

## CONTENTS

A message from the Mayor .....	4
A message from the Chief Executive .....	6
Statement of compliance and responsibility .....	7
Audit report .....	8
Being accountable to the community .....	11
Community outcomes – goals for Nelson .....	13
Opportunities for Māori to contribute to decision-making processes .....	15
Statement of Financial Performance for the year ended 30 June 2009 .....	16
Statement of Changes in Equity for the year ended 30 June 2009 .....	17
Balance Sheet as at 30 June 2009 .....	18
Statement of Cashflows as at 30 June 2009 .....	20
Notes to accounts .....	21
Council activities .....	79
Water supply .....	80
Wastewater .....	84
Stormwater and flood protection .....	89
Solid waste management .....	94
Environmental management .....	99
Transport .....	107
Regulatory compliance .....	116
Parks and open spaces .....	121
Recreation and leisure .....	128
Community facilities .....	133
Economic and tourism support .....	140
Managing emergencies and natural hazards .....	145
Social development .....	149
Culture, heritage and arts .....	154
Democracy and administration .....	159
Financial reserves and trusts .....	163
Summary of capital expenditure (over \$100,000) .....	164
Statement of financial involvement in CCTOs and other companies or organisations .....	169
Equal employment opportunities .....	185
Borrowing objectives and policies .....	186
Investment objectives and policies .....	188
Summary of individual rates and uniform annual charges .....	190
Council information .....	191
Introducing your councillors .....	192



## MAYOR'S WORD

### Tēnā koutou te whānau ki Whakatū

I am very pleased to present my second annual report as Mayor of Nelson City. The year 2008/09 has been incredibly busy with some major highlights and memorable moments. Council touches many aspects of our daily lives through the wide range of facilities we provide and services we deliver. Therefore, it is important that we give regular feedback on how we are operating. In other words, on what is promised by us and expected by you.

There have been two significant milestones for the Council during this last year. Firstly, we have a new Chief Executive and, as in all organisations, with new leadership comes a new direction. Secondly, we developed our new Nelson Community Plan. I want to thank all of you who, as individuals and through organisations, took the time to help us with this vital task. That process is now complete; the Plan has been approved by Audit NZ and is now in place as our guiding document for the future.

In the midst of this change and improvement, Council continued to deliver a wide range of services and facilities for our residents and visitors.

### SOME OF THE YEAR'S HIGHLIGHTS

- Work on the new stadium at Saxton Field has been completed, with the grand opening in late 2009. Other projects continue to be developed at the complex as we work with Tasman District Council to build this premier sporting facility.
- Last year we signalled our intent to seriously look into the feasibility of a performing arts centre with a related conference centre. The possibility of this facility has been discussed for over 15 years. Before the end of 2009 we intend make a decision on whether or not to proceed following a full consultation process.
- This last year saw Council bringing its Events and Regional Arts strategies to life. We put Nelson back on the radar with the successful Rugby World Cup 2011 bid – a once in a lifetime event that will bring more visitors, excitement and prosperity to Nelson.
- Together with the Anglican Diocese (a.k.a. The Bishop and his team) we commemorated the 150th anniversary of Nelson becoming a City.
- The southern end of the Trafalgar Centre was completed and the improved facility opened with a sell out show by international performer Billy Connolly. Northern end improvements are planned for 2013/14.
- We also completed planning for a major upgrade of Trafalgar Park to bring it up to standard as a premier sporting and event venue.
- We launched our Solar Saver scheme for hot water systems, helping residents to take advantage of Nelson's much admired renewable

climatic resource. This is one of many sustainability initiatives developed in the Community Plan.

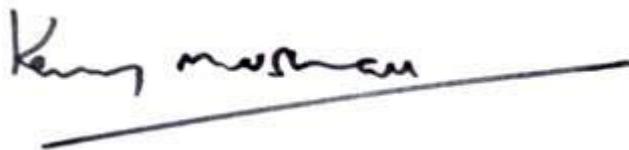
- The Biodiversity Action Plans were completed and put into action through a collaborative process that brought many key organisations together.
- We made a proactive decision to extend our recycling services to households and now offer full recycling of all plastics 1-7.
- Council continued to build relationships with iwi/Māori, a key priority for Council. Together we have established a new staff position that will grow our shared interests for the benefit of the wider Nelson community.

This list details some specific initiatives that we worked on in 2008/09, but we continued, of course, to upgrade and maintain essential infrastructure in the City. These are the less visible services including water supply, waste water treatment facilities and the storm water system; services that keep Nelson functioning safely and efficiently.

Looking to the future, the Heart of Nelson strategy has been developed with the community to guide projects in the centre of Nelson to make it a more distinctive and attractive place for businesses, locals and visitors. These projects will celebrate our unique heritage and identity and the first will be completed in time for the Rugby World Cup in 2011.

Finally, you might have noticed that changes are afoot in Civic House as we construct an improved customer service area on the ground floor, due to open in December 2009. This will be a positive step forward for us towards better customer service.

It has been another year of sound performance by the Council, for which I am grateful to our new Chief Executive and staff. I also want to acknowledge my fellow Councillors for all their sterling work in and out of the public eye for the benefit of our wonderful city. They are a great team.



Kerry Marshall MBE, JP  
MAYOR OF NELSON



## CHIEF EXECUTIVE'S WORD

First, my thanks to the Mayor, Deputy Mayor, Councillors and staff for their commitment and effort throughout the past year. It has been a year of change, particularly internal change in the organisation, which might not yet be so evident to the outside world. Very soon you will begin to notice an improvement in customer service as a result of these changes. We also intend that our community increasingly recognises that Council manages the city's finances carefully for the greatest overall benefit.

One of the main ways to measure a council's performance is the financial bottom line. The 2008/09 year for Council showed sound financial management in keeping within our overall targets, despite some unanticipated challenges thrown up by the weather and global financial markets.

The net surplus was \$18 million, which was \$0.9 million less than had been budgeted in the 2008/09 Annual Plan. Most of the difference from what had been planned was due to the \$1.97 million spent on cleaning up after the July 2008 wind storm. In December 2008, Council decided to delay several capital projects, which would have been funded through borrowing, so it could reduce the 2009/10 rate increase.

A major piece of work for staff and Councillors was the extensive Nelson Community Plan process, which ran throughout most of 2008/09. This will set Council's spending programme for the next decade.

Building Consent Authority accreditation was granted well ahead of schedule in June 2009. This is an essential component of being able to deliver our regulatory functions.

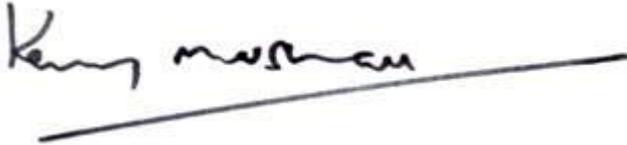
The financial year that has just ended was also our baseline year for our suite of organisational improvement to lift residents' approval of Council's overall performance. This time next year I aim to be able to report an increasing approval of how we are doing as a Council as judged by our residents.

A handwritten signature in blue ink, which appears to read 'Keith Marshall'.

Keith Marshall  
CHIEF EXECUTIVE

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The Council of Nelson City Council hereby confirms that all statutory requirements in relation to the annual report, as outlined in the Local government Act 2002, have been complied with.



Kerry Marshall MBE, JP  
MAYOR OF NELSON



Keith Marshall  
CHIEF EXECUTIVE

**AUDIT REPORT****TO THE READERS OF  
NELSON CITY COUNCIL AND GROUP'S  
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2009**

The Auditor-General is the auditor of Nelson City Council (the City Council) and group. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2009, including the financial statements.

**Unqualified Opinion**

In our opinion:

- The financial statements of the City Council and group on pages 16 to 167:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2009; and
    - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 79 to 162 and 169 to 184 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 15 October 2009, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

**Basis of Opinion**

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements,

performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2009. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audits of an amendment to the 2006-16 Long Term Council Community Plan and the 2009-19 Long Term Council Community Plan, we have no relationship with or interests in the City Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'S M Tobin', with a long horizontal stroke extending to the right.

S M Tobin  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

## BEING ACCOUNTABLE TO THE COMMUNITY

### The need to be accountable

The Nelson community 'owns' the Council and the community elects councillors to represent them. As the owners, the community is entitled to know what it gets for the money it pays as rates. The Annual Report is the method used by the Council for reporting to the public on:

- Whether it completed the work that it committed to completing in the applicable LTCCP (Long Term Council Community Plan) and annual plan; and
- Whether the Council was effective at achieving what the community wants.

To determine this, the Council has a two-part system for monitoring and reporting on its work. This system is explained below.

### Did we do what we said we would in the Nelson Community Plan or annual plan?

You can find the work that we intended to do listed as objectives for each of our significant activities or outputs in the applicable Nelson Community Plan (LTCCP) and current annual plan. See below for an explanation of these documents. The annual report states to what extent we met these objectives. The criteria we use to measure performance include:

- Timeliness. Was the work done within the time specified?
- Cost. Was it done within the budget? If not, why not?
- Location. Was it done at the intended location or elsewhere?
- Quantity. Was as much of the work done as envisaged?
- Quality. Was the quality of the work done as envisaged?

We report major exceptions where we did not fulfil any of these criteria with an explanation where applicable.

### Council's planning cycle

The 2009 Nelson Community Plan (LTCCP) sets out what Council plans to do for the next 10 years and how much this will cost. Annual plans are slimmer than the full LTCCP and update any changes to for that financial year so the public can comment on new priorities or planned expenditure.

Following the end of each financial year on 30 June, Council issues the annual report saying whether Council's spending and achievements took place as planned over the previous financial year. The annual report explains any significant differences from what was planned to provide accountability to the public. LTCCP years are followed by two annual plan years, so the next Community Plan is due in 2012, with annual plans updating in 2010 and 2011. So the Council sets out its long-term objectives in its 10-year plan (Long-term Council Community Plan) and sets out each year's short term objectives (1-3 years) in the annual plan. The significant activities

reports in this 2008/09 Annual Report are based on targets and budgets set in the 2006 Nelson Community Plan that were updated in the 2008/09 Annual Plan.

### **Outcomes monitoring**

The following section explains community outcomes and how these are monitored. A baseline report was released in September 2009 on measuring progress towards these community goals using common indicators across the three Top of the South councils. This report is available on the Nelson City Council website [www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz)



## COMMUNITY OUTCOMES – GOALS FOR NELSON

### **Nāu te rourou, nāku te rourou, ka ora ngā tāngata** **Through our joint contributions the people will thrive**

The six 'community outcomes' are the long term goals that Nelson residents want for Nelson. They provide a vision of the sort of place where we would like to live in the future. They were drafted following consultation with Nelson residents during 2005. Progress towards the outcomes will be reported at least every three years, and they will be completely reviewed every six years. The next review begins in 2011. The six goals for Nelson are:

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

In short, we have these six inter-related goals to guide Nelson City Council and other organisations' decisions, plan and policies, including the Nelson Community Plan. The aim is to have everyone heading in the same direction, working together to make the outcomes happen.

These outcomes come from the whole community, not Council, so they belong to the whole community. They guide what Council does, just as they guide and coordinate other groups and organisations working to improve community wellbeing in Nelson. The Community Plan and annual plan is the Council's response to these outcomes, but it can't deliver everything. It takes the whole community to work towards making them happen.

### **Measuring progress toward achieving the outcomes**

Measurement of progress towards the six goals primarily draws on Council's own and other organisations' measurement of community wellbeing. This includes workshops with community leaders to discuss progress.

There are a number of projects being run by Statistics NZ and Local Government NZ (LGNZ) to provide measures of progress towards community outcomes, with specific information relating to each Council area. When this improved information is available, it is likely that Council will adopt some or all of those measures.

Each community outcome includes the measures that will be used to monitor and report on progress towards achieving the community's goals.

## COMMUNITY OUTCOMES

During 2008/09 some key contributions to the community outcomes and to the social, economic, environmental and cultural wellbeing of Nelson included:

- Ab grading for water treatment plant (social and economic).
- Stormwater upgrades (economic and social).
- Safer Routes and Community Road Safety programmes (social and economic).
- Clean Heat Warm Homes programme implementation (social and environmental).
- Saxton Field development (social).
- Regional Physical Activity Strategy implementation (social and cultural).
- Community Assistance Grants (social and cultural).
- Ecofest (environmental).
- Biodiversity Strategy implementation (environmental).
- Landfill gas use by the Hospital (environmental, social).
- Support for EDA and Tourism Nelson Tasman Ltd (economic).
- Recycling services through Nelmac (environmental).
- Increased support for the Suter Art Gallery and Museum (cultural).
- Review and implementation of the Memorandum of Understanding with Tangata Whenua (social, economic, environmental and cultural).

## OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO DECISION-MAKING PROCESSES

Council continued to provide a range of opportunities for Māori to participate in Council's decision making, including two Kotahitanga Hui, which provided 'rangatira to rangatira' discussions between Council and iwi leaders on mutual issues. The Memorandum of Understanding between Tangata Whenua o Whakatu and the Council was reviewed over the year through Kotahitanga Hui. Staff supported and attended the regular 1-2 monthly Tiakina te Taiao Ltd meetings, which provide for consultation on resource management and environmental issues. Similar meetings took place between staff and Ngāti Kuia and Ngāti Toa representatives to discuss the same issues.

As well as the more formal processes, there is strong iwi involvement in key projects such as the Heart of Nelson central city strategy projects through an urban design and arts advisory panel that was established during the year. Iwi representatives are also involved in the Heritage Inventory for the Nelson Resource Management Plan.

Māori and iwi representatives took part in the Nelson Community Plan process, which included early discussion of priorities for the draft Plan and submissions by several groups including the Nelson College Whanau Council. There are also active rangatahi representatives on the Nelson Youth Council, which participates in Council decisions relevant to youth.

Improving the relationship with iwi/Māori is a key priority of Council, so the Nelson Community Plan process addressed the establishment of a Kaihautū position to assist Council to better meet its responsibilities to involve Māori in its decision making processes.



## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	Council			Group		
		Actual	Estimate	Actual	Actual	Actual	
		2009	2009	2008	2009	2008	
		\$000	\$000	\$000		\$000	\$000
<b>REVENUE</b>							
Rates revenue	3	45,611	47,105	40,737		45,611	40,737
Other revenue	4	40,702	38,951	41,786		52,490	42,875
Other gains	5	169	0	253		205	277
Total Operating Revenue		86,482	86,056	82,776		98,306	83,889
<b>EXPENDITURE</b>							
Employee benefit expenses	6	12,087	12,565	10,928		18,365	15,741
Depreciation and amortisation		15,218	14,488	13,519		15,926	14,034
Other expenses	7	37,889	35,638	34,030		34,621	32,597
Finance costs	8	3,248	4,378	2,699		3,254	2,699
Total Operating Expenditure		68,442	67,069	61,176		72,166	65,071
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>							
		18,040	18,987	21,600		26,140	18,818
Share of associate's surplus/(deficit)		0	0	0		4,065	4,222
		18,040	18,987	21,600		30,205	23,040
Taxation	9	(4)	0	52		257	327
<b>NET SURPLUS/(DEFICIT)</b>		<b>18,044</b>	<b>18,987</b>	<b>21,548</b>		<b>29,948</b>	<b>22,713</b>

The accompanying notes form part of these financial statements.  
See Note 33 for explanations of variations.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2009	2009	2008	2009	2008
		\$000	\$000	\$000	\$000	\$000
<b>Balance as 1 July</b>		1,025,697	1,007,481	969,696	1,084,645	1,018,088
Revaluation gains/(losses) taken to equity		25,264	27,149	34,453	24,539	43,844
Net income/(expense) recognised in equity		25,264	27,149	34,453	24,539	43,844
Surplus/(deficit) for year		18,044	18,987	21,548	29,948	22,713
Total recognised income/(expenditure) for the year		43,308	46,136	56,001	54,487	66,557
<b>EQUITY AT END OF YEAR</b>	24	<u>1,069,005</u>	<u>1,053,617</u>	<u>1,025,697</u>	<u>1,139,132</u>	<u>1,084,645</u>

The accompanying notes form part of these financial statements.  
See Note 33 for explanations of variations.

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2009	2009	2008	2009	2008
		\$000	\$000	\$000	\$000	\$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	10	10,149	6,614	6,538	11,383	7,461
Trade and other receivables	11	10,482	9,209	12,378	11,140	13,288
Inventories	12	442	198	451	859	708
Biological assets	12	0	208	161	0	161
Other financial assets	13	1,000	0	2,000	1,000	2,000
Non-current assets held for sale	14a	820	0	0	820	0
Taxation	11	127	0	123	0	123
<b>Total current assets</b>		<b>23,020</b>	<b>16,229</b>	<b>21,651</b>	<b>25,202</b>	<b>23,741</b>
<b>Non-current assets</b>						
Trade and other receivables	11	3,098	4,474	2,530	3,098	2,530
Property, plant and equipment	14	1,078,399	1,093,442	1,023,762	1,091,468	1,027,198
Intangible assets	15	884	842	996	917	1,027
Forestry assets	16	3,706	4,789	4,610	3,706	4,610
Investment properties	17	875	890	940	875	940
Investments in associates and subsidiaries	18	21,183	21,183	21,183	76,448	75,246
Other financial assets	13	140	140	140	741	370
Deferred Taxation	9	0	0	0	273	238
<b>Total non-current assets</b>		<b>1,108,285</b>	<b>1,125,760</b>	<b>1,054,161</b>	<b>1,177,526</b>	<b>1,112,159</b>
<b>Total assets</b>		<b>1,131,305</b>	<b>1,141,989</b>	<b>1,075,812</b>	<b>1,202,728</b>	<b>1,135,900</b>

The accompanying notes form part of these financial statements.  
See Note 33 for explanations of variations.

