funds Income</b>	<b>522,483</b>	<b>315,500</b>	<b>335,100</b>	<b>5,640,500</b>	<b>2,565,500</b>	<b>67,000</b>
<b>Other Income</b>						
Vesting of opening net assets	0	0	0	0	0	0
Donated Collection Items at Valuation	178,200	10,000	10,000	10,000	10,000	10,000
<b>Total Other Income</b>	<b>178,200</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Comprehensive Income</b>	<b>1,662,416</b>	<b>1,246,560</b>	<b>1,271,065</b>	<b>6,496,413</b>	<b>3,378,842</b>	<b>1,249,119</b>
<b>Expenses</b>						
<b>General Funds</b>						
Personnel Costs	396,084	407,520	408,000	414,528	442,819	471,675
Audit	10,530	19,000	11,000	19,000	19,000	19,000
Finance Costs	1,989	2,000	1,500	1,500	0	0
Administration	141,728	130,000	130,000	110,000	112,200	114,444
Relocation costs				75,000	50,000	
Governance	49,219	51,969	49,000	49,980	50,980	51,999
Exhibitions	88,615	77,575	70,000	30,000	60,000	105,000
Life Long Learning	2,921	3,000	3,000	3,048	3,109	3,171
Visitor Services	71,100	60,180	62,000	35,000	45,000	64,000
Collection	11,629	13,000	13,000	33,000	30,000	13,000
Facilities	72,389	67,790	60,000	60,000	60,000	60,000
Deferred maintenance and redevelopment planning	78,192	25,000	25,000			
Depreciation and Loss on sale						
Depreciation Landscaping	1,231	1,231	1,231	307	0	0
Depreciation Buildings	60,000	60,520	60,520	30,074	22,158	142,158
Depreciations Plant and Equipment	14,731	15,700	16,200	17,200	18,200	19,200
Depreciation and Loss on sale	75,962	77,451	77,951	47,581	40,358	161,358
Write off buildings & landscaping				1,681,405		
<b>Total General Funds Expenses</b>	<b>1,000,358</b>	<b>934,485</b>	<b>910,451</b>	<b>2,560,042</b>	<b>913,466</b>	<b>1,063,647</b>
<b>Redevelopment Fund Costs</b>	<b>24,660</b>	<b>6,000</b>	<b>6,000</b>			
<b>Total Expenses</b>	<b>1,025,018</b>	<b>940,485</b>	<b>916,451</b>	<b>2,560,042</b>	<b>913,466</b>	<b>1,063,647</b>
<b>Net Surplus</b>	<b>637,396</b>	<b>306,075</b>	<b>354,614</b>	<b>3,936,371</b>	<b>2,465,377</b>	<b>185,471</b>
<b>Net Surplus</b>						
<b>General Funds</b>	(38,624)	(13,425)	15,514	(1,714,129)	(110,123)	108,471
<b>Redevelopment Fund</b>	450,743	244,000	269,000	5,575,000	2,500,000	0
<b>Suter Renewal Fund</b>					0	0
<b>Cuthbertson Fund</b>	31,786	11,000	11,000	11,000	11,000	11,800
<b>Burton Fund</b>	4,430	4,000	4,000	4,000	4,000	4,600
<b>Acquisitions Fund</b>	228,489	60,500	55,100	60,500	60,500	60,600
	<b>676,822</b>	<b>306,075</b>	<b>354,614</b>	<b>3,936,371</b>	<b>2,465,377</b>	<b>185,471</b>

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**APPENDIX I: FINANCIAL BUDGETS  
CONTINUED**
**The Bishop Suter Trust**

	Actual YE 30 Jun 2013	Plan YE30 Jun 2014	Forecast YE 30 Jun 2014	Plan YE 30 Jun 2015	Plan YE 30 Jun 2016	Plan YE 30 Jun 2017
Cpi	2.00%	0.90%		1.60%	2.00%	2.00%
	\$	\$	\$	\$	\$	\$

**Statements of Changes in Equity**
**General Purpose Funds**

Opening Equity	9,485,127	9,446,503	9,446,503	9,462,017	7,747,888	7,637,764
Surplus/(deficit) for the period	(38,624)	(13,425)	15,514	(1,714,129)	(110,123)	108,471
Closing Equity	9,446,503	9,433,078	9,462,017	7,747,888	7,637,764	7,746,236

**Redevelopment Fund**

Opening Equity	3,608	454,351	454,351	723,351	6,298,351	8,798,351
Surplus/(deficit) for the period	450,743	244,000	269,000	5,575,000	2,500,000	0
Closing Equity	454,351	698,351	723,351	6,298,351	8,798,351	8,798,351

**Suter Renewal Fund**

Opening Equity						
Surplus/(deficit) for the period						
Closing Equity					0	0

**Cuthbertson Fund**

Opening Equity	321,509	353,295	353,295	364,295	375,295	386,295
Surplus/(deficit) for the period	31,786	11,000	11,000	11,000	11,000	11,800
Closing Equity	353,295	364,295	364,295	375,295	386,295	398,095

**Burton Fund**

Opening Equity	137,254	141,684	141,684	145,684	149,684	153,684
Surplus/(deficit) for the period	4,430	4,000	4,000	4,000	4,000	4,000
Closing Equity	141,684	145,684	145,684	149,684	153,684	157,684

**Acquisitions Fund**

Opening Equity	566,901	795,390	795,390	850,490	910,990	971,490
Surplus/(deficit) for the period	228,489	60,500	55,100	60,500	60,500	60,600
Closing Equity	795,390	855,890	850,490	910,990	971,490	1,032,090

**Total Changes in Equity**

Opening Equity	0	0	0	0	0	0
Surplus/(deficit) for the period	676,824	306,075	354,614	3,936,371	2,465,377	184,871
Closing Equity	676,824	306,075	354,614	3,936,371	2,465,377	184,871

**Special Purpose Funds reconciliation of equity to investments**
**Redevelopment and Capital Fund**

Equity at 9 August 2008

Accumulated surpluses	524,849	768,849	793,849	6,368,849	8,868,849	8,868,849
Opening equity applied to redevelopment	(70,498)	(70,498)	(70,498)	(70,498)	(4,070,498)	(6,070,498)
Fund equity applied to redevelopment and capital this year				(4,000,000)	(2,000,000)	(2,790,000)
Investments on hand	454,351	698,351	723,351	2,298,351	2,798,351	8,351

**Cuthbertson Fund**

Equity at 9 August 2008

Accumulated surpluses	308,981	308,981	308,981	308,981	308,981	308,981
Opening equity applied to collection acquisitions	40,503	51,503	51,503	62,503	73,503	85,303
Opening equity applied to collection acquisitions	(64,899)	(64,899)	(64,899)	(70,899)	(70,899)	(70,899)
Fund equity applied to collection acquisitions this year			(6,000)			
Investments on hand	284,585	295,585	289,585	300,585	311,585	323,385

**Burton Fund**

Equity at 9 August 2008

Accumulated surpluses	114,201	114,201	114,201	114,201	114,201	114,201
Opening equity applied to collection acquisitions	27,483	31,483	31,483	35,483	39,483	43,483
Opening equity applied to collection acquisitions	(27,004)	(27,004)	(27,004)	(33,004)	(33,004)	(33,004)
Fund equity applied to collection acquisitions this year			(6,000)			
Interest to SOL account	(9,766)	(14,010)	(8,010)	(12,010)	(16,010)	(20,010)
Investments on hand	104,915	104,670	104,670	104,670	104,670	104,670

**Acquisitions Fund**

Equity at 9 August 2008

Accumulated surpluses	275,367	325,867	320,467	370,967	421,467	472,067
Opening equity applied to collection acquisitions	(222,339)	(272,339)	(272,339)	(307,339)	(352,339)	(397,339)
Fund equity applied to collection acquisitions this year			(10,000)	(20,000)	(20,000)	(20,000)
Fund Equity applied to Hunt Loan repayment	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,938)
Investments on hand	3,028	28,528	13,128	18,628	24,128	28,790

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## APPENDIX I: FINANCIAL BUDGETS CONTINUED

## The Bishop Suter Trust

	Actual YE 30 Jun 2013	Plan YE30 Jun 2014	Forecast YE 30 Jun 2014	Plan YE 30 Jun 2015	Plan YE 30 Jun 2016	Plan YE 30 Jun 2017
Cpi	2.00%	0.90%		1.60%	2.00%	2.00%
	\$	\$	\$	\$	\$	\$
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Bank	201,192	225,856	235,964	232,496	148,499	3,198,329
Cash on hand	540	540	540	540	540	540
Bank Deposit Acquisition Fund	3,004	28,504	13,104	18,604	24,104	28,766
Bank Deposit Burton Fund	9,956	13,956	7,956	11,956	15,956	19,956
Bank Deposits Redevelopment Fund	94,351	8,351	8,351	8,351	8,351	8,351
Receivables	1,951	7,492	7,492	7,492	7,492	7,492
Accrued Interest Burton Fund	3,698	3,674	3,674	3,674	3,674	3,674
Accrued Interest Redevelopment Fund	2,781	0	0	0	0	0
Other Current Assets	28,808	27,000	27,000	27,000	27,000	27,000
GST receivable	0	9,416	9,416	9,416	9,416	9,416
<b>Total Current Assets</b>	<b>346,281</b>	<b>324,788</b>	<b>313,497</b>	<b>319,529</b>	<b>245,032</b>	<b>3,303,524</b>
<b>Specific Purpose Investments</b>						
Depreciation Fund				0	0	0
Cuthbertson Investments	284,585	295,585	289,585	300,585	311,585	323,385
Burton Fund Investments	101,052	101,052	101,052	101,052	101,052	101,052
Redevelopment Investments	360,000	690,000	715,000	2,290,000	2,790,000	0
<b>Total Specific Purpose Investments</b>	<b>745,637</b>	<b>1,086,637</b>	<b>1,105,637</b>	<b>2,691,637</b>	<b>3,202,637</b>	<b>424,437</b>
<b>Non Current Assets</b>						
<b>Collection</b>						
Opening Balance	6,926,924	7,105,124	7,105,124	7,137,124	7,167,124	7,197,124
<b>Additions</b>						
From accumulated reserves						
Donated	178,200	10,000	10,000	10,000	10,000	10,000
Ex Cuthbertson	0	0	6,000	0	0	0
Ex Burton	0	0	6,000	0	0	0
Ex Acquisitions	0	0	10,000	20,000	20,000	20,000
Sally Hunt loan						
<b>Total Collection Assets</b>	<b>7,105,124</b>	<b>7,115,124</b>	<b>7,137,124</b>	<b>7,167,124</b>	<b>7,197,124</b>	<b>7,227,124</b>
<b>Property Plant and Equipment</b>						
Land	442,000	442,000	442,000	442,000	442,000	442,000
Landscaping	24,616	24,616	24,616		0	0
Depreciation Landscaping	(6,037)	(7,268)	(7,268)	0	0	0
Work in Progress	0	0	0	4,000,000	6,000,000	0
Buildings and fitout	2,999,997	2,999,997	2,999,997	1,107,909	1,107,909	7,107,909
Additions / Redevelopment		0	0			0
Depreciation Buildings	(289,040)	(349,560)	(349,560)	(151,909)	(174,068)	(316,226)
Plant & Equipment	97,712	116,124	116,124	131,124	141,124	151,124
Additions	18,412	10,000	15,000	10,000	10,000	10,000
Depreciation Plant and Equipment	(45,788)	(61,488)	(61,988)	(79,188)	(97,388)	(116,588)
<b>Property Plant and Equipment</b>	<b>3,241,872</b>	<b>3,174,421</b>	<b>3,178,921</b>	<b>5,459,935</b>	<b>7,429,577</b>	<b>7,278,219</b>
<b>Total Assets</b>	<b>11,438,914</b>	<b>11,700,970</b>	<b>11,735,179</b>	<b>15,638,225</b>	<b>18,074,370</b>	<b>18,233,304</b>
<b>Statement of Financial Position</b>						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Overdraft	0	0	0	0	0	0
GST Payable	4,339	0	0			
Payables	69,197	67,178	67,178	67,178	67,178	67,178
Employee Entitlements	51,867	33,000	33,000	33,000	33,000	33,000
Bank Loans current	9,000	8,325	8,325	4,231	0	
NCC Redevelopment Loan						
Other Liability - Hunt	25,000	25,000	25,000	25,000	25,938	
Income in Advance	670	15,000	670	670	670	670
<b>Total Current Liabilities</b>	<b>160,073</b>	<b>148,503</b>	<b>134,173</b>	<b>130,079</b>	<b>126,786</b>	<b>100,848</b>
<b>Long Term Liabilities</b>						
Bank Loans	11,682	4,231	4,231	0	0	0
Other Liability - Hunt	75,938	50,938	50,938	25,938	0	
NCC Redevelopment Loan (\$6M)						
<b>Total Long Term Liabilities</b>	<b>87,620</b>	<b>55,169</b>	<b>55,169</b>	<b>25,938</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>247,693</b>	<b>203,672</b>	<b>189,342</b>	<b>156,017</b>	<b>126,786</b>	<b>100,848</b>
<b>Net Assets</b>	<b>11,191,221</b>	<b>11,497,298</b>	<b>11,545,837</b>	<b>15,482,208</b>	<b>17,947,584</b>	<b>18,132,456</b>
<b>The Bishop Suter Trust Equity</b>						
<b>Capital &amp; Reserves</b>						
General Purpose Funds	9,446,501	9,433,078	9,462,017	7,747,888	7,637,764	7,746,236
Redevelopment Fund	454,351	698,351	723,351	6,298,351	8,798,351	8,798,351
Suter Renewal Fund						
Cuthbertson Fund	353,295	364,295	364,295	375,295	386,295	398,095
Burton Fund	141,684	145,684	145,684	149,684	153,684	157,684
Acquisitions Fund	795,390	855,890	850,490	910,990	971,490	1,032,090
<b>Total Trust Equity</b>	<b>11,191,221</b>	<b>11,497,298</b>	<b>11,545,837</b>	<b>15,482,208</b>	<b>17,947,584</b>	<b>18,132,456</b>

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Notes to the 2014-2017 SOI Budgets:

- The budgets clearly separate activities between operating and Special Purpose Funds which have independent and tagged purposes; these are:
  - Cuthbertson Fund – a historic bequest whose capital is invested and growth tagged to purchase and care for collections items.
  - Burton Fund – a historic bequest whose capital is invested and growth tagged to purchase collections items.
  - 10X10 Acquisitions Fund – Specific funds currently being sought and held in trust to purchase collection items.
  - Redevelopment Fund – This anticipates agreement to the funding vehicles that might provide revenue to enable The Suter to implement a Redevelopment Plan along the lines set out in other public forums.



**APPENDIX II:****THE BISHOP SUTER TRUST STATEMENT OF ACCOUNTING POLICIES****Statement of significant accounting policies****i. REPORTING ENTITY**

The Bishop Suter Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 2005 on 5 April 2008 and is domiciled in New Zealand. The Trust is controlled by Nelson City Council as a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees

The primary objective of the Trust is to provide the people of Nelson and visitors to the region access to our cultural heritage and to the many forms of contemporary cultural expression. This means communicating the diverse ideas and experiences that art offers to the widest possible audience by the presentation of quality visual arts programmes and by developing and caring for the permanent collection.

Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

**ii. BASIS OF PREPARATION****Compliance**

The financial statements of the Trust will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Financial statements will be prepared in accordance with NZ GAAP and comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

**Measurement base**

The financial statements will be prepared on a historical cost basis.

**Functional and presentation currency**

The financial statements will be presented in New Zealand dollars and all values rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

**Changes in accounting policies**

No changes in accounting policies are anticipated. In the event there are they will be disclosed.

**iii. SIGNIFICANT ACCOUNTING POLICIES****Revenue**

Revenue is measured at the fair value of consideration received.

**Grants**

Grants received from Nelson City Council and Tasman District Council are the primary sources of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as

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specified in the Trust's Trust Deed. The Trust also receives grants from bodies such as Creative New Zealand, and these grants have restrictions on their use.

Council, government and non-government grants are recognized as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### **Other revenue**

Products held for sale are recognized when a product is sold to the customer.

Where art works are donated in the Trust for nil consideration, the fair value of the work is recognised as income.

Interest income is recognized on receipt.

Volunteer services received are not recognized as revenue or expenditure as the Trust is unable to reliably measure the fair value of the services received.

#### **Advertising costs**

Advertising costs are expensed when the related service has been rendered.

#### **Borrowing costs**

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

#### **Income Tax**

The Trust has been granted Charitable status by the Inland Revenue Department, and therefore is exempt from income tax.

#### **Leases**

##### **Finance Leases**

The Trust has no finance leases.

##### **Operating leases**

The Trust has 2 leases with other parties; these leases cover the Trust's Theatre and the Café. Due to the imminent Redevelopment both leases have expired and the lessees are continuing on a quarter by quarter basis. Both have first option to re-contract in the redeveloped premises. The income received from the leases is recorded as income on receipt.

There are no incentives attached to the leases.

#### **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 3 months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

#### **Debtors and other receivables**

Debtors and other receivables are usually paid within a month. Other than operational grants, debtors are not significant.

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**Inventories**

Inventories are held at the lower of cost or net realisable value. Any Trust published inventory remaining after 2 years is written off.

**Investments**

Investments are shown at actual or realisable value.

**Property, plant and equipment**

Land and buildings were re-valued for the Trust's opening balance. Plant and equipment were brought on at book value, i.e. cost less accumulated depreciation.

**Additions**

The cost of an item of property, plant and equipment is recognized 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 Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognized at cost. When an asset is acquired at no cost, or for a nominal cost, it is recognized at fair value when control over the asset is obtained.

**Disposals**

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are recognized in the statement of financial performance.

**Subsequent costs**

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

**Depreciation**

Depreciation is provide on a straight-line basis on all property plant and equipment at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	50 years (2%)
Improvements	20 years (5%)
Furniture and fittings	16 years (6.25%)
Computer equipment	5 years (20%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

**Intangible assets**

Software acquisition:

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

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

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Costs associated with the development and maintenance of the Trust's website are recognized as an expense when incurred because the website is primarily promoting the Trust's services.

Staff training costs are recognized as an expense when incurred.

### **Amortisation**

Computer software licences are amortised on a straight line basis over their estimated useful life of 5 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortization charge for each period is recognized in the Statement of Financial Position.

### **Impairment of property, plant and equipment and intangible assets**

Property, plant and equipment are reviewed for impairment at each balance date. When impairment is recognised, the recoverable value of the asset is estimated, an impairment loss is recognised and the carrying value of the asset is reduced to its recoverable amount.

Impairment loss is recognised in the statement of financial performance.

### **Collection**

The opening balance of the Collection is the deemed cost at market valuation at the commencement of the Trust. Items purchased for the Collection are recorded at cost. Items donated to the Collection are valued at the time of acquisition and recorded at valuation. In accordance with IFRS, the Trust will apply an impairment test to the Collection each year. The Collection is not depreciated.

### **Creditors and other payables**

Creditors and other payables are measured at fair value.

### **Employee entitlements**

Short term entitlements

Entitlements that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include annual leave and holiday pay earned to, but not yet taken at balance date.

### **Borrowings**

Borrowings are recognized at their fair value.

### **Good and Service Tax (GST)**

All items on the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognized as part of the related asset or expense.

The net GST recoverable from or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the statement 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 statement of cash flows.

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**Budget figures**

The budget figures are those approved by the Trustees at the beginning of the year in the Statement of Intent. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Trust for the preparation of the financial statements.

**Critical accounting estimates and assumptions**

The Trust has makes a number of estimates and assumptions in the preparations of the financial forecasts.

- that Council funding will be consistent with the Memorandum of Understanding and Community Plans
- A consistent level of donations has been assumed
- Commercial revenue is based on visitor numbers and historical performance
- Expenditure costs have both an historical and an actual (if known) base

**Critical judgement in applying the Trust's accounting policies**

The Trustees must exercise their judgement when recognizing grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.



**APPENDIX III:****THE TRUST'S APPROACH TO GOVERNANCE****GOVERNANCE PRINCIPLES**

The Trust operates to the Principles and Guidelines for Corporate Governance in New Zealand, published by the Securities Commission New Zealand;

- Trustees should observe and foster high ethical standards.
- There should be a balance of independence, skills, knowledge, experience, and perspectives among Trustees so that the Board works effectively.
- The Board should use committees where this would enhance its effectiveness in key areas while retaining board responsibility.
- The Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.
- The remuneration of Trustees and executives should be transparent, fair, and reasonable.
- The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.
- The Board should ensure the quality and independence of the external audit process.
- The Board should foster constructive relationships with NCC that encourage them to engage with the entity.
- The Board should respect the interests of stakeholders within the context of the entity's ownership type and its fundamental purpose.

**THE ROLE OF THE TRUST BOARD**

- Ensuring that the Trust operates in accordance with its Deed of Trust.
- Ensuring that the Trust meets its objectives as defined in this Statement of Intent.
- Ensuring the Trust complies with all its lawful obligations.
- Ensuring the NCC are kept well informed on all relevant issues and that there are "no surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that are not the preserve of general management and day-to-day administration.
- Employing the Gallery Director (including entering into a performance management agreement, reviewing performance and setting remuneration).
- Ensuring sound financial management of The Trust.

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## **COMPOSITION OF THE BOARD**

- The Board is made up of 5-7 non-executive Trustees.
- Trustees are appointed by resolution of Council in accordance with the Trust Deed of The Suter Trust and the Council's policy for the appointment of Trustees.
- The Trustees appoint a Chairperson at the first meeting after the AGM.

## **BOARD REMUNERATION**

- The NCC will set total remuneration for the Board. The Board will from time to time determine their remuneration and apportionment of this allocation cognisant of The Trust's financial position.

## **RISK MANAGEMENT POLICIES**

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Trust, and in particular public liability insurance and insurance of the heritage assets.
- The Board shall ensure that the Trust has procedures in place to achieve compliance with all applicable legislation.

## **GUIDANCE AND RESOURCES PROVIDED TO BOARD MEMBERS.**

Sound financial management and systems that provide reports to the Board as follows:

- Statement of financial performance for the preceding month, year to date and year end projections.
- Statement of financial position at the preceding month end.
- Statement of cash flow for the preceding month and monthly update on expected year end position.
- Gallery Director's report addressing issues related to the Trust's performance against objectives (financial and non-financial).
- The Board will ensure that relevant training opportunities are made available to Trustees.

This 2014/2017 Statement of Intent is dated

this.....day of .....2014;

Signed for and on behalf of,

The Bishop Suter Trust \_\_\_\_\_ Chairperson

The Bishop Suter Trust \_\_\_\_\_ Director

Nelson City Council \_\_\_\_\_ Mayor

Nelson City Council \_\_\_\_\_ Chief Executive

REPORT TO: Nelson City Council and Tasman District Council  
 FROM: The Bishop Suter Trust Board  
 DATE: 28 February 2014  
 SUBJECT: Half Year Financial & Performance Report

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## 1. Introduction

This report covers financial and performance results for the Bishop Suter Trust [The Trust] for the six month period 1 July - 31 December 2013.

## 2. Overview of Trust and Gallery activities

The principal focus of the Trust has been on fundraising and planning related activities for the proposed redevelopment of The Suter. Fundraising activity was co-ordinated by Dame Ann Hercus supported by a committee of volunteers and Suter Trustees. Dame Ann, with staff and trustees were also successful in gaining grants from the Ministry for Culture & Heritage, the NZ Lottery Grants Board, and various other charitable trusts.

During October the Minister for Arts, Culture and Heritage Hon. Christopher Finlayson announced that The Suter would receive \$2.316 million through the Regional Museums Policy for Capital Construction Projects towards the Redevelopment Project, with the expectation that it will be used on those capital construction aspects of the Project which will ensure that The Suter's collection items of national significance are adequately housed and made accessible to the public and the New Zealand Lottery Grants Board announced a Lottery World War I Commemorations, Environment and Heritage grant of \$1,127,850 "towards the conservation and restoration of The Suter Gallery (\$500,000) and the balance toward the construction of the new gallery and collection stores". These compliment the earlier awarded donation from The Canterbury Community Trust of \$400,000 for the refurbishment of The Suter Theatre.

Visitation levels for the whole Suter complex are well above target for the period, although visits to the exhibition galleries are slightly down.

## 3. Performance against key priorities:

### 3.1. Operate a successful visual arts centre and public art gallery;

**A plan for the redevelopment of The Suter;** The focus during this period has been close examination and refinement of the architectural plans and raising funds toward the redevelopment.

**Finances:** The unaudited financial statements for the six months period show generally favourable results compared to budget. Big expenditure areas such as Personnel is on budget and overheads particularly insurances are slightly ahead of budget. Less income has been raised for exhibition sponsorship this financial year, as the focus has tended to be on securing funding for the Redevelopment. Financial reports and performance against objectives for the period 1 July 2013 to 31 December 2013 are appended following the narrative.

The Suter has been notified of the Ministry of Education's intention to extend The Suter's Contract for delivery of Learning Experiences Outside the Classroom.[LEOTC] until 30 December 2015.

The Cafe continues to be well patronised and The Suter Theatre has been in frequent use as a community asset: film fundraisers for a variety of community organisations and causes have been a popular use of the Theatre.

The 10x10 Acquisitions Fund for Collection development has continued to be supported by some of the original donors.

**Redevelopment fundraising:** Community fundraising was principally organised by the Suter Redevelopment Fundraising team co-ordinated by Dame Ann Hercus. This included approaches to individuals and organisations for donations and significant support, as well as several events including an off-site cocktails and auction function at the Nelson Club and a special fundraising sale in The Suter Theatre. Dame Ann was closely involved in grant application preparation with Suter staff and trustees. In October we heard the positive news about our two biggest applications as described in this Report's introduction.

A special function was held in early December for significant donors, and over 80 attended. All present were excited by the architect's presentation of the key features of the Redevelopment design. The occasion was also an opportunity to acknowledge the very generous contributions of those who have 'purchased' naming rights for specific parts of The Suter and the sculpture walk.

Fundraising continues so that we can absolutely ensure that we provide a top quality public gallery and theatre.

**Building Maintenance:** Building maintenance has been targeted towards parts of the building that will remain post redevelopment, particularly the Theatre, however there have been some urgent matters such as leaks, and HVAC failures which have had to be addressed to ensure visitor safety and comfort, and protection of the collection.

The bulky 35mm movie projector has been dismantled and removed from the Theatre, as these projectors are no longer the industry standard for commercial film screening. The projector was donated to the Govett Brewster Art Gallery in New Plymouth.

### **3.2 Engage, educate and entertain the regional community and visitors through visual arts' programmes**

**Exhibitions' programme:** Two innovative and challenging exhibitions that featured in the galleries in the beginning of the financial year were *Puehu Contemporary Polynesian video and performance art*, through which The Suter linked in with the Nelson Arts Festival activities and *Cruel City* which profiled recent art works by 4 up and coming contemporary artists based in Nelson. *I'm Pulse*, a sound and ceramics installation by Marlborough based potter Fran McGuire really captured the public's imagination. Her show comprised over 700 red, white and black ceramic units and The Suter acquired one wall of these (220 units) for the collection. Over the summer period the accomplished sculptural work of former Nelsonian, Graham



Bennett featured in the Original Gallery with a large semi kinetic sculpture installed in The Suter's front courtyard. The other 2 summer shows featured works from the Collection as well as works by Nelson woman artists, past and present.

**Education:** The Suter's Education service continues to be very well patronised and evaluation of programme delivery indicates a very high level of satisfaction of teachers with the programmes offered and mode of delivery. The Suter applied for and gained "recognition as a setting where teachers can maintain their full registration" from the New Zealand Teachers Council.

The Suter's Educator has continued to offer after school art programmes (Suter Kids Club) and in December an exhibition of the children's art work was opened with a family event supported by members of Samba del Sol. This colourful drumming ensemble and the 2013 Masked Parade were the inspiration for The Suter Kids Club exhibition *One Night in Nelson*.

**Public Programmes:** A list of public programmes is appended and they included openings, floor talks, illustrated lectures and lunch time films. By December 31 there were 505 Friends of The Suter memberships.

### **3.3 Collect, record and preserve the artistic heritage of the Nelson Tasman region and New Zealand**

A list of artworks acquired for the collection is appended, and we are grateful for the ongoing interest in and generosity of people supporting the collection. Collection Items have regularly featured in articles written for the *Nelson Mail*, and a number of works are featured in some recent high quality publications on New Zealand art.

Collection care received a boost from Friends of The Suter whose donations enabled several works to receive conservation treatment and to be reframed with protective Museum glass. A very large painting, originally brought out to New Zealand by Bishop Suter, *Dawn of the Reformation* has been handsomely framed, enabling it to feature in the exhibition *To Suit a Bishop*.

### **3.4 Develop Partnerships that sustain The Suter**

**Fundraising for Redevelopment:** A joint fundraising exhibition and silent auction event *50/50* was organised and held with the Nelson Society of Arts.

**Other community projects:** One of the Suter's regular visitors Ren Kempthorne was invited to curate an exhibition. The resulting sensitively presented exhibition *To Suit a Bishop* involved art works from The Suter's collection and sourced from the community.

As with previous years Suter staff have contributed their expertise to NMIT Creative Industries Advisory board and programmes.

**The Bishop Suter Trust**  
**Statement of Comprehensive Income**  
**As at 31 December 2013**

	Six months Actual to 31/12/13	Six Months Budget	Annual Budget 2013/14	Six Months Actual to 31/12/12
<b>Income</b>				
<b>General Funds</b>				
Investments	2,272	2496	5,000	1,543
Donations & Sponsorships	2,716	8,340	26,200	17,188
Grants				
NCC - Operating	235,155	233,076	461,995	235,440
NCC - Capital and R&M	51,200	50,000	100,000	50,000
TDC	42,627	42,213	84,427	41,386
Other Capital and R&M	0	0	0	0
Exhibitions	6,286	2,750	5,000	8,925
Life Long Learning	24,731	22,998	46,000	22,638
Visitor Services & Marketing	52,983	49,800	129,438	61,595
Rent	29,293	34,120	62,000	30,837
Other Income	562	500	1,000	2,439
<b>Total Income General Funds</b>	<b>447,825</b>	<b>446,293</b>	<b>921,060</b>	<b>471,992</b>
<b>Specific Purpose Funds</b>				
<b>Redevelopment Funds</b>				
Other funders	252,734	150,000	250,000	44,796
<b>Cuthbertson Fund</b>				
<b>Vesting of opening market value</b>				
Interest and dividends earned	4,886	5,410	11,000	5,810
<b>Burton Fund</b>				
<b>Vesting of opening market value</b>				
Interest earned	675	650	4,000	590
<b>Acquisitions Fund</b>				
Donations received	15,000	20,000	50,000	10,000
Interest earned	29	40	500	98
<b>Total Special Purpose Funds Income</b>	<b>273,325</b>	<b>176,100</b>	<b>315,500</b>	<b>61,295</b>
<b>Other Income</b>				
Donated Collection Items at Valuation	2,900	5,000	10,000	53,500
<b>Total Other Income</b>	<b>2,900</b>	<b>5,000</b>	<b>10,000</b>	<b>53,500</b>
<b>Total Income</b>	<b>724,050</b>	<b>627,393</b>	<b>1,246,560</b>	<b>586,787</b>
<b>Expenses</b>				
<b>General Funds</b>				
Personnel Costs	204,152	204,783	407,520	179,674
Audit	57	0	19,000	0
Finance Costs	742	996	2,000	1,078
Administration	111,485	110,007	130,000	106,684
Governance	25,811	26,159	51,969	20,632
Exhibitions	29,771	46,400	77,575	40,518
Life Long Learning	2,767	1,500	3,000	1,516
Visitor Services	25,353	25,370	60,180	28,233
Collection	4,339	7,150	13,000	1,989
Facilities	20,721	18,798	67,790	41,096
Maintenance	9,450	25,700	25,000	66,220
Redevelopment Costs	3,995	3,000	6,000	4,220
Depreciation	38,125	38,125	77,451	36,816
Loss on disposal	0	0	0	0
<b>Total General Funds Expenses</b>	<b>476,767</b>	<b>507,988</b>	<b>940,485</b>	<b>528,676</b>
<b>Net Surplus</b>	<b>247,283</b>	<b>119,405</b>	<b>306,075</b>	<b>58,111</b>
Other Comprehensive Income	0	0	0	0
<b>Total comprehensive income</b>	<b>247,283</b>	<b>119,405</b>	<b>306,075</b>	<b>58,111</b>
<b>Net Surplus</b>				
<b>General Funds</b>	(26,041)	(56,695)	(9,425)	(3,184)
<b>Redevelopment Fund</b>	252,734	150,000	250,000	44,796
<b>Cuthbertson Fund</b>	4,886	6,520	11,000	5,810
<b>Burton Fund</b>	675	4,000	4,000	590
<b>Acquisitions Fund</b>	15,029	20,070	50,500	10,098
	<b>247,283</b>	<b>123,895</b>	<b>306,075</b>	<b>58,111</b>

**The Bishop Suter Trust  
Statement of Financial Position  
As at 31 December 2013**

	Actual at 31/12/2013	Annual Budget 2013/14	Actual at 31/12/2012
<b>Assets</b>			
<b>Current Assets</b>			
Cash & Bank	367,992	144,141	205,162
Receivables	21,327	20,582	9,182
Other Current Assets	30,228	27,000	24,580
<b>Specific Purpose Investments</b>			
Redevelopment Fund			
Cuthbertson Fund Investments	283,471	276,299	291,906
Burton Fund Investments	101,052	101,052	101,052
Redevelopment Term Deposits	535,000	491,499	
<b>Total Current Assets</b>	<b>1,339,070</b>	<b>1,060,573</b>	<b>631,881</b>
<b>Non Current Assets</b>			
Collection	7,127,124	6,956,925	6,980,424
Property Plant and Equipment	3,211,630	3,173,567	3,270,001
<b>Total Non Current Assets</b>	<b>10,338,755</b>	<b>10,130,492</b>	<b>10,250,425</b>
<b>Total Assets</b>	<b>11,677,824</b>	<b>11,191,065</b>	<b>10,882,306</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Bank Overdraft	0		0
Payables	40,033	67,178	31,092
Bank Loans current		8,325	0
Other liabilities - Hunt			50,000
Employee Entitlements	39,553	33,000	32,959
Income In Advance	42,628	15,000	36,944
<b>Total Current Liabilities</b>	<b>122,213</b>	<b>123,503</b>	<b>150,995</b>
<b>Long Term Liabilities</b>			
Bank Loans	16,169	4,231	25,027
Other Liabilities - Hunt	100,938	0	100,938
	117,106	4,231	125,965
<b>Total Liabilities</b>	<b>239,319</b>	<b>127,734</b>	<b>276,960</b>
<b>Net Assets</b>	<b>11,438,505</b>	<b>11,063,331</b>	<b>10,605,347</b>
<b>The Bishop Suter Trust Equity</b>			
<b>Capital &amp; Reserves</b>			
<b>General Purpose Funds</b>	9,417,560	9,375,820	9,427,984
<b>Redevelopment Fund</b>	707,085	499,106	48,404
<b>Cuthbertson Fund</b>	358,181	345,009	360,616
<b>Burton Fund</b>	142,361	145,494	137,845
<b>Acquisitions Fund</b>	813,318	697,901	630,498
<b>Total Trust Equity</b>	<b>11,438,505</b>	<b>11,063,331</b>	<b>10,605,347</b>

## Performance Against Objectives in the Statement of Intent

### The Suter Art Gallery - Performance against Objectives and Goals

<b>1. Manage and Operate The Suter Art Gallery</b>				
Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 12/13
<b>1.1.1 Operate a successful visual arts centre and public art gallery:</b>				
Total number of visits to all parts of The Suter	80,000 p.a.	40,000	47,655	47,194
	Open to the public as advertised		Achieved	Not achieved due to removal of oak trees- public safety
<b>1.1.2 Ensure sufficient resources to operate the Suter and deliver services to the public:</b>				
The Suter is well managed and operates within its agreed annual plans	Strategic, annual plans and budgets prepared to deadlines		Achieved	Achieved
	Achieves objectives within agreed budget		Achieved	Achieved
	Generates at least 20% revenue <sup>1</sup> : general funds	\$89,997	Achieved: 27%; \$118,843	\$145,165
	Risk Management Plan is reviewed annually & mitigation strategies identified are implemented		Achieved: Fire risks assessed- Fire service went through facilities	
<b>1.1.3 Residents and visitors are satisfied with the services The Suter provides:</b>				
Residents and visitors are satisfied with the services The Suter provides	The Suter rates 80% 'Good' and 'Very Good' in NCC Customer Satisfaction Residents' Survey		Survey yet to be held	Survey not held
<b>1.1.4 Maintain and develop The Suter facilities</b>				
Maintain and develop the Suter facilities	Urgent maintenance is undertaken as specified in the maintenance plan		Theatre- electrical & HVAC repairs	Achieved: Oak trees removed

<sup>1</sup> i.e General funds not including grants from NCC and TDC

	The Asset register and Asset Management Plan are reviewed annually		On track	
Raise the funds necessary to implement The Suter Redevelopment Plan	Sufficient funds are raised to initiate the tender process for redevelopment by 1 July 2014		Achieved	Fundraising strategy developed
	The Suter fundraising target of \$6m incl. contributions from funding organisations, large sponsors, in-kind sponsors and the public fundraising is achieved		Achieved	
	Work in partnership with the NCC to ensure the overall project design/costs remain within the \$12m budgeted in the NCC LTP		On Track	
<b>1.1.5 Be a good employer</b>				
Maintain good employer policies and practices	Employment Policies maintained and observed		Achieved	Achieved
	Staff turnover reported. No accidents		1 injury	1 staff member replaced. 2 accidents

<b>2. Engage, educate and entertain the regional community and visitors through visual arts' programmes</b>				
Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 12/13
<b>2.1.1 Present a diverse and stimulating programme of exhibitions</b>				
	A minimum of 15 exhibitions p.a.	8	11	8
	A minimum of 30,000 visits to exhibition galleries p.a.	15,000	12,685	13,718
<b>2.2.2 Provide public programmes which enhance appreciation and enjoyment of exhibitions</b>				
	A minimum of 20 events	10	21	14



	offered p.a.			
<b>2.3.3 Provide learning experiences for school students:</b>				
Deliver a Ministry of Education LEOTC service for Nelson/Tasman region	3,000 students from 25 schools use the service p.a.	1,500	2,223 students in 126 educator led classes	2,855 students in 159 Educator led classes
	Post visit evaluations indicate at least 90% Satisfaction ratings of 'fine' to 'great'		Achieved	Achieved
Provide out of school activities	55 Suter Kids Club sessions delivered p.a.	27	58	52

### 3. Collect, record, interpret and preserve the artistic heritage of the Nelson/Tasman region and New Zealand.

Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 12/13
<b>3.1 The Collection is managed and developed for the enjoyment and education of current and future generations</b>				
3.1.1 Collection developed in line with The Suter's Collection Policy	All Acquisitions & de-accessions comply with policy		Achieved. Ref appendices for acquisitions	Achieved
3.1.2 Acquisitions fund maintained and developed	10x10 Acquisitions Fund meets/exceeds budget		Achieved	Achieved
3.1.3 Collection is maintained in optimal conditions for its long term preservation	Storage Conditions meet accepted museum standards		Achieved in collection store room, but not in galleries	Achieved in collection store room, but not in galleries
3.1.4 The collection is prepared and packed for relocation ahead of redevelopment	The collection is ready to relocate by 30 Sept. 2014 (or before)			n/a

### 4. Develop partnerships that sustain The Suter

Objective & Goal	Target	Target YTD	Achievement YTD	Compare YTD 12/13
<b>4.1 Engage in collaborative partnerships to support programmes and develop projects</b>				
4.1.1 Suter's relationship with Iwi and Maori is strengthened	M.o.U with KTP is honoured		Regular Iwi Komiti meetings held; cultural protocols	Regular Iwi Komiti meetings held; cultural protocols

			observed	observed
4.1.2 Suter engages in partnerships	Minimum of 2 projects initiated with organisations or groups p.a.	1	1: 50/50	1
4.1.3 Form active partnerships to support the redevelopment Project	Sufficient resources are achieved to support the redevelopment Project		Achieved	
<b>4.2 Suter staff contribute to other organisations and arts initiatives to promote Nelson / Tasman visual arts and heritage</b>				
4.2.1 Engage with and provide leadership in fields of expertise	Contribute to local/regional initiatives; implementation of the Regional Arts Strategy etc.		Provide assistance for Light Nelson; staff involvement with NMIT Creative Industries prog.; Public Art advice	Contrib. To launch of City Gateways project. Contribute to NMIT Creative Industries Prog.