	Note	Council			Group	
		Actual	Estimate	Actual	Actual	Actual
		2009	2009	2008	2009	2008
		\$000	\$000	\$000	\$000	\$000
<b>Current liabilities</b>						
Bank overdraft	10	0	0	268	12	268
Trade and other payables	20	8,789	10,335	10,293	9,277	10,770
Taxation payable		0	0	0	10	14
Provisions	21	0	0	0	19	11
Employee benefit liabilities	22	1,013	1,298	1,289	1,664	1,870
Borrowings	23	6,030	11,110	12,225	6,037	12,225
<b>Total current liabilities</b>		<b>15,832</b>	<b>22,743</b>	<b>24,075</b>	<b>17,019</b>	<b>25,158</b>
<b>Non-current liabilities</b>						
Provisions	21	532	1,228	1,311	532	1,311
Employee benefit liabilities	22	431	521	519	495	576
Borrowings	23	45,505	63,880	24,210	45,549	24,210
<b>Total non-current liabilities</b>		<b>46,468</b>	<b>65,629</b>	<b>26,040</b>	<b>46,576</b>	<b>26,097</b>
<b>Total liabilities</b>		<b>62,300</b>	<b>88,372</b>	<b>50,115</b>	<b>63,595</b>	<b>51,255</b>
<b>Total net assets</b>		<b>1,069,005</b>	<b>1,053,617</b>	<b>1,025,697</b>	<b>1,139,133</b>	<b>1,084,645</b>
<b>Equity</b>						
Retained earnings	24	289,747	278,456	270,475	314,423	283,246
Other reserves	24	779,258	775,161	755,222	824,710	801,399
<b>Total equity</b>		<b>1,069,005</b>	<b>1,053,617</b>	<b>1,025,697</b>	<b>1,139,133</b>	<b>1,084,645</b>

The accompanying notes form part of these financial statements.  
See Note 33 for explanations of variations.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	PARENT			CONSOLIDATED	
	Actual	Estimate	Actual	Actual	Actual
	2009	2009	2008	2009	2008
	\$000	\$000	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>					
Receipts from rates and other revenue	73,563	79,622	66,549	78,244	73,687
Interest received	371	(6,878)	838	454	929
Dividends received	2,345	9,332	2,258	2,167	0
Payments to suppliers and employees	(49,900)	(47,325)	(44,602)	(52,973)	(47,786)
Interest paid	(2,958)	(4,378)	(2,699)	(2,964)	(2,699)
Taxation (paid)/refunded	0	173	(329)	(173)	(622)
Net GST movement	2	0	(330)	21	(346)
Net cash inflows from operating activities	23,423	30,546	21,685	24,776	23,163
					Note 25
<b>Cash Flows From Investing Activities</b>					
Sale of fixed assets	588	3,131	0	625	0
Sale of investments	1,000	575	0	1,000	0
Repayment of loans/advances	0	217	0	0	0
Goodwill on sale of business	0	0	0	0	0
Purchase of fixed assets	(35,374)	(61,266)	(25,924)	(36,145)	(17,233)
Purchase of investments	0	0	(1,000)	(1,229)	(11,284)
Loans and advances	(858)	(1,845)	(111)	0	0
Net cash outflow from investing activities	(34,644)	(59,188)	(27,035)	(35,749)	(28,517)
<b>Cash Flows From Financing Activities</b>					
Cash was provided from loans raised	34,156	47,715	10,100	34,156	10,100
Cash was applied to repayment of loans	(19,056)	(20,018)	(8,775)	(19,005)	(8,775)
Net cash inflows/outflows from financing activities	15,100	27,697	1,325	15,151	1,325
Net increase/(decrease) in cash held	3,879	(945)	(4,025)	4,178	(4,029)
Plus opening cash balance	6,270	7,559	10,295	7,193	11,222
Closing Balance	10,149	6,614	6,270	11,371	7,193
<b>Represented by:</b>					
Cash and cash equivalents	10,149	6,614	6,538	11,383	7,461
Bank Overdraft	0	0	(268)	(12)	(268)
	10,149	6,614	6,270	11,371	7,193

The accompanying notes form part of these financial statements.  
See Note 33 for explanations of variations.

## NOTES TO ACCOUNTS

### NOTE 1 – ACCOUNTING POLICIES

#### Statement of accounting policies for the year ended 30 June 2009

##### Entity Statement

Since 1 July 1992, the Council has been constituted a unitary authority assuming the responsibilities of the former Nelson Marlborough Regional Council and City Council.

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

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

##### Accounting policies

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and Standards issued by the Institute of Chartered Accountants of New Zealand.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars.

The financial statements of Nelson City Council are for the year ended 30 June 2009. The financial statements were authorised for issue by Council on 15 October 2009.

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets. The following particular accounting policies, which materially affect the reported results, have been applied.



### Consolidation

Subsidiaries in which the Council has a controlling interest are consolidated by separate line-by-line aggregations of like items of assets, liabilities, equity, revenue, expense and cash flows into the consolidated financial statements. All significant inter-entity transactions are eliminated upon consolidation. Nelmac Limited is a fully owned subsidiary and has been consolidated on a line-by-line basis.

The City of Nelson Civic Trust (Inc), The Bishop Suter Trust and the Nelson Regional Economic Development Agency (REDA) are controlled by Council via the appointment of a majority of the trustees. The Trusts and REDA have been consolidated on a line-by-line basis.

### Associate entities

Associate organisations are accounted for the Group by the equity method, which records the Council's share of surpluses and deficits for the period in the Statement of Financial Performance and shows the amount of equity held in Investments in the Statement of Financial Position. An associate organisation is one in which the Council has an equity interest of between 20% and 50% and the capacity to significantly influence the policies of that organisation. As the Council does not have a controlling interest in any of the following, they have been accounted for using the equity method.

- Port Nelson Limited (PNL)
- Nelson Airport Limited
- Tasman Bays Heritage Trust
- Tourism Nelson Tasman Limited

### Joint ventures

The Council does not have a controlling interest in the Regional Sewerage Business Unit (NRSBU), Civil Defence or Ridgeway Joint Ventures. As these are not separate legal entities, Council has consolidated their share by line-by-line proportionate consolidation in the parent financial statements.

The figures incorporated in these financial statements for the Civil Defence, Nelson Regional Sewerage Business Unit are based on unaudited financial statements. Tasman Bays Heritage Trust figures are based on audited financial statements.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

### **Rates Revenue**

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

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

### **Government grants**

Nelson City Council receives government grants from the NZ Transport Authority, which subsidises part of Nelson City Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### **Provision of services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

### **Vested assets**

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

### **Sales of goods**

Revenue from sales of goods is recognised when a product is sold to a customer.

### **Traffic and parking infringements**

Traffic and parking infringements are recognised when tickets are issued.

### **Interest and dividends**

Interest income is recognised using the effective interest method.

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

### Development contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are not recognised as liabilities until such time the Council provides, or is able to provide, the service.

### Cash and cash equivalents

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

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

### Fixed assets and other assets

Fixed assets consist of the following categories:

- Operational Assets – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- Restricted Assets – restricted assets are land, buildings and improvements, which are owned by the Council but which benefit or service the community. Heritage assets consist of Museum artefacts, collections and historic buildings.
- Infrastructural Assets – infrastructural assets are the fixed utility systems owned by the Council. These include the roading, water, sewer, and stormwater networks.

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

- Land – operational and restricted land (with the exception of Walters Bluff and Ridgeway subdivisions) has been valued at net current value by Quotable Value NZ as at 30 June 2007. Quotable Value NZ has confirmed this as being appropriate for financial reporting purposes.
- Land under Roads – land under roads has been valued at net current value by Telfer Young registered valuers as at 30 June 2006. This is now considered to be deemed cost.
- Infrastructural Assets – infrastructural assets excluding specialised Infrastructural assets have been valued internally at depreciated replacement cost by Council engineers as at 30 June 2009. The valuation methodology has been peer reviewed by Opus International Consultants Ltd.
- Specialist infrastructural assets – specialised infrastructural assets include dams, water reservoir and sewage treatment plants. These assets have been valued at depreciated replacement cost as at 30 June 2009 by Opus International Consultants Ltd.
- Nelson Regional Sewerage Business Unit – land is valued at market valuation (30 June 2009) by Quotable Value and is

reviewed annually and revalued if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by an independent valuer. The latest valuation was conducted as at 30 June 2009 by C.P.G. New Zealand Ltd, consultant engineers.

- Heritage Assets – museum assets have been valued on the basis of what a willing buyer would be prepared to pay a willing seller. The valuation was undertaken by Dunbar Sloane registered valuer as at 30 June 1999. The Cawthron Steps and Broadgreen House have been valued on the basis of depreciated replacement cost by Quotable Value at 30 June 2002. Founders Park has been valued on the basis of depreciated replacement cost by Telfer Young at 30 June 2002. The Cawthron Steps, Broadgreen House and Founders Park were included in 2002 for the first time and are deemed to be at cost.
- Additions between valuations are recorded at cost except for vested assets.
- The vested assets are infrastructural assets such as roads, sewers and water mains, paid for by subdividers and vested in the City on completion of the subdivision. These have been valued based on the actual quantities of infrastructure components and the current “in the ground” cost of providing identical services.

Valuations are performed with sufficient regularity to ensure the carrying amount of property, plant and equipment does not materially differ from fair value.

**Depreciation**

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

Assets depreciated are as follows:

<b>ASSET</b>	<b>DEPRECIABLE LIFE (YEARS)</b>
<b>Operational</b>	
Buildings	50 - 100
Improvements	Nil-20
Motor vehicles	7
Plant and equipment	2 - 30
Library books	3 - 10
Marina	30 - 50
<b>Restricted</b>	
Buildings	50 - 100
Improvements	Nil - 20
<b>Roading</b>	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 - 80
Surfacing (sealed)	2 - 50
Surfacing (unsealed)	n/a
Bridges	20 - 100
Retaining/sea walls	75 - 150
Box culverts	60 - 90
Footpaths	5 - 100
Carparks	10 - 100
Streetlights	30 - 60
Signs	15
<b>Water</b>	
Pipeline	55 - 120
Manholes	55 - 120
Reservoirs and tanks	45 - 100
Dams	16 - 200
<b>Sewer</b>	
Pipeline	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation pond	22 - 139



<b>ASSET</b>	<b>DEPRECIABLE LIFE (YEARS)</b>
<b>Stormwater</b>	
Pipeline	50 - 80
Bank protection	25 - 100
Manholes	90
<b>Solid waste</b>	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

### Forestry assets

- Forestry – forestry assets are valued annually. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2009.

Changes in the valuation of the forestry assets are recognised in the Statement of Financial Performance.

### INTANGIBLE ASSETS

#### Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

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

Computer software 3 years 33%

### **Inventory**

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

### **Work in progress**

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

### **Financial instruments**

The Council and group is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank, accounts receivable and payable, investments, and loans which have all been recognised in the financial statements. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

### **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### **Investments**

The activities of associated entities have been included in the parent financial statements at cost on acquisition.

Other investments are stated at cost, except the shares in the Local Government Insurance Corporation, which are recorded at their net asset value.

### **Investment property**

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

### **Other financial instruments**

All other financial instruments, including cash, and bank and accounts payable, are recognised at their fair value.

Loans are recorded at cost.

### **Impairment of financial assets**

At each balance sheet date Nelson City Council assesses whether there is any objective evidence that a financial assets or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Financial Performance.

### **Loans and other receivables**

Impairment of a loan or a receivable is established when there is objective evidence that Nelson City Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

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

### **Properties intended for sale**

Properties intended for sale are valued at the lower of cost and net realisable value.



### Employee entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Annual leave due has been calculated on an actual entitlement basis at current rates of pay. Provision is also made for retirement gratuities and long service leave based on an actuarial calculation.

### Landfill

As operator of the York Valley landfill, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. The calculation assumes no change in the resource consent conditions for closure and post closure treatment.

### Income tax

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

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

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

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

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

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

### **Good and services tax (GST)**

All amounts in the accounts are exclusive of GST except for debtors and creditors which are shown inclusive of GST.

### **Allocation of overheads – significant activities**

All overheads by way of the job costing system have been allocated to the Council's significant activities. This allocation has been mainly on the basis of time spent, but where items of expenditure clearly relate to particular activities, then they are allocated on that basis.

### **Expenditure recognition**

Borrowing costs are expensed when incurred.

### **Reserves and trusts**

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Reserves may be:

Restricted reserves – reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by the Council without reference to the courts or a third party. Transfer from these reserves may be made only for certain specified purposes or if certain specified conditions are met. Council Created Reserves – part of the accumulated balance established at the will of the Council. The Council may alter them without reference to any third party or the Courts.

Transfers to and from these reserves are at the discretion of the Council.

Revaluation reserves – The results of revaluing land, infrastructural assets are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the Statement of Financial Performance. To the extent that increases in value offset previous decreases debited to the Statement of Financial Performance, the increase is credited to the Statement of Financial Performance.

### Statement of cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or group invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made of the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council and group.

### Leases

Finance leases are leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to the Council. The leased assets are recognised as non current assets in the Statement of Financial Position and are depreciated over the period the company is expected to benefit from their use. The corresponding liability is also recognised in the Statement of Financial Position.

Operating leases – an operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted and which are relevant to Nelson City Council include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard required information in the financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Nelson City Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements; a separate income statement followed by a statement of comprehensive income. Nelson City Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense.
- NZ IFRS 3 Business Combinations (revised 2008) and the amended NZ IAS 27 Consolidated and Separate Financial Statements are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
  - Partial acquisitions. Non-controlling interests are measured either at their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - Step acquisitions: The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
  - Acquisition-related costs. Acquisition-related costs are generally recognised as expenses rather than included in goodwill.
  - Contingent consideration. Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss rather than by adjusting goodwill.

Nelson City Council will adopt the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 30 June 2010, which will impact on business combinations that occur on or after 1 July 2009.

### **Critical accounting estimates and assumptions**

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

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

### **Landfill aftercare provision**

Note 21 presents an analysis of the exposure of Nelson City Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.



### Infrastructural assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example storm water, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Nelson City Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. To minimise this risk Nelson City Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Nelson City Council's asset management planning activities, which gives Nelson City Council further assurance over its useful life estimates.
- Experienced independent valuers perform the Council's infrastructural asset revaluations.



**Note 2 - Summary cost of service**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Income</b>			
Water supply	366	396	740
Sewage disposal	3,341	4,086	3,785
Stormwater and flood protection	302	220	574
Roading and transport	5,739	5,803	6,743
Solid waste management	2,331	2,968	2,294
Environmental management	480	418	288
Regulatory compliance	2,618	2,450	2,460
Parks and open spaces	531	863	1,402
Recreation and leisure	371	257	262
Community facilities	9,996	10,952	3,158
Economic and tourism support	0	0	10
Managing emergencies and natural hazards	641	14	27
Social development	292	263	296
Culture, heritage and arts	1,223	772	1,359
Democracy and administration	12,296	13,071	12,125
Reserves	1,845	1,830	2,524
<b>Total activity income</b>	<b>42,372</b>	<b>44,362</b>	<b>38,047</b>
Less: internal interest	(7,582)	(9,077)	(6,264)
remissions	(128)	(88)	(107)
General rates received	24,768	24,666	20,681
Water rate	10,505	10,926	10,875
Sewerage rate	5,910	5,902	5,126
Stormwater rate	4,556	4,541	4,137
Vested assets	5,707	3,000	9,835
Civil Defence	10	0	7
Ridgeways joint venture	262	790	361
Sundry	101	1,033	78
<b>Total Income</b>	<b>86,481</b>	<b>86,055</b>	<b>82,776</b>

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Expenditure</b>			
Water supply	10,706	10,114	10,527
Sewage disposal	7,848	8,573	6,876
Stormwater and flood protection	4,280	3,959	3,975
Roading and transport	11,505	11,106	10,041
Solid waste management	1,466	2,868	2,106
Environmental management	2,583	3,033	2,379
Regulatory compliance	4,567	4,543	4,148
Parks and open spaces	4,948	5,650	5,018
Recreation and leisure	2,314	2,369	2,241
Community facilities	7,224	7,698	6,505
Economic and tourism support	1,030	1,018	641
Managing emergencies and natural hazards	2,701	339	323
Social development	859	975	871
Culture, heritage and arts	4,264	3,887	3,931
Democracy and administration	9,599	9,782	7,702
Reserves	119	154	88
Total activity expenditure	76,014	76,069	67,372
Less: internal interest remissions	(7,582) (128)	(9,077) (88)	(6,264) (107)
Sundry	137	163	175
<b>Total expenditure</b>	<b>68,441</b>	<b>67,067</b>	<b>61,176</b>

Each activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer note 4). In order to fairly reflect the total external operations for the Council in the Statement of Financial Performance, these transactions are eliminated as shown above.

**Note 3 - Rates revenue**

	<b>Actual 2009</b>	<b>Actual 2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>General rates</b>	24,640	20,599
<b>Targeted rates:</b>		
Water	10,505	10,875
Sewerage	5,910	5,126
Stormwater	4,556	4,137
Total revenue from rates	<u>45,611</u>	<u>40,737</u>

Rates remissions

Rates revenue is shown net of rates remissions. NCC's rates remissions policy allows NCC to remit rates on Community, sporting and other organisations to facilitate the ongoing provision of non-commercial community services and recreational opportunities.

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

Rates for residential properties in commercial/industrial areas.

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

Excess water rates.

Rates on cemeteries.

Rates on golf practice greens.

Rates for underground utilities.

Rates on low value properties.

	<b>Actual 2009</b>	<b>Actual 2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>Total rates revenue</b>	45,739	40,844
<b>Rates remissions</b>		
Community, sporting and other organisations	53	42
Rates for residential properties in commercial/industrial areas.	7	6
Rates on land protected for natural, historic or cultural conservation purposes.	0	0
Rates on cemeteries.	17	15
Rates on low value properties.	1	1
Heritage	46	43
Clean heat warm homes	3	0
Dependent relative	1	0
Total remissions	<u>128</u>	<u>107</u>
Rates revenue net of remissions	<u>45,611</u>	<u>40,737</u>

**Note 4 - Other revenue**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
User charges	8,355	8,618	8,509	8,620
NZ Transport Authority grants	2,708	3,226	2,708	3,226
Regulatory revenue	2,430	2,283	2,430	2,283
Rental income and investment properties	4,598	4,247	4,654	4,247
Infringements and fines	767	760	767	760
Petrol tax	331	337	331	337
Vested assets	5,707	9,835	15,279	9,835
Interest income	371	838	454	929
Dividend income	2,445	3,658	29	0
Development/Financial contributions	2,894	4,342	2,894	4,342
Grants/donations *	8,344	2,232	8,955	3,247
Other	1,752	1,410	5,480	5,049
	<u>40,702</u>	<u>41,786</u>	<u>52,490</u>	<u>42,875</u>

## Vested assets:

The group vested assets include the net assets of The Bishop Suter Trust totalling \$9,570,706. The Bishop Suter Art Gallery Governance Restructuring Act 2008 dissolved the Bishop Suter Art Gallery Trust and transferred the assets to The Bishop Suter Trust, a Council Controlled Organisation controlled by Nelson City Council on 9 August 2008.

The net assets comprised:	\$000
Current assets	51
Current liabilities	(157)
Non Current assets	9,778
Non current liabilities	(101)
	<u>9,571</u>

## \* Grants/donations

Includes contributions from Tasman District Council and others for Saxton Field developments of \$7.3 million.

**Note 5 - Other gains**

	Note	Council		Group	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Gain on changes in fair value of forestry assets	16	0	0	0	0
Gain on disposal of property, plant and equipment		24	154	61	178
Gain on sale of investments		0	0	0	0
Gain in fair value of investments		0	0	0	0
Provision discount unwinding		145	49	145	49
Gain on changes in fair value of investment property	17	0	50	0	50
<b>Total gains</b>		<u>169</u>	<u>253</u>	<u>205</u>	<u>277</u>

**Note 6 - Employee benefit expenses**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Salaries and wages	12,083	10,921	18,360	15,734
Employer contributions to multi-employer defined benefit plans	4	7	4	7
<b>Total employee benefit expenses</b>	<u>12,087</u>	<u>10,928</u>	<u>18,364</u>	<u>15,741</u>

**Note 7 - Other expenses**

	Note	Council		Group	
		2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Audit fees for financial statement audit		100	97	146	127
Audit fees for NZ IFRS transition		0	13	0	13
Audit fees for assurance and related services		0	0	0	0
Audit fees for other services		0	0	0	0
Audit fees for LTCCP and amendments		81	6	81	6
Impairments of receivables		8	52	8	49
Loss on disposal of property, plant and equipment	14	1,218	1,104	1,218	1,104
Loss on changes in fair value of forestry assets	16	904	179	904	179
Decrease in value of investment properties		65	0	65	25
Provision of services and other operating expenses		35,223	32,579	32,812	31,094
<b>Total other expenses</b>		<b>37,599</b>	<b>34,030</b>	<b>35,234</b>	<b>32,597</b>

**Note 8 - Finance costs**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Interest on bank borrowings	3,248	2,628	3,254	2,628
Write down interest free loan	290	71	290	71
<b>Total finance costs</b>	<b>3,538</b>	<b>2,699</b>	<b>3,544</b>	<b>2,699</b>

**Note 9 - Taxation**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Components of tax expense</b>				
Current tax expense	(4)	52	292	321
Deferred tax expense	0	0	(35)	6
<b>Income tax expense</b>	<b>(4)</b>	<b>52</b>	<b>257</b>	<b>327</b>

**Relationship between tax expense and accounting profit**

Surplus/(deficit) before tax	18,040	21,600	30,205	23,040
Tax at 30% (33% in 2008)	5,412	7,128	9,062	7,603
Non taxable income	5,416	7,076	8,805	7,276
<b>Tax expense</b>	<b>(4)</b>	<b>52</b>	<b>257</b>	<b>327</b>

**Deferred tax assets/(liabilities)**

Balance 1 July	0	0	238	244
Charged to profit and loss	0	0	35	(6)
<b>Balance 30 June</b>	<b>0</b>	<b>0</b>	<b>273</b>	<b>238</b>

**Deferred taxation movements statement - Group**

	Property, Plant & Equipment	Provisions	Employee Entitlements	Other	Total
Balance as at 1 July 2007	95	18	135	(4)	244
Current year charge	(12)	0	15	(9)	(6)
Closing balance 30 June 2008	83	18	150	(13)	238
Balance as at 1 July 2008	83	18	150	(13)	238
Current year charge	9	3	23	1	35
Closing balance 30 June 2009	92	21	173	(12)	273

**Note 10 - Cash and cash equivalents**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	349	238	1,583	1,161
Short term deposits maturing three months or less from date of acquisition (Note 13)	9,800	6,300	9,800	6,300
<b>Total cash and cash equivalents</b>	<b>10,149</b>	<b>6,538</b>	<b>11,383</b>	<b>7,461</b>
Bank overdraft	0	(268)	(12)	(268)

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Cash and bank overdrafts include the following for the purpose of the cash flow statement.