## The Suter Art Gallery Exhibitions - 1st July 2013 to 31 December 2013

Dates of Exhibition	Exhibition Title	Gallery
24 June-14 July	<i>50/50</i> Fundraising exhibition and silent auction in conjunction with the NSAS	Mckee Gallery
6 July – 18 August	<i>Cruel City</i> : New works by Nelson artists, Josephine Cachemaille, Dan Campion, Lisa Chandler and Claire Ellery	Sargood Gallery
13 July– 18 August	<i>To Suit a Bishop</i> . Artworks from The Suter's collection and works on long term loan to The Suter; Guest curated by Ren Kempthorne	Sargood Gallery
13 July – 18 August	<i>I'm Pulse</i> : Ceramics and soundscape installation by Fran McGuire	Sargood Gallery
23 August-20 October	<i>Puehu: Cultural Dust</i> : Polynesian performance and video art	Sargood Gallery
23 August-20 October	<i>Interior</i> : Works from The Suter's collection	Original Gallery
20 April – 6 September	<i>A Bit Goth</i> : Loan works with a Gothic twist	New Views
24 October – 17 November	<i>NSAS Spring Exhibition</i> : Guest artists Rick Rudd (ceramics) and Susan Hurrell-Fieldes (prints)	McKee, Sargood and Original Galleries
23 November – 9 February	<i>Wanderings; Landscapes by Nelson Woman artists</i> : Works from the Suter's Collection & loans from the community: from 1905-present day	Sargood Gallery
23 November - 9 February	<i>Had I not been Awake</i> Works from the Suter's Collection- portraits and man's impact on the landscape	Sargood Gallery
23 November – 9 February	<i>Graham Bennett: How near, How far?</i> A survey exhibition of a well-respected NZ sculptor. Plus sculpture installed outside	Original Gallery & Suter courtyard
16 December – 3 February	<i>One night in Nelson</i> : Art works by Suter Kids Club children, inspired by Samba de Sol and the 2013 Masked Parade	New Views

### Ceramics Wall Case

Dates	Displayed	Selector
6 July -22 September	<i>Bookplates</i> : handmade bookplates by Janet Bathgate	Selected by Susan Bruce, Suter volunteer archivist
26 September - ongoing	<i>Speaks for itself</i> : Ceramics from the Collection	Selected by members of the Nelson Potters Association

## Public Programmes: 1st July 2013 to 31 December 2013

numbers

### July 2013

5 July	5.30pm	50/50 event and conclusion of the silent auction Galleries	165
12 July	5.30pm	Opening: <i>Cruel City, To Suit a Bishop and I'm Pulse</i> Original Gallery & Sargood Gallery	260
13 July	2pm	Floor-talk; Fran Maguire Original gallery	73
28 July	2pm	Floor-talk: Ren Kempthorne, curator of <i>To Suit a Bishop</i> Sargood Gallery	71

### August 2013

3 August	2pm	Artists' floor-talk; <i>Cruel City</i> artists, Dan Campion, Jose Cachemaille and Lisa Chandler Original Gallery	59
9, 10, 11 <sup>th</sup> August	9am-4pm	<i>Exhibition: Great Art on Screen : Munch @ the National Museum &amp; Much Museum, Oslo.</i> [Fundraiser in conjunction with State Cinemas] Theatre	91
13 <sup>th</sup> August	6pm	Film and talk: Gretchen Albrecht painter: in conjunction with, and organised by the NSAS Theatre	160
17 <sup>th</sup> August	7pm	Auction for The Suter Redevelopment Nelson Club	90
24 August	All day	<i>Simavao: Concrete Jungle</i> : Performance by Kalisolaite Uhila, Outside, in front of The Suter	

### September 2013

7th September	2pm	Floor-talk: Sarah Jane Parton and Shannon Te Ao, Puehu artists Sargood gallery	26
19 <sup>th</sup> September	12.10 pm	Friends of The Suter Spring lunch time film: <i>Hockney at The Tate</i> Theatre	72
26th September	1 pm	Friends of The Suter Spring lunch time film ; <i>Village by the Sea (Edith Collier)</i>	60

### October 2013

3 October	12.10pm	Friends of The Suter Spring lunch time film: <i>A model for Matisse</i> Theatre	80
6 October	6pm	Illustrated talk by Amy Gogarty; International judge for the 2013 Portage ceramics Award Theatre	29
9 October	4pm	Regional museums' meeting with representatives from Museums Aotearoa	11

19 October	6pm & 8pm	D.A.N.C.E. Art Club and the Taylors present <i>Our Mums</i> , a film premiere Theatre Followed by an after-party as part of the Nelson Arts Festival at The Granary Festival Café, Founders Park	40
October	5.30pm	Opening: NSAS Spring Exhibition 2013 Sargood Gallery	150
30th October	4pm	Bishop Suter Trust – Annual Meeting Sargood Gallery & Cafe	57
<b>November 2013</b>			
22 November	10.30am -7pm	One day Suter Redevelopment fundraising sale Theatre	50
22 November	5.30 pm	Opening & Friends of The Suter Christmas event: <i>Wanderings, Graham Bennett How Near, How Far?</i> and <i>Had I Been Awake</i> Galleries & Cafe	245
23 November	2pm	Floor-talk: Graham Bennett on his exhibition <i>Graham Bennett How Near, How Far?</i> Original Gallery and Suter forecourt	50
23,24,25 November		<i>Exhibition: Great Art on Screen :Vermeer &amp; Music from the National Gallery, London</i> Film [Fundraiser in conjunction with State Cinemas] Theatre	93
30 November	2pm	Illustrated lecture: Christopher Johnstone, author of <i>Landscape Paintings of New Zealand A Journey from North to South</i> Theatre	33
<b>December 2013</b>			
5 December	5pm	Function for significant donors to The Suter Redevelopment Project: Speakers included Craig Potton, Chair; Marc Barron, Project architect; Rachel Reese, Nelson City Mayor and Julie Catchpole, Director; M.C. and organiser Dame Ann Hercus Foyer and galleries	86
16 December	3.30pm	Opening and family event for <i>One Night in Nelson</i> exhibition- Suter Kids Club and Samba de Sol Sargood Gallery, New Views, Grabham Studio and Albion Square	85
21 December		Illustrated talk; Gregory O'Brien, art writer on Graham Percy- shared event with the Nelson Provincial Museum Nelson Provincial Museum	
29h December		<i>Summer Film Festival begins: Suter Theatre</i>	

## Collection

### ACQUISITIONS

Artist	Title	Medium	Credit
Janice GILL	<i>Untitled (Suter Gallery visitor)</i>	Acrylic on canvas,	Purchased in 2013: ACC 1279
Jack LAIRD	<i>teapot</i>	Glazed stoneware	Gifted by Janet Bathgate: ACC 1280
Fran MAGUIRE	<i>I'm Pulse</i>	200 ceramic 'cells' and soundscape on CD	Purchased from the 10x10 Acquisition Fund and Burton Bequest: ACC 1281
W.H. ALLEN	<i>Portrait of Leo Bensemann</i> 1940	Oils on canvas board	From the family of Leo Bensemann from his personal collection: ACC 1282
Sarah HOLMAN	<i>Icon</i> 2013	Oil on board	Gifted by Rev. Ren Kempthorne 2013: ACC 1283
Rick RUDD	<i>Teapot</i> 2013	Glazed ceramic	Gifted by the Nelson Suter Art Society 2013: ACC 1284



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## **Nelmac Statement of Intent 2014/15 and Half Yearly Report**

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### **1. Purpose of Report**

- 1.1 To seek Council approval of the Nelmac Statement of Intent 2014/15 (Attachment 1).
- 1.2 To offer Nelmac the opportunity to present and explain its half yearly report (Attachment 2).

### **2. Recommendation**

***THAT the report Nelmac Statement of Intent 2014/15 and Half Yearly Report (A1153684) and its attachments (A1150682 and A1150680) be received.***

### **3. Recommendation to Council**

***THAT the Nelmac Statement of Intent 2014/15 be approved for signing subject to minor edits.***

### **4. Background**

- 4.1 Nelmac, along with the other Council Controlled Trading Organisations, is required to complete a Statement of Intent (SOI) by agreement with Council by 30 June each year. The proposed Statement of Intent is included as an attachment.
- 4.2 Schedule 8 of the Local Government Act outlines the purpose of a Statement of Intent, what is to be included and how it is to be approved. The Statement of Intent, as supplied by Nelmac, is compliant.
- 4.3 The half yearly report for the period ending 31 December 2013 is included as Attachment 2. The Chairperson, Rob Gunn, and Chief Executive, Lee Babe, will be in attendance at the meeting to present the information and answer questions.

- 4.4 No Statement of Expectation (SOE) was provided to help guide it in the creation of the Statement of Intent. Officers did advise that a continuation along the same lines was the general flavour that Council was expecting.

## **5. Discussion**

- 5.1 Nelmac has gone through a significant growth phase with revenue jumping 25% compared to last year.
- 5.2 For the first six months of last year Nelmac reported a profit before tax of \$538,716 which is ahead of budget but below this time last year.
- 5.3 The report shows a continued focus on sustainability, health and safety, and continuous improvement as you would expect from any business and even more so for a CCTO.
- 5.4 The growth in PBT is sound if not stellar as it has been over the last two years. From this report (half yearly and draft SOI) the questions to the board should focus on when will the increase in activity translate to the bottom line and increasing dividend and how do they plan to achieve that.
- 5.5 The SOI is very much a business as usual on bedding in and extracting profit from the recent growth.

## **6. Conclusion**

- 6.1 The performance and delivery of Nelmac over the last six months has been solid and the Statement of Intent is, subject to any minor adjustments, acceptable.

Hugh Kettlewell  
**Group Manager Support Services**

### **Attachments**

Attachment 1: Nelmac Statement of Intent 2014/15 [A1150682](#)

Attachment 2: Nelmac Six Monthly Report to Shareholders as at 31 December 2013 [A1150680](#)

No supporting information follows.



**NELMAC LTD**

**Statement of Intent**

**For Financial Year 2014 – 15**

## 1. PREAMBLE

The Board of Nelmac Ltd has prepared the Statement of Intent in conjunction with the Nelson City Council (NCC, the shareholder). Nelmac Ltd is a Council Controlled Trading Organisation (CCTO) and as such this SOI has been prepared in accordance with Schedule 8 of the Local Government Act 2002.

## 2. OBJECTIVES

- To operate as a successful business maintaining a steady growth strategy with accurate and effective financial controls and reporting systems.
- To be a good employer and an employer of choice.
- To provide the NCC with high quality services at competitive rates for Asset Management and Maintenance such as:
  - Utility Services (Water, Stormwater and Wastewater)
  - Green Spaces Contracts (Parks, Reserves, Sportsfields, Trees)
  - Conservation and Ecology
  - Facilities Management (Carpentry, Electrical, Plumbing, Building Inspection and Compliance etc)
  - Solid Waste, Refuse and Recycling
  - Professional Services (such as Landscape Architecture, engineering, ecology and general consultation)

Assigned contracts, will in general, generate significantly less profit as opposed to contracts won at open tender.

- To secure contracts for provision of other management, maintenance and construction activities put out to tender by the NCC as relevant.
- To maintain a focus and ensure best practice to NCC by undertaking work for other clients where:
  - The additional scale of work improves the level of service and ensures best practice developed in the wider sectors are available to the NCC.
  - The work is clearly profitable
  - And after giving due consideration to Nelmac's place in the market and to capital expenditure requirements.

A goal is to focus on NCC whilst delivering profitable growth and increased dividends. Nelmac will deliver further services and geographic growth to meet these goals. NCC benefits from new learnings, (training, new skill sets, innovation, and efficiency) as applied to the wider market where these greater profits are obtained.

- Nelmac will advise the Shareholder in advance of any intent to significantly expand its range of services or geographic markets.



- To remain a key provider of emergency services in respect of rural fires, flooding, land subsidence, earthquakes and civil defence.
- To maintain a quality service and system that meets the Company's AS/NZS ISO 9001:2000 standard of certification.
- To maintain a safe workplace in compliance with the Health & Safety in Employment Act 1992 and Amendment Act 2002.
- To be mindful of Nelmac's relationship with Nelson City Council and be a good corporate citizen of the city.
- To provide for the present and future needs of the company and its customers, in ways that take account of the impact our decisions will have on the longer-term sustainability of our society/culture, the economy and the environment. To be and be seen as a leader in sustainable practices among other contractors in the region.

3.

- The NCC SOE requires Nelmac to be a good corporate citizen and be mindful of its relationship with NCC; this may go as far as assisting NCC and other organisations to up skill where Nelmac has specific expertise. Nelmac may provide this expertise to NCC and to other organisations, whilst acknowledging that Nelmac must mitigate commercial risk, avoid conflicts of interest; and ensure that this does not impede Nelmac's business and strategic objectives.
- .

#### 4. CORPORATE GOVERNANCE STATEMENT

- **Structure, Function and Obligations of the Board**

##### The Role of the Board

- Ensuring the Company meets its objectives as defined in this Statement of Intent.
- Ensuring the Company complies with all its lawful obligations.
- Ensuring the shareholders are kept well informed on all relevant issues and that there are "no surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that are not the preserve of general management and day-to-day administration.
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance and setting remuneration).
- Ensuring sound financial management of the Company.

##### Composition of the Board

- The Board is made up of four non-executive Directors

- The Shareholders, after consultation with the Board, will be responsible for appointing directors to the Board.
- The shareholders have formally adopted a policy/procedure for appointment of Directors, dated September 2009.

- **Guidance and Resources Provided to Board Members**

Resources available to Board members to carry out their duties

Sound financial management and systems that provide reports to the Board are as follows

- Statement of financial performance for the preceding month and year to date.
- Statement of cash flow for the preceding month and forecast for the next month.
- Chief Executive's report addressing issues related to the Company's performance against objectives (financial and non-financial).

The Board will ensure that relevant training opportunities are made available to Directors.

Code of Conduct.

- All Board members will be required to comply with the New Zealand Institute of Directors' "Code of Proper Practice for Directors".
- All Board members will apply their best endeavours to ensure the Company achieves the economic, social and environmental objectives defined in Section 2 of this document.
- All Board members will apply their best endeavours to ensure the Company complies with the requirements of its Constitution and this Statement of Intent.

- **Significant Policies in Place for Accountability**

The Board shall ensure the Company complies with the reporting requirements outlined in Section 9 of this document.

Risk Management Policies

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Company, and in particular, public liability insurance.
- The Board shall ensure that the Company has systems in place to achieve compliance with the Health & Safety in Employment Act 1992 and subsequent amendments.
- The Board shall ensure that the Company has in place a process for annual reporting against statutory/legislative requirements.
- The Board shall ensure that the Company is regularly monitoring business risks.

Remuneration





- The shareholders will set total remuneration for the Board at the Annual General Meeting. The Board will be responsible for deciding the apportionment of this amount.

### Sustainability Statement

- The Board shall ensure that the Company has in place a Sustainability Policy so that the principle of sustainability and consideration of sustainable approaches become one of the factors in the Company's decision making. As identified by the Local Government Act 2002 part 6, section 77.

## 5. PERFORMANCE TARGETS

### • Financial Performance

#### Financial forecast for Nelmac

	2014-15	2015-16	2016-2017
Gross Revenue	23,000,000	24,000,000	25,000,000
Operating Expenditure	18,000,000	18,750,000	19,500,000
Net Profit before Tax	1,100,000	1,150,000	1,200,000
Taxation (28%)	308,000	322,000	336,000
Net Profit after Tax	792,000	828,000	864,000
Dividend Projected (to be paid in the following year) (50%)	396,000	414,000	432,000

### Non Shareholder Business

- To ensure that all non-NCC work contributes to the profitability of the Company.

### Equity Ratio

- Financial risk will be limited by maintaining a ratio of Shareholders Funds to Total Assets range of between 55% - 65% as per Section 7
- **Work on NCC Assets**

The forecasted ratio is 60% NCC and 40% Non NCC.

6. In order to meet the requirement for increasing dividends it will be necessary for the company to expand its Non NCC work portfolio. It is important to note that such expansion will not be to the detriment of the work performance and



standards provided to NCC. The contracts for the TDC parks contracts and the Nelson Regional Sewerage Business Unit are examples of the need to vary this ratio. As currently practiced, any significant acquisitions, changes to lines of business or geographic location will be referred to the shareholder before for a final decision is made.

- **Quality of Service**

- The Company will maintain its AS/NZS ISO 9001:2000 accreditation.
- Achieve compliance with the NCC contract Key Performance Measures for the year ending 30 June. To be monitored monthly.
- Nelmac will maintain a record of the number of complaints and congratulations received each year, and the results will be reviewed regularly by the Board.

- **Staff**

- **Staff Morale/Turnover**  
Staff turnover (excluding retirement, redundancy and internal transfers) to be within the range of 5% to 15% for the year ending 30 June.
- **Staff Health & Safety**  
The Company shall continue to actively promote health and safety within the workplace with the aim of achieving less than 1% workday losses to accidents. Nelmac to maintain the Tertiary Level of ACC Workplace Safety Management Practices.

- **Sustainability**

- To be an environmentally responsible business, fully compliant with all relevant statutory and contractual obligations and responsibilities.
- To ensure that the Nelmac sustainability policy is implemented and utilised as a "compass" for guiding decision making within the Company.
- To implement further training and development for all Nelmac staff in sustainability issues, and in how to apply the Company's Sustainability Policy.
- To require each department to regularly review their use of resources, especially non-renewable resources, with a view to reducing wastage in the delivery of their services.



## 7. NATURE AND SCOPE OF ACTIVITIES

The nature of Nelmac Ltd activities will predominantly be that of an asset management, maintenance and construction contractor. Its activities will include:

- **Water, sewerage and storm water services**
  - Treatment
  - Utilities construction, management and maintenance
  - Civil projects
- **Green space management services**
  - Design, maintenance and development of landscaped areas and sports grounds.
  - Arboriculture services, including tree pruning, tree felling, and tree line clearance work.
  - Playground/area construction and maintenance
  - Vegetation control
  - Cemetery management and maintenance
- **Refuse and Recycling**
  - Refuse and litter collection
  - Recycling
  - Landfill operation
  - Street cleaning and safety
- **Conservation and Ecology**
  - Wholesale Nursery Operation
  - Biosecurity
  - Ecological restoration and management
- **Facilities Management**
  - Asset management, maintenance/repairs and construction including plumbing, electrical, carpentry, joinery, painting.
- **Roads and footpaths, bridges, driveways and car parks**
  - Construction, maintenance, signing, repair and cleaning.
- **Workshop and engineering facilities**
  - Vehicle and equipment maintenance and assorted engineering service.
- **Professional Services**
  - Landscape Architecture, civil and environmental engineering, ecology, planning and consultation
- **Emergency services response including:**
  - Rural fire, windstorm, earthquake, flooding and land subsidence.

- **The supply of:**
  - Goods, materials, services and equipment for sale or hire.
- **Any other relevant activity** as determined by the Directors from time to time.

## 8. RATIO OF SHAREHOLDERS FUNDS TO TOTAL ASSETS

Shareholders' funds are defined as paid up capital plus retained earnings and reserves. Net debt is defined as term and short term debt less any cash in bank. Total assets are defined as the sum of all current assets, fixed assets and investments owned by the Company.

The timing of capital expenditure requirements for fleet renewal and the probability of winning new contracts such as TDC Parks and NRSBU will require more plant to be purchased which may require debt. The forecast range for this ratio is per below.

Range of Shareholders' Funds/Total Assets
55% - 65%

## 9. 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 that the company will not be able to meet this dividend policy. If so, they shall notify the shareholders and discussion shall be held to reach agreement in respect of variance from that policy.

## 10. REPORTING TO SHAREHOLDERS

- **Statement of Intent**

No later than 1 March in each year, the directors shall deliver to the shareholders a Draft Statement of Intent that fulfils the requirements of Schedule 8 of the Local Government Act 2002.

After considering shareholders' comments on the draft, the directors shall deliver to the shareholders a Statement of Intent which fulfils the requirements of Schedule 8 of the Local Government Act 2002 and which meets the shareholders approval before 30 June each year.

- **Annual Report**

Within three months after the end of each financial year (ie 30 September), the Directors shall deliver to the shareholders an annual report prepared to comply



with Section 67 of the Local Government Act 2002, the Finance Reporting Act, and International Financial Reporting Standards, and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A Directors' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendations as to dividend.
- A revenue statement disclosing actual and budgeted revenue and expenditure, and comparative figures from previous years.
- A statement of financial position at the end of the year.
- A statement of cash flow
- An Auditor's report on the above statements and the measurement of performance in relation to objectives.

- **Half Yearly Report**

Within two months after the end of the first half of each financial year (ie 28 February), the Directors shall deliver to the shareholders an unaudited report containing the following information as a minimum in respect of the period under review:

- A revenue statement disclosing actual and budgeted revenue and expenditure, and comparative figures from previous years.
- A summarised statement of financial position at the end of the half-year.
- A summarised statement of cash flow.
- A commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on the company's performance, including an estimate of the financial result for the year based on that outlook.

- **Additional Reporting**

The Board will report to the shareholders on a regular basis, additional information on significant issues which it considers important to the shareholder.

## **11.ACCOUNTING POLICIES**

- **General Accounting Policies**

The accounting policies recognised by the NZ Institute of Chartered Accountants for the measurement and reporting of profit and financial position will be adopted by the company.

- **Particular Accounting Policies**

Specific accounting Policies will be detailed in the financial statements

## **12.PROCEDURE FOR ACQUISTION OF OTHER INTEREST**

If the directors believe that the company should invest in or otherwise acquire any interest in any other organisation, they will obtain the prior approval of the shareholders by special resolution unless the total cost is less than \$200,000. In this case, prior approval will not be required, but shareholders will be advised in writing within 14 days.

## **13.DIRECTORS ESTIMATE OF COMPANY VALUE**

The Directors estimate that the opening balance of shareholders funds in the annual accounts will represent the value of the company. The Directors will advise the shareholders on an annual basis if they believe the value to differ materially from this state.





Signed by the parties

\_\_\_\_\_ Director

\_\_\_\_\_  
Nelmac Ltd Director

Date: \_\_\_\_\_

\_\_\_\_\_ Mayor

\_\_\_\_\_  
Nelson City Council Deputy Mayor

Date: \_\_\_\_\_



## Unaudited Six-Monthly Report to the Shareholders For the Period Ending 31 December 2013

### 1 Commentary on the Results

Nelmac is pleased to report a six month result of \$538,716 net profit before tax against the SOI annualised budget of \$525,000. This result is a \$13,716 positive variance but an \$87,450 decrease on last year's six month result. Last year's results were boosted by one off weather events and this year we are seeing the opposite effect with high summer growth rates in our Greenspaces division impacting our lump sum contracts and the increased up-front investment to transition new contracts won (TDC Parks and NRSBU Maintenance and Operation). The SOI forecast result of \$1,050,000 NPBT for the full year will likely be achieved provided the consistency of performance of new contracts and project work planned for the remaining six months is undertaken.

Nelmac's revenue has grown by 25% from \$18,231,592 last year, to a budgeted \$22,906,720 this year. This growth is allowing greater investment and opportunities for profitable project work (which traditionally take some time to flow through). This ensures Nelmac's long term sustainability and increased future earnings are assured. Confirmed forward contracts for the next 8 years total \$128 million or \$16 million per annum. The remainder of the 2013/2014 year is forecast to achieve budget as earnings from new contracts stabilise and a healthy forward workload develops.



A period of strong growth, combined with the need for reinvestment in Nelmac for sustained long term performance and competitive delivery of the companies services, means that % NPBT has settled back to accepted industry levels. Prior years have seen excellent performance on the back of one off events resulting in above average financial results. Year-to-date, this has seen the securing of significant regional contracts, investment in transition for these contracts and a more stable trading environment, all combining for delivery of above average % NPBT return versus industry.

Growth into Facilities Management is continuing across a range of various projects in the Local and Central Government market.

Nelmac currently has a total forecast capital expenditure programme of \$1,013,019 for year ended 30 June 2014. To date 31 December 2013 \$456,319 has been committed so far.

Health and safety remains a key focus for the business and the introduction of the ICAM incident and accident reporting system, thorough investigations and excellent corrective actions are being delivered to a world class standard. The CEO has also joined the Business Leaders forum for health and Safety which allows benchmarking and knowledge sharing at a senior level with other NZ organisations. The percentage of workday losses is continuing to track positively, well below the SOI target.

People are at the core of everything we do, as such, regular communication for all employees to feel part of the journey and to make a valued contribution is a priority. 2013 saw the introduction of the "One Team Talk" internal staff magazine. Published quarterly and distributed to all staff the magazine details key developments within Nelmac and profiles people and their business units. With branches in Takaka, Motueka, Richmond, Nelson and Blenheim it has become a crucial tool in retaining a cohesive and tightknit team.



Our Business excellence programme also continues and is a key part of the continuous improvement philosophy which is taking hold. The development of the Promapp mapping system and the introduction of Con-x mobile technology is assisting Nelmac in mapping process and institutionalising key intellectual property to be delivered in real time to and from the field.

Sustainable solutions for our customers alongside sustainable management of the business define Nelmac in a competitive market. The company is a cornerstone sponsor of the Sustainable Business Network and each business unit undertakes the "get sustainable challenge" to benchmark and measure internal progress environmentally, socially and financially in a sustainable manner.

Nelmac's innovative SmartRaft floating wetland technology made the national finals of the Sustainable Business network awards. As a market offering, development of our floating wetlands product for cleansing and filtration of water bodies, eco sourcing and growing of native plants, recycling collection and processing, through to our water leak detection service, are some examples of Nelmac's environmental sustainability offerings.



These projects all form part of the commitment to constant improvement and Nelmac being a great place to work and develop.

Aligned with the retention of current contracts, excellent growth across the business is continuing to deliver positive results for the shareholders and the community.

## 2 Objectives & Performance

	SOI Target for 2013/14	Actual for the Six months to 31-Dec-2013
SHF:Total Assets	55-65%	63%
Work on NCC Assets	60:40	55:45
Staff Turnover	5-15%	6%
H&S Workday losses	<1%	<1%

## 3 Revenue Statement

	Actual for the Six months to 31-Dec-2013	Budget for the Six months to 31- Dec-2013	Actual for the Six months to 31-Dec-2012
NCC Revenue	6,422,933	4,769,000	5,680,577
Non-NCC Revenue	<u>5,262,645</u>	<u>3,231,000</u>	<u>3,048,704</u>
<b>Total Revenue</b>	<b>11,685,578</b>	<b>8,000,000</b>	<b>8,729,281</b>
Operating Expenditure	<u>11,146,862</u>	<u>7,475,000</u>	<u>8,103,115</u>
<b>Profit Before Tax</b>	<b><u>538,716</u></b>	<b><u>525,000</u></b>	<b><u>626,166</u></b>

## 4 Statement of Financial Position

	As at 31-Dec-2013	As at 31-Dec-2012
<b>Equity</b>		
Share Capital	2,000,000	2,000,000
Retained Earnings	<u>4,271,026</u>	<u>3,230,265</u>
<b>TOTAL EQUITY</b>	<b><u>6,271,026</u></b>	<b><u>5,230,265</u></b>
<b>REPRESENTED BY;</b>		
Current Assets	3,447,871	3,252,198
less Current Liabilities	<u>2,466,862</u>	<u>1,817,689</u>
<b>Working Capital</b>	<b>981,009</b>	<b>1,434,509</b>
Fixed Assets & Investments	6,274,811	3,608,048
Provision for Deferred Taxation	215,206	187,708
less Term Debt	<u>1,200,000</u>	<u>0</u>
<b>NET ASSETS</b>	<b><u>6,271,026</u></b>	<b><u>5,230,265</u></b>

**5 Statement of Movement in Cashflow Funds**

	Actual for the six months to 31-Dec-2013	Actual for the six months to 31-Dec-2012
Net CASHFLOWS FROM OPERATING ACTIVITIES	787,009	1,187,756
Net CASHFLOWS FROM INVESTING ACTIVITIES	(1,107,404)	(295,389)
Net CASHFLOWS FROM FINANCING ACTIVITIES		
Cash was provided from Borrowings	700,000	0
Cash was applied to Dividends paid	0	(452,592)
<b>Net Movement in Funds</b>	<b>379,605</b>	<b>439,775</b>
Plus Opening Cash brought forward	<u>170,112</u>	<u>449,486</u>
<b>Closing Cash Balance</b>	<b><u>549,717</u></b>	<b><u>889,261</u></b>

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## **Nelson Regional Economic Development Agency Statement of Intent 2014/15 and Half Yearly Report**

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### **1. Purpose of Report**

- 1.1 To seek Council approval of the Nelson Regional Economic Development Agency Draft Statement of Intent 2014/15 (Attachment 1).
- 1.2 To offer the Nelson Regional Economic Development Agency the opportunity to present and explain its half yearly report (Attachment 2).

### **2. Recommendation**

***THAT the report Nelson Regional Economic Development Agency Statement of Intent 2014/15 and Half Yearly Report (A1155196) and its attachments (A1149581 and A1149576) be received.***

#### **Recommendation to Council**

***THAT the Nelson Regional Economic Development Agency Statement of Intent 2014/15 be approved for signing subject to minor edits.***

### **3. Background**

- 3.1 The Nelson Regional Economic Development Agency (EDA), along with the other Council Controlled Trading Organisations (CCOs), is required to complete a Statement of Intent by agreement with the Council by 30 June each year. The proposed Statement of Intent is included as an attachment (Attachment 1).
- 3.2 Schedule 8 of the Local Government Act outlines the purpose of a Statement of Intent (SOI), what is to be included and how it is to be approved. The Statement of Intent, as supplied by the Nelson Regional Economic Development Agency, is not compliant. With the addition of improved budget information projecting out for three years, compliance will be achieved.
- 3.3 The half yearly report for the period ending 31 December 2013 is included as Attachment 2. The Chairperson, Paul Dalzell, and Chief

Executive, Bill Findlater, will be in attendance at the meeting to present the information and answer questions.

- 3.4 No Statement of Expectation was provided to help guide the Agency in the creation of the Statement of Intent as there was insufficient time post election.

#### **4. Discussion**

- 4.1 The half yearly report shows continuing control over costs and a significant range of activities undertaken for the community.
- 4.2 Income and expenditure are both in line with budget and the initiatives are all tracking well.
- 4.3 The Statement of Intent shows a minor loss for each year out until 2017. Losses however minor are not sustainable in the long run and it would be helpful for the Chair to explain why these losses are planned and how long they are intended to continue.
- 4.4 In the past the EDA has budgeted for small losses and this is an extension of the active decision of the Board to advance some projects. The Project Expenditure includes discretionary expenditure and the EDA has sufficient Equity as a result of previous surplus there are no concerns with regard to the planned losses.
- 4.5 There is a vast array of performance targets included in the EDA's work programme. Council should take careful note of these and the measures that And satisfy themselves that they remain appropriate. The EDA may wish to comment on this matter.
- 4.6 As part of the LTP and taking into account the some to be received Regional Economic Development Strategy, Council should take a very considered look at its priorities for investment in economic development in the region. Over the years since the EDA has been in existence there has been a slow expansion of activities that the EDA is involved in. It is officers view that those activities should be given careful consideration to ensure EDA is focused in the right areas and the ratepayers get value from their investment.

#### **5. Conclusion**

- 5.1 The performance and delivery of the EDA over the last 6 months has been sound and the Statement of Intent is, subject to any minor adjustments, acceptable. Council can have every confidence of this continuing through 2013/2014 financial year and beyond.
- 5.2 The EDA is doing things right. The bigger question that Council needs to turn its mind to during the course of the LTP is: is it doing the right things.



Hugh Kettlewell  
**Group Manager Support Services**

**Attachments**

Attachment 1: Statement of Intent, 2014-2015 – Nelson Regional Economic Development Agency, EDA [A1149581](#)

Attachment 2: Half Yearly Report to 31Dec2013 – Nelson Regional Economic Development Agency, EDA [A1149576](#)

No supporting information follows.

RECEIVED

28 FEB 2014

NELSON CITY COUNCIL  
Customer Service



## STATEMENT OF INTENT



2014-2015

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## FOREWORD FROM THE BOARD OF TRUSTEES

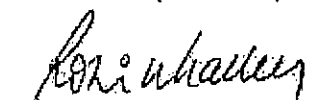
The Nelson Regional Economic Development Agency (EDA) was set up in 2003 as a Nelson City Council controlled organisation and was accepted as a Charitable Trust under the Charities Act 1957. In 2009, as a result of new legislation, the EDA was declined Charitable Trust status under the Charities Act 2005. The EDA requested an exemption from the imposition of income tax from the Internal Revenue Department but this request was declined.

Board members have considerable expertise and experience in governance and fiscal oversight and are confident that the finances of the EDA will be managed in a prudent manner to meet any changes in the business environment. The Board is confident that the EDA will meet the purposes of the Trust Deed through its adherence to its three strategic directions; to facilitate economic development projects that build national and international competitiveness; to provide economic advice to the region; and to provide ongoing assessment of the region's performance. It is noted that the initiatives detailed in this SOI are indicative and may be amended in response to a changing economic or political environment.

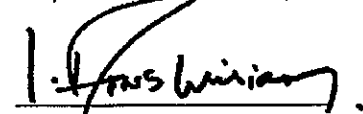
Council has provided the EDA with a Statement of Expectation (SOE) for the previous year which is welcomed. While much of the SOE is well aligned to EDA planning, the board and executive have expanded planned initiatives to address the expectations of Council. Base funding is provided to the EDA by Nelson City Council and Tasman District Council in an aggregate amount of \$434,800. The EDA will supplement this base funding with supplementary income from management fees or project funding. It is anticipated that incremental income in excess of \$606,000 will be generated from other funding channels to be made available for project and business support.

Financial Overview		
	Forecast 2013/2014	Budget 2014/2015
Opening Equity	366,800	317,200
Surplus/Deficit	(39,900)	(22,040)
Closing Equity	326,900	295,160
Net Working Capital	311,900	280,160
Fixed Assets % of Equity	5%	5%

  
Paul Dalzell (Chairman)

  
Robin Whalley (Trustee)

  
Ropata Taylor (Trustee)

  
Ifor Fowcs-Williams (Trustee)

\_\_\_\_\_  
Mayor – Nelson City Council

\_\_\_\_\_  
Councillor – Nelson City Council

## 1. INTRODUCTION FROM THE CHIEF EXECUTIVE

The (EDA) is a not-for-profit Nelson City Council controlled organisation, operating under the Local Government Act 2002.

Registered Office: Nelson City Council  
110 Trafalgar Street, Nelson 7010

Physical Address: Millers Acre Centre – Taha o te Awa,  
39 Halifax Street, Nelson 7010

Postal Address: P O Box 370, Nelson 7040

Chairman: Paul Dalzell, 39 The Cliffs, Nelson

Chief Executive: Bill Findlater, 26a Bledisloe Avenue, Stoke 7011



In its tenth year of operation, the EDA is well established, with a growing regional profile and a constantly expanding horizon of interest. The 2014 -15 financial year will see the continuation of many current work streams; changes in the nature of others; and the introduction of a number of new initiatives.

We continue to work to a quadruple bottom line, seeking to engage in initiatives that balance the region's economic, environmental, social, and cultural wellbeing.

Economic development is not a short-term activity; it is about facilitating projects and infrastructure that will provide for the future of the region long term, and ensure the region is adequately resourced. The operating environment changes rapidly, and keeping abreast of these changes and providing information to stakeholders is a key part of the Agency's work.

The EDA has developed an operational plan with a focus on working collaboratively with key stakeholders across the region to initiate and participate in economic development projects that that will provide growth in our region.

The organisation will continue to operate leanly.

In the coming years, we hope to continue to build on the strong relationships we have with Councillors, council executive and staff; with the regional business community; with elected government representatives and with government agencies. These relationships are the foundation of our successes to date, and will continue to be so going forward.

We will work collaboratively with other regional EDAs to achieve greater opportunities for our region.

We are proud of what the EDA has achieved to date, and look forward to the challenges and opportunities that the programme outlined in this Statement of Intent will bring.

**Bill Findlater**  
Chief Executive Officer

## **2. OVERVIEW OF THE EDA**

### **2.1 Vision**

The EDA will be acknowledged as the region's authority on economic development information, facilitator of projects of national and international benefit, and supplier of regional performance indicator data.

### **2.2 Mission**

*Facilitate sustainable economic development of the region that enhances economic vitality, taking into account the region's cultural and environmental values.*

The mission encompasses two key messages:

- The EDA is a facilitator of growth; and
- Economic vitality should not come at the expense of the region's cultural and environmental values.

### **2.3 Key Stakeholders**

- Nelson City Council
- Tasman District Council
- Marlborough District Council as part of the Te Tau Ihu (Top of the South) region
- Central government agencies tasked with responsibilities for economic development, labour, social services and the environment
- Staff and contractors of the EDA
- Business agencies
- Industry sectors and clusters that contribute to the region's economy
- Businesses, entrepreneurs and commercial investors
- Iwi
- Education providers and students
- EDA sponsors
- The region's community.

### **2.4 Role and Functions**

The Principle Objectives of the EDA are as specified in the Local Government Act 2002, s59 (1).

The Purposes of the EDA are specified in the Deed of Trust for the Nelson Regional Economic Development Agency, 2004.

Please refer to those documents for detail of the organisation's role and functions.

## 2.5 Governance

### 2.5.1 Board Structure

The Deed of Trust allows for three to five trustees to be appointed by the Nelson City Council. In 2004 three trustees were appointed, with an additional trustee appointed in 2007. The Board's current trustees are:

- Paul Dalzell, Chairman
- Robin Whalley
- Ropata Taylor
- Ifor Ffowcs-Williams.

### 2.5.2 Remuneration

The Nelson City Council will set total remuneration for the Board at its Annual General Meeting. The Board will be responsible for deciding the apportionment of this amount.

### 2.5.3 Overarching Governance Policies

The EDA Board has adopted a policy framework that has specific governance policies in four key areas:

1. **Governance Process policies** describe the way in which the Board is to conduct its own business, including the relationship it has with its Chief Executive and the operational side of the Agency.
2. **The Board/Chief Executive Linkage policies** describe the model of accountability and the way in which the Board transfers its authority to the Chief Executive.
3. The purpose of **Executive Limitations policies** is to place boundaries around the Chief Executive's sole discretion, to develop and implement programmes and activities to achieve the ends or outcomes defined by the Board.
4. **The Operational policies** are specific policies approved and authorised by the Board of Trustees to provide guidance as to what is expected from the Trustees, the Chief Executive and staff in operational matters.

For detail of the EDA's Governance Process Policies, please refer to the document "Governance Policies", available on request.



### **3. OPERATING ENVIRONMENT**

Whilst the EDA is focused on economic development, the Trustees and staff understand that developing the economy must not come at the expense of the social, cultural and environmental values that are important to the region's communities. The EDA also must consider stakeholder requirements and the economic climate.

#### **3.1 Nelson City Council and Tasman District Council**

A major influence on the EDA's operating environment is the content of the Councils' Long Term Plans. Alignment of the Long Term Plans with the Regional Economic Development Strategy and Recommendations is an important outcome to enhance the Nelson Tasman region with positive community outcomes.

The EDA will acknowledge the valued support of Nelson City Council as its primary funder through various forms of media and documentation.

#### **3.2 Nelson-Tasman Regional Economic Development Strategy**

The Nelson Tasman Regional Economic Development Strategy (REDS) was developed after wide-ranging consultation with the region's Councils, key industries, business agencies and support sectors. One of the key provisions in the agency's Trust Deed is to coordinate and promote strategy projects identified in the REDS.

The purpose of the regional strategy is to clearly identify the region's key and emergent economic drivers, propose sectors that show the best opportunities and identify common barriers and constraints to achieving optimum economic development.

The EDA will complete a review and update of REDS by June 2014 which can be used to inform Nelson City and Tasman District Council's Long Term Plans.

#### **3.3 Regional Business Partner Network**

The EDA, in conjunction with Nelson Tasman and Marlborough Chambers of Commerce, has formed a partnership to deliver business programmes on behalf of NZTE and Callaghan Innovation to businesses across Nelson and Marlborough seeking government assistance and support for growth.

The Chambers will offer capability assessments and training vouchers on behalf of NZTE and the EDA will deliver the R&D Grants programme to businesses undertaking research and development.

#### **3.4 Tracking the Economy**

The Tracking the Economy report is produced every six months, and provides a consistent series of metrics which measure the state of the regional economy, in comparison to both national figures and those of selective comparator regions.

### 3.5 Current State of the Region

The Nelson Tasman economy grew rapidly in 2013, recovering from a difficult year in 2012. The national economy also performed well, and the global economy appears to have turned the corner. Looking ahead, 2014 promises to be another good year.

#### Global economic prospects

Latest forecasts from the IMF reflect a cautiously optimistic outlook for the global economy. Growth forecasts for Japan and the United Kingdom have been pushed upwards considerably, while those for the United States, China, India and Euro area have been tweaked, also upwards.

On the cautious side, the IMF appears particularly concerned about low inflation, or even deflation, taking hold. The agency also noted that financial risks remain, especially in regards to fiscal imbalances in European countries. In addition, concerns as to the financial stability of shadow banking sector in China refuses to go away.

#### The New Zealand economy

Against this backdrop, the strong growth experienced by the New Zealand economy stands out. Allied with favourable commodity prices, New Zealand's recovery is focused on strong dairy and forestry export prices and volumes. Also increasing momentum in infrastructure and rebuilding activity around Christchurch. Infrastructure investment in the Auckland region is similarly adding to growth, while house building is recovering but remains below pre-crisis levels in many provincial areas.

Consequently, the rapid turnaround in migration flows (primarily a noticeable reduction in New Zealanders emigrating to Australia) along with surging house prices (primarily in the Auckland area) have underpinned confidence and a moderate recovery in retail spending.

Despite risks from offshore, the growth recovery is expected to continue over the short term with a similar set of drivers.

#### 3.5.1 Performance of the Nelson Tasman economy

For a number of years the Nelson Tasman economy has lagged behind the national economy. However, the year to March 2013 saw a positive turnaround for the region in most respects.

As the key performance indicators in the table show, the region's GDP, GDP per capita, employment and labour productivity grew more quickly than they did in New Zealand as a whole.

#### Key Performance Indicators the year to March 2013\*

	Nelson	Tasman	Nelson-Tasman	New Zealand
	% p.a.			
Resident population growth	0.4	0.4	0.4	0.8
GDP growth	3.5	5.9	4.6	2.9
GDP per capita growth	3.1	5.5	4.2	2.1
Employment growth (FTEs)	-0.1	3.7	1.5	0.2
Labour productivity growth	3.6	2.1	3.1	2.7
Business units growth	0.5	0.9	0.7	0.7

\* March 2013 is the latest date for which a full set of key regional economic indicators is available

### 3.5.2 Employment and Unemployment

Unemployment in the region fell from 3,600 in March 2012, to 2,400 in March 2013. Consequently, the unemployment rate fell from 6.1 percent to 4.3 percent during the same period.