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Cash at bank and in hand	349	238	1,583	1,161
Short term bank deposits maturing within three months	9,800	6,300	9,800	6,300
Bank overdrafts	0	(268)	(12)	(268)
<b>Total cash and cash equivalents</b>	<b>10,149</b>	<b>6,270</b>	<b>11,371</b>	<b>7,193</b>

**Note 11 - Trade and other receivables**

Note	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Rates receivables	1,726	4,870	1,726	4,870
Other receivables	3,915	2,885	4,576	3,795
Dividend receivable	1,500	1,400	1,500	1,400
Sundry debtors	2,797	2,453	2,797	2,453
	9,938	11,608	10,599	12,518
Less provision for impairment of receivables	56	52	59	52
	9,882	11,556	10,540	12,466
Prepayments	448	770	448	770
Community loans	2,270	1,716	2,270	1,716
Loans to related parties	980	866	980	866
	13,580	14,908	14,238	15,818
Less non-current portion:				
Loans to related parties	980	866	980	866
Community loans	2,118	1,664	2,118	1,664
<b>Total non-current portion</b>	<b>3,098</b>	<b>2,530</b>	<b>3,098</b>	<b>2,530</b>
<b>Current portion</b>	<b>10,482</b>	<b>12,378</b>	<b>11,140</b>	<b>13,288</b>
<b>Current Taxation Asset</b>	<b>127</b>	<b>123</b>	<b>0</b>	<b>123</b>

The loan to related parties is a loan of \$1.2 million to Tasman Bays Heritage Trust at zero interest rate. The loan has written down based on a discounted interest rate of 7.0% (8.5% in 2007/08).

*Fair value*

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

*Impairment*

Nelson City Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

These powers allow Nelson City Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Nelson City Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The status of receivables as at 30 June 2009 and 2008 are detailed below:

	2009			2008		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
<b>Council</b>						
Not past due	7,283	0	7,283	9,968	0	9,968
Past due 1 - 60 days	1,326	0	1,326	886	0	886
Past due 61 - 120 days	1,211	0	1,211	610	0	610
Past due > 120 days	118	(56)	62	144	(52)	92
<b>Total</b>	<b>9,938</b>	<b>(56)</b>	<b>9,882</b>	<b>11,608</b>	<b>(52)</b>	<b>11,556</b>
<b>Group</b>						
Not past due	7,825	0	7,825	10,878	0	10,878
Past due 1 - 60 days	1,435	0	1,435	886	0	886
Past due 61 - 120 days	1,211	0	1,211	610	0	610
Past due > 120 days	128	(59)	69	144	(52)	92
<b>Total</b>	<b>10,599</b>	<b>(59)</b>	<b>10,540</b>	<b>12,518</b>	<b>(52)</b>	<b>12,466</b>

**Note 12 - Inventories and biological assets**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Ridgeways properties	442	451	442	451
Civic Trust - flag stocks	0	0	6	3
The Bishop Suter Gallery Stocks	0	0	36	0
Nelmac - stocks	0	0	292	148
Nelmac - work in progress	0	0	83	106
<b>Total inventories</b>	<b>442</b>	<b>451</b>	<b>859</b>	<b>708</b>
Biological assets - Nursery plants	0	161	0	161
<b>Total current biological assets</b>	<b>0</b>	<b>161</b>	<b>0</b>	<b>161</b>

**Note 13 - Other financial assets**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short term deposits with maturities of 4-12 months	1,000	2,000	1,000	2,000
Total current portion	1,000	2,000	1,000	2,000
<b>Non-current portion</b>				
Unlisted shares - Civic Insurance Ltd	140	140	140	140
The Bishop Suter Gallery	0	0	362	0
Civic Trust - 1st NZ Securities	0	0	239	230
Total non current portion	140	140	741	370

The maturity dates for all other financial assets with the exception of equity investments, and advances to subsidiaries and associates are as follows:

<b>2009</b>	<b>Short term deposits Council \$000</b>	<b>Short term deposits Group \$000</b>	<b>Local authority stock, Council and Group \$000</b>
Short term deposits (with maturities of 3 months or less)	9,800	9,800	0
<i>Weighted average effective interest rate</i>	3.11%	3.11%	
Other investments maturing within 1 year:	1,000	1,000	0
<i>Weighted average effective interest rate</i>	4.78%	4.78%	
	10,800	10,800	0
<b>2008</b>	<b>Short term deposits Council \$000</b>	<b>Short term deposits Group \$000</b>	<b>Local authority stock, Council and Group \$000</b>
Short term deposits (with maturities of 3 months or less)	6,300	6,300	0
<i>Weighted average effective interest rate</i>	8.50%	8.50%	
Other investments maturing within 1 year:	2,000	2,000	0
<i>Weighted average effective interest rate</i>	8.85%	8.85%	
	8,300	8,300	0

**Note 14 - Property, plant and equipment**

2009	Cost/ revaluation 30 June 2008 \$000	Accumulated depreciation and impairment charges 1 July 2008 \$000	Carrying amount 30 June 2008 \$000	Current year additions \$000	Current year disposals/trfrs \$000
<b>Council operational assets</b>					
Land	66,545	0	66,545	2,456	(690)
Less land held for sale (Note 14a)	0	0	0		
	66,545	0	66,545	2,456	(690)
Buildings	25,356	(6,073)	19,283	1,094	
Other improvements	747	(202)	545	1	
Landfill post closure	853	(339)	514		
Library books	4,198	(2,643)	1,555	368	(1)
Plant and equipment	13,361	(10,222)	3,139	1,065	(12)
Motor vehicles	1,006	(553)	453	192	(40)
Marina	6,115	(272)	5,843	42	
Total operational assets	118,181	(20,304)	97,877	5,218	(743)
<b>Council infrastructural assets</b>					
Sewerage system	101,823	(595)	101,228	3,716	
Water system	124,885	0	124,885	1,663	
Drainage network	98,418	0	98,418	5,529	
Solid waste	4,858	0	4,858	248	
Roading network	196,830	0	196,830	8,542	
Roading land	270,700	0	270,700	1,063	
Total infrastructural assets	797,514	(595)	796,919	20,761	0
<b>Council restricted assets</b>					
Land	88,776	0	88,776	119	
Buildings	16,618	(3,088)	13,530	16,565	(28)
Other improvements	28,884	(2,224)	26,660	4,522	
Total restricted assets	134,278	(5,312)	128,966	21,206	(28)
<b>Total NCC property, plant and equipment</b>	<b>1,049,973</b>	<b>(26,211)</b>	<b>1,023,762</b>	<b>47,185</b>	<b>(771)</b>
<b>Subsidiaries property, plant and equipment</b>					
Land	942	0	942	466	0
Buildings	900	(456)	444	3,004	0
Leasehold improvements	22	(7)	15	0	0
Plant and equipment	4,071	(2,477)	1,594	615	(44)
Motor vehicles	970	(578)	392	224	(67)
Art Collection	0	0	0	6,076	0
Capitalised work in progress	49	0	49	22	(48)
Total subsidiaries	6,954	(3,518)	3,436	10,407	(159)
<b>Total Group property, plant and equipment</b>	<b>1,056,927</b>	<b>(29,729)</b>	<b>1,027,198</b>	<b>57,592</b>	<b>(930)</b>

The above cost includes \$17.04 million work in progress.

Current year profit/ (loss) on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2009 \$000	Accumulated depreciation and impairment charges 30 June 2009 \$000	Carrying amount 30 June 2009 \$000
		115	68,426		68,426
			(820)		(820)
0	0	115	67,606	0	67,606
	(575)	16	26,586	(6,650)	19,936
	(20)		748	(222)	526
			853	(340)	513
1	(330)		4,555	(2,963)	1,592
	(640)	3	14,391	(10,817)	3,574
23	(100)		1,015	(486)	529
	(120)		6,157	(272)	5,885
24	(1,785)	134	121,911	(21,750)	100,161
(142)	(2,713)	6,724	108,675	0	108,675
(245)	(3,554)	6,788	129,537	0	129,537
(362)	(1,561)	5,389	107,414	0	107,414
	(274)	191	5,025	0	5,025
(469)	(3,670)	6,038	207,272	0	207,272
			271,762	0	271,762
(1,218)	(11,772)	25,130	829,685	0	829,685
			88,895		88,895
	(280)		33,142	(3,355)	29,787
	(1,192)		33,407	(3,536)	29,871
0	(1,472)	0	155,444	(6,891)	148,553
(1,194)	(15,029)	25,264	1,107,040	(28,641)	1,078,399
0	0	0	1,408	0	1,408
0	(101)	0	3,904	(557)	3,347
0	(2)	0	22	(9)	13
0	(489)	0	4,642	(2,950)	1,692
0	(106)	0	1,126	(616)	510
0	0	0	6,076	0	6,076
0	0	0	23	0	23
0	(698)	0	17,201	(4,132)	13,069
(1,194)	(15,727)	25,264	1,124,241	(32,773)	1,091,468

## NOTES TO ACCOUNTS

2008	Cost/ revaluation 30 June 2007 \$000	Accumulated depreciation and impairment charges 1 July 2007 \$000	Carrying amount 30 June 2007 \$000	Current year additions \$000	Current year disposals/trfrs \$000
<b>Council operational assets</b>					
Land	65,881		65,881	790	(126)
Buildings	22,228	(5,472)	16,756	3,128	
Other improvements	746	(183)	563	1	
Landfill post closure	853	(332)	521		
Library books	3,867	(2,316)	1,551	338	(1)
Plant and equipment	13,380	(9,852)	3,528	277	(50)
Motor vehicles	973	(562)	411	139	(20)
Marina	6,079	(138)	5,941	36	
Total operational assets	114,007	(18,855)	95,152	4,709	(197)
<b>Council infrastructural assets</b>					
Sewerage system	100,446	(1,716)	98,730	6,179	
Water system	132,575	(3,191)	129,384	2,150	(3)
Drainage network	93,613	(1,396)	92,217	5,149	
Solid waste	4,462	(233)	4,229	155	(1)
Roading network	160,772	(3,093)	157,679	7,147	0
Roading land	268,792		268,792	2,134	(375)
Total infrastructural assets	760,660	(9,629)	751,031	22,914	(379)
<b>Council restricted assets</b>					
Land	88,352		88,352	403	20
Buildings	13,240	(2,811)	10,429	3,377	
Other improvements	23,231	(1,126)	22,105	5,653	
Total restricted assets	124,823	(3,937)	120,886	9,433	20
<b>Total NCC property, plant and equipment</b>					
	999,490	(32,421)	967,069	37,056	(556)
<b>Subsidiaries property, plant and equipment</b>					
Land	942	0	942	0	0
Buildings	800	(420)	380	100	0
Leasehold improvements	22	(5)	17	0	0
Plant and equipment	3,771	(2,292)	1,479	534	(234)
Motor vehicles	877	(524)	353	130	(37)
Capitalised work in progress	72	0	72	49	(72)
Total subsidiaries	6,484	(3,241)	3,243	813	(343)
<b>Total Group property, plant and equipment</b>					
	1,005,974	(35,662)	970,312	37,869	(899)

The above cost includes \$7.93 million work in progress.

Current year loss on disposal \$000	Current year depreciation \$000	Revaluation surplus \$000	Cost/ revaluation 30 June 2008 \$000	Accumulated depreciation and impairment charges 30 June 2008 \$000	Carrying amount 30 June 2008 \$000
			66,545		66,545
	(601)		25,356	(6,073)	19,283
	(19)		747	(202)	545
	(7)		853	(339)	514
	(334)		4,198	(2,643)	1,555
	(632)		13,361	(10,222)	3,139
	(80)		1,006	(553)	453
	(135)		6,115	(272)	5,843
0	(1,808)	0	118,181	(20,304)	97,877
(180)	(2,271)	(1,230)	101,823	(595)	101,228
(417)	(3,183)	(3,049)	124,885	0	124,885
(179)	(1,409)	2,640	98,418	0	98,418
(5)	(241)	720	4,858	0	4,858
(323)	(3,036)	35,363	196,830	0	196,830
			270,700		270,700
(1,104)	(10,140)	34,444	797,514	(595)	796,919
			88,776		88,776
	(277)		16,618	(3,088)	13,530
	(1,097)		28,884	(2,224)	26,660
0	(1,374)	0	134,278	(5,312)	128,966
(1,104)	(13,322)	34,444	1,049,973	(26,211)	1,023,762
0	0	0	942	0	942
0	(36)	0	900	(456)	444
0	(2)	0	22	(7)	15
0	(386)	0	4,071	(2,477)	1,594
0	(91)	0	970	(578)	392
0	0	0	49	0	49
0	(515)	0	6,954	(3,518)	3,436
(1,104)	(13,837)	34,444	1,056,927	(29,729)	1,027,198

## NOTES TO ACCOUNTS

### Note 14a - Non-current assets held for sale

Nelson City Council owns land in Akerston Street which is being developed for marina related businesses and facilities. The Council has sale and purchase agreements for three properties to be subdivided off the main property.

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
Land	820	0	820	0
<b>Total non-current assets held for sale are:</b>	<b>820</b>	<b>0</b>	<b>820</b>	<b>0</b>

### Note 15 - Intangible assets

	Council Computer Software \$000	Council Total \$000	Group Computer Software \$000	Group Total \$000
<b>Balance 1 July 2008</b>				
Cost	1,675	1,675	138	1,813
Accumulated amortisation and impairment	(679)	(679)	(107)	(786)
Opening carrying amount	996	996	31	1,027
Additions	77	77	12	89
Amortisation charge	(189)	(189)	(10)	(199)
Closing carrying amount	884	884	33	917
<b>Balance at 30 June 2009</b>				
Cost	1,752	1,752	150	1,902
Accumulated amortisation and impairment	(868)	(868)	(117)	(985)
Closing carrying amount	884	884	33	917
<b>Balance 1 July 2007</b>				
Cost	1,324	1,324	122	1,446
Accumulated amortisation and impairment	(482)	(482)	(107)	(589)
Opening carrying amount	842	842	15	857
Additions	351	351	16	367
Amortisation charge	(197)	(197)	-	(197)
Closing carrying amount	996	996	31	1,027
<b>Balance at 30 June 2008</b>				
Cost	1,675	1,675	138	1,813
Accumulated amortisation and impairment	(679)	(679)	(107)	(786)
Closing carrying amount	996	996	31	1,027

**Note 16 - Forestry assets**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance at 1 July	4,610	4,789	4,610	4,789
Increases due to purchases	0	0	0	0
Gains/(losses) arising from changes in fair value less estimated point of sale costs attributable to physical changes and price changes	(464)	(179)	(464)	(179)
Decreases due to sales	0	0	0	0
Decrease due to harvest	(440)	0	(440)	0
<b>Balance 30 June</b>	<b>3,706</b>	<b>4,610</b>	<b>3,706</b>	<b>4,610</b>

The Nelson City Council owns 553 hectares, (679.7 at 30 June 2008), of Radiata Pine, Douglas Fir and Cupressus Macrocarpa planted between 1976 and 2007. Stands of other species totalling 9.9 hectares, (16.2 at 30 June 2008), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2009. A discount rate of 7% has been used in discounting the present value of expected after tax cash flows.

**Note 17 - Investment properties**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Balance at 1 July</b>	940	890	940	890
Additions from acquisitions	0	0	0	0
Disposals	0	0	0	0
Fair value gains/(losses) on valuation (Note 7)	(65)	50	(65)	50
<b>Balance at 30 June</b>	<b>875</b>	<b>940</b>	<b>875</b>	<b>940</b>

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

**Note 18 - Investments in associates and subsidiaries**

<b>Council</b>	<b>Proportion of ownership</b>	<b>2009 \$000</b>	<b>2008 \$000</b>
Investment in;			
Port Nelson Limited	50%	12,708	12,708
Tasman Bays Heritage Trust	50%	4,922	4,922
Nelson Airport Limited	50%	1,200	1,200
Tourism Nelson Tasman Limited	50%	0	0
Nelmac	100%	2,353	2,353
The Bishop Suter Trust	100%	0	0
The Civic Trust	100%	0	0
<b>Council total</b>		<b>21,183</b>	<b>21,183</b>
<b>Group</b>		<b>2009 \$000</b>	<b>2008 \$000</b>
Port Nelson Limited		65,926	65,163
Tasman Bays Heritage Trust		7,310	7,330
Nelson Airport Limited		3,212	2,753
Tourism Nelson Tasman Limited		0	0
<b>Total Group Investment</b>		<b>76,448</b>	<b>75,246</b>

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

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

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
Opening balance	75,246	65,049
New investment	0	0
	<u>75,246</u>	<u>65,049</u>
Disposals	0	0
	<u>75,246</u>	<u>65,049</u>
Share of recognised revenues and expenses	4,065	4,268
Share of revaluations	(725)	9,394
	<u>78,586</u>	<u>78,711</u>
Share of dividend	2,138	3,465
	<u>2,138</u>	<u>3,465</u>
<b>Balance as at 30 June 2009</b>	<u><u>76,448</u></u>	<u><u>75,246</u></u>

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

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
Assets	220,154	107,050
Liabilities	67,272	31,855
Equity	152,882	75,195
Revenues	46,414	22,238
Surplus/(deficit)	6,172	4,237

**Note 19 - Joint Ventures**

2009	Regional	Ridgeways	Civil	Total
	Sewerage	JV	Defence	
	Scheme	JV	Defence	Total
	\$000	\$000	\$000	\$000
Current assets	307	579	29	915
Non-current assets	18,744	0	57	18,801
Current liabilities	656	1	1	658
Non-current liabilities	4,000	0	0	4,000
Income	3,049	220	145	3,414
Expenses	2,217	43	161	2,421

2008	Regional	Ridgeways	Civil	Total
	Sewerage	JV	Defence	
	Scheme	JV	Defence	Total
	\$000	\$000	\$000	\$000
Current assets	205	682	56	943
Non-current assets	15,591	0	46	15,637
Current liabilities	1,402	7	1	1,410
Non-current liabilities	3,000	0	0	3,000
Income	2,813	323	133	3,269
Expenses	2,252	45	151	2,448

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

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

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

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

**Note 20 - Trade and other payables**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Trade payables	5,700	5,985	6,188	6,057
Deposits and bonds	538	501	538	501
Accrued expenses	553	583	553	731
Income in advance	1,452	1,245	1,452	1,502
Trust accounts	316	205	316	205
Amounts due to customers for contract work	80	83	80	83
Other	150	1,691	150	1,691
<b>Total trade and other payables</b>	<b>8,789</b>	<b>10,293</b>	<b>9,277</b>	<b>10,770</b>
Taxation	0	0	10	14

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

**Note 21 - Provisions**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Current provisions are represented by:</b>				
Warranty provisions	0	0	19	11
<b>Total current provisions</b>	<u>0</u>	<u>0</u>	<u>19</u>	<u>11</u>
<b>Non-current provisions are represented by:</b>				
Landfill redemption	532	1,311	532	1,311
<b>Total non current provisions</b>	<u>532</u>	<u>1,311</u>	<u>532</u>	<u>1,311</u>
Balance 1 July	1,311	1,167	1,311	1,167
Reassessment of liability	(887)	0	(887)	0
Provision for year based on consumption	37	42	37	42
Interest	71	102	71	102
<b>Balance 30 June</b>	<u>532</u>	<u>1,311</u>	<u>532</u>	<u>1,311</u>

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

The remaining capacity of the site is 1.392 million cubic metre (refuse, clean fill and cover).