The unemployment rate in the region was not only lower than the national rate of 6.5 percent in March 2013; it had also fallen more quickly during the previous 12 months. The national rate in March 2012 was 7.1 percent.

### 3.5.3 Key Economic Drivers

#### *Horticulture and Pipfruit*

Horticulture is the region's largest employer, with approximately 2,500 employees. Apple and pear growing accounts for approximately 80 percent of the total.

The number of employees in this sector increased in 2013. Due to the seasonal nature of the sector employment levels tend to fluctuate significantly from year to year, but the number of employees in 2013 was fractionally higher than it was in 2003. Berry fruit growing was the exception, with employment roughly halving during that time.

#### *Forestry*

Regional trends in the forestry and logging industries have largely followed national movements, particularly for logging. There was a large increase in employment in forestry support services from 2006 to 2010. However this dropped significantly in 2011 and in 2012, before moving back into with national trends in 2013.

#### *Seafood and Aquaculture*

After increasing in 2012, employment in the Seafood processing industry in the region fell slightly in 2013. However, employment in the industry seems to have stabilised after a sharp decline between 2007 and 2009. Employment in Fishing itself has been broadly stable since 2005, despite some year by year fluctuations. The regional employment trends in these two key parts of the seafood sector have been following national trends.

Employment in Aquaculture in the region has grown more quickly than it has in the country as a whole. The industry's employment in the region more-or-less doubled during the past decade, although the trend at national level has been more or less flat.

#### *Pastoral*

Although employment trends in Pastoral farming in the region have stabilised during the past five years, 25 percent fewer people were employed in the industry in 2013 than were employed a decade earlier. Employment in Dairy farming in the region is trending gently upwards, but the region has not experienced the boom in this part of the industry that has occurred at national level.

Nonetheless, Pastoral farming in the Nelson Tasman is still a major employer, providing more than 800 jobs.

#### *Aviation*

Nelson-Tasman, along with Marlborough remains strong players in the aviation industry in New Zealand. The aviation cluster in the region continues to work together to attract significant contracts. A 2011 economic impact study of the region's aviation sector

operations found that in 2009 aviation operations in our region generated \$331.9 million in revenue with 1,051 FTEs. With several key aviation focused businesses, supported by strong growth and activity out of Nelson Airport, the region continues to make a contribution to the aviation sector nationally.

*Tourism and retail sales*

Between November 2012 and November 2013, the number of international guest nights in Nelson-Tasman increased by 3.6 percent, compared to an increase nationally of 9.7 percent. During the same period the number of domestic guest nights in the region was virtually unchanged, while there was an increase of 4.3 percent nationally.

Over the longer term, the growth in the number of international guest nights in Nelson-Tasman was faster than the increase nationally, but the region's relative position has worsened in the past two years. In addition, the slow increase in the number of domestic guest nights nationally has not been experienced in Nelson-Tasman.

Measured on a rolling annual basis, Retail sales in the region have been on an upward trend for the past two years, but they have yet to recover to their peak levels in mid-2008. Prospects for the industry remain good, with an upward trend in regional consumer confidence.

3.5.4 Infrastructure

The adequacy of the region's infrastructure is critical to achieving economic development. The two priority infrastructure issues, among many, are roading corridors and a solution to the water supply issues arising from population and production growth within the region.

The Nelson Tasman region has one of the highest export road freight per its population. Close to 30% of the region's GDP is generated from bulk commodity production road transport, so efficient transport corridors are a key element of the region's infrastructure.

The issue of water resource and water supply augmentation is strategic for the whole region, as water is a critical resource for population growth and economic development in primary sector production and processing as well as other key regional industries.

The proposed Lee Valley dam will have storage security for a 1 in 66 year drought. It would provide for anticipated residential growth in the Richmond, Brightwater, and Wakefield area for 50+ years and also has a proposed further built-in future regional city supply (100 yr horizon).

## **4. STRATEGIC DIRECTIONS**

### **4.1 Strategic Objectives**

The Board intend to continue to pursue the EDA's three operational strategic objectives confirmed for the 2014/2015 Statement of Intent. These are:

- a) Facilitate economic development projects that build national and international competitiveness
- b) Provide economic advice to the Region
- c) Provide ongoing assessment of the Region's performance.

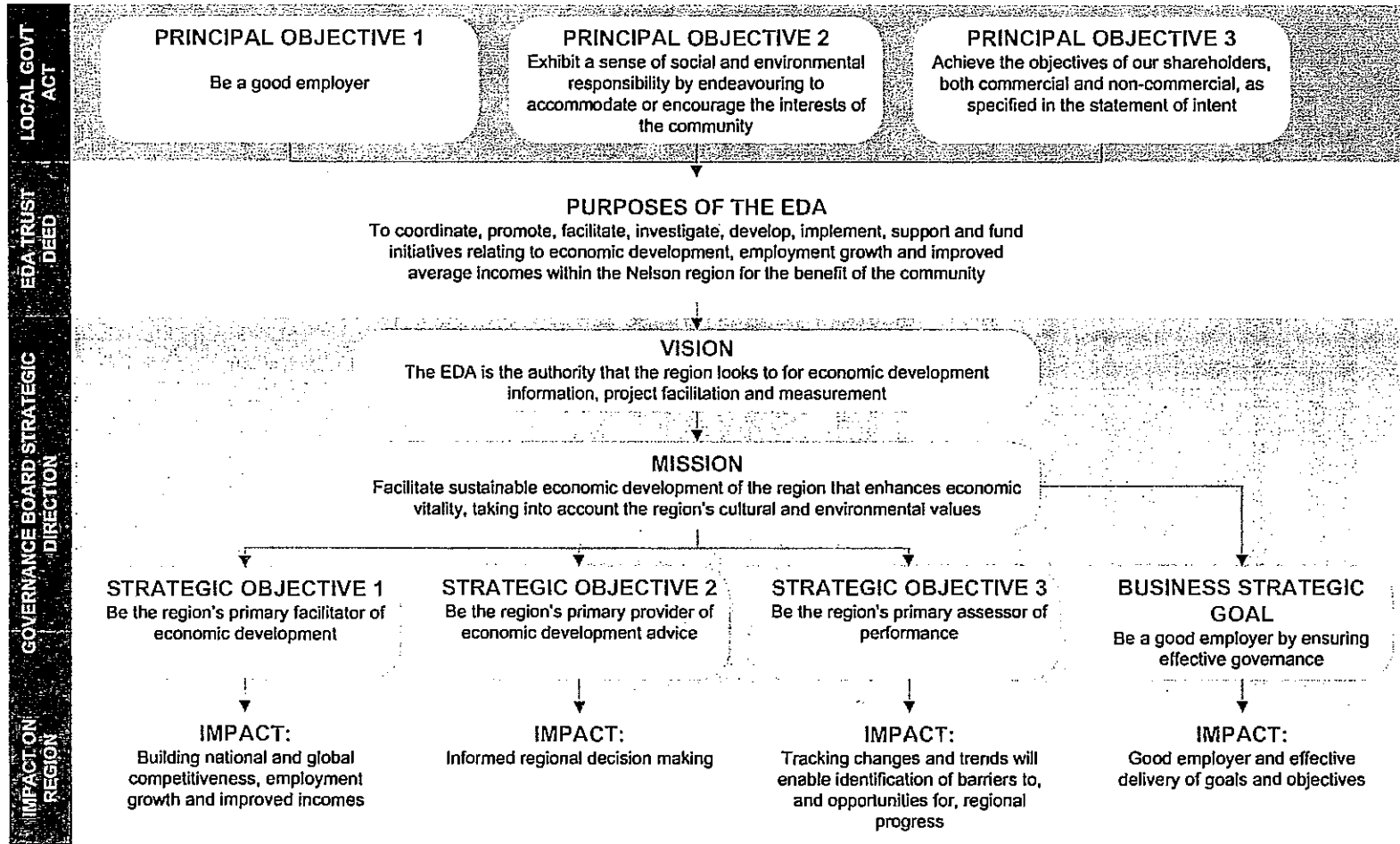
The EDA will continue to support and work with those industries and sectors which are prepared to invest in the region for their, and the region's future. Results will not necessarily be measurable immediately as investment will focus on the development of future production.

Projects that focus on human resources, natural resources, capital formation and technological advances are the four driving forces for economic development, therefore the EDA will be looking for opportunities with regional industry sectors to facilitate projects.

Whilst this Statement of Intent describes several initiatives, the EDA is a small and flexible organisation, capable of acting quickly as and when required. As the economic climate changes and opportunities or threats occur, the EDA will consider initiatives accordingly.

The following table illustrates how the hierarchy of principal objectives of a council-controlled organisation (Local Government Act 2002) and the purposes of the EDA Trust Deed are linked to form the foundation of the Board's strategic vision, mission and key objectives.

4.2 Strategic Overview



### 4.3 Strategic Initiatives for 2014/15

The following Operational Plans deliver ongoing economic connections and advice, and generate catalyst points for further development and exploration with a consistent focus on our key Strategic Objectives. These initiatives will be achieved using the EDA's existing resources, and with external support where appropriate.

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/4	Regional Economic Development Strategy (REDS)	To be determined by Action Item responsibilities and timelines	Work with stakeholders to implement and monitor progress to Action Items	Ongoing
OS1	Regional Business Partner (RBP) Programme NZTE and Callaghan Innovation (CI)	Regional companies supported to utilise NZTE capability development vouchers and Callaghan Innovation's R&D Grants programmes	<p>Contract manage RBP programme across Top of the South, including budget management and monthly and quarterly reporting.</p> <p>Develop and implement annual marketing plan in conjunction with regional partners.</p> <p>Provide regular R&amp;D funding updates to regional partners, and participate in joint RBP customer meetings when possible.</p> <p>Assist businesses across Top of the South to access Callaghan Innovation R&amp;D Grants funding.</p>	Ongoing



Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/3/5/7	Education	<p>Closer relationships between business sector, NMIT and research organisations established.</p> <p>Education Nelson established and strategy developed.</p>	<p>Continue to assist NMIT with their China programme. CEO member of NMIT China Advisory Board.</p> <p>Participate on NMIT Business Advisory group.</p> <p>Work with education providers and science and research organisations on education initiatives.</p> <p>Work with Education New Zealand (ENZ) and Education Nelson members to develop structure and strategy to access ENZ funding for identified projects.</p>	Ongoing
OS1/2/5/7	Aquaculture / Seafood / Marine	<p>Marine City concept progresses through to scoping exercise with further development to be determined.</p> <p>Ongoing participation in meetings and appropriate advice provided.</p>	<p>Facilitate the development of the Marine City 2025 concept.</p> <p>Horoirangi Aquaculture project: Participate in meetings and working groups.</p> <p>Assist to gain permanent seawater supply. Provide assistance as needed.</p> <p>Provide advice and assistance to the sector.</p>	Ongoing

**Operational Plan 1: Primary facilitator of economic development projects**

Ref:	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/5/7	<p>Cluster and Sector Support</p> <p>Clusters: Engineering, Aviation</p> <p>Sectors: Horticulture, Forestry, Tourism</p>	<p>Continued support of industry clusters such as the Engineering Cluster and the Aviation Cluster</p> <p>Horticulture, forestry and tourism sectors provided with advice and information as required and requested</p> <p>Support Marlborough Food &amp; Beverage Innovation cluster by providing access to R&amp;D grants and linking in Nelson Tasman companies where appropriate.</p>	<p>Facilitation and administrative support</p> <p>Provide advice and assistance to horticulture and forestry sectors as required and requested.</p> <p>Support Nelson Tasman Cycle Trails Trust.</p> <p>Engage with eligible businesses and support through R&amp;D grants process</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
OS1/2/3	SME Development	New, emerging and existing business ventures provided with appropriate assistance to facilitate development	<p>Advance regional innovation ecosystem development in conjunction with NMIT and through the Innovation Project Advisory group.</p> <p>Provide business support services to start up and existing Nelson Tasman businesses through RBP programme, referrals to NTBT and other business support organisations.</p> <p>Provide regional assistance with TEC's Workplace Literacy project.</p> <p>Investigate the opportunity for a pilot project in Nelson.</p>	Ongoing

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/3	Youth Employment	YES successfully delivered in 2014	Sponsor and support the Young Enterprise Scheme (YES), including sponsorship and admin support as required.	Ongoing
		New workstream identified and implemented.	Nelson Tasman Connections / Mayors' Taskforce for Jobs (MTFJ) – Work with NCC and TDC Mayors on future workstreams.	Ongoing
		Graduation successfully completed.	Organise annual ITO graduation.	Annually
		Recommendations and workplan identified.	Facilitate work on white paper youth recommendations. Contract with MSD to work with employment sectors to facilitate career paths for 16 – 24 year olds.	Ongoing
OS7	Events Strategy	Contract with NCC well managed.  Suitable events identified, contracted and managed.	Manage and facilitate the Events Strategy in conjunction with NCC and NTT.  Identify and assist with development of suitable events.  Review funding applications and make recommendations.  Manage events budget.	Ongoing
OS2/5/7	Inter-regional Collaboration	Establish closer relationships between business, industry and government; opportunities identified	Work with Southland, Otago, West Coast and Taranaki EDAs on regional initiatives: Participate in planning meetings; facilitate collaboration with multiple stakeholders	Ongoing

**Operational Plan 1: Primary facilitator of economic development projects**

Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/5	International business opportunities; Key market: China	Regional profile raised and generation of business interests with Nelson region	Facilitate meetings for businesses on EDA-led China missions and during EDA-hosted delegations from China.  Work with businesses that are not engaged with NZTE programmes.  Provide advice to businesses wishing to engage with China.	Ongoing
OS7	Regional Identity Project	Working group produces a regional identity strategy and proposal for delivery	Support and participate in working group	30 June 2015
OS2/3/4	Aged	Ageing Workforce event is a success  Initiatives and workplan for delivering outcomes to aged white paper identified	Assist with development and delivery of potential Ageing Workforce event in September 2014.  Facilitate work on white paper recommendations.	30 October 2014
OS2	Maori Economic Development	Facilitate investment within region to build assets for regional iwi	Engage with iwi and key regional stakeholders to facilitate discussion and identification of opportunities.  Assist iwi with hosting economic development events.	Ongoing
OS2/5	Oil and Gas industry	In conjunction with Taranaki, Otago and Southland regions identify opportunities in servicing the oil & gas industry	Participate in regular national group meetings.  Work with Port Nelson to support initiatives to grow sector business in the region.	Ongoing

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS7	Cricket World Cup 2015 (CWC2015)	Regional profile raised as a result of hosting CWC2015	Member of CWC15 regional coordination group; participate in meetings and provide advice and assistance as needed.	30 March 2015
OS3/5/7	Attracting Investment	Potential investors have access to information, contacts and introductions to make informed investment decisions	Assist potential investors with connections and contacts: business investigations, relationship building	Ongoing

Operational Plan 2: Primary Provider of Economic Development Advice				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS2/4/6	Economic Connection and Catalyst	Requests for information, reports and papers are delivered in a timely manner with relevant information to support Council and industry in making sound business decisions	<p>Provide appropriate, meaningful information.</p> <p>Facilitate twice-yearly Regional Business Leaders meeting and provide support to identified initiatives.</p> <p>Deliver economic impact assessment (EIAs) as requested.</p> <p>Write white papers on relevant topics as requested and push paper recommendations through appropriate channels.</p> <p>Develop and deliver updated newsletter content.</p> <p>Provide facilitation, advice and/or assessment on regional infrastructure projects: water, transport, airport, port, UFB.</p>	Ongoing

Operational Plan 2: Primary Provider of Economic Development Advice				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS4	Summit and Workshops	Annual Economic Summit organised and held with good attendance and positive feedback.	Organise and host annual Economic Summit.	30 June 2015
		Other workshops successfully delivered.	Facilitate and organise other workshops as they arise.	Ongoing
OS6	Lee Valley Water Augmentation project	Lee Valley Dam is approved for construction	Participate in WWAC meetings and ongoing related projects and working groups.  Provide economic advice.	Ongoing

Operational Plan 3: Primary Provider of Ongoing Assessment				
Ref.	Operational work stream	Completion Indicators	EDA Role	Timeline
OS4	Tracking the Economy	Publication of high quality Tracking the Economy report every six months.	Complete updating of report	30 August 2014
			Co-ordinate input from contributing parties  Produce hard copies and distribute to key stakeholders  Ensure all information is published online	28 February 2015

## 5. FINANCIAL INFORMATION

### 5.1 Trustees' Estimation of Equity

The Trustees estimate that the opening value of equity in the annual accounts will represent the Agency's value. The Trustees will advise the Nelson City Council on an annual basis if they believe the value to differ materially from this state. The Trustees estimate that the opening balance of accumulated funds at 1 July 2013 will be \$317,200. The estimation is the best guess based on accounts for month ended 31 December 2012.

### 5.3 Budgets

Income	2014-2015	2015-2016	2016-2017
Nelson City Council base funding	223,300	227,800	232,400
Tasman District Council base funding	211,500	215,700	220,000
Interest received	12,000	12,000	12,000
Other operating income	11,300	11,380	11,460
Anticipated project funding	606,000	615,000	623,000
<b>Total consolidated income</b>	<b>1,064,100</b>	<b>1,081,880</b>	<b>1,098,860</b>
<b>Less Expenses</b>			
Employee benefit costs	250,080	255,060	260,150
Other operational expenditure	186,960	190,670	194,470
Depreciation plant & equipment	8,000	8,000	8,000
Direct project expenditure	637,500	636,500	644,500
<b>Total Operating Expenses</b>	<b>1,082,540</b>	<b>1,090,230</b>	<b>1,107,120</b>
<b>Operating Surplus before tax</b>	<b>(18,400)</b>	<b>(8,350)</b>	<b>(8,260)</b>
<b>Taxation</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>
<b>Operating Surplus after tax</b>	<b>(22,040)</b>	<b>(11,950)</b>	<b>(11,860)</b>

### 5.4 Projects

The anticipated management fee recovery from projects in the budget and total anticipated project funding figures have been made on a conservative basis.

### 5.5 Accounting Policies

Financial Statements will be prepared in accordance with the requirements of the Financial Reporting Act 1993, International Financial Reporting Standards and the Local Government Act 2002, and the pronouncements of the New Zealand Institute of Accountants.

Financial Activities comprise activities that change the equity and debt structure of the Agency. The following particular accounting policies, which materially affect the measurement of results and financial position, have been applied.

## 6. REPORTING REQUIREMENTS

The following reports will be provided to the Nelson City Council:

Report	Purpose	Due Date
Half Year Report	<ul style="list-style-type: none"><li>• Provide evidence of progress against objectives and financial performance to 31 Dec 2014</li><li>• Commentary on activities and other such information as the Trustees consider necessary to enable an informed assessment of the Agency's performance for the period 1/7/14 to 31/12/14</li></ul>	28 Feb 2015
Draft Statement of Intent	<ul style="list-style-type: none"><li>• Provide information as to intent for the financial year 2015/16 and give council opportunity to comment</li></ul>	1 March 2015
Feedback on Draft Statement of Intent	<ul style="list-style-type: none"><li>• Obtain feedback from council in a timely manner</li></ul>	30 April 2015
Final Statement of Intent	<ul style="list-style-type: none"><li>• Obtain approval from Council on SOI for 2015/16</li></ul>	30 June 2015
Annual Report	To provide: <ul style="list-style-type: none"><li>• Financial Statement of Performance</li><li>• Financial Statement of Position</li><li>• Statement of Cash flows</li><li>• Performance against objectives</li><li>• Trustees' summary of performance</li><li>• Auditors report</li><li>• Any other matters that the Trustees consider necessary</li></ul>	30 Sept 2015

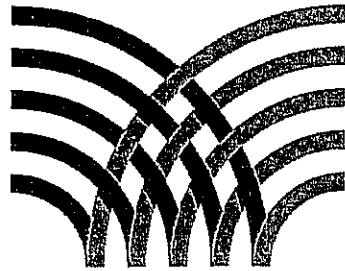
**Paul Dalzell, Chairman**  
**Board of Trustees**  
**Nelson Regional Economic Development Agency**  
**28 February 2014**



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28 FEB 2014

NELSON CITY COUNCIL  
Customer Service



**EDA**

NELSON REGIONAL ECONOMIC  
DEVELOPMENT AGENCY

## HALF YEARLY REPORT



TO 31 DECEMBER 2013

#A1149576

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## 1. Chairman's Overview

In the period 1<sup>st</sup> July 2013 to 31<sup>st</sup> December 2013 the Nelson Regional Economic Development Agency (EDA) has continued in the facilitation of many projects and activities, has worked closely with councils on various issues and provided economic advice and assessment of the region's performance to stakeholders with an update of "Tracking the Economy" released in August 2013. Support from the EDA's sponsors is acknowledged in enabling the EDA to deliver these outcomes over the last 6 months. Our sponsors include The Bowater Motor Group and Vodafone Ltd.

Key achievements in the 6 month period were:

- Economic Summit held in late June 2013 with good attendance and positive feedback from attendees.
- Phase 2 of the Regional Economic Development Strategy (REDS) is well underway and on target for delivery to councils and other interested parties in 2<sup>nd</sup> quarter of 2014.
- Provision of \$588,129 of capability development and R&D funding to regional businesses through the Regional Business Partner programme funded by NZTE and Callaghan Innovation.
- Secured NCC funding for a Project Manager to progress an innovation precinct in the region.
- Delivery of August 2013 Tracking the Economy.

In 2009, as a result of new legislation, the EDA was declined Charitable Trust status under the Charities Act 2005. Following this decision the EDA requested an exemption from the imposition of income tax from the Inland Revenue Department but this request was declined. The EDA received a clean audit from the Auditor General's Office for its financial report for the year ended 30<sup>th</sup> June 2013, notwithstanding the EDA's disagreement with the Audit Office's view on how the EDA should pay tax. The EDA has taken the advice from the CFO of Nelson City Council in its payment of tax.

The finances are well managed and at 31 December 2013 the closing equity of the business was \$351,831. It is considered that reserves are sufficient to provide a financial buffer for the business and provides the EDA with the capability to fund projects in advance of receipt of funds specific to that project or to fund projects that meet the EDA's criteria for support consistent with our strategic objectives aligned to the Council's SOI. The full year budget for 2013/2014 provides for a Total Operating Deficit of \$24,873 and it is the board's intention to fund projects in the region that meet our strategic criteria from the Trust's cash reserves with a consequent planned reduction in year-end equity.

The Board continues to have total confidence in Chief Executive Bill Findlater, who manages the EDA in a sound manner. He is ably assisted by Office Manager, Teresa Eddy, Development Manager, Melissa Hutcheson, and part-time Project Assistant, Lesley McQue.

Paul Dalzell  
Chairman  
February 21 2014

## 2. Operation of the Board - Paul

The Board consists of the following trustees:

- Paul Dalzell (Chairman)
- Ropata Taylor
- Robin Whalley
- Ifor Ffowcs-Williams

Paul Dalzell was reappointed as Chairman in October 2012.

The Board continues to operate within the parameters of its governance policies and during the half year period has carried out a performance review of the Chief Executive.

### 3. Role and Functions of the Nelson Regional Economic Development Agency

<b>Principal Objective</b> (Source: Local Government Act 2002 s59 (1))	a	Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent; and
	b	Be a good employer; and
	c	Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates, and by endeavouring to accommodate or encourage these when able to do so.
<b>Purposes of the EDA are to coordinate, promote, facilitate, investigate, develop, implement, support and fund initiatives relating to economic development, employment growth and improve average incomes within the Nelson region for the benefit of the community including, but without limitation:</b>  (Source: Deed of Trust Nelson Regional Economic Development Agency, 2004)	a	To coordinate and promote strategy projects described in the Nelson Tasman Regional Economic Development Strategy.
	b	To build relationships with Tangata Whenua to ensure the economic development aspirations of Maori are realised.
	c	To coordinate and promote economic development and infrastructure development, in the Nelson Region.
	d	To work with, provide advice to, and articulate issues concerning the needs of the Nelson region to central and local government, crown entities and the private sector.
	e	To promote the economic well-being of the community of the Nelson region.
	f	To coordinate and promote scientific research in the Nelson region.
	g	To support the development of key industries and businesses in the Nelson region.
	h	To create, maintain, support and develop regional information databases including but without limitations, databases containing information on regional assets, companies and workforce.
	i	To coordinate and apply funds and other resources supplied from central government and from the private sector, for the attainment of the purposes of the Trust.
	j	To promote the Nelson region as a desirable place to live and invest.
	k	To promote employment opportunities and coordinate workforce development in the Nelson region.
	l	To form strong working relationships with economic development agencies in neighbouring regions and develop joint initiatives.
	m	To undertake initiatives which the Trustees believe are of significant benefit to the Nelson region.
	n	Without restricting the scope of the foregoing, to take all and ancillary and related actions to achieve these purposes.
o	Any private benefit derived by an individual, business, or anyone receiving funding from the Trust (other than remuneration for their services as a trustee or employee) will be incidental to the pursuit of the Trust's charitable purposes.	

#### 4. 2013/14 Initiatives

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
1.1	Complete a review and update of the Regional Economic Development Strategy (REDS)	Phase 2 FY2013/14: REDS Strategy Overview completed and REDS published.	June 2014	Phase 2 - Stakeholder and industry sector meetings are underway. Project is tracking well to deadline.
1.2	Facilitate the development of the Horoirangi Aquaculture project.	Continued involvement with partnership and other stakeholders to progress project.	Ongoing	EDA continues to engage with Horoirangi partners to facilitate where appropriate.
1.3	Workforce Development Strategy	Workforce strategy plans aligned with key government agencies and industry.	Ongoing	Activity in Workforce Development is ongoing.
1.4	Facilitate the Events Strategy in conjunction with the Nelson City Council and Nelson Tasman Tourism	Identify and assist with development of suitable events.	Ongoing	The CEO chairs the Events Management Committee.
1.5	Investigate options for accessing capital investment into the region's businesses	Forge relationships with potential investors, investigate becoming a KEA regional partner, investigate opportunities under the Immigration Investment policy.	Ongoing	EDA has engaged with a number of interested parties inquiring or seeking investment opportunities.
1.6	Support and sponsor the Young Enterprise Scheme in the region	All YES programmes are available to the region's schools and supported by the appointed Coordinator.	Ongoing, annual contract	Programme was well subscribed and successful in 2013. EDA will continue to support in 2014.
1.7	Facilitate innovation and entrepreneurship in the region	New, emerging and existing business ventures provided with appropriate assistance to facilitate development.	Ongoing	EDA continues to support new and existing businesses through sponsorship at the Bridge Street Collective, Regional Business Partner programme, and referral to business support agencies.

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
1.8	Regional Business Partner Network – NZTE and Callaghan Innovation (CI).	Regional companies supported to take advantage of NZTE and CI's capability development and R&D funding programmes.	Ongoing	The EDA manages the Regional Business Partnership Contract for Te Tau Ihu and successfully delivers R&D Grants to Te Tau Ihu businesses on behalf of Callaghan Innovation.
1.9	Cluster group facilitation	Continued support of industry clusters such as the Engineering Cluster and the Aviation Cluster  Investigate development of food and beverage clustering opportunity inclusive of the natural products sector.	Ongoing  March 2014	Provide ongoing admin support as needed.  Supports the Food and Beverage Innovation Cluster at the Marlborough Research Centre. Investigating engagement with Nelson Tasman companies as part of the REDS process.
1.10	Oil and Gas industry	In conjunction with Taranaki, Otago and Southland regions identify opportunities in servicing the oil & gas industry	Ongoing	EDA continues to participate in this programme.
1.11	Facilitate and contribute to the Regional Branding Project.	In conjunction with Nelson Tasman Tourism, work with key stakeholders to develop a regional brand proposal.	March 2014	The EDA is working with a small group of business people in the development of a regional identity, and will progress this further in FY15.
1.12	If the region's hosting bid is successful, support the FIFA Under 20s hosting plans and any work that maximizes the benefits of the region's involvement.	Regional profile raised as a result of hosting FIFA games.		Bid withdrawn.
1.13	If the region's hosting bid is successful, support the Cricket World Cup 2015 (CWC2015) hosting plans and any work that maximises the benefits of the region's involvement.	Regional profile raised as a result of hosting CWC2015.	Ongoing	Participates in regional planning meetings. CEO is member of steering committee.

Operational Plan 1: Primary facilitator of economic development projects				
Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
1.14	International business opportunities; Key market: China	Regional profile raised and generation of business interests with Nelson region.	Ongoing; April 2014 trip	Organise and host overseas trade delegations with key regional stakeholders; organise and host overseas delegations on site visits to Nelson region. EDA is working with NMIT and businesses to facilitate opportunities between Nelson and China.
1.15	Facilitate opportunities for collaboration across business, industry and government to increase innovation in the region	Establish closer relationships between business, industry and government; opportunities identified.	Ongoing	Explore opportunities through REDS process; Facilitate regional Business Leaders meeting. Participate in planning meetings; facilitate collaboration with multiple stakeholders
1.16	Facilitate opportunities for attracting international students to the region	Establish closer relationships between business sector, NMIT and research organisations; opportunities identified.	Ongoing	Organise and participate in planning meetings for potential Education Nelson group in conjunction with Education New Zealand. Ongoing work with NMIT to increase international students to the region
1.17	Maori Economic Development	Facilitate collaboration with iwi, business and industry to identify opportunities for iwi economic development.	Ongoing	Engage with iwi and key regional stakeholders to facilitate discussion and identification of opportunities.
1.18	Outcomes/recommendations identified in population strategy white paper	Investigate viability and facilitate next steps of recommendations outlined in population strategy white paper around economic opportunities of ageing and lack of employment opportunities for young people, including investigate opportunities for ICT training for youth.	Ongoing	Facilitate collaboration with stakeholders to progress recommendations.  EDA to participate in working group to develop a September Ageing Workforce event. EDA is in discussion with MSD to assist with youth employment.



Operational Plan 3, Primary Provider of Economic Development Advice

Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
2.1	Ensure the region's Councils are given the most appropriate information to enable them to make informed decisions on issues that affect the retention of existing business and the capacity for business growth.	Where Council decisions are made that affect regional business retention or growth, the EDA has informed decision makers of any relevant information and/or the consequences of their decisions.	Ongoing	Provide meaningful and current information on the state of the regional economy through Tracking the Economy, REDS and regular consultation.
2.2	Encourage the region's councils to provide or advocate to central government for key infrastructure that can deliver future economic benefit to the region.	Upgrade of Transit roads, development of sustainable energy infrastructure, construction of a convention centre, increased telecommunication capacity, development of water storage projects.	Ongoing	CEO is a member of both Regional Transport Committees, is a member of Telecom rural broadband group and assists with the Lee Valley Dam project
2.3	Lee Valley Water Augmentation project	Lee Valley Dam is approved for construction	Ongoing	EDA is facilitating a review and update of the economic benefits assessment of the proposed dam.
2.4	Summit and Workshops	Annual Economic Summit organised and held with good attendance; other workshops as opportunities arise.	Annual Summit	Planning is underway for the next Economic Summit to be held in June.
2.5	Sustainable Business Support	Building on the work of the Sustainable Business Advisory Service remain current with regional sustainable business options.	Ongoing	Review current sustainable funding schemes for businesses and update webpage and promote as appropriate.

Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
2.6	Communicate the advantages of doing business in the Nelson Tasman region	Assistance to new businesses that enhance social, cultural, environmental and economic value, to consider and become established in the region.	Types of information to be made available agreed to by Council	Ongoing
2.7	Management of the Nelson Tasman Connections service	Provision of service as contracted with Nelson City Council. Information collected in the Connections database is incorporated in EDA's ongoing assessment streams.	Ongoing, annual contract.	EDA provides contract management, data compilation and distribution. Currently reviewing programme opportunities to continue service beyond June 2014.

Ref.	Operational work stream	Completion Indicators	Timeline	Narrative
3.1	Provide six monthly key statistical information to Councils and the community on relevant performance measures	Publication of high quality Tracking the Economy report every six months.	Ongoing, six monthly.	Produced August 2013 report. February report underway.

## 5. Financial Performance

### 5.1 Nelson Regional Economic Development Agency Income and Expenditure Account

#### Income & Expenditure For period ending: Dec-2013

	YTD Actual	YTD Budget	Full Year Budget	Full Year Projection
<b>Income</b>				
Nelson City Council	109,435	108,500	217,000	218,900
Tasman District Council	103,724	103,700	207,400	207,400
Donated Goods and Services	3,600	3,600	7,200	7,200
Interest Received	12,344	10,000	20,000	24,000
Recoveries & Other Income	2,453	2,050	4,100	4,100
Contract Management Fees	40,250	45,714	91,427	80,000
<b>Total Administration Income</b>	<b>271,806</b>	<b>273,564</b>	<b>547,127</b>	<b>541,600</b>
<b>Less Expenses:</b>				
Labour Costs	120,807	118,950	237,900	245,200
Standing Charges	31,662	31,500	63,000	62,600
Administration	71,905	79,100	158,200	155,000
Depreciation	4,064	3,950	7,900	8,000
	<b>228,438</b>	<b>233,500</b>	<b>467,000</b>	<b>470,800</b>
<b>Operating Surplus (Deficit)</b>	<b>43,368</b>	<b>40,064</b>	<b>80,127</b>	<b>70,800</b>
<b>Less Contributions to Projects</b>	<b>58,370</b>	<b>52,500</b>	<b>105,000</b>	<b>103,500</b>
<b>Total Operating Surplus (Deficit) before tax</b>	<b>(15,003)</b>	<b>(12,436)</b>	<b>(24,873)</b>	<b>(32,700)</b>
<b>Less Taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,200</b>
<b>Total Operating Surplus (Deficit) after tax</b>	<b>(15,003)</b>	<b>(12,436)</b>	<b>(24,873)</b>	<b>(39,900)</b>

## 5.2 Nelson Regional Economic Development Agency Balance Sheet

### Balance Sheet

	As at Dec-13	Jun-13	SOI Budget Jun-14	Projection Jun-14
<b>Equity</b>				
Opening Equity	366,834	353,213	317,200	366,800
Administration Surplus (Deficit)	(15,003)	13,621	(31,900)	(39,900)
<b>Closing Equity</b>	<b>351,831</b>	<b>366,834</b>	<b>285,300</b>	<b>326,900</b>
<b>Represented by the following Net Assets</b>				
<b>Current Assets</b>				
Bank	104,281	199,285		
Bank Investments	500,000	500,000		
Debtors	14,010	72,321		
Provisional Tax	-	-		
<b>Total Current Assets</b>	<b>618,291</b>	<b>771,605</b>		
<b>Less Current Liabilities</b>				
Sundry Creditors	107,806	158,429		
GST	(4,764)	4,386		
Provision for Income Tax	(620)	(373)		
Revenue Received in Advance – Projects	178,570	257,171		
<b>Total Current Liabilities</b>	<b>280,992</b>	<b>419,613</b>		
<b>Net Current Assets</b>	<b>337,298</b>	<b>351,992</b>	<b>267,400</b>	<b>311,900</b>
<b>Plus Fixed Assets</b>	<b>14,533</b>	<b>14,841</b>	<b>17,900</b>	<b>15,000</b>
	<b>351,831</b>	<b>366,834</b>	<b>285,300</b>	<b>326,900</b>

## 5.3 Comment

The Administration Surplus is tracking above budget mainly due to the timing of project expenditure.

The projected deficit for 2013 is less than previously budgeted as we have not received as many requests for funding as we had anticipated.

## 5.4 Accounting Policies

The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993, International Financial Reporting Standards and the Local Government Act 2002, and the pronouncements of the New Zealand Institute of Accountants. The accounting policies listed in the EDA's 2012/2013 Statement of Intent, which materially affect the measurement of results and financial position, have been applied.

## 5.5 Transactions with related parties

During the period the EDA received the following income from Nelson City Council:

<b>Operating Grant</b>		<b>\$109,435</b>
<b>Project Grants</b>	Creative Industries	\$9,162
	Tracking the Economy Report	\$5,000
	Connections	\$56,000
	Events Implementation	\$23,923
	Economic Impact Assessments	\$10,180
	Mayors' Task Force for Jobs	\$2,392

During the period the EDA paid the Nelson City Council \$16,266.16 for rent and \$3,487.56 for Accounting Services.

## 6. Intentions to 30 June 2014

The EDA intends to continue meeting the objectives outlined in the 2014/15 Statement of Intent and the projected budget in this report.



**Paul Dalzell**  
Chairman

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**Finance Report for the Period Ending 28 February 2014**

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**1. Purpose of Report**

- 1.1 To inform the members of the Governance Committee on the financial results of activities for the 8 months ending 28 February 2014 compared to budget, and to highlight and explain any material variations.

**2. Recommendation**

***THAT the Finance Report for the Period Ending 28 February 2014 (A1157690) and its attachments (A1156381, A1151218, A1158093 and A793514) be received and the variations noted.***

**3. Background**

- 3.1 The report focuses on performance to date compared with the projections which have been updated in preparation for the Draft Annual Plan 2014/15. Projections are spread evenly throughout the year for operating revenue and expenses, and weighted to spend more in the second half of the year for capital. Timing variances against budget and projections are caused when seasonality is a factor (for instance with some classes of maintenance), and when total income or expenditure occurs within a very short space of time (for example, grants and festivals).

- 3.2 Some definitions of terms used within this report:

*Operating income* – all income other than rates including metered water, grants, fees, rentals, and recoveries.

*Rates* – includes the general rate, wastewater, stormwater and flood protection rates, and targeted rates for Solar Saver.

*Staff costs* – salaries plus overheads such as training, super, professional fees and office accommodation expenses.

*Depreciation* – includes all depreciation, and any losses on asset disposal/retirement.

*Interest* – includes debt interest, bank fees, interest rate swap margins, treasury and rating agency fees.

## 4. Discussion

- 4.1 The report focuses on performance to date compared with the projections which have been prepared for the Draft Annual Plan 2014/15. More detailed financials by sub-activity are in Attachment 1.
- 4.2 For the 8 months ending 28 February 2014, the activity surplus/deficits are \$4 million favourable to projection (\$7.4 million favourable to budget). Some of the reasons for the large variance to budget include the NNWWTP desludging savings/movement to 2014/15 of \$2.5 million and \$790,000 movement to 2014/15 for velodrome grant for capital works (which are both loan funded). There is also rates carry forward of \$1.5 million in the projections.

Activity	Year to Date Variance to Projection							
	Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr	Expenses (Better)/ Worse	
Corporate	(1,063,210)	564,354	(815,410)	(393,163)	(398,457)	(20,534)	(1,627,564)	5
Economic	(73,968)	0	52,788	(125,978)	(777)	0	(73,968)	6
Environmental Management	(611,459)	334,549	(336,171)	(591,987)	(17,558)	(291)	(946,008)	7
Flood Protection	168,670	0	24,237	147,865	(1,265)	(2,167)	168,670	8
Parks & Active Recreation	(1,083,858)	(36,835)	(75,571)	(916,471)	(45,104)	(9,877)	(1,047,023)	9
Social	(697,454)	(302,970)	(214,810)	(195,683)	(24,999)	41,008	(394,485)	10
Stormwater	(152,164)	(5,000)	15,363	(87,350)	(72,024)	(3,153)	(147,164)	11
Transport	(123,051)	(132,872)	100,454	58,982	(109,165)	(40,449)	9,821	12
Wastewater	37,022	848,412	33,249	(821,665)	(15,065)	(7,909)	(811,390)	13
Water	(364,345)	354,297	51,806	(589,534)	(120,830)	(60,084)	(718,641)	14
<b>Grand Total</b>	<b>(3,963,816)</b>	<b>1,623,935</b>	<b>(1,164,066)</b>	<b>(3,514,983)</b>	<b>(805,245)</b>	<b>(103,457)</b>	<b>(5,587,752)</b>	4

- 4.3 Operating income and expenditure variances are discussed by activity.

## 5. Corporate

- 5.1 The corporate activity is \$1.1 million better than projected due to:
- 5.2 Revenue - \$564,000 worse than projected - internal interest is \$507,000 worse than projected, offset in external interest.
- 5.3 Expenses - staff - \$815,000 better than projected mainly due to lower staff time.
- 5.4 Expenses - other - \$393,000 better than projected - strategy work is \$151,000 under projection, there may be some further savings. Contingency budget is under projection by \$100,000 as well as Civic House \$58,000.
- 5.5 Expenses - interest - \$398,000 better than projected - \$205,000 is in external interest - this is a timing issue with most of the capital expenditure occurring in the second half of the year but there may be further savings.

## 6. Economic

- 6.1 The economic activity is \$74,000 better than projection due to:
- 6.2 Expenses – other - \$126,000 better than projected – there has been little spending to date on Economic development funding, special economic projects, the business incubator and facilities marketing (\$115,000 under projection to February). There may be further savings here. Cricket World Cup is also under projection by \$63,000. Offsetting this the EDA grant for Opera in the Park transfer has occurred in February (\$55,000 over projection) which is a timing difference.

## 7. Environment management

This activity includes civil defence and rural fire activities, consents and compliance, environmental programmes, and solid waste activities.