The estimated remaining life is 22 years.

Estimates of the life have been made by Nelson City Council's engineers based on historical volume information.

The cash outflows for landfill post closure are expected to occur in twenty two to fifty two years time, (between 2031 and 2061). The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 7.0% (8.5% in 2007/08), and an inflation rate of 2.5%.

**Note 22 - Employee Benefit Liabilities**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Accrued pay	100	447	204	580
Annual leave	839	762	1,355	1,151
Long service leave	265	257	308	310
Retirement gratuities	215	312	267	375
Sick leave	25	30	25	30
<b>Total employee benefit liabilities</b>	<b>1,444</b>	<b>1,808</b>	<b>2,159</b>	<b>2,446</b>
Comprising:				
Current	1,013	1,289	1,664	1,870
Non-current	431	519	495	576
<b>Total employee benefit liabilities</b>	<b>1,444</b>	<b>1,808</b>	<b>2,159</b>	<b>2,446</b>

**Note 23 - Borrowings**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Current</b>				
Secured loans	6,000	12,225	6,000	12,225
EECA loan	30	0	30	0
The Bishop Suter Gallery loans	0	0	7	0
Lease liabilities	0	0	0	0
<b>Total current borrowings</b>	<b>6,030</b>	<b>12,225</b>	<b>6,037</b>	<b>12,225</b>
<b>Non-current</b>				
Secured loans	45,410	24,110	45,410	24,110
EECA loan	95	100	95	100
The Bishop Suter Gallery loans	0	0	44	0
Lease liabilities				
<b>Total non-current borrowings</b>	<b>45,505</b>	<b>24,210</b>	<b>45,549</b>	<b>24,210</b>

The maturity dates for the above loans are:

	Nelson City Council	Regional Sewerage	Total
	\$000	\$000	\$000
0 to 1 year	6,000		6,000
1 to 2 Years	5,500		5,500
2 to 5 Years	35,910	4,000	39,910
	<b>47,410</b>	<b>4,000</b>	<b>51,410</b>

The above loans are secured over the city's rates.

As at 30 June 2009 the Council had borrowing facilities of \$40 million each with the Bank of New Zealand and Westpac Banking Corp.

The interest rates on the above loans range from 4.31% to 8.77%. The weighted average interest rate on the above loans was 6.0%, (7.24% in 2007/08).

**Note 24 - Equity**

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Retained earnings</b>				
As at 1 July	270,475	247,201	283,246	258,807
Transfers to:				
Restricted reserves	(2,077)	(2,382)	(2,077)	(2,382)
Transfers from:				
Asset revaluation reserve on disposal of property, plant and equipment	488	0	488	0
Restricted reserves	2817	4,108	2,817	4,108
Surplus/(deficit) for the year	18,044	21,548	29,948	22,713
<b>As at 30 June</b>	<b>289,747</b>	<b>270,475</b>	<b>314,422</b>	<b>283,246</b>
<b>Restricted reserves</b>				
As at 1 July	3,085	4,811	3,085	4,811
Transfers to:				
Retained earnings	(2,817)	(4,108)	(2,817)	(4,108)
Transfers from:				
Retained earnings	2,077	2,382	2,077	2,382
<b>As at 30 June</b>	<b>2,345</b>	<b>3,085</b>	<b>2,345</b>	<b>3,085</b>
<b>Hedging Reserve</b>				
Port Nelson Limited:				
As at 1 July	0	0	248	432
Fair value movement	0	0	(1,036)	(291)
Deferred tax movement	0	0	311	107
<b>As at 30 June</b>	<b>0</b>	<b>0</b>	<b>(477)</b>	<b>248</b>
<b>Contingency reserve</b>				
Regional Sewerage Scheme:				
As at 1 July	50	50	50	50
Fair value movement	0	0	0	0
<b>As at 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

## NOTES TO ACCOUNTS

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Asset revaluation reserve</b>				
As at 1 July	752,087	717,634	798,016	753,988
Revaluation gains/(losses)	25,264	34,453	25,264	44,028
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	(488)	0	(488)	0
<b>As at 30 June</b>	<b>776,863</b>	<b>752,087</b>	<b>822,792</b>	<b>798,016</b>
Asset revaluation reserve consists of:				
Nelson City Council:				
Land	146,002	146,002	146,002	146,002
Sewerage infrastructure	75,232	70,581	75,232	70,581
Water infrastructure	106,761	100,107	106,761	100,107
Drainage infrastructure	79,746	74,483	79,746	74,483
Solid waste infrastructure	4,057	3,866	4,057	3,866
Roading infrastructure	358,292	352,444	358,292	352,444
Regional Sewerage Scheme				
Land	840	725	840	725
Forestry	16	0	16	0
Plant and equipment	3	0	3	0
Sewerage infrastructure	5,914	3,879	5,914	3,879
Port Nelson:				
Land	0	0	39,351	39,351
Wharves	0	0	4,991	4,991
Buildings	0	0	456	456
Tasman Bays Heritage Trust - land and buildings	0	0	564	564
Nelmac - land	0	0	567	567
<b>Total other reserves</b>	<b>776,863</b>	<b>752,087</b>	<b>822,792</b>	<b>798,016</b>
	<b>779,258</b>	<b>755,222</b>	<b>824,710</b>	<b>801,399</b>

## Note 25 - Reconciliation of net surplus/(deficit) after tax to net cash flows from operating activities

	Council		Group	
	2009	2008	2,009	2008
	\$000	\$000	\$000	\$000
<b>Surplus/(deficit) after tax</b>	18,044	21,548	29,948	22,713
<b>Add non-cash items:</b>				
Depreciation and amortisation	15,218	12,415	15,926	12,930
Write down interest free loan	290	0	290	0
Impairment charges	1,218	1,104	1,218	1,104
Increase in deferred tax	0	0	(35)	6
Vested assets	(5,707)	(9,835)	(15,279)	(9,835)
Non cash donations/grants	(6,000)	0	(6,000)	0
Associated (surplus) ex dividends	0	0	(1,927)	0
(Gains)/losses in fair value of forestry assets	904	179	904	179
(Gains)/losses in fair value of investment property	65	(50)	65	(50)
Movement in landfill liability	(779)	56	(779)	56
<b>Add/(less) items classified as investing or financial activities:</b>				
(Gains)/losses on disposal of property, plant and equipment	(24)	(154)	(61)	(178)
(Gains)/losses on disposal of investments classified as fair value through equity	0	0	0	0
<b>Add/(less) movements in working capital items:</b>				
Accounts receivable	1,574	(3,271)	1,826	(3,611)
Inventories	170	(56)	10	(116)
Prepayments	322	(241)	322	(241)
Accounts payable	(1,504)	429	(1,485)	646
Income tax payable	(4)	(277)	120	(301)
Employee benefits	(364)	168	(287)	148
Net GST	0	(330)	0	(346)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>23,423</u>	<u>21,685</u>	<u>24,776</u>	<u>23,104</u>

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

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Capital commitments</b>				
Capital expenditure commitments contracted for at balance date but not yet incurred for property, plant and equipment:				
Nelson City Council	17,314	6,484	17,314	6,484
Civic Trust			0	0
The Bishop Suter Trust			0	0
Tasman Bay Heritage Trust			3	0
Port Nelson Ltd			84	337
Nelson Airport Ltd			1,125	0
	<u>17,314</u>	<u>6,484</u>	<u>18,526</u>	<u>6,821</u>
<b>Operating leases as leasee - Group</b>				
Less than one year			97	92
One to five years			116	197
Over five years			0	12
			<u>213</u>	<u>301</u>
<b>Operating lease as lessor</b>				
Nelson City Council	56	0	56	0
Nelson Airport Limited	0	0	659	606
	<u>56</u>	<u>0</u>	<u>715</u>	<u>606</u>

## Note 27 - Contingent Liabilities

Contingent liabilities are as follows:

	<u>2009</u>	<u>2008</u>
	\$000	\$000
<b>Council</b>		
Weather tight homes	0	200
Westpac Credit Card	42	42
Celtic Rugby Football Club	145	145
Maitai Bowling Club	0	200
	<u>187</u>	<u>587</u>
Nelson Regional Sewerage Business Unit	0	0
Combined Civil Defence Organisation	0	0
Ridgeways Joint Venture	0	0
<b>Total Council</b>	187	587
Port Nelson Limited	0	0
Nelson Airport Limited	0	0
Tasman Bays Heritage Trust	0	0
Tourism Nelson Tasman Limited	0	0
Nelmac Limited	0	0
Nelson Regional Economic Development Agency	0	0
City of Nelson Civic Trust	0	0
	<u>187</u>	<u>587</u>

The \$200,000 contingent liability for weather tight homes as at 30 June 2008 was the insurance excess on four known claims. These are still not been settled but the decision has been taken to book these as liabilities as at 30 June 2009. There may also be other future weather tight home claims that the Council has not been advised of.

The Council has been advised by the Board of RiskPool that in the coming year it will be making a Call for a shortfall in the mutual pool's funds. This has been caused predominately by the "leaky" building issue which has significantly impacted the sector, including RiskPool.

Port Nelson has an obligation under the Nelson City Resource Management Plan to stage three property owners to provide technical advice, where requested, and to consider providing financial assistance for mitigation works (50 percent). The decision on whether to provide financial assistance will be based on a recommendation made to Port Nelson by the Port Noise Liaison Committee.

## Note 28 - Related party transactions

Nelson City Council is the ultimate parent of the group and controls four entities;

Nelmac Limited

Nelson Regional Economic Development Agency

City of Nelson Civic Trust

The Bishop Suter Trust

It also has five associates;

Port Nelson Limited

Port Nelson Trust

Nelson Airport Limited

Tasman Bays Heritage Trust

Tourism Nelson Tasman Limited (trading as Latitude Nelson)

and three joint ventures:

Nelson Regional Sewerage Business Unit

Nelson Tasman Combined Civil Defence Organisation

Ridgeways Joint Venture

The following matters are therefore disclosed;

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
<b>Nelmac Limited</b>		
Amounts paid by Nelson City Council	9,265	7,681
Amounts paid to Nelson City Council	452	365
Dividend paid to Nelson City Council	277	180
Amount payable by Nelson City Council	943	772
Amount payable to Nelson City Council	45	35
<b>Nelson Regional Economic Development Agency</b>		
Amounts paid by Nelson City Council	496	0
Amounts paid to Nelson City Council	19	18
<b>The Bishop Suter Trust</b>		
Amounts paid by Nelson City Council	453	0
Amounts paid to Nelson City Council	7	0
<b>Port Nelson Limited</b>		
Amounts paid by Nelson City Council	17	16
Amounts paid to Nelson City Council	530	379
Dividend paid to Nelson City Council	2,000	1,950
Amount payable by Nelson City Council	1	1
Amount payable to Nelson City Council	7	12

	<u>2009</u>	<u>2008</u>
	\$000	\$000
<b>Nelson Airport Limited</b>		
Amounts paid to Nelson City Council	446	319
Dividend paid to Nelson City Council	138	115
Amount payable to Nelson City Council	9	15
Nelson Airport Limited leases the airport land from the Nelson City Council for one peppercorn		
<b>Tasman Bays Heritage Trust</b>		
Amounts paid by Nelson City Council	724	598
Loan advanced by Nelson City Council	1,200	1,200
<b>Tourism Nelson Tasman Limited</b>		
Amounts paid by Nelson City Council	395	341
Amounts paid to Nelson City Council	57	52
Amount payable by Nelson City Council	0	2
Amount payable to Nelson City Council	0	0
<b>Nelson Regional Sewerage Business Unit</b>		
Amounts paid by Nelson City Council	2,357	2,181
Amounts paid to Nelson City Council	120	83
Amount payable by Nelson City Council	0	140
Amount payable to Nelson City Council	1,258	679
<b>Nelson Tasman combined Civil Defence Organisation</b>		
Amounts paid by Nelson City Council	135	124
Amounts paid to Nelson City Council	12	11
Computer equipment rental payable to Nelson City Council	9	9
Amount payable by Nelson City Council	58	113
<b>Ridgeways Joint Venture</b>		
Amounts paid to Nelson City Council	303	38
<b>Key management personnel</b>		
During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Nelson City Council (such as rates, purchase of rubbish bags etc).		
The partner of one of the Management team received payment for work carried out for the Council		
	1	3

## NOTES TO ACCOUNTS

### Councillors

During the 2007 year the Council entered into a land swap agreement with L.I.T.E. Housing Limited, a property development company in which Councillor Shaw and his partner owns a 20% share. During 2007/08 the Council paid L.I.T.E. Housing Limited \$20,174. There were no receipts or payments in 2008/09.

Councillor Boswijk is a director of Boswijk Inc. Limited and during 2008/09 the Council paid the company \$338. (\$1,800 in 2007/08)

Councillor Holmes is a director of Photomap NZ Limited and during 2007/09 the Council paid the company \$84. (\$1,058 in 2007/08)

Councillor Rainey is a director of Eventiac Limited and during 2008/09 the Council paid the company \$Nil. (\$20,823 in 2007/08)

Mayor Marshall is a trustee of the Cawthron Institute and during 2008/09 the Council paid the Cawthron Institute \$344,488 (\$377,478 in 2007/08).

These transaction was entered into on normal commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2007/08 \$Nil).

### *Key management personnel compensation:*

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
Salaries and other short term employee benefits	1,707	1,661
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	126	0

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

## Note 29 - Remuneration

### Chief Executive

There were two Chief Executives of Nelson City Council appointed under section 42 of the Local Government Act 200 and they received salaries of:

1/7/2008 to 28/10/08	81,583	
29 /10/08 to 30/6/09	<u>175,604</u>	
	<u>257,187</u>	(\$214,782 in 2007/08)

For the year ended 30 June 2009, the total annual cost including fringe benefit tax to the Nelson City Council of the remuneration packages received by the Chief Executives is calculated at \$264,981 (\$235,992 in 2007/08).

### Elected representatives

Total remuneration:

	Council		Group	
	2009	2008	2009	2008
Mayor Matheson	0	28,304	0	40,538
Mayor Marshall (current Mayor)	88,299	61,636	88,299	61,636
Councillor Aitken	0	11,565	0	11,565
Councillor Barker (current Councillor)	35,318	39,881	35,318	39,881
Councillor Boswijk (current Councillor)	29,744	20,547	29,744	20,547
Councillor Collingwood (current Councillor)	33,338	33,548	33,338	33,548
Councillor Cotton (current Councillor)	29,744	32,216	47,744	50,216
Councillor Davy	0	12,449	0	12,449
Councillor Ford	0	8,674	0	8,674
Councillor Fry	0	8,674	0	8,674
Councillor Henigan (current Councillor)	30,594	31,378	30,594	31,378
Councillor Holmes (current Councillor)	38,387	35,125	38,387	35,125
Councillor McAlpine (current Councillor)	29,744	20,547	29,744	20,547
Councillor Miccio (current Councillor)	29,744	20,547	29,744	20,547
Councillor Rainey (current Councillor)	37,243	25,574	37,243	25,574
Councillor Reese (current Councillor)	42,308	27,291	42,308	27,291
Councillor Shaw (current Councillor)	32,537	38,350	32,537	38,350
Councillor Thomas (current Councillor)	37,243	25,574	37,243	25,574
Councillor Thorne	0	8,674	0	8,674
Councillor Turley	0	8,674	0	8,674
	<u>494,243</u>	<u>499,228</u>	<u>512,243</u>	<u>529,462</u>

Mayor Matheson was a director of Port Nelson Limited and Nelson Airport Limited and received directors fees of:

	2009	2008
Port Nelson Limited	0	7,667
Nelson Airport limited	0	4,567

Councillor Cotton is a director of Nelmac Limited and received directors fees of \$18,000 (\$18,000 in 2007/08).

## NOTES TO ACCOUNTS

The salaries paid to the Executive Team during the year ended 30 June 2009 in bands of \$10,000 and over \$100,000 are as follows:

<b>Range of earnings for year</b>	<b>No.</b>	<b>Part years</b>
\$200,000 - 210,000	1	Part year and including redundancy (see Note 30)
\$170,000 - 180,000	1	Part year
\$160,000 - 170,000	2	
\$140,000 - 150,000	1	
\$130,000 - 140,000	1	
\$120,000 - 130,000	1	Part year
\$100,000 - 110,000	2	Part year

### **Note 30 - Severance payments**

For the year ended 30 June 2009 Nelson City Council made 1 (3 in 2007/08) severance payment to an employee of \$126,186 (\$61,751 in 2007/08).

The value of each of the severance pays was \$25,000, \$20,000 and \$16,751 in 2007/08

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

There were no significant events after balance date.

## Note 32 - Financial instruments

### A. Financial instrument categories

	Council		Group	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	10,149	6,538	11,383	7,461
Trade and other receivables	9,882	11,556	10,540	12,466
Other financial assets				
- term deposits	1,000	2,000	1,000	2,000
- community loans	2,270	1,716	2,270	1,716
- loans to related parties	980	866	980	866
Total loans and receivables	24,281	22,676	26,173	24,509
<b>Financial Liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	8,789	10,293	9,277	10,770
- bank overdraft	0	268	12	268
- EECA loan	125	100	125	100
- secured loans	51,410	36,335	51,410	36,335
Total financial liabilities at amortised cost	60,324	46,996	60,824	47,473

### B. Financial instrument risks

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

#### Market risk

##### *Price risk*

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

##### *Currency risk*

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

## NOTES TO ACCOUNTS

### *Interest rate risk*

The interest rates on Nelson City Council investments are disclosed in Note 13 and on Nelson City Council borrowings in note 23

All borrowings are raised at fixed interest rates.

### *Fair values*

The fair value of financial instruments is their carrying amount as stated in the statement of Balance Sheet.