- 7.1 The environment activity is \$611,000 better than projection due to:
- 7.2 Operating income - \$335,000 worse than projected – Resource consent income is \$105,000 under projection and landfill revenue is \$115,000 reflecting lower volumes.
- 7.3 Expenses – staff - \$336,000 better than projection – lower staff costs in building and resource consents and Resource management planning.
- 7.4 Expenses – other - \$592,000 better than projected - Resource management planning is underspent \$150,000 and monitoring the environment \$58,000 relating to the timing of the work. Solid Waste is underspent \$266,000 in the landfill and waste minimisation mainly due to timing of projects in the second half of the year.

## 8. Flood Protection

- 8.1 The flood protection activity is \$169,000 worse than projected due to:
- 8.2 Expenses – other - \$198,000 worse than projected due to the April 2013 recovery work offset by open channel reactive maintenance being \$42,000 better than projected to date.

## 9. Parks and Active Recreation

- 9.1 The parks and active recreation activity is \$1.1 million better than projection due to:
- 9.2 Operating income - \$37,000 better than projected – \$213,000 relates to Saxton stadium insurance recovery (timing difference). Offsetting this are TDC recoveries \$78,000 and golf course fees \$43,000 which are mainly due in the second half of the year
- 9.3 Expenses – other - \$916,000 better than projected - Brook Sanctuary grant for capital expenditure has not been paid, resulting in \$341,000 underspend to February. Offsetting this \$173,000 relates to Saxton



stadium recovery expenses (see 9.2) which is timing. The remaining variance of \$748,000 relates to timing of maintenance later in the financial year.

## **10. Social**

- 10.1 The social activity is \$697,000 better than projection due to:
- 10.2 Operating income - \$303,000 better than projected – mainly due to the Festivals income (\$306,000) which is a timing issue offset in expenses – other.
- 10.3 Expenses – staff - \$215,000 better than projected mainly in the libraries (\$170,000).
- 10.4 Expenses – other - \$196,000 better than projected – mainly due to the timing of the Arts Festival \$313,000 offset by maintenance budgets being under projection in the community housing, community halls, toilets and cemeteries subactivities.

## **11. Stormwater**

- 11.1 The stormwater activity is \$152,000 better than projected.
- 11.2 Expenses – other - \$87,000 better than projected mainly in maintenance budgets.

## **12. Transport**

- 12.1 The transport activity is \$123,000 better than projected due to:
- 12.2 Expenses – other - \$109,000 better than projected mainly sub and unsub roading. Emergency response is \$139,000 overspent (timing issue) as is UFB utilities remediation \$80,000 (which will be recovered in operating income). Offsetting this, the Studies and Strategies budgets are underspent by \$260,000 to date (such as parking study, journeys to schools and the Waimea Road Access strategy) which is a timing issue.

## **13. Wastewater**

- 13.1 The wastewater activity is \$37,000 worse than projected due to:
- 13.2 Revenue - \$848,000 worse than projected – \$636,000 is due to the timing of the Nelson Regional Sewerage Business unit rebate occurring at year end. Tradewaste charges \$215,000 under projection (an accrual error accounts for \$160,000 of this).
- 13.3 Expenses – other - \$822,000 better than projected - the Nelson North Waste Water Treatment Plant desludging had not been incurred (\$418,000). \$196,000 is the Nelson Regional Sewerage Business Unit (NRSBU) charge to Council and Emergency response is \$93,000 underspent.

## **14. Water**

- 14.1 The water activity is \$364,000 better than projected due to:
- 14.2 Revenue - \$354,000 worse than projected – the commercial sales is below projection which will be partly due to seasonality.
- 14.3 Expenses – other - \$590,000 better than projected - \$206,000 in the water treatment plant and headworks maintenance and \$225,000 in reactive maintenance due to timing of expenditure in the second half of the year.

## **15. Capital Expenditure**

- 15.1 Capital expenditure is \$4.3 million below projection to February. Although the projections are phased towards the second half of the year, a significant amount of the invoices do not come in until the last couple of months. Cable Bay, Maitai Shared Path, Maitai duplicate pipeline projects are tracking well but are behind projection at this stage.

## **16. Outstanding Rates**

- 16.1 The third instalment of \$14.074 million was due on 27 February 2014. Of this instalment, \$977,109 was still outstanding at 6 March 2014 (93% collected) and \$19,728 was still outstanding for the previous rating year.
- 16.2 Although it appears that our rates collection has dropped below 95% in the last three quarters, further investigation shows that this is due to changes in the timing of direct debit payments whereby these ratepayers are given the calendar quarter to pay their rates ie 1 October to 31 December 2013 rather than by 27 November 2013 as in previous years. Officers will investigate the appropriate key performance indicator and amend future reports as required.
- 16.3 For the third instalment officers had to keep the books open for 3 extra days until 6 March due to the large number of cheque payments that were delayed as a result of the postal changes (letters within Nelson can take 5 business days). Officers need to consider options for incentivising electronic forms of invoicing and payment.

## **17. Borrowings**

- 17.1 A summary of the borrowings and interest rate position as at 28 February 2014 is attached (Attachments 4 and 5).

## **18. Conclusion**

- 18.1 For the 8 months ending 28 February 2014, the activity surplus/deficits are \$4 million favourable to projection (\$7.4 million favourable to budget).

Nikki Harrison  
**Chief Financial Officer**

**Attachments**

- Attachment 1: NCC variance to projection [A1156381](#)
- Attachment 2: Capital Expenditure by Activity [A1156381](#)
- Attachment 3: Capital Expenditure Over \$750,000 [A1156381](#)
- Attachment 4: Capital Expenditure Graph [A1156381](#)
- Attachment 5: Outstanding Rates [A1156381](#)
- Attachment 6: Balance Sheet [A1158093](#)
- Attachment 7: Council Borrowings and swaps [A1156381](#)
- Attachment 8: Interest Rate Position Report [A1151218](#)
- Attachment 9: Debtors Report [A793514](#)

No supporting information follows.

## NCC variance to projection to 28 February 2014

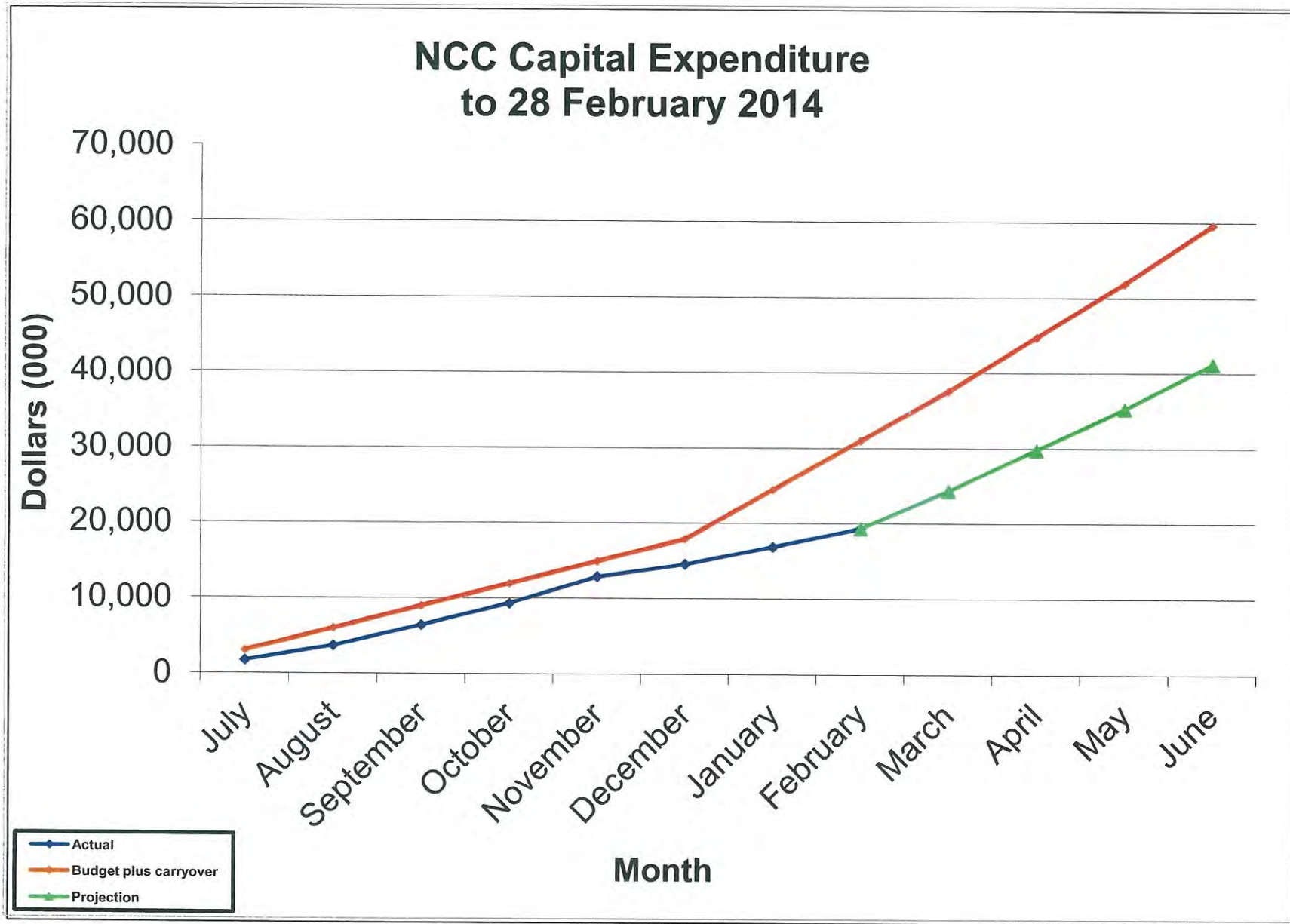
Activity	Subactivity	Year to Date Variance to Projection						
		Surplus (Better)/Worse	Revenue (Better)/ Worse	Staff	Ops	Interest	Depr e	Expenses (Better)/Worse
Corporate	Cost of Democracy Income	38,203	27,358	0	10,845			10,845
	Admin and Meeting Support	(189,579)	1,648	(180,712)	(10,514)		0	(191,226)
	Council Publicity	10,982	(52)	61,984	(51,707)	(148)	904	11,034
	Members Expenses	(57,329)	(1,103)	(15,305)	(40,554)		(367)	(56,226)
	Election Expenses	26,179	(26,814)	3,301	49,692			52,993
	Civic Expenses	(6,594)	(1,964)	1,643	(6,273)			(4,630)
	Contingency	(100,000)		()	(100,000)			(100,000)
	Investment Management	230,422	445,338	4,298	(13,862)	(205,352)		(214,916)
	Civic House	(92,490)	(27,138)	13,011	(57,011)	(15,890)	(5,462)	(65,352)
	Rental Properties	(148,272)	(67,314)	(6,989)	(11,485)	(62,231)	(253)	(80,958)
	Forestry	(183,342)	(136,680)	1,223	(28,087)	(19,798)	0	(46,662)
	Subdivisions	(62,606)	(6,296)	(853)	1,887	(57,344)		(56,310)
	Strategy and Planning	(850,962)	(2,500)	(697,010)	(151,452)			(848,462)
	Administration	(6,963)	0	0	15,358	(6,963)	(15,358)	(6,963)
	Emergency Response Fund	329,141	359,872	()	0	(30,731)		(30,731)
<b>Corporate Total</b>		<b>(1,063,210)</b>	<b>564,354</b>	<b>(815,410)</b>	<b>(393,163)</b>	<b>(398,457)</b>	<b>(20,534)</b>	<b>(1,627,564)</b>
Economic	Sister City Links	(9,127)		0	(9,127)			(9,127)
	Economic Development	(57,741)		(3,264)	(53,781)	(696)		(57,741)
	Tourism Nelson	(82)		0	0	(82)		(82)
	Cricket World Cup	(7,018)	0	56,052	(63,070)			(7,018)
<b>Economic Total</b>		<b>(73,968)</b>	<b>0</b>	<b>52,788</b>	<b>(125,978)</b>	<b>(777)</b>		<b>(73,968)</b>
Environmental	Civil Defence	(10,302)	3,508	(20,529)	8,495	(1,776)	()	(13,810)
	Rural Fire Control	17,970	(5,652)	(17,046)	41,437	(672)	(97)	23,623
	Monitoring the Environment	41,364	0	99,985	(58,618)	0	(3)	41,364
	District/Regional Plans	(276,937)	(1,380)	(125,813)	(149,744)		0	(275,557)
	Private Plans	12,701	0	12,701	0			12,701
	Environmental Advocacy	(109,124)	(20,532)	(61,440)	(27,153)			(88,592)
	Pest and Weed Control	(11,056)	(10,400)	(14,130)	13,474			(656)
	Clean Heat Warm Homes	(11,423)	0	()	901	(12,324)		(11,423)
	Solar Saver	(22,503)	0	(19,872)	156	(2,787)		(22,503)
	Dog Control	(17,786)	(23,265)	2,084	3,393		3	5,480
	Animal Control	1,345	0	0	1,345			1,345
	Liquor Licencing	(16,292)	(13,840)	1,893	(4,345)			(2,452)
	Food Premises	59,662	60,638	0	(976)			(976)
	Public Counters Land and General	(23,461)	(7,418)	(16,121)	79			(16,043)
	Building Services	(163,288)	16,455	(137,235)	(41,174)		(1,334)	(179,743)
	Harbour Safety	(31,982)	(865)	(566)	(30,748)		197	(31,117)
	Pollution Response/Hazardous Substances	20,477	13,653	102	6,721			6,824
	Resource Consents	2,511	104,994	(61,146)	(41,337)			(102,483)
	Enforcing Bylaws	(279)	597	1,496	(2,372)			(876)
	WHRS	(73,368)		(36,241)	(37,127)			(73,368)
	Waste Minimisation	0	32,272	7,739	(40,011)		0	(32,272)
	Transfer Station	(1)	77,447	17,812	(96,193)	0	933	(77,448)
	Landfill	314	115,301	9,904	(124,900)	0	9	(114,987)
	Green Waste	()	(272)	3,489	(3,217)	0	0	272
	Kerbside Recycling	(1)	(6,690)	16,762	(10,073)		0	6,690
<b>Environmental Management Total</b>		<b>(611,459)</b>	<b>334,549</b>	<b>(336,171)</b>	<b>(591,987)</b>	<b>(17,558)</b>	<b>(291)</b>	<b>(946,008)</b>
Flood Protection	Rural River Management	168,670	0	24,237	147,865	(1,265)	(2,167)	168,670
<b>Flood Protection Total</b>		<b>168,670</b>	<b>0</b>	<b>24,237</b>	<b>147,865</b>	<b>(1,265)</b>	<b>(2,167)</b>	<b>168,670</b>
Parks & Active	Horticulture Parks	(80,032)	2,491	(10,538)	(66,939)	(4,370)	(676)	(82,522)
	Neighbourhood Parks	1,593	2,135	37,564	(20,639)	(14,724)	(2,743)	(542)
	Park Trees	(57,216)		1,530	(58,747)			(57,216)
	Conservation Reserves	40,154	3,981	631	34,711	(323)	1,154	36,173
	Landscape Reserves	56,631	(10,937)	(5,662)	78,150	(4,055)	(865)	67,568
	Esplanade & Foreshore Reserves	(115,481)	20,732	(5,519)	(113,556)	(17,023)	(115)	(136,212)
	Heritage Trees	131	0	45	86		0	131
	Walkways	(13,497)	(2,705)	277	(10,434)		(635)	(10,791)
	Sports Parks	(21,316)	43,026	(38,276)	(114,795)	89,502	(772)	(64,342)
	Recreation Planning	(30,223)	(365)	(30,169)	311			(29,858)
	Natureland	(52,990)	(10)	(1,309)	(51,527)	(144)	0	(52,980)
	Trafalgar Centre	(134,295)	(38,278)	25,249	(87,260)	(33,542)	(463)	(96,017)
	Saxton Field Stadium	(23,190)	(133,078)	(845)	128,141	(17,408)	()	109,887
	Saxton Oval Pavillion	8,611	(1,830)	(45)	(24,648)	34,947	187	10,441
	Golf Course	(1,896)	43,124	(3,085)	(41,935)	0	0	(45,020)
	Swimming Pools	(42,949)	12,308	(1,637)	(47,493)	(1,879)	(4,248)	(55,257)
	Community Programmes	(15,982)	(2,661)	(18,057)	4,736		0	(13,321)

Activity	Subactivity	Year to Date Variance to Projection						
		Surplus (Better)/Worse	Revenue (Better)/Worse			Expenses (Better)/Worse		
			Staff	Ops	Interest	Depr	e	
	Recreation Liaison	(12,863)	455	(5,889)	(7,430)		(13,318)	
	Play Facilities	(15,530)	0	(14,987)	2,143	(2,401)	(287)	(15,530)
	Marina	(97,898)	(9,195)	(4,992)	(58,507)	(25,205)	0	(88,703)
	Saxton Field Capital Works	(75,463)	33,974	2,411	(105,754)	(5,678)	(415)	(109,437)
	Regional Community Facilities	(400,156)	0	(2,270)	(355,085)	(42,801)	0	(400,156)
	<b>Parks &amp; Active Recreation Total</b>	<b>(1,083,858)</b>	<b>(36,835)</b>	<b>(75,571)</b>	<b>(916,471)</b>	<b>(45,104)</b>	<b>(9,877)</b>	<b>(1,047,023)</b>
Social	Managing Heritage and Arts	(14,283)	0	7,935	(20,203)	(2,015)	()	(14,283)
	Museum	(44,161)	(42,723)	179	5,684	(7,301)		(1,438)
	Suter Grant	(16,855)		(15,221)	2,242	(3,876)	0	(16,855)
	Isel House	(10,121)	133	(2,387)	(7,867)	0	()	(10,254)
	Melrose House	(28,439)	(67)	(1,983)	(26,822)	202	232	(28,373)
	Broadgreen House	(3,246)	(2,258)	2,396	(3,385)		2	(988)
	Founders Park	57,988	55,138	13,115	(9,368)	(923)	26	2,851
	Historic Cemeteries	(15,173)	(5,699)	(17,541)	8,139		(73)	(9,475)
	Arts and Heritage Grants (Community A	1,079		1,079	0			1,079
	Heritage Incentives	(41,791)		(6,856)	(34,935)			(41,791)
	Festivals	17,765	(305,511)	9,555	313,721			323,276
	Street Decorations	(7,999)		1,074	(9,073)			(7,999)
	School of Music	420	0	1,054	0	(635)	0	420
	Theatre Royal	(59,482)	0	(1,135)	(58,351)	4	0	(59,482)
	Elma Turner Library	(88,606)	18,341	(82,941)	(18,172)	(4,607)	(1,227)	(106,948)
	Stoke Library	(69,199)	(404)	(68,120)	(407)		(268)	(68,795)
	Nightingale Library	(23,579)	(661)	(18,865)	(3,870)		(183)	(22,918)
	Marsden Cemetery	(8,599)	(1,414)	(4,430)	(46,422)	(2,388)	46,055	(7,185)
	Crematorium	15,298	4,819	3,285	7,074	(378)	498	10,479
	Public Toilets - Free	(41,711)	0	(875)	(38,095)	(584)	(2,157)	(41,711)
	Public Toilets - Charge	(13,233)	(1,163)	(12)	(11,668)	(388)	(1)	(12,070)
	Stoke Hall	(30,694)	(2,331)	(3,827)	(24,523)	(13)	0	(28,363)
	Maitai Club	(31,693)	(6,587)	(6,022)	(17,540)	(1,544)	0	(25,106)
	Community Properties	(29,755)	(908)	(9,234)	(19,421)	(192)	()	(28,846)
	Wakapuaka Recreation Centre	(3,506)	671	733	(4,911)	0	()	(4,177)
	Trafalgar St Hall (Age Concern)	(2,628)	2,786	647	(6,011)	(50)	0	(5,414)
	Tahuna Camp	(41,911)	(32,476)	(1,559)	(7,876)		()	(9,435)
	Maitai Camp	(9,282)	693	(4,484)	(5,628)	171	(33)	(9,975)
	Brook Camp	(52,782)	(1,264)	45,219	(95,140)	(154)	(1,444)	(51,519)
	Community Housing	(316,102)	11,904	3,351	(131,125)	0	(232)	(128,006)
	Social Indicators	0	0	0	0		0	0
	Employment Assistance	(5,468)	(11,491)	838	5,587	(217)	(186)	6,022
	Community Liaison: Development	(55,522)	17,500	(71,222)	(1,801)	0	0	(73,023)
	Community Liaison Grants (Community	76,922	0	12,547	64,484	(109)		76,922
	Community Physical Activity Fund	(1,104)		(1,104)	0			(1,104)
	<b>Social Total</b>	<b>(697,454)</b>	<b>(302,970)</b>	<b>(214,810)</b>	<b>(195,683)</b>	<b>(24,999)</b>	<b>41,008</b>	<b>(394,485)</b>
Stormwater	Stormwater	(152,164)	(5,000)	15,363	(87,350)	(72,024)	(3,153)	(147,164)
	<b>Stormwater Total</b>	<b>(152,164)</b>	<b>(5,000)</b>	<b>15,363</b>	<b>(87,350)</b>	<b>(72,024)</b>	<b>(3,153)</b>	<b>(147,164)</b>
Transport	Subsidised Rooding	(107,018)	27,128	(63,371)	(37,138)	(33,636)	0	(134,145)
	Unsubsidised Rooding	54,828	(66,662)	121,916	68,600	(31,234)	(37,791)	121,490
	Rooding Properties	(56,377)	(49,311)	(4,861)	(868)	(1,336)	(1)	(7,066)
	Parking Regulation	90,514	36,092	103,441	(49,023)		3	54,422
	Car Parks	(3,548)	4,796	(13,915)	31,827	(23,598)	(2,658)	(8,344)
	Millers Acre Centre	(67,981)	(46,057)	3,391	(6,379)	(18,932)	(3)	(21,924)
	Public Transport	(19,457)	(46,807)	(24,901)	52,678	(429)	1	27,350
	Total Mobility	(14,012)	7,949	(21,246)	(715)	0		(21,961)
	<b>Transport Total</b>	<b>(123,051)</b>	<b>(132,872)</b>	<b>100,454</b>	<b>58,982</b>	<b>(109,165)</b>	<b>(40,449)</b>	<b>9,821</b>
Wastewater	Wastewater	37,022	848,412	33,249	(821,665)	(15,065)	(7,909)	(811,390)
	<b>Wastewater Total</b>	<b>37,022</b>	<b>848,412</b>	<b>33,249</b>	<b>(821,665)</b>	<b>(15,065)</b>	<b>(7,909)</b>	<b>(811,390)</b>
Water	Water	(364,345)	354,297	51,806	(589,534)	(120,830)	(60,084)	(718,641)
	<b>Water Total</b>	<b>(364,345)</b>	<b>354,297</b>	<b>51,806</b>	<b>(589,534)</b>	<b>(120,830)</b>	<b>(60,084)</b>	<b>(718,641)</b>
	<b>Grand Total</b>	<b>(3,963,816)</b>	<b>1,623,935</b>	<b>(1,164,066)</b>	<b>(3,514,983)</b>	<b>(805,245)</b>	<b>(103,457)</b>	<b>(5,587,752)</b>