### *Credit risk*

Credit risk is the risk that a third party will default on its obligation to Nelson City Council, causing the Council to incur a loss. Principally, any risk is in respect of cash and bank, debtors and investments. The details of the \$9.8 million debtors are outlined in Note 11. The largest single debtor is \$994,430 owed by Tasman District Council. (\$266,346 by the Tasman District Council in 2007/08) Details of the investments are outlined in Notes 13 and 18. The \$11.1 million is invested with the major banks with the largest amount with any one bank being \$4.3 million (\$4.0 million in 2007/08).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with entities that have a strong Standard and Poor's credit rating.

Nelson City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

### *Maximum exposure to credit risk*

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

	<b>Council</b>		<b>Group</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash at bank and term deposits	11,149	8,538	12,383	9,461
Trade and other receivables	9,882	11,556	10,540	12,466
Community and related party loans	3,250	2,582	3,250	2,582
Financial guarantees and possible claims	187	587	187	587
	<b>24,468</b>	<b>23,263</b>	<b>26,360</b>	<b>25,096</b>

### *Credit quality of financial assets*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates. All financial investments are with the five major banks.

Debtors and other receivables mainly arise from Nelson City Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal external credit ratings. Nelson City Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayer, and Nelson City Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

**Liquidity risk****Management of liquidity risk**

Liquidity risk is the risk that Nelson City Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facility to close out market positions. Nelson City Council aims to maintain its flexibility in funding by keeping committed credit lines available with Westpac and the Bank of New Zealand.

In meeting its liquidity requirements, Nelson City Council maintains a target level of short term investments sufficient to cover its restricted reserves. Nelson City Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of the Nelson City Council's Long Term Council Community Plan.

Nelson City Council has an overdraft facility of \$200,000.

**Sensitivity analysis**

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

	2009 \$000		2008 \$000	
	-100bps	+100bps	-100bps	+100bps
	Other Profit	Other equity	Other Profit	Other equity
<b>Interest Rate Risk</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(108)	0	108	0
Other financial assets:				
- local authority stock	0	0	0	0
<b>Financial liabilities</b>				
Borrowings:				
- bank overdraft	0	0	0	0
<b>Total sensitivity to interest rate risk</b>	<b>(108)</b>	<b>0</b>	<b>108</b>	<b>0</b>

A movement in market interest rate on fixed rate debt does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

**Note 33 - Explanation of major variances against budget****EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET**

Explanations for major variations from Nelson City Council's estimated figures in the 2008/09 Annual Plan are as follows:

**Statement of financial performance**

Other revenue was \$593,000 over budget mainly due to vested assets being \$2.7 million above budget. Emergency Management was \$623,000 over due to the refund of fire fighting costs. There is a contra amount in expenditure. Culture, Heritage and Arts was \$474,000 over, mainly in festivals, but there was also compensating increased expenditure. Water Supply sales were \$400,000 under budget resulting from lower commercial sales due to Sealords moving part of their process off shore. Sewage Disposal was also under by \$754,000, mainly in the Regional Scheme. Environmental Management was \$350,000 under budget due to the clean heat project not progressing as fast as planned. Parks and Open Space was \$840,000 under mainly in rates due to needing to fund lower expenditure, but also due to lower contributions to capital expenditure from Tasman District Council and the Trafalgar 2000 Trust. Community Facilities was \$1.238 million under budget due to the capital expenditure on regional facilities being well below budget resulting in lower contributions and requirement for funding interest. The proceeds from the sale of Ridgeway sections were \$225,000 under budget. The group vested assets were inflated by \$9.57 million due to the assets of the Suter Art Gallery vesting in the Bishop Suter Trust.

Depreciation was \$730,000 over budget due the increases resulting from the previous years revaluation.

Other expenses were \$1.96 million over budget mainly due to the \$1.97 million spent on clean up after the major wind storm event on 30 July 2008. On top of these direct expenses there was a \$904,000 write down of the forestry assets, mainly due to the wind blow from this storm. This was matched by a reduction of \$779,000 in the provision for landfill redemption.

Finance costs were \$839,000 under budget. This was mainly due to delays in a number of the major capital projects, resulting in lower borrowings and hence lower interest costs. In December 2008 Council made the decision to postpone many of the capital expenditure projects in order to lower the 2009/10 likely rate increase, taking account of the serious economic situation.

**Statement of movements in equity**

The infrastructural assets are now being revalued every year so as to smooth out the large fluctuations when they are only revalued every three or five years. The valuation as at 30 June 2009 resulted in an increases in values of \$25 million.

## Balance Sheet

The most significant variation was in property, plant and equipment which was \$15 million under budget as a result of the capital expenditure for the year being \$19 million less than budget.

Borrowings are \$23 million under budget mainly due to many of the capital expenditure projects not proceeding as quickly as planned. In December 2008 Council made the decision to postpone many of the capital expenditure projects in order to lower the 2009/10 likely rate increase, taking account of the serious economic situation.

## ACTIVITY SUMMARIES:

### Water supply:

Water sales were \$400,000 under budget resulting from lower commercial sales due to Sealords moving part of their process off shore. This has resulted in a significant reduction in the surplus and so a decrease in the loan repayments.

Depreciation was \$557,000 over budget due to the revaluation as at 30 June 2008.

### Wastewater:

This account is a consolidation of the Nelson City's sewerage operation plus the city's share of the Nelson Regional Sewerage Scheme.

Financial contributions were well up on budget.

Operating expenditure was \$439,000 under budget mainly due to lower charges from the regional scheme due to delays in its capital expenditure.

Interest costs were \$471,000 under budget due to the significant reduction in capital expenditure.

Capital expenditure is well under budget. This is mainly due to the Regional Scheme being \$2.6 million under budget as a result of delays in its upgrade, and the City's capital expenditure was \$776,000 under budget mainly due to cut backs on renewals.

The reduction in loans raised and increased loan repayments is due to the reduced capital expenditure.

### Stormwater and flood protection:

Depreciation was \$381,000 over budget mainly due to assets written off as a result of the revaluation as at 30 June 2009.

Capital expenditure was \$1.1 million under budget due to the Councils decision to postpone capital expenditure taking account of the economic climate. As a result of this, the loans raised were also well under budget.

### **Transport:**

Operating expenses were \$501,000 under budget the main item of which was \$140,000 for the pedestrian strategy which was not completed.

Depreciation was \$1.1 million over budget mainly due to the revaluation as at 30 June 2008, but also due to assets written off as a result of the revaluation as at 30 June 2009.

Capital expenditure was \$2.4 million under budget due to the Councils decision to postpone capital expenditure taking account of the economic climate. As a result of this, the loans raised were also well under budget.

### **Managing solid waste:**

The provision for landfill redemption has been reduced by \$779,000 at 30 June 2009 and this has been credited back against the landfill costs. As a result operating and maintenance costs are well under budget.

### **Environmental management:**

The operating costs in "District/Regional Plans" were under spent by \$326,000 due to delays on appointing staff and in getting projects underway. Some of the resources were diverted to "Environmental Advocacy".

The "Clean Heat" loans did not proceed as fast as planned and so the operating costs, loan investments and loans raised are all down on budget.

### **Regulatory compliance:**

Other revenue is over budget, (mainly in dog registration and impounding fees), and operating costs are under (mainly in "providing land information" due downturn in LIM activity), and so the combined effect is that the rate requirement is \$296,000 under budget.

### **Parks and open spaces:**

Other revenue was \$332,000 under budget mainly due to the contribution from TDC being \$294,000 down due to delays in the capital expenditure.

Operating and maintenance was under budget by \$489,000 mainly in Conservation Reserves where the \$250,000 for the Brook Sanctuary fence has not yet been required.

Interest was \$250,000 down due to the lower capital expenditure.

Capital expenditure was \$5.4 million under budget (mainly in sports parks and esplanade and foreshore reserves), and due to this the loans raised were \$5.0 million under budget and contributions from reserve funds were \$267,000 under budget.

### **Recreation and leisure:**

Capital expenditure was \$651,000 under budget and as a result the loans raised and the contributions from reserves were also well down.

### **Community facilities:**

The major variance in this activity was the capital expenditure being \$6.1 million under budget. The main areas of under spending were

for; the Performing Art Centre (\$2.8 million), Community Housing (\$2.5 million) where the decision was made not to proceed with the major Orchard Street development due to reduce central government funding, and the large berth dredging at the marina (\$710,000). These reduced expenditures also resulted in lower contributions in other revenue, and lower borrowings.

#### **Economics and tourism support:**

No significant variations.

#### **Managing emergencies and natural hazards:**

Other revenue is \$627,000 over budget mainly due to recoveries of \$393,000 relating to the Atawhai fire, but also due to \$235,000 due to subsidies, grants and sales of timber arising from the extreme wind event on 30 July 2008.

Operating expenses are \$2.4 million over budget due to the same two events. \$2.0 million was spent on costs relating to the extreme wind event, and \$417,000 on the Atawhai fire.

#### **Social development:**

No significant variations.

#### **Culture, heritage and arts:**

Both other revenue and operating and maintenance costs were over budget by approximately \$400,000 due to additional revenue and costs in the festival account.

#### **Democracy and central administration.**

Other revenue were \$775,000 under budget mainly due to internal interest being well below budget due to delays in capital projects, although this is offset to some extent by additional investment income

Operating expenses were \$1.5 million over budget mainly in administration and meeting support (due to large number of meetings for the Community Plan), and losses resulting from the revaluation of the investment property and the forestry assets.

Interest is \$1.6 million down due to due to delays in capital projects.

Capital expenditure is \$688,000 under budget due to delays in the Civic House upgrade.

#### **Reserves and trusts**

No significant variations.



# COUNCIL ACTIVITIES

*For a full account of the rationale for each activity, demand management and any negative effects of Council activities, refer to the 2009 Nelson Community Plan.*

The following sections cover all Council activities and what Council achieved. As Nelson City Council is a unitary council, these include both regional and local authority functions.

Council delivers its services and provides facilities for the community through these activities. They are grouped below under their primary community outcome – the goal they mainly contribute to – but they also contribute towards meeting other community goals, as described in each activity section.

## HEALTHY LAND, SEA, AIR AND WATER

Water supply – page 80

Wastewater – page 84

Stormwater and flood protection – page 89

Solid waste management – page 94

Environmental management – page 99

## PEOPLE-FRIENDLY PLACES

Transport – page 107

Regulatory compliance (consents, licences and monitoring) – page 116

Parks and open spaces – page 121

Recreation and leisure – page 128

Community facilities – page 133

## A STRONG ECONOMY

Economic and tourism support – page 140

## KIND, HEALTHY PEOPLE

Managing emergencies and natural hazards – page 145

Social development – page 149

## FUN, CREATIVE CULTURE

Culture, heritage and the arts – page 154

## GOOD LEADERSHIP

Democracy and administration – page 159

Financial reserves and trusts – page 163



## WATER SUPPLY

### WHAT WE DID 2008/09

Most water supply work focused on background renewals of water supply pipes and other infrastructure. Total capital spending on water supply asset renewals was \$535,075 with \$193,000 carried over for Enner Glynn work.

Water sales were \$400,000 under budget resulting from lower commercial sales due to Sealords moving part of their process off shore. This has resulted in a significant reduction in the surplus and so a decrease in the loan repayments.

### Water pressure improved

Council continued its programmed water pressure improvements and completed an investigation and site selection for the new Stoke high level reservoir. During this year design work was well under way for the Maitai duplicate water supply pipeline.

### Sustainability

A significant sustainability initiative in this area was pressure reduction and the installation of a power generation system using the water flows in the pipeline from the Roding River to the Tantragee water treatment plant.

The water supply Asset Management Plan was completed during the year and adopted in June 2009. It is next due for review in 2012.

## BACKGROUND

Council supplies high quality water to most Nelson households and businesses through a piped system. Some rural properties provide their own water. The Nelson City area is served by the following mix of water supply systems:

- The Nelson city mains supply takes water from the Maitai and Roding rivers and treats it at the Tantragee Saddle ultrafiltration treatment plant that opened in August 2004. This system serves most of Nelson City.
- The Tasman District Council mains supply takes water from the Waimea Aquifer. This serves a small number of Nelson city properties between Saxton Road and Champion Road.
- Six private supplies in the Nelson North area serve between 25 and 180 people each. These take water from a variety of sources. Treatment ranges from no treatment to filtration and UV treatment.
- An increasing number of subdivisions take Council-supplied water, but operate a private pumping and storage system for properties that are higher up on the surrounding hills than the Nelson City Council supply can service.

In order to provide water for Nelson city, Council manages 320km of water pipes, two main water sources at the Maitai and Roding dams, the water treatment plant and associated pumping and storage facilities.

### Excellent water quality

Since the water treatment plant was opened in August 2004, Nelson has achieved an excellent Ministry of Health grading of Ab – ‘A’ at source and ‘b’ at the point of distribution – and is on track to achieve the highest grading possible: Aa.

With higher quality water, in 2008 75% of Nelson residents approved of the water quality, compared with only 48% approval in 1998.

### Enough water for decades

A resource consent issued in 1997 allows Council to take water from the Roding River. The conditions on this consent required more water to be left in the river from 2008. There is sufficient water available to supply Nelson’s needs for at least the next thirty years, taking into account current use rates and growth projections.

### What we do

Council’s water supply work is managed as a single activity with no sub-activities, and includes:

- planning the sustainable management of Nelson’s water supply;
- operating and maintaining the water supply pumping and storage system, the reticulation/distribution system, and treatment facility; and
- Council taking steps to prevent backflow into the reticulation system.

### Community outcomes

Council has a legal duty to provide water services, so the provision of water is a major part of its core business. A good quality, reliable water supply is essential for community and environmental wellbeing. Human health, tourism and industry rely on having a safe water supply. Council supplying safe water to Nelson residents and businesses contributes to achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>Healthy land, sea, air and water</b> We protect the natural environment.</p>	<p>A city-wide water system ensures that water resources are well managed and reduces the human impact on the environment.</p>
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	<p>High quality water encourages businesses to move to Nelson. It also supports economic growth.</p>
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	<p>Clean drinking water prevents diseases, which makes for healthier people.</p>

## WATER SUPPLY – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Resident satisfaction</b>	Residents' approval	80% satisfied or very satisfied	⊗ Not surveyed this year. 2008 residents survey showed 70% satisfaction.
<b>Water quality</b>	Ministry of Health water supply grading	'A' for source and 'b' for distribution	☺ Achieved Ab grading confirmed in May 2009
<b>Reliability</b>	Provide residents with a reliable water supply	<ul style="list-style-type: none"> <li>• Maintain supply during 1 in 60 year drought</li> <li>• Provide continuity of supply &gt; 99.6% of the year</li> <li>• Maximum disruption time 24 hours per event</li> <li>• Usual disruption &lt; 8 hours per event</li> </ul>	☺ All achieved <ul style="list-style-type: none"> <li>• 1 in 60 year drought security was maintained</li> <li>• 99.89% (maximum total outages for any one property was 10 hours) over the year.</li> <li>• Maximum outage event was 9 hours</li> <li>• 1 disruption of 9 hours out of 825 shutdowns</li> </ul>
<b>Pressure</b>	Provide residents with a consistent water pressure and meet the NZ Fire Service standards	<ul style="list-style-type: none"> <li>• Min working pressure &gt;30m head</li> <li>• Max working pressure &lt;90m head.</li> </ul> <p>[Note: The service level was changed from &lt;95m head to align with water supply grading criteria]</p>	☺ Achieved – 281 properties have less than 30m head as they are close to reservoirs, so they have pumps or oversize pipes to provide enough pressure.  ☹ Not fully achieved. As for 2007/08 the changed level of service from 95m to 90m head means more properties are included. 3812 of a total of over 17,600 properties received over 90m head, of which 1752 received over 95m head (compared to 2852 in 05/06). Pressure reduction initiatives are currently being implemented as funding allows.
<b>Flow</b>	Private residents with an acceptable flow of water	<ul style="list-style-type: none"> <li>• Min residential flow 30 litres/min</li> <li>• Min fire flow of 25 litres/second at fire hydrants</li> </ul>	☺ Achieved  ☹ Not fully achieved – 401 properties are now not covered by the minimum fire flow due to recent Fire Service Code of Practice changes. All to be resolved by 2015.
<b>Environmental quality</b>	Resource consents	All resource consent conditions complied with	☺ Achieved All conditions complied with for the resource consents held for the two sources of the City's water supply, the Maitai and Roding Rivers.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Water charges	( 10,525)	( 10,926)	( 10,875)
Financial contributions	( 267)	( 300)	( 640)
Other revenue	( 99)	( 96)	( 100)
Total revenue	<u>( 10,891)</u>	<u>( 11,321)</u>	<u>( 11,615)</u>
<b>Expenses:</b>			
Operating and maintenance	4,395	4,367	4,384
Interest on loans	2,504	2,497	2,535
Depreciation	3,807	3,250	3,608
Total operating expenses	<u>10,706</u>	<u>10,114</u>	<u>10,527</u>
<b>Net (surplus)/deficit</b>	<u><u>( 185)</u></u>	<u><u>( 1,207)</u></u>	<u><u>( 1,088)</u></u>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	1,323	1,121	1,167
Non Cash profits and writeups	0	0	0
Repayment of loan principal	2,718	3,335	3,632
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<u>4,041</u>	<u>4,456</u>	<u>4,799</u>
<b>Source of funds:</b>			
Net surplus/(deficit)	185	1,207	1,088
New loans raised	50	0	100
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	3,807	3,249	3,608
Sales of assets	0	0	3
<b>Total source of funds</b>	<u>4,041</u>	<u>4,456</u>	<u>4,799</u>

See Note 33 for explanations of variations.

## WASTEWATER

### WHAT WE DID 2008/09

#### Improvements

Work on the wetlands was completed for the Nelson North waste water treatment facility but has not yet been commissioned. Operational issues with tank failures led to short term odour issues. These issues have since been addressed through improved processes.

#### Spending

Most capital spending was on wastewater asset renewals at \$1.13 million with \$170,000 carried over for Tory St and Erin/Alton St renewals projects.

Capital expenditure is well under budget. This is mainly due to the Regional Scheme being \$2.6 million under budget as a result of delays in its upgrade, and the City's capital expenditure was \$776,000 under budget mainly due to cut backs on renewals.

#### Work ongoing

Ongoing work was carried out to extend the computer network model to enable Council to more accurately design pipe and pump upgrades. All of central and south Nelson are now included in the computer model.

The wastewater Asset Management Plan was completed during the year and adopted in June 2009. It is next due for review in 2012.

### NELSON REGIONAL SEWERAGE BUSINESS UNIT

Work continued on the upgrade on Bells Island of the clarifier, inlet and de-watering facility with commissioning expected in April 2010. Nelson city's share of capital spending at Bell's Island was \$1.576 million of an available budget of \$6.451 million in the 2008/09 year.

#### Duplicate pipeline planned

The Regional Sewerage Business Unit Board carried out extensive consultation in the second half of 2008 on pipeline upgrade options. The Board has since recommended to the Nelson and Tasman Councils that the pipe across the estuary be duplicated and associated pump stations upgraded as a short term measure to address the immediate risk. A review of long term upgrade options will be done once the duplicate pipeline is installed.

### BACKGROUND

Council's wastewater activity includes the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson's sewers. It is particularly important for the Council to provide this service because it protects the environment and residents' health. The good standard of health enjoyed by Nelson residents is directly related to the safe treatment of their wastewater.



Council manages 366km of wastewater pipes, 25 pump stations and the Nelson North wastewater treatment plant, which serve the northern residential area of the city from Bishopdale, the Port Hills and the central city to Atawhai.

Nelson City Council is also a 50% owner, with Tasman District Council, of the treatment facility at Bells Island. This is managed by the Nelson Regional Sewerage Business Unit (NRSBU) and serves the Stoke and Tahunanui areas, several large industrial premises, urban Richmond, the Waimea plains and Mapua/Ruby Bay.

### **Meeting the challenge**

Overflows, stormwater inflows/infiltration, blockages and odours are the main challenges for managing the wastewater system. Failure to achieve consent conditions for the Nelson North treatment plant has been considered to be a risk, but to date all conditions have been met. The system is constantly maintained and improved in order to minimise the risk of blockages, odours and overflows.

The wastewater disposal system for the Nelson area has improved significantly now that the upgrade of the city's Nelson North oxidation ponds is complete. The upgrade used the existing ponds and added proven pre-treatment technology, including a clarifier and trickling filter, to give a cost-effective solution. The quality of the final discharge into Tasman Bay has been greatly improved compared with before the upgrade, achieving positive environmental and social benefits.

### **What we do**

Council's wastewater activity includes:

1. Collecting, treating and disposing of wastewater – Nelson City Council system.
2. Collecting, treating and disposing of wastewater – Regional Scheme (Bells Island) – 50% NCC ownership with TDC.

### Community outcomes

Council has a legal duty to provide wastewater services to protect public health. Adequate treatment of wastewater is essential for community wellbeing. Human health, the environment, tourism and industry, in particular, rely on the reliable provision of this service. Council supplying wastewater treatment and disposal in Nelson contributes to achieving these Community Outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through treatment and disposal of wastewater to reduce the impact on the environment.
<b>People-friendly places</b> We build healthy accessible and attractive places and live in a sustainable region.	Through treatment and disposal of wastewater to reduce harmful effects on the landscape and built environment.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through treatment of industrial waste allowing businesses to operate in Nelson, and protecting tourism.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	By minimising disease and health problems.

### CAPITAL PROJECTS – OVER \$500,000

#### Nelson Regional Sewerage Business Unit – Bell’s Island (50% ownership with TDC)

Project	Estimate (\$000)	Carried over (\$000)	Total budget (\$000)	Actual (\$000)
This is a multi-year project, with work continuing in 2009/10	4,165	2,286	6,451	1,576

## WASTEWATER – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Resident satisfaction</b>	Results from 2004 residents' survey	80% satisfied or very satisfied	☹ Not surveyed in 2009. 2008 survey showed 86% satisfaction.
<b>Environmental quality</b>	Odour events	No complaints after treatment plant upgrade  <3 complaints per annum re reticulation network	☹ One odour event March 2009 from operational issues with plant tanks failing. These have since been addressed. 10 complaints were received relating to one off issues with three pump stations.
<b>Capacity</b>	Amount of flow during wet weather	Infiltration during wet weather < 10 times the flow during dry weather	☹ Flow monitoring of central city reticulation during annual rain events shows flows of approx 6 times dry weather. Monitoring of pump stations during high rainfall needs to be carried out to review wider network.
<b>Reliability</b>	The number of pump station overflows	< 2 dry weather overflows per annum	☹ No dry weather over flows recorded
<b>Reliability</b>	Sewer blockages	< 100 blockages per 100 km of pipes	☹ 326 blockages in 366km of pipe during 08/09 = 89 per 100km
<b>Customer response</b>	Speed of response to problems raised by public	Respond and investigate emergency works within 30 minutes. Repair within 8 hours.	☹ Achieved. 100% of emergency works were investigated within 30 minutes and 99% repaired within 8 hours.
<b>Environmental quality</b>	Resource consents	All resource consent conditions complied with, once they take effect	☹ Condition 6 breached due to odour from 20 March to 4 April, Infringement Offence Notice and fine served on NCC, and odour issues have since been addressed through improved processes.

\* Note that odour complaints can also be logged because of blockages. These are addressed by renewals and upgrades as necessary, if persistent blockages occur.

## Statement of financial performance

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Waste Water Rate	( 5,908)	( 5,902)	( 5,126)
Financial contributions	( 393)	( 250)	( 581)
Other revenue	( 2,948)	( 3,836)	( 3,204)
<b>Total revenue</b>	<b>( 9,250)</b>	<b>( 9,988)</b>	<b>( 8,911)</b>
<b>Expenses:</b>			
Operating	4,315	4,737	3,640
Interest	644	1,116	763
Depreciation	2,889	2,720	2,473
<b>Total operating expenses</b>	<b>7,848</b>	<b>8,573</b>	<b>6,876</b>
<b>Net (surplus)/deficit</b>	<b>( 1,402)</b>	<b>( 1,415)</b>	<b>( 2,035)</b>

## Statement of funding requirement

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	2,707	6,070	3,487
Repayment of loan	1,778	572	894
Transfer to reserve funds	0	0	696
<b>Total funding requirement</b>	<b>4,485</b>	<b>6,642</b>	<b>5,077</b>
<b>Source of funds:</b>			
Net surplus	1,402	1,415	2,035
New loans raised	0	2,507	567
Transfer from reserve funds	194	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure	2,889	2,720	2,473
Sales of assets	0	0	2
<b>Total funds provided</b>	<b>4,485</b>	<b>6,642</b>	<b>5,077</b>

See Note 33 for explanations of variations.

## STORMWATER AND FLOOD PROTECTION

### WHAT WE DID 2008/09

Significant new stormwater assets funded through Council's capital expenditure this year included those in Arapiki Stream. The project to culvert the lower reaches of the Arapiki Stream is almost complete in the Quarantine Rd area, at a capital cost of \$1.79 million. Orchard Creek pipe work was completed in Upper Stoke. Planned stormwater projects that were deferred or under budget were those in Nayland/Saxton Roads, Weka St and other smaller capital projects.

### Spending

Capital expenditure was \$1.1 million under budget due to the Council's decision to postpone capital expenditure taking account of the economic climate. As a result of this, the loans raised were also well under budget.

### Upgrades and repairs

Other stormwater work in Stoke included repairing damage from the previous years' floods. Stormwater work in Cleveland Terrace near Central Nelson is now finished.

The multi-year project to upgrade the stormwater system in The Wood continued and is due for completion in 2014. Work began in 2004 with major pipe work and a pump station in Neale Park.

Work began on updating and revising Council's Engineering Standards – now called the 'Land Development Manual' – to recognise increasing interest in low impact stormwater designs and to improve stormwater quality.

The stormwater Asset Management Plan was completed during the year and adopted in June 2009. It is next due for review in 2012.

### BACKGROUND

Council's goal is to provide a stormwater system for Nelson City that is capable of handling stormwater from heavy rainfall in an efficient and sustainable way while ensuring that the ecological, cultural and recreational values of waterways are recognised and enhanced.

The Nelson stormwater system has two parts – the natural waterways and a constructed stormwater system. The natural rivers and streams play an important role in the support of aquatic ecosystems, provide areas for recreation and public use and channel stormwater flows when it rains heavily.



### **Protecting property from flooding**

The high levels of energy during floods can cause significant damage to property within the flood path, should the flow escape the channel. The constructed stormwater network provides channels to drain stormwater and flows from roads and properties in the built-up areas. The network includes pipes, channels, and overland flow paths that carry stormwater to waterways and the sea. The stormwater system also includes pump stations and debris filters.

In large parts of the city a fully-piped system is not provided. On many properties stormwater soaks into the ground or flows into the road channel, the primary drainage system.

### **Maitai River still at risk**

The floods that Nelson would experience from a  $Q_{50}$  event (once in 50-year flood), which has a 2% probability of occurring in any year, has been adopted as the optimum flow standard for design and construction works. While most of the smaller streams maintained by Council are nearing the end of an extensive programme to meet this capacity, the Maitai River still has substantial stretches that are at risk from storm flows, as shown during the 2008 floods.

Areas with poor soakage, inundation and land stability issues are the priority for Council for stormwater upgrades.

### **Residents satisfied**

According to Council's residents' surveys, the Nelson community is highly satisfied with the city's stormwater system. This might be related to the fact that there have been no major flooding events in the city in the last decade, although there were localized floods in 2008.

### Community outcomes

Council recognizes that adequate provision for stormwater flows and protection from flooding is essential for community wellbeing, with the costs of providing this service, as well as the benefits, spread across the whole community. Council providing stormwater management and flood protection for Nelson contributes to achieving these Community Outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through reducing the effects of floods on the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through reducing the likelihood of floods damaging homes, businesses or essential infrastructure.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through removing restrictions on developing land when adequate drainage is provided.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through reducing the likelihood of people being affected by a flood.

### CAPITAL PROJECTS – OVER \$500,000

Project	Estimate (\$000)	Carried over (\$000)	Total budget (\$000)	Actual (\$000)
Arapiki Stream – Final stages of construction planned for 2009/10 and 2010/11	1,190	479	1,669	1,793
Nayland/Saxton Roads – Deferred to 2009/10	777	-7	770	48
Weka – Tasman/Milton – Complete. Awaiting final invoice, will be under budget	500	0	500	430

**STORMWATER AND FLOOD PROTECTION – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Customer approval</b>	Resident satisfaction	80% satisfied or very satisfied	☺ Not surveyed in 2009. 2008 survey showed 81% satisfaction.
<b>Efficiency</b>	Response times	Blocked inlet structures during rain complete repair within one hour 90% of time	☺ 100% compliance.
		Flooding and overtopping of streams and rivers, complete repair within 1 day 90% of the time	☺ No data available.
		Clearance of obstructions from inlet structures, watercourses and outlet structures within 2 working days 90% of the time	☺ 95% compliance recorded.
<b>Environmental quality</b>	Resource consents	All resource consent conditions complied with, once they take effect	☺ Resource Consent approved for stormwater discharge to fresh water February 2009, to be monitored in 09/10.
<b>Effective planning</b>	Asset Management Plan	Planned for June 2006 but was completed to align with 2009 LTCCP.	☺ Complete and adopted
<b>Effectiveness</b>	Managing floods	Activities meet $Q_{15}$ or $Q_{50}$ floods for Nelson rivers and streams	☺ All new reticulation designed for $Q_{15}$ , river and streams for $Q_{50}$ . Program of capacity improvement ongoing. No major flooding experienced 2008/09.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Stormwater rates	( 4,556)	( 4,541)	( 4,137)
Financial contributions	( 286)	( 220)	( 560)
Other revenue	( 16)	0	( 14)
<b>Total revenue</b>	<b>( 4,858)</b>	<b>( 4,761)</b>	<b>( 4,711)</b>
<b>Expenses:</b>			
Operating and maintenance	890	872	1,206
Interest on loans	1,466	1,544	1,180
Depreciation	1,924	1,543	1,589
<b>Total operating expenses</b>	<b>4,280</b>	<b>3,959</b>	<b>3,975</b>
<b>Net (surplus)/deficit</b>	<b>( 578)</b>	<b>( 802)</b>	<b>( 736)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	3,787	4,871	2,978
Repayment of loan principal	559	582	691
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>4,346</b>	<b>5,453</b>	<b>3,669</b>
<b>Source of funds:</b>			
Net surplus	578	802	736
New loans raised	1,844	3,108	959
Transfer from reserve funds	0	0	385
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	1,924	1,543	1,589
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>4,346</b>	<b>5,453</b>	<b>3,669</b>

See Note 33 for explanations of variations.

## SOLID WASTE MANAGEMENT

### WHAT WE DID 2008/09

From July 2008 to June 2009 the total amount of solid waste dropped 6% to 34,300 tonnes going to the landfill. This is a reduction of over 12,200 tonne from the July 2005-June 2006 year. This reduction is largely attributed to the success of Council's waste reduction programmes. Regionally (Nelson and Tasman together) landfill tonnages combined has shown a declining trend for the first time since June 2003, despite continued population growth.

Green waste diversion increased by over 18% and kerbside recycling continued to grow despite the uncertainty created by the dramatic fall in the value of recycling products during the second half of 2008.

### BACKGROUND

Council's waste management system includes the York Valley landfill and the Pascoe Street transfer station in Tahunanui, which houses the recycling/re-use centre and green waste facility.

#### Reducing green waste

The amount of green waste received at the transfer station has reduced to around 1,500 tonnes per annum recently, which reflects recent increases in the cost of disposal. Council now has a new green waste disposal contract so it is anticipated that the amount will start to increase again as charges are reduced.

#### Landfill capacity

The landfill has around 25 years' capacity remaining at current rates; three adjacent gullies have potential to provide capacity for decades beyond, subject to gaining resource consents.



Council aims to reduce the rate of increase to zero, although the total population of Nelson continues to increase. The landfill fee includes a waste minimisation levy which is used to pay for recycling and waste minimisation initiatives, and this levy isn't charged for green waste.

Some landfill gas (mostly methane, a greenhouse gas) is collected and sold to provide water heating for Nelson Hospital.

### Recycling back on track

The worldwide commodity markets for recyclable materials – the prices being paid for paper, cardboard, plastics and metals – fell dramatically in late 2008 placing the future of recycling in question. This drop in commodity prices was a worldwide issue and impacted on all New Zealand local authorities. Nelson, due to its size and isolation was particularly affected. The implication of this global market downturn necessitated changes in the way Nelson deals with its recyclable materials and, since November 2008, Council began stockpiling at the Pascoe Street recycling centre. This was done as an interim measure to allow Council to evaluate the recycling scheme and assess the commodity markets. No recyclables were sent to Council's York Valley landfill, but there was an additional cost for stockpiling of around \$22,750 per month, taking the total cost of recycling to \$840,000 annually.

Council reviewed its recycling services from a broader sustainability perspective and placed a greater emphasis on local and national reduce and reuse objectives, especially through producer responsibility or stewardship. Council collects around 3,000 tonnes of recyclables per year, compared with an average total volume of 40,000 per year of other solid waste.

Council's waste account is self-funding, with recycling and waste minimisation initiatives paid from refuse disposal charges at both the York Valley landfill and Pascoe Street transfer station. Since early 2009, recyclables prices have improved. Council and Nelmac Ltd also investigated new markets for recyclable products. Council decided to continue full recycling and extended it to all plastics classified 3-7, as well as 1 & 2.

### What we do

Council's solid waste management activity includes:

- Landfill at York Valley
- Transfer station at Pascoe St, Tahunanui
- Recycling
- Green waste; and
- Waste minimisation and environmental education

### Community outcomes

Effective management of solid waste is essential to protect the health of the community, the local economy and the environment. The Local Government Act requires councils to plan for the effective and efficient implementation of waste activities. Council therefore adopted a Waste Management Plan in April 2005, which will be updated to become the

## SOLID WASTE MANAGEMENT

Waste Management and Minimisation Plan, providing for the collection and reduction, reuse, recycling, recovery, treatment, or disposal of waste. Council's solid waste management activities contribute primarily towards achieving these Community Outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing a waste management system that minimizes waste being inappropriately disposed of and encourages reduction, reuse and recycling
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through reducing the dumping of waste around the city and in parks and forests and protecting public health.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing a cost effective waste disposal service to residents and businesses.

### SOLID WASTE MANAGEMENT – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Landfill volumes</b>	Tonnes	Reduce rate of increase to 0% by June 2009.	☺ Achieved Rate of decrease from 2006-2009 27%.
<b>Recycling</b>	Participation	80% of households recycling at kerb side by June 2007.	☺ Achieved Survey results from 2009 Residents Survey show 88% of residents use kerbside recycling once or more often per month.
<b>Green waste diversion</b>	Tonnes diverted to landfill	Additional tonnes diverted each year from June 2009.	☹ The amount diverted has increased to 1763.5 tonne but is less than the 2,000 tonne diverted in 2006.
<b>Education and information</b>	Programmes provided	Community and industry programmes prepared by April 2006.	☺ Achieved The programmes were extended to pre-schools. Recycling services are now offered as an alternative to waste disposal to businesses in Nelson by waste operators.
<b>Environmental quality</b>	Resource consents	All resource consent conditions complied with.	☺ Achieved One consent is held for the York Valley landfill.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 0)	( 0)	87
Financial contributions	( 6)	( 12)	( 19)
Other revenue	( 2,324)	( 2,956)	( 2,276)
<b>Total revenue</b>	<b>( 2,330)</b>	<b>( 2,968)</b>	<b>( 2,208)</b>
<b>Expenses:</b>			
Operating and maintenance	1,114	2,623	1,764
Interest on loans	49	79	59
Depreciation	303	166	283
<b>Total operating expenses</b>	<b>1,466</b>	<b>2,868</b>	<b>2,106</b>
<b>Net (surplus)/deficit</b>	<b>( 864)</b>	<b>( 100)</b>	<b>( 102)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	248	223	155
Repayment of loan principal	894	103	246
Transfer to reserve funds	170	1	1
<b>Total funds required</b>	<b>1,313</b>	<b>327</b>	<b>402</b>
<b>Source of funds:</b>			
Net surplus	864	100	102
New loans raised	145	61	17
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	303	166	283
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>1,313</b>	<b>327</b>	<b>402</b>

See Note 33 for explanations of variations.



## ENVIRONMENTAL MANAGEMENT

### WHAT WE DID 2008/09

Council began work on changes to the Nelson Resource Management Plan to provide for better urban design and low impact developments. It is anticipated these changes will be completed by early 2010. This will include linking future improvements to Council infrastructure and the Resource Management Plan changes to the implementation of Council's Sustainability Policy. Guidance documents for developers wishing to adopt more sustainable development practices were also investigated in tandem with the review of Council's Engineering Standards.

#### Solar Saver

The Council's Solar Saver scheme, which provides loans to homeowners to install solar hot water systems, was approved in the Nelson Community Plan, along with plans to install solar hot water systems on Council facilities.

#### Clean Heat Warm Homes

The Clean Heat Warm Homes programme was extended and updated in the latest Nelson Community Plan process. Over the year 356 home upgrades and clean heat conversions were completed compared to 208 over the previous year. The trend in improving air quality continued on track.

#### Heart of Nelson

The Heart of Nelson central city strategy saw considerable progress over the year with the strategy completed and implementation beginning.

#### Water quality

Monitoring continued to show no significant overall change in water quality. Biodiversity and biosecurity work took priority ahead of the development of the monitoring strategy, which was deferred.

### SUSTAINABILITY INITIATIVES

Council again ran Ecofest in August, promoting positive environmental outcomes in conjunction with Tasman District Council. Thanks to Government assistance, and working with other agencies, the Council has established an Eco Building Advisor to promote sustainable building, a Sustainable Business Advisor to assist businesses to adopt best sustainable practices, and a full time position working with land owners to protect biodiversity and improve the health of our water ways.

#### Resource use and emissions

In 2007/08 Council began collecting information on its greenhouse gas emission profile including use of fuel, electricity and paper as well as waste, airline flights, and the results of an employee commuting survey. To broaden the sustainability picture, information has also been gathered on the Council's water use.

This baseline analysis relates to the most recently available data, which is from the 2007/08 financial year. It will be collected and reported on an annual basis from now on. This information has been collected to enable the Council to measure its sustainability performance over time.

Electricity use is the biggest source of Council emissions, and has significant financial implications. Council spent \$1,615,762 on electricity in the 2007/08 financial year, excluding the swimming pools. Because pumping takes a lot of energy, the highest Council uses of electricity were for promoting the water supply and wastewater treatment in 2007/08. Next highest were streetlights and Civic House, respectively. Since these baseline measurements, Council has put initiatives in place to reduce electricity consumption, but the results of these are not yet available.

### **Residents less than fully satisfied**

The 2009 Residents Survey found that 17% of respondents were dissatisfied with Environmental Management. Delays and the costs of getting consents were most often cited as the reasons for dissatisfaction. 32% of respondents were satisfied with Council's environmental management work and 41% were neither satisfied nor dissatisfied.