**Capital Expenditure****Total Council - by Activity**

Activity	Actual YTD \$(000)	Forecast YTD \$(000)	Variance YTD \$(000)	Latest Forecast \$(000)	Annual Budget \$(000)	Significant variances against budget
Transport	6,079	7,557	-1,478	14,533	14,822	Cable Bay, Maitai shared path projects later in year
Water supply	2,906	3,499	-593	6,729	6,779	Maitai duplicate pipeline largely later in the year
Wastewater	2,367	2,431	-64	4,675	4,883	
Stormwater	1,037	1,467	-430	2,821	3,002	
Flood protection	500	554	-53	1,064	1,012	
Environment	79	63	16	121	121	
Social	633	583	50	1,121	10,466	School of Music and Theatre Royal transfers moved to 2014/15 for projection
Parks and active recreation	2,007	3,491	-1,484	6,714	9,534	Land purchases
Economic	0	0	0	0	0	
Corporate	1,966	2,202	-236	4,234	5,187	
	<u>17,574</u>	<u>21,846</u>	<u>-4,272</u>	<u>42,011</u>	<u>55,806</u>	
Financial reserves	1,560	1,560	0	3,000	3,000	
Nelson Regional Sewerage BU	492	271	221	522	815	
	<u>19,626</u>	<u>23,677</u>	<u>-4,051</u>	<u>45,533</u>	<u>59,621</u>	

<b>Capital Expenditure</b>		<b>8 Months to 28 February 2014</b>			
<b>Total Council</b>	<b>Annual</b>		<b>Contract</b>	<b>Latest</b>	
	<b>Actual YTD</b>	<b>Budget plus C/fwd</b>	<b>Completion Date</b>	<b>Forecast</b>	<b>Comments</b>
	<b>\$(000)</b>	<b>\$(000)</b>		<b>\$(000)</b>	
<b>Major projects (over \$750,000 in any column)</b>					
<b>Infrastructure</b>					
Arapiki / Quarantine Trunk Main	1,504	1,568	Dec-13	1,614	
Maitai Pipeline Duplication	2,036	4,186	Jun-14	4,186	
Marsden Valley Trunk Main	294	1,503	Jun-14	809	
Maitai Walkway	690	2,902	Jun-14	2,902	
Princes Drive	885	1,046	Feb-14	1,046	
Waimea/Motueka Intersection	1,046	1,251	Nov-13	1,251	
Cable Bay Rd	687	1,986	Mar-15	2,133	
Observatory Hill Reservoir & Pump	136	985	May-14	985	
<b>Community Services</b>					
Land Purchase: General Reserve	4	1,189	Mar-14	1,189	
Trafalgar Centre North Upgrade	142	3,253	N/A	1,000	
Theatre Royal	6	6,590	Apr-14	0	
Nelson School of Music	0	2,404	Apr-14	0	
<b>Corporate</b>					
Strategic Land Purchases	1,034	2,397	Nov-13	1,772	
<b>Total other (under \$750,000)</b>	<b>9,112</b>	<b>24,548</b>		<b>23,126</b>	
<b>Council Total</b>	<b>17,574</b>	<b>55,806</b>		<b>42,011</b>	
Vested Assets	1,560	3,000		3,000	
Nelson Regional Sewerage business unit	492	815		522	





**Outstanding Rates**

**Attachment 5**

<b>Date</b>	<b>Total Rates Outstanding</b>	<b>Latest Instalment</b>	<b>Previous instalments</b>	<b>Previous Years</b>	<b>Commercial included in total</b>
30 June 2007	180,780	0	180,780	0	
30 June 2008	340,391	0	340,391	0	
1 September 2008	907,606	633,127	0	274,479	
1 December 2008	677,694	591,693		86,001	
1 March 2009	852,643	644,579	169,842	38,222	
4 June 2009	607,313	425,511	181,802	0	
30 June 2009	294,833	0	294,833	0	
1 September 2009	907,209	711,869	0	195,340	
13 October 2009	355,162	246,305	0	108,857	
31 December 2009	337,758	175,274	106,774	55,710	
1 March 2010	630,376	445,311	175,929	9,136	
1 June 2010	660,645	464,202	195,213	1,230	
30 June 2010	337,253	0	337,030	223	
1 September 2010	835,862	650,520	0	185,342	
1 November 2010	260,349	161,242	0	99,107	
1 December 2010	688,461	528,857	129,635	29,969	
31 December 2010	245,476	150,655	78,443	16,378	
1 March 2011	644,113	498,068	141,592	4,453	
1 June 2011	601,476	421,150	178,873	1,453	
30 June 2011	338,162	0	338,162	0	
October 2011	373,025	252,535	0	120,490	
November 2011	246,409	0	166,278	80,131	
1 December 2011	777,480	578,542	150,757	48,181	145,274
5 March 2012	649,187	514,491	129,140	5,556	58,517
30 May 2012	816,798	592,400	224,213	185	181,182
30 August 2012	923,938	753,415	0	170,523	187,299
3 December 2012	793,522	593,648	165,742	34,132	175,194
1 March 2013	1,117,653	704,633	406,606	6,414	198,492
4 June 2013	786,550	540,429	243,165	2,956	151,587
31 August 2013	1,068,111	866,816	0	201,295	220,266
3 December 2013	1,163,288	959,737	118,837	84,714	201,389
6 March 2014	1,210,431	977,109	213,594	19,728	189,606

## Nelson City Council

### Abbreviated Balance Sheet

	28/02/2014	31/01/2014	31/06/2013	
<b>Current Assets</b>				
Bank Deposits →	Cash and Bank	323,679	397,869	329,368
	Investments	500,000	0	0
Amounts due from customers. →	Rates Debtors	(387,597)	8,922,379	(660,948)
	Trade Debtors	9,945,758	8,981,000	16,391,347
	Debtors and Accruals	1,850,981	2,121,102	1,631,615
		<u>12,232,821</u>	<u>20,422,350</u>	<u>17,691,381</u>
<b>Current Liabilities</b>				
Cash Book Balance →	Bank Overdraft	0	0	0
Amounts owed to suppliers. →	Creditors	(9,745,321)	(9,558,881)	(15,956,066)
	Commercial paper	(29,770,496)	(29,770,496)	(39,718,002)
Term Loans to be paid in 12 months →	Current Portion of Term Liabilities	(5,710,000)	(10,410,000)	(10,265,000)
		<u>(45,225,817)</u>	<u>(49,739,377)</u>	<u>(65,939,068)</u>
	<b>Net Working Capital</b>	<b>(32,992,996)</b>	<b>(29,317,027)</b>	<b>(48,247,687)</b>
<b>Non Current Assets</b>				
Shares in Subsidiaries etc →	Investments	27,927,383	27,926,905	27,894,177
Total value, net of depreciation of all →	Fixed Assets	1,208,469,509	1,207,007,130	1,203,776,550
		<u>1,236,396,893</u>	<u>1,234,934,035</u>	<u>1,231,670,726</u>
<b>Non Current Liabilities</b>				
	Term borrowings	(21,421,372)	(21,421,372)	(11,421,372)
Money borrowed that requires payment after 12 months →	Other Term Liabilities	(1,521,808)	(1,513,573)	(1,456,894)
		<u>(22,943,180)</u>	<u>(22,934,945)</u>	<u>(12,878,266)</u>
		<u>1,180,460,716</u>	<u>1,182,682,063</u>	<u>1,170,544,773</u>
<b>Shareholder Funds</b>				
	Ratepayers Equity	341,728,844	343,795,640	330,964,360
	Reserves	838,731,873	838,886,423	839,580,414
		<u>1,180,460,716</u>	<u>1,182,682,063</u>	<u>1,170,544,773</u>

## Council Borrowings & Swaps

The Council borrowing as at 28 February 2014, with maturity dates are as follows:

		NCC	NRSBU	Total	Interest rate
		\$000	\$000	\$000	\$000
Mar 2014			8,000	8,000	3.81%
Mar 2014			800	800	3.74%
Mar 2014		3,110		3,110	3.71%
Mar 2014		2,600		2,600	3.71%
Mar 2014	Commercial Paper	9,922		9,922	2.95%
Apr 2014	Commercial Paper	19,848		19,848	3.10%
Mar 2019	LGFA Floating rate note	5,000		5,000	3.29%
Nov 2016	FRN Private placement	10,000		10,000	3.19%
May 2021	LGFA Floating rate note	5,000		5,000	3.31%
<b>Total Borrowings</b>		<b>55,480</b>	<b>8,800</b>	<b>64,280</b>	

The weighted average interest rate was **3.27%**

Made up of:

NCC	3.19%
NRSBU	3.80%

Council Interest rate swaps **Weighted average 4.27%**

Deal Date	Pay/Rec Fixed	Bank	Amount (\$millions)	Start Date	Maturity Date	Swap Rate	Fwd Start / Blend	
							Start Date	Maturity Date
11-May-12	pay	WPC	4.00	26-Oct-10	28-Apr-16	4.300%		28-Oct-14
29-Jul-10	pay	WPC	3.00	27-Aug-10	27-May-15	4.235%		27-May-15
29-Jul-10	pay	WPC	3.00	27-Aug-10	27-Aug-21	4.835%	27-May-15	27-Aug-21
29-Jul-10	pay	WPC	4.00	27-Sep-10	27-Sep-18	5.250%		
29-Jul-10	pay	WPC	5.00	27-Aug-10	27-May-20	5.365%		
4-Aug-10	pay	WPC	4.00	27-Jan-11	29-Jan-19	4.750%		27-Jan-17
3-Sep-10	pay	WPC	5.00	27-Mar-11	27-Jun-19	4.980%		
3-Sep-10	pay	WPC	6.00	27-Apr-11	27-Oct-17	4.820%		
12-Mar-12	pay	WPC	5.00	27-May-11	27-Aug-16	3.580%		27-Aug-14
3-Mar-11	pay	BNZ	3.00	27-Nov-11	27-Nov-15	4.560%		
11-May-11	pay	ANZ	5.00	27-Sep-11	27-Sep-18	4.450%		27-Sep-16
11-May-11	pay	ANZ	4.00	27-Jan-12	27-Apr-18	4.485%		27-Apr-16
11-May-11	pay	ANZ	3.00	27-Jan-12	27-Jan-17	3.980%		27-Jan-15
11-May-11	pay	ANZ	3.00	27-Sep-11	27-Mar-22	3.960%	27-Mar-14	27-Mar-22
2-Aug-12	pay	ANZ	2.00	27-Mar-13	27-Jun-22	3.860%		
2-Aug-12	pay	ANZ	2.00	27-Apr-13	27-Oct-21	3.820%		
2-Aug-12	pay	ANZ	2.00	27-May-13	27-Nov-20	3.770%		
2-Aug-12	pay	ANZ	2.00	27-Jun-13	27-Sep-19	3.660%		
12-Nov-12	pay	BNZ	3.50	21-Dec-12	21-Dec-14	2.620%		
16-May-12	pay	WPC	2.00	22-Dec-12	22-Mar-21	3.830%		
16-May-12	pay	WPC	2.00	22-Dec-12	22-Mar-19	3.570%		
16-May-12	pay	WPC	2.00	22-Mar-13	22-Mar-17	3.220%		
16-May-12	pay	WPC	2.00	22-Mar-13	22-Mar-15	2.770%		
			76.50					

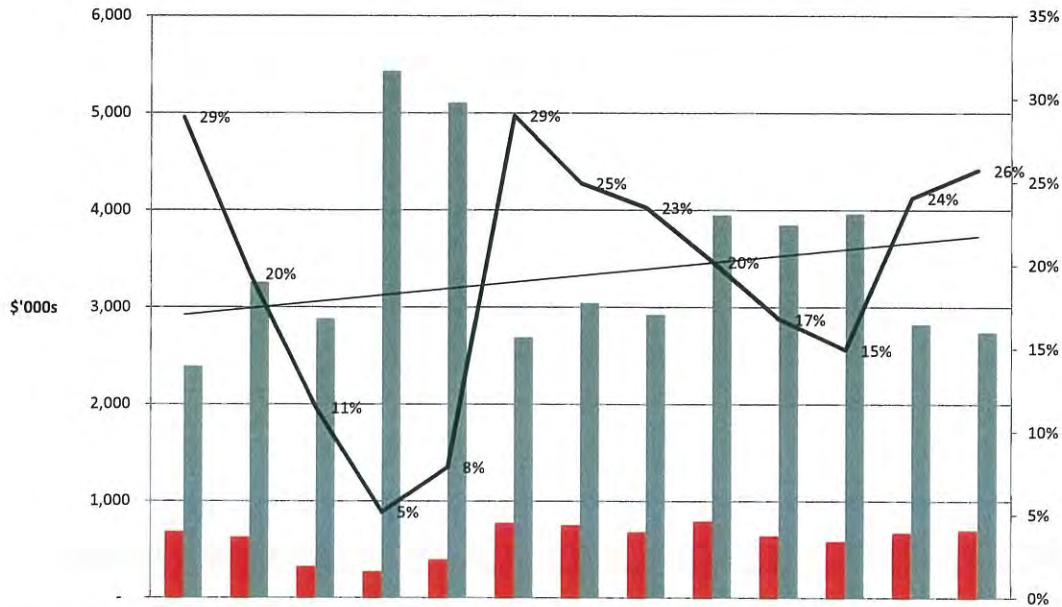
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Nelson City Council Interest Rate Position			
<b>12 month forecast core debt:</b>	<b>\$90.8m</b>	<b>28-Feb-14</b>	
Policy Limits	55%-90%		
Overall Fixed:Floating Mix	80%		
Policy Compliance	Y		
<b>Liquidity Ratio:</b>	<b>110%</b>		
Actual	136%		
Policy Compliance	Y		
<b>Fixed Rate Maturity Profile:</b>			
Years	<b>1 - 3 years</b>	<b>3 - 5 years</b>	<b>5 years plus</b>
Policy Limits	15%-60%	15%-60%	15%-60%
Actual Hedging	23%	38%	38%
Policy Compliance	Y	Y	Y
<b>Funding Maturity Profile:</b>			
Years	<b>0 - 3 years</b>	<b>3 - 5 years</b>	<b>5 years plus</b>
Policy Limits	15%-60%	15%-60%	10%-40%
Actual Hedging	54%	34%	11%
Policy Compliance	Y	Y	Y
Nelson City Council Interest Rate Performance			
<b>Market Rates</b>	90 Day Rate (ave of month) =	5yr Swap Rate (end of month) =	
	3.09%	4.80%	
<b>Interest Cost (incl margin)</b>	<b>This Month</b>	<b>Last Month</b>	
Weighted Av. Cost of Funds			
Benchmark Rate (incl margin of bp)	0.00%	0.00%	
Budget Rate			
Counterparty Credit Risk (Interest Rate Risk Mgmt Instruments)			
Policy Credit Limit (NZ\$) per NZ Registered Bank (Interest Rate Risk Management Instruments Only)			10,000,000
<b>Minimum Credit Rating is A-1+/A+</b>	<b>Notional (\$m)</b>	<b>Credit Exposure (\$m)</b>	
<b>Bank</b>			
WPC	47.0	6.1	Within Policy
ANZ	23.0	3.9	Within Policy
BNZ	6.5	0.2	Within Policy
<b>Total (NZ\$m)</b>	<b>76.5</b>	<b>10.2</b>	

Specific borrowing limits		
Net interest expense on external debt as a percentage of total revenue to be less than 15%	3.15%	Y
Net interest expense on external debt (secured by rates) as a percentage of rates revenue to be less than 20%	5.19%	Y
Net external debt (secured by rates) as a percentage of total revenue to be less than 150%	65%	Y
Net external debt (secured by rates) as a percentage of equity to be less than 20%	5%	Y

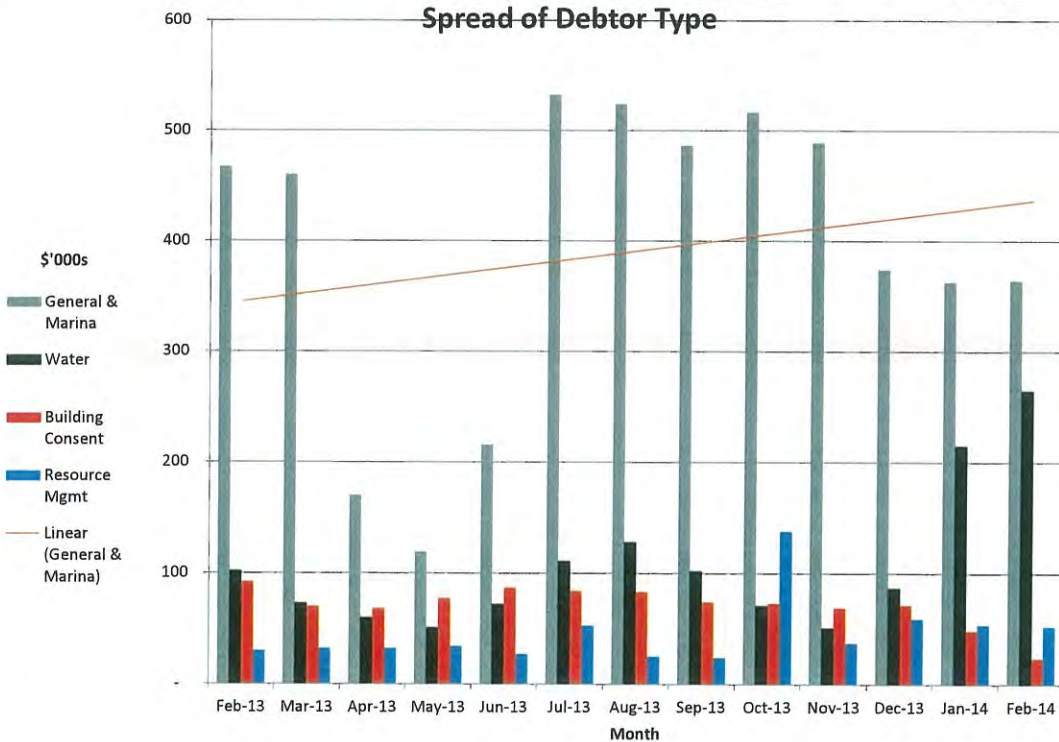
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### Debtors Totals & 3 Months Overdue February 2014



	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Total 3 months & over	691	635	330	281	402	780	760	687	799	646	592	680	705
Total Debtors	2,390	3,255	2,881	5,431	5,105	2,690	3,045	2,924	3,948	3,849	3,963	2,826	2,741
Percent 3 mths to Total	29%	20%	11%	5%	8%	29%	25%	23%	20%	17%	15%	24%	26%

### Spread of Debtor Type



#### February 2014 General Debtors Analysis 3 months overdue

Overdue - no arrangements	Queries	Legal action pending	Payment arrangements in place	With Creditmans/ Credit Recovery	Marina	TOTAL
\$ 4,157	\$ 16,210	\$ -	\$ 304,162	\$ 31,190	\$ 9,147	\$ 364,866