### **Support for sustainability**

Most Residents Survey respondents (62%) agreed that Council supports and promotes sustainability in the community and a total of 88% put out their recycling at least once a month. 7% said they never recycle, which was the same proportion as when residents' recycling was last measured in 2006. The proportion composting food waste (67%) has risen significantly since 2005, when it was 55%. There was an even greater increase in the number of those composting garden waste (72%) compared to 52% in 2005.

## **BACKGROUND**

As one of the country's five unitary authorities, Nelson City Council has to manage both local authority functions like subdivisions and land use, and regional functions like air quality, fresh water, coastal management and biosecurity. Council's environmental functions include planning advice, policy development and implementation, monitoring and environmental education. While most of Nelson's residents live in the urban area, resource management plans also apply to rural and coastal areas.

### **Sustainability initiatives**

Council has increased its consideration of sustainability over the last two years. Recent initiatives in Council's environmental management work that show the increased prominence of sustainability principles include:

- Establishment of an eco-design adviser position
- Partnerships with District Health Board including urban garden mentoring to increase the number of home gardens

- Support for the Carbon Reduction Reward Scheme
- Sustainability checklist applied to all new significant Council projects.

Recent environmental policy developments include the Sustainability Policy and Central City Strategy.

Environmental advocacy, education and behaviour change programmes are a key part of non-regulatory methods to achieve environmental goals. Council works with other organisations and community groups to achieve good environmental outcomes in the community. Some key initiatives include:

- Ecofest, with Tasman District Council
- Air quality improvement campaigns
- Water and land care programmes

### Monitoring and managing

Council also works with rural land owners on environmental issues such as pest management, biodiversity, native plant protection and revegetation. Monitoring is essential to ensure good environmental management. This includes checking that plans are implemented as intended, and that Nelson's air, land, waters and coastal areas are in good health. Council's State of the Environment reports provide baseline information to monitor environmental wellbeing.

### What we do

Council environmental management work includes:

- Monitoring the state of the environment
- Pest management, contracted to Tasman District Council
- Environmental advocacy and policy advice
- Statutory planning – the Nelson Resource Management Plans, Regional Policy Statement and plan changes
- Non-statutory planning – strategic land use planning such as the Nelson Urban Growth Strategy, Central City Strategy, and Tahunanui Structure Plan
- Non-regulatory assistance e.g. Clean Heat-Warm Homes scheme to assist with the replacement of solid fuel fires; assistance with fencing costs to protect rural ecosystems.



## Community outcomes

Council provides environmental management services to enable the sustainable use of the city's resources. This promotes quality urban and rural environments that meet the present and future needs of the community. Council's environmental management activities contribute to achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>Healthy land, sea, air and water</b> We protect the natural environment.</p>	<p>Through providing information on good environmental practices, pest management, developing environmental plans, and monitoring the environment.</p>
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.</p>	<p>Through provision of land use and subdivision planning and reducing pollution through programmes such as Clean Heat-Warm Homes.</p>
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	<p>Through providing an environment that supports sustainable business practices.</p>

Note: Improvements in the quality of Nelson's environment are also dependent on factors outside of Council's control, for example, air quality is influenced by how windy the weather is in winter.

**ENVIRONMENTAL MANAGEMENT – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Air quality</b>	Assistance for Clean Air Warm Homes programme contributes to National Environmental Standard (NES) air quality targets of 50mg/m <sup>3</sup> PM10	Trends in PM10 levels	☺ On track, all well under straight line path target. <ul style="list-style-type: none"> <li>• Airshed A – 24 exceedences of NES during 2008 two less than the previous year, 33 in winter 2009.</li> <li>• Airshed A slight reduction in average PM10 concentrations and marked reduction in maximum concentrations</li> <li>• Airshed B reduction in maximum PM10 concentrations but slight increase in the number of NES exceedences: 11 in winter 2008 and 7 in 2009.</li> </ul>
		Air Quality Plan operative by June 2007	N/A
		Nelson air sheds air quality meets the National Environmental Standards straight line path towards 50mg/m <sup>3</sup> by 2013	☺ On track. All three airsheds below straight line paths during 2008
<b>Environmental quality</b>	Nelson has high quality natural and physical environment	75% of residents rate their satisfaction with Councils' environmental management as "fairly satisfied" or better	☺ 32% in 2009 Residents Survey.
<b>Plan effectiveness</b>		Resource Management Plan effectiveness report released by June 2008	☺ Effectiveness of the NRMP is being assessed in sections as part of an ongoing rolling review of the NRMP rather than in one report. Urban design, heritage and inner city noise provisions are being assessed.
<b>Water quality</b>	Freshwater quality maintained or improves	Stream bank vegetation field assessments show increasing percentage and quality. Field assessments of aquatic animals (micro invertebrates) show improvement in index of stream health	☺ Development of an automated water quality classification system to provide annual updates of water class. 2008 is the latest data entered and shows similar stream classifications to previous years

## ENVIRONMENTAL MANAGEMENT

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Compliance</b>	Time taken to make decisions on plans and policies	Decisions made within two years of public notification	☺ Target met.
		Freshwater plan change decisions released by August 2006	N/A
		Compliance	☺ The Council made its decision in March 2009 and the Council is working to resolve two appeals on those decisions.
<b>Sustainability</b>	Use, development and protection of natural and physical resources is sustainable	Annual State of Environment report shows no unsustainable land-water management outcomes	Council State of Environment Reporting shifted to five yearly reports and will be released late 2009.
		Regional Pest Management Strategy reviewed August 2006	N/A
		Hearings held on Plan Change 05/02 by September 2006	N/A
		Nelson Urban Growth Strategy (NUGS) consequential plan changes notified by March 2007	☺ NUGS related plan changes to be notified in 2009-10.
		Management plan for Waimea Estuary prepared by June 2010	☺ Included in 2009-10 work programme

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Timeliness</b>	Strategic planning documents exist	Nelson Urban Growth Strategy completed by August 2006	☺ Nelson Urban Growth Strategy adopted December 2006. Currently being implemented.
		Tahunanui Structure Plan implemented in stages by 2010	☹ Some implementation. Structure plan to be reviewed in 2010/11 after arterial routes study.
		Regional Policy Statement (RPS) reviewed by June 2007	☹ Review on hold, waiting for National Policy Statements and consideration of One Regional Plan option.
		Review of Nelson Resource Management Plan by November 2014	☺ Rolling plan changes were developed as needed. In line with proposed amendments to the RMA.
<b>Informed community</b>	Community understands concepts of sustainability	Run annual Ecofest. Schools adopt enviro-schools programme	☺ Climate Protection and Sustainability Action Plans prepared, Sustainability Forum set up, expanded school and community education initiatives underway, support of Code Red and Transition Nelson, established Solar Nelson initiative.
		Environmental education strategy developed by February 2007	☹ Strategy not produced with focus on implementing the Climate Protection and Sustainability Action Plans.
		Environmental monitoring strategy released by June 2008	☹ Strategy not produced as biosecurity and biodiversity work higher priority.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,923)	( 2,336)	( 2,261)
Financial contributions	0	0	0
Other revenue	( 480)	( 418)	( 288)
<b>Total revenue</b>	<b>( 2,403)</b>	<b>( 2,754)</b>	<b>( 2,549)</b>
<b>Expenses:</b>			
Operating and maintenance	2,246	2,840	2,278
Interest on loans	321	178	85
Depreciation	16	15	16
<b>Total operating expenses</b>	<b>2,583</b>	<b>3,033</b>	<b>2,379</b>
<b>Net (surplus)/deficit</b>	<b>180</b>	<b>279</b>	<b>( 170)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	0	0	0
Repayment of loan principal	26	153	267
Loan investment	933	1,837	203
Non cash - invest write up	31	18	0
Transfer to reserve funds	89	166	0
<b>Total funds required</b>	<b>1,079</b>	<b>2,174</b>	<b>470</b>
<b>Source of funds:</b>			
Net surplus	( 180)	( 279)	170
New loans raised	919	1,837	203
Transfer from reserve funds	0	0	9
Transfer from financial contributions reserve	0	0	0
Non cash - invest write down	290	465	72
Non cash expenditure (depreciation)	16	15	16
Sale of investment	34	137	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>1,079</b>	<b>2,174</b>	<b>470</b>

See Note 33 for explanations of variations.

## TRANSPORT

### WHAT WE DID 2008/09

Significant new transport assets funded through Council's capital expenditure included the \$1.259 million Collingwood St upgrade project, which was completed this year, and the \$530,000 Tosswill Rd upgrade, part of which was delayed and is due to be completed soon. The \$998,000 Campbell St upgrade was completed and work began on Toi Toi St, which is due for completion later in 2009 at a cost of \$314,000. Tasman St was also upgraded between Halifax and Bridge Sts, which came in under budget. A budgeted \$608,000 project on Halifax St was deferred and a \$710,000 Marsden/Ridgeway project was cancelled.

### Paths, roads, carparks and bridges

The Atawhai cycleway was completed and opened during the year and the Railway Reserve was sealed to provide an improved surface for cyclists and walkers. The Collingwood St Bridge was painted and work began over the year on the Ridgeway link between Songer St and The Ridgeway South with a projected total cost of \$873,323 – of this \$238,000 was spent in 2008/09 and this link is due to be completed later in 2009.

In the inner city, the \$747,934 purchase and redevelopment of the Apex Building site in Wakatu Square for carparks had not been provided for in the budget.

### Spending under budget

Capital expenditure was \$2.4 million under budget due to the Council's decision to postpone capital expenditure taking account of the economic climate. As a result of this, the loans raised were also well under budget.

### Policies and public transport

In transport policy, Council completed and adopted the Regional Land Transport Strategy and the three year Regional Land Transport Programme. Funding was allocated towards a transitional public transport service to improve commuter services within the City area and between Nelson and Richmond. Council also announced that an arterial traffic study was required and would be scheduled for 2009/10.

## TRANSPORT SAFETY

The total number of fatal and serious injury crashes across the whole Nelson city area remained steady at 25 in 2008, which was slightly higher than the previous five year average of 23. Of these, 33% of all car/van driver casualties in Nelson were aged between 15-24 years and 43% of all car/van passenger injuries were between 15-24 years.

The five year average (2004-2008 inclusive) crash rate per 10,000 population remained consistent at 25, which is similar to comparable cities in New Zealand.



There were 23 recorded cycle casualties in Nelson city in 2008, compared to the five year average (2004-2008 inclusive) of 26. With the exception of a peak of 37 casualties in 2006, the trend in the number of cycle casualties is towards 20-24 each year. The data shows that around 24% of all road casualties here are cyclists, which is a greater proportion than comparable cities, which average around 10%, compared to the national rate of around 6%.

There were nine pedestrian casualties in 2008, three more than the previous year, but less than the five year average (2004-2008 inclusive) of 12. There continues to be an overall trend downwards in pedestrian casualties since 1998.

## RESIDENT SATISFACTION WITH TRANSPORT

### Satisfaction mixed

The 2009 Residents' Satisfaction survey found that slightly less than one third of respondents (29%) were most dissatisfied with Transport in general, well ahead of 11% dissatisfied with environmental management, although a significant improvement compared to 2007 when more than half were dissatisfied. Most concerns related to a lack of public transport, traffic congestion, and a perceived lack of maintenance of roads and footpaths. Residents were most satisfied with off road cycle ways, cycle lanes and street lighting and least satisfied with public transport.

Fewer people think parking is hard to find compared to a year earlier, with 34% this year compared with 41% in 2006 – 49% think it is about the same compared to 12 months ago and 9% think it is easier than a year ago. Of 400 respondents, 39% cycle in Nelson and 60% do not. The majority of those who cycle are very satisfied (17%) or satisfied (53%) with the overall experience of cycling and 3% were very dissatisfied, mainly due to bad experiences such as being knocked off their bike, concern about careless drivers and discontinuous cycle lanes.

## BACKGROUND

The efficient and safe movement of people and goods through our region is important for community wellbeing. As a result of the increasing regional population the transport network is under pressure, especially the key arterial routes of Rocks and Waimea Roads.

### What we do

Nelson City, as a unitary authority, does the transport planning for Nelson and is responsible for maintenance, construction and renewal of all roads and other parts of the transport network, including cycleways, but not State Highways. The State Highway network is managed separately by the NZ Transport Agency, which replaced Transit NZ, and is 100% funded by central government.

Council manages and maintains 248 km of roads, of which 232 km are sealed and 16 km are unsealed; 102 bridges; 16 km of off-road cycle lanes; 871 carparks in the central city and 237 carparks in Stoke.

### Strategy guides progress

The overarching strategy for the transport network is the Regional Land Transport Strategy (RLTS), which covers how to provide for and integrate the different transport modes: motor vehicles, walking, cycling and public transport. It aims to meet the current and future needs of the Nelson community and the wider region. The Regional Transport Committee (RTC) released a draft RLTS in 2008. Following the submissions process the Regional Transport Committee made some minor changes and forwarded the RLTS to Council for consideration. Nelson City Council did not adopt the RLTS, but referred it back to the RTC for more consideration.

### Programme funding

The Regional Transport Committee developed the Regional Transport Programme (RTP) to enable funding to be obtained from the National Transport Fund. The programme identified and prioritized major transport projects over a ten-year period.

### Comprehensive study planned

Council reports each year on implementation of the RLTS, which updates key transport statistics as well as progress on key transport initiatives. Council is proposing to undertake a social, economic and environmental study on the arterial routes in Nelson in 2009/10.

### Transport choices

Public transport use in Nelson is low. Council consultation highlighted this as an area where residents would like a greater level of service. Council provides a community bus service called 'The Bus'. The private sector provides commercial public transport services between Nelson and Richmond. The Ministry of Education provides subsidised school bus services. Council, with Tasman District Council, also provides the Total Mobility Scheme, a door to-door transport service to assist people with impairments who are unable to use public transport.

Nelson has relatively high numbers of pedestrians and cyclists compared with the rest of the country. Council has progressively developed footpaths and cycle facilities. Cycling and walking are considered important transport options to provide for an increasing population and to improve physical activity levels while reducing environmental impacts.

## Crashes down . . . and up

Nelson had an upward trend for reported injury crashes, with annual reported injury crashes increasing in line with population growth over the last five years. Cycle crashes were over-represented in Nelson at 17% of all reported crashes in 2007 compared with the all-New Zealand rate of 5%, although cycle volumes are higher in Nelson and might account for some of this. Pedestrian crashes have significantly reduced from a high of 14% to 5% in 2007 of all reported crashes compared with the all-New Zealand rate of 7%. Nelson City carried out several crash reduction initiatives in order to reduce crashes across the region, including:

- Four-monthly road safety action plan meetings
- Crash reduction studies in 2008/09
- The Safer Journeys to School programme
- Increased Minor Safety Works expenditure, now up to \$250,000 annually.
- Continued Community Road Safety Education programme including campaigns for pedestrian safety, cycle safety, older drivers, seat belts, learner drivers and an early intervention programme for those who come before the courts.
- 0800 CYCLE CRASH phone line. This has seen a seven-fold increase in reported cycle crashes. This initiative received a National Cycle Award.

## Parking and carpooling

Car parking demand within the Central Business District (CBD) is high and there is a need to increase the number of short stay parks for shoppers. Parking was one of the issues addressed in the Heart of Nelson Central City Strategy, which was drafted during 2008/09. Council supports carpooling by providing free all-day parking to registered carpooling commuters and by hosting links to NZ carpooling websites on the Council site.

## What we do

Council's transport activities include:

- Provision of a road network (including road safety and street cleaning)
- Footpaths
- Cycleways
- Public transport
- Subsidised public transport including the Total Mobility Scheme (access for disabled)
- Street lighting
- Inner city parking regulation and Central Business District development
- Street gardens/trees
- Management of properties on road reserve.



### Community outcomes

Council provides transport infrastructure to ensure there is safe, convenient, efficient and affordable access for residents, visitors and businesses. It has long been a responsibility of local authorities to provide and develop roads and transport planning in their area. Council-supplied transport infrastructure and transport planning contributes to achieving these Community Outcomes:

Outcomes	How the activity contributes
<b>Healthy land, sea, air and water</b> We protect the natural environment.	Through providing a range of transport systems that minimise the impact on the environment.
<b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.	Through taking into account the impact on public spaces when providing transport infrastructure.
<b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.	Through providing an effective and efficient transport system that meets the needs of residents and businesses.
<b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.	Through providing a safe transport network that provides for traffic, cyclists and pedestrians.

**CAPITAL PROJECTS – OVER \$500,000**

Project	Estimate (\$000)	Carried over (\$000)	Total budget (\$000)	Actual (\$000)
<b>Unsubsidised:</b>				
Ridgeway Connection – project delayed until 2009/10	890	-17	873	238
Campbell St	989	-27	962	998
Marsden/Ridgeway – project cancelled	710	-58	652	33
Halifax/Shakespeare – deferred	608	0	608	0
Tosswill Road – project delayed	530	0	530	353
<b>Inner City Enhancement – car parks:</b>				
Wakatu Square – The purchase of the Apex Building was not provided for in the budget	256	-176	80	748
Collingwood Street – completed	926	-5	921	1,259



## TRANSPORT – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Residents' survey</b>	<b>Resident satisfaction with:</b> Roads Cycle ways Public transport Footpaths Car parking  Street lighting	<b>target (% resident approval)</b>  80% 80% 80%  80% 80%  80%	<b>Result from the 2009 Residents' Survey</b>  ⊗ 49% ⊗ 68% ⊗ 23%  ⊗ 56% ☹ Comparison not possible as question changed. ⊗ 58%
<b>Reported crashes</b>	Number of crashes	Reduce reported crashes in the region by 3% annually, measured over a five year period.	⊗ 110 injury crashes in whole city in 2008. The five year average increased from 93 (1999-03) to 111 (2004-08).
<b>Travel time to/from Richmond</b>	Minutes, compared to base time	Regularly monitor and work to reduce travel time	☹ Average travel time along Rocks Road is delayed by one to two minutes in the AM and PM peaks (reduced by one minute in the PM peak since installation of Tahunanui lights). Along Waimea Road the AM peak delay is currently around three to four minutes and the PM peak delay is between one to two minutes.
<b>Public transport use</b>	Numbers	Maintain existing patronage on 'The Bus' service.	☺ Patronage on target at 45,651 (45,000 in 2007/08)
<b>Structure loading</b>	Strength of bridges	Maintain all bridges to full heavy normal (HN) loading restriction.	☺ Achieved
<b>Environmental quality</b>	Resource consents	All resource consent conditions complied with.	☺ Achieved

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Roads</b>	Widen 2 km of road, resurface 8 km road, install 2 km of new kerb and channel and reconstruct 2 km of existing road each year.		<ul style="list-style-type: none"> <li>☺ 1.9km widened (Campbell, Cleveland &amp; Tosswill)</li> <li>☺ 1.1km resurfaced</li> <li>☺ 5km of new kerb and channel (Campbell, Cleveland, Collingwood, Motueka &amp; Tosswill)</li> <li>☺ 3km of road reconstructed as new kerb and channel</li> </ul>
	Complete the Corridor Study and revision of the Regional Land Transport Strategy (RLTS).		☺ RLTS adopted by Council in June 2009
<b>Structures</b>	Monitor bridge condition annually.		☺ Visual inspection undertaken
	Replace Normanby Bridge in 2006/07.		☺ Additional ramp work completed in 2009
<b>Footpaths</b>	Construct on average 2km of new footpath and renew 4km of existing footpath each year. Target halved for 2006/07 due to reduction in capital expenditure. Aim is to have at least one footpath beside each street in Nelson by 2013.		<ul style="list-style-type: none"> <li>☺ 3.0km of new footpath constructed.</li> <li>☺ 1.4km of footpath renewed.</li> <li>☺ Target of one footpath in every street under review by Council</li> </ul>
<b>Cycle ways</b>	Review strategy in 2006.		☺ The cycle strategy was adopted in December 2006, currently being implemented
<b>Car parking</b>	Council will consider the need for a car parking building in the central city on completion of the Corridor Study.		☺ This will now be considered as part of the Central City Strategy

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 7,137)	( 7,096)	( 5,354)
Financial contributions	( 362)	( 250)	( 587)
Other revenue	( 5,377)	( 5,553)	( 6,156)
<b>Total revenue</b>	<u>( 12,876)</u>	<u>( 12,899)</u>	<u>( 12,097)</u>
<b>Expenses:</b>			
Operating and maintenance	6,091	6,595	5,535
Interest on loans	1,061	1,261	948
Depreciation	4,353	3,250	3,558
<b>Total operating expenses</b>	<u>11,505</u>	<u>11,106</u>	<u>10,041</u>
<b>Net (surplus)/deficit</b>	<u><b>( 1,371)</b></u>	<u><b>( 1,793)</b></u>	<u><b>( 2,056)</b></u>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	7,796	10,237	6,363
Non Cash profits and writeups	0	0	0
Repayment of loan principal	1,334	1,118	456
Transfer to reserve funds	1,119	255	272
<b>Total funds required</b>	<u>10,249</u>	<u>11,610</u>	<u>7,091</u>
<b>Source of funds:</b>			
Net surplus	1,371	1,793	2,056
New loans raised	2,693	5,996	573
Transfer from reserve funds	1,095	463	382
Transfer from financial contributions reserve	47	0	41
Non cash expenditure (depreciation)	4,353	3,250	3,558
Sales of assets	690	108	481
<b>Total source of funds</b>	<u>10,249</u>	<u>11,610</u>	<u>7,091</u>

See Note 33 for explanations of variations.



## REGULATORY COMPLIANCE

### (CONSENTS, LICENCES AND MONITORING)

#### WHAT WE DID 2008/09

Council received its Building Consent Authority (BCA) and Quality Assurance (QA) Accreditation at the end of June 2009 after completing all requirements. It was a major milestone and achievement to have met requirements in full, particularly as the QA system was not due until December 2010.

#### Building policy changes

The Earthquake-prone and Insanitary Buildings Policy is currently being implemented for Priority 1 & 2 buildings. The system for registering, monitoring and review was set up.

#### Staff improvements

The Building Consent unit did not have a full staff complement during 2008/09, which affected processing times, but is recruiting later in 2009 and anticipates being fully staffed in the current year. The Resource Consents Unit reached its full complement of staff for the first time in over ten years, enabling a significant improvement in resource consent processing times. While the total number of consents dropped a little, there was an increase in the complexity of those received due to legislative and other changes.

#### Notified consents

For the 2008/2009 financial year, of the 20 notified consents that reached a decision, one application was declined. Four have or are being appealed and there was another appeal on Council's response to a s357 objection. The issues/activities include: preschools (2), out of zone uses (3), subdivisions (2), non-compliance with zone standards (2), air discharges (2), a stormwater discharge, a designated site and pedestrian/cycle access through the acoustic wall bordering the railway reserve in Stoke. There were 16 objections to conditions or costs of consents for 2008/09, compared to 30 objections in 2007/08 and 25 in 2006/07.

#### BACKGROUND

Regulatory compliance is concerned with administering government regulations mainly related to public health, safety or wellbeing. Controlling dogs, licensing liquor outlets, ensuring food hygiene and safe navigation, for example, are all linked to social wellbeing. Processing resource consents is also included in this Council activity, which promotes environmental as well as social wellbeing. Council's pollution control, noise monitoring and complaints investigation responsibilities are concerned with protecting both the environment and human health and wellbeing.

### Residential density response to growth

One of Council’s planned responses to population growth in Nelson is to promote more dense residential development. This creates new issues of site-to-site effects and new impacts of activities with less space to accommodate their effects within a site.

### Safer environments through planning and regulation

Nationally, there is a move to curb anti-social behaviours and to create safe environments within which people can live, work and play. Regulatory controls will continue to be a key tool to promote community safety and wellbeing.

Reliable accurate, up-to-date information about land is a core task of the Council. Council’s consents, licensing and monitoring activities include:

- Dog and animal control
- Liquor licensing
- Food premises monitoring
- Storing and providing land information
- Processing and inspection of resource and building consents
- Harbour and coastal safety and navigation
- Pollution management
- Investigating complaints (noise, bylaws, private drains and illegal building works).

### Community outcomes

Council provides regulatory compliance services to promote healthy and safe environments. Council also implements regulations that seek to protect the wellbeing of the community. Regulatory compliance contributes towards achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>Healthy land, sea, air and water</b> We protect the natural environment.</p>	Through providing a regulatory system that protects the environment.
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.</p>	Through implementation of policies and bylaws to control threats to safety such as dogs, noise and alcohol.
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	Through providing regulatory services in an efficient manner and therefore reducing business compliance costs.
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	Through implementation of policies and bylaws for threats to safety such as dogs, noise and alcohol to keep residents and visitors safe.

**REGULATORY COMPLIANCE – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Overall level of satisfaction</b>	Level of public satisfaction with service provided by Council	80%	☺ Most recent results from 2008 residents' survey 82%
<b>Compliance</b>	Meet statutory requirements	Carry out at least one inspection of all licensed premises each year	☺ All licensed premises were inspected
	Meet public health standards	No more than five complaints per 100 food premises each year	☺ There were 9 complaints per 314 premises, which is 2.86/100 premises
	Safe, weather tight buildings	Audit 20% of all building warrants of fitness each year	☹ 30 Audits 580 Warrants of Fitness = 5.17% Result is lower than target reflecting the decision to concentrate resources on wood burner inspections



Criteria	Service level	Performance measures and targets	2008/09 results
<b>Timeliness</b>	Resident complaints addressed in a timely manner	Respond to high priority dog complaints within 30 minutes, 24 hours a day, 7 days a week. These include dogs attacking, biting or showing aggressive behaviour to people, barking complaints where notices have been serviced, and instances of gross cruelty to dogs	☺ 209 = 100% compliance with target
	Response times	Respond to pollution complaints within 30 minutes, 24 hours a day, 7 days a week	☺ 168 = 100% compliance with target
		All complaints regarding food premises investigated and actioned before the end of the next working day	☺ 9 = 100% compliance with target
	Processing times	Complete 90% of all building consent applications within the timeframes set (63% in 2007/08) in the Building Act	Total building consents processed = 1387 ☺ Of these, 79% were processed within statutory
		Complete 90% of all resource consents within the timeframes set by the Resource Management Act	Total resource consents 2008/009 = 390 ☺ 78% non-notified consents processed within statutory timeframes (national average 70%) ☺ 69% of notified consents processed within statutory timeframes (national average 55%)

Applicable performance measures for documents and reviews from 2008/09 Annual Plan	
Review harbour safety bylaw by June 2007	☺ Review began in 2008/2009, revised bylaw has been drafted and consultation continues with harbour user groups.
Complete initial Building Consent Authority registration by 30 November 2007	☺ Completed
Implement Year 1 Actions in Alcohol Strategy by June 2007	☺ Partly implemented
Implement programme of inspections and report on selection of properties for compliance with the Fencing of Swimming Pools Act, and balustrades, decks, and balconies under the Building Act 2004	☺ Deferred

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,993)	( 2,089)	( 1,712)
Financial contributions	0		0
Other revenue	( 2,618)	( 2,450)	( 2,460)
<b>Total revenue</b>	<b>( 4,611)</b>	<b>( 4,539)</b>	<b>( 4,172)</b>
<b>Expenses:</b>			
Operating and maintenance	4,550	4,525	4,138
Interest on loans	0	0	0
Depreciation	17	18	10
<b>Total operating expenses</b>	<b>4,567</b>	<b>4,543</b>	<b>4,148</b>
<b>Net (surplus)/deficit</b>	<b>( 44)</b>	<b>4</b>	<b>( 24)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	0	0	123
Repayment of loan principal	0	0	0
Transfer to reserve funds	61	14	7
<b>Total funds required</b>	<b>61</b>	<b>14</b>	<b>130</b>
<b>Source of funds:</b>			
Net surplus	44	( 4)	24
New loans raised	0	0	0
Transfer from reserve funds	0	0	96
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	17	18	10
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>61</b>	<b>14</b>	<b>130</b>

See Note 33 for explanations of variations.

## PARKS AND OPEN SPACES

### WHAT WE DID 2008/09

#### New assets

Significant new assets funded through Council's capital expenditure this year included the work at Saxton Field. Parks and reserves capital expenditure on Sports House adjacent to the Saxton Stadium in 2008/09 was \$665,000, out of a total parks and reserves capital expenditure of \$3.689 million. Further Saxton Field capital spending is detailed in the Community Facilities section.

#### Reserves spending

In esplanade and foreshore reserves, \$669,832 in capital expenditure was for further development of Wakefield Quay out of a total budget of \$1.088 million. At Tahunanui Beach, there was \$157,771 of capital spending out of \$990,490 total budget. Significant further roading and path development work as recommended in the Tahunanui Reserve Management Plan is planned during the 2009/10 year.

Strategic land purchases for reserves totalled \$118,642 out of \$1.33 million total budget, with several other properties currently under negotiation.

#### Storm clean-up one-off cost

The most significant one-off expenditure of \$1.1 million was required to clean up after the windstorm in July 2008. There was widespread damage to trees throughout the city, but most notably in Isel Park and the Murphy St Reserve.

#### Interest and spending

Interest was \$250,000 down due to the lower capital expenditure.

Capital expenditure was \$5.4 million under budget mainly in sports parks and esplanade and foreshore reserves and, due to this, the loans raised were \$5.0 million under budget and contributions from reserve funds were \$267,000 under budget.

#### Community planting and track upgrading

Community plantings continued over the year, including on the Grampians and Oyster Island in the Waimea Estuary. The Monaco foreshore was enhanced to soften the look of the area, and further development of Tahunanui Beach included re-planting dunes in native vegetation. A \$30,000 Lottery Environment and Heritage grant was successfully applied for to assist with this development. The management of Natureland was taken over by Orana Park from Christchurch.

Track upgrades continued in the Barnicoat, Upper Dun Walkway and Coppermine Saddle areas. The athletics track, cricket/athletics perimeter fence and soccer pavilion at Saxton Field were also completed.

### Improving facilities and parks

Planning and necessary consents were sought for replacement toilets at ANZAC Park, Branford Park and Basin Reserve and a bridge and walkway route on upper Orphanage Stream towards the Ngawhatu Valley.

Council acquired additional land from the Cawthron Institute at the Glen and completed community consultation and planning towards the development of the reserve which will begin in the 2009/10 year.

Management of the nursery, sited near Whakatu Marae, was transferred to Nelmac Ltd, which is a Council controlled trading organisation, with the Council entering into a supply agreement for plants and hanging baskets. Miyazu Park ponds were re-lined and sanded to address leakage problems. The edges of Main Rd Stoke were planted in conjunction with stormwater improvements in that area.

### Planning progresses

The Parks and Reserves Activity Management Plan was completed this year and approved in July 2009 for implementation. The Conservation and Landscape Reserves Management Plan was also drafted this year and approved for public consultation.

## BACKGROUND

The natural backdrop to Nelson city is one of its most notable features, and one that is particularly appreciated by residents according to Council's annual residents' surveys. The parks and reserves network enhances the protection of Nelson's biodiversity and protects heritage and coastal areas while providing recreational opportunities. There is considerable overlap between this Council activity and its Community Facilities and Recreation and Leisure activities.

Nelson manages 11,120 hectares (ha) of parks and reserves. The majority is held in the Brook, Roding and Maitai Conservation Reserves, which together total just over 10,000ha. Nelson's parks and reserves are strongly linked to the maintenance of Nelson's biodiversity, which is the natural diversity of all life, including diversity in genes, species, populations and ecosystems. Nelson's conservation areas in particular are rich in native species and ecosystems.

### Increased need for parks and reserves

The main reasons for the increase in the provision of parks and reserves are population growth, changes in recreational uses and environmental protection requirements. Council has a strategic purchase programme in place to secure land to meet future parks and community facility requirements, as opportunities arise.

Trends in recreational use of parks and reserves show a significant move towards more informal active recreation, such as mountain biking and walking, and a decline in participation in organised sports, though these are still important recreational activities. Other issues and challenges in relation to Council's management of parks and reserves include:



- Intensification of residential development and the need to review reserve distribution in light of higher population densities
- Increasing development on hills needing walkway connections between these suburbs and local schools and shops
- The need to provide safe public spaces through sensible design that discourages crime while keeping a high level of comfort (for example, shade trees) and usefulness
- The need to provide rural experiences for an increasingly urban population
- The need to provide improved access for an ageing population
- New recreational activities that need to be provided for and the blurring of seasons for traditional sporting codes

For more information on anticipated trends, see the Parks and Reserves Asset Management Plan, which is available from Civic House.

The community has an important role in relation to parks and reserves management, including the provision of memorial seats and volunteer work planting native species and controlling weeds.

### What we do

Council's parks and reserves activities include:

- Horticultural parks
- Neighbourhood parks
- Conservation reserves
- Landscape reserves
- Sportsfield reserves
- Esplanade and foreshore reserves
- Heritage and park trees
- Other walkways that are not in conservation reserves, landscape reserves or esplanade reserves

Broadly, Council's parks and reserves responsibilities are split into planning, acquisitions, development and maintenance.

**Community outcomes**

Council owns and manages a wide range of reserves and other areas to meet the recreational needs of residents and visitors, while also protecting landscape and natural values. Our parks and reserves assets provide a network of green space that meets social and environmental goals and provides recreational opportunities. Council parks and reserves contribute to achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>Healthy land, sea, air and water</b> We protect the natural environment.</p>	<p>Through providing parks and reserves that include a range of environments and biodiversity.</p>
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.</p>	<p>Through providing well planned parks and reserves.</p>
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	<p>Through tourism based on attractive surroundings and activities available in Nelson’s parks and reserves.</p>
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	<p>Through providing parks and reserves that encourage a range of physical activities.</p>
<p><b>A fun, creative culture</b> We are proud of our creative local culture and regional identity.</p>	<p>Through providing a range of recreation facilities that everyone can enjoy.</p>

**CAPITAL PROJECTS – OVER \$500,000**

<b>Project</b>	<b>Estimate (\$000)</b>	<b>Carried over (\$000)</b>	<b>Total budget (\$000)</b>	<b>Actual (\$000)</b>
Land purchases for general reserves – several properties under negotiation	378	952	1,330	119
Wakefield Quay – approx \$300,000 carry over	610	478	1,088	670
Tahunanui Beach enhancement – approx \$100,000 carry over	1,031	-41	990	158
Rutherford Park – work under way	779	-6	773	72
Sports House – costs to be separated from the Saxton Field Stadium	665	0	665	665
Saxton Field toilet, shower – Community Plan decision to provide extra funding	600	0	600	61
Trafalgar Park design – planning and preliminary work under way	800	-22	778	422
Greenmeadows redevelopment – tennis court planning completed with work to be carried out in early summer 2009	797	0	797	29



**PARKS AND OPEN SPACES –  
PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Provision</b>	Sufficient reserves in residential areas	> 4 ha reserves per 1000 population	☺ 245 ha/1000 population (now including conservation and landscape reserves)
<b>Availability</b>	Reserves open for use most of time	Reserves network open >95% of time	☺ Achieved. Storm damage in July 2008 caused the closure of all parks and reserves for 2 days while they were checked. Two parks were closed for 8 weeks while damaged trees were removed. Several tracks in the conservation reserves were also closed for up to 8 weeks
<b>Quality</b>	Landscapes	>80% meet standards of function, aesthetics and shade	☺ Of 29 reserves audited in the last 12 months, 24 (83%) met standards of function and aesthetics. Standards of shade were not audited.
<b>Neighbourhood reserves proximity</b>	At least one reserve within 400 m of each home in residential area within 5km in rural area	<400m from all homes (residential) <5 km (rural)	☺ 97% of urban houses within 400m of parks  ☺ 100% of rural households within 5km of parks
<b>Sports and recreation area provision</b>	Sufficient across Nelson City Council area	Maintain at > 2.5 ha/1000 people	☺ 2.84 ha per 1000 population, not including the golf course
<b>Informed community</b>		Completion of reserve management plans	☺ One reserve management plan (Conservation and Landscape Reserves)

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 4,627)	( 5,136)	( 4,370)
Financial contributions	0	0	0
Other revenue	( 531)	( 863)	( 1,402)
<b>Total revenue</b>	<b>( 5,158)</b>	<b>( 5,999)</b>	<b>( 5,772)</b>
<b>Expenses:</b>			
Operating and maintenance	3,824	4,313	3,949
Interest on loans	208	458	197
Depreciation	916	879	872
<b>Total operating expenses</b>	<b>4,948</b>	<b>5,650</b>	<b>5,018</b>
<b>Net (surplus)/deficit</b>	<b>( 210)</b>	<b>( 349)</b>	<b>( 754)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	3,689	9,065	4,523
Purchase investment	0	0	0
Repayment of loan principal	110	111	137
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>3,799</b>	<b>9,176</b>	<b>4,660</b>
<b>Source of funds:</b>			
Net surplus	210	349	754
New loans raised	350	5,358	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	2,323	2,590	3,034
Non cash expenditure (depreciation)	916	879	872
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>3,799</b>	<b>9,176</b>	<b>4,660</b>

See Note 33 for explanations of variations.



## RECREATION AND LEISURE

### WHAT WE DID 2008/09

One highlight of the year was the establishment of the very well-attended Women's Activator Series. 160 women took part over the course, which is to be extended to target men and youth in the future.

The GIS mapping of mountain biking tracks was completed, with walking tracks to be mapped next. The aim is to improve information for those who use Council tracks and reserves for their active recreation.

Community recreation events included Isel in Bloom and Broadgreen Rose Day.

### Youth and recreation support

Over 1500 Nelson youth took part in The New Hub recreation programmes and Council support continued for the OSCAR holiday programmes. A total of \$27,357 was provided to 18 organisations from the Physical Activity Fund to support community sports and recreation.

### Overcoming barriers to getting active

The Council was also a partner in the regional Way2Go programme, aimed towards those who face barriers to getting active. Nelson's Way2Go programme is delivered through the New Hub, the Victory Community Centre, House 44 in Stoke, Whakatu Marae and the Tahunanui Community Centre.

### Spending

Capital expenditure was \$651,000 under budget and as a result the loans raised and the contributions from reserves were also well down.

### What residents think

The 2009 Residents Survey found that most people were aware of the New Hub recreation centre and the Walk Nelson booklet, but few (16%) had heard of the Women's Activator series. Of those who had heard of these Council recreation initiatives, the highest satisfaction rating of 68% was for the Walk Nelson booklet. When asked whether they thought Council provided enough recreation opportunities for residents, most residents (81%) thought it did, but a significant proportion (14%) thought it didn't, mainly because of a lack of recreation opportunities for youth/teenagers.

## BACKGROUND

With the long-term trend towards increasing inactivity and obesity, councils and other organisations see the many benefits to the community of more active, and therefore healthier, people.

Council provides some recreation and leisure opportunities through its provision of infrastructure such as footpaths and cycle ways, parks and open space, information, services, events and programmes. 'Recreation' and 'leisure' are defined broadly to include all passive and active pastimes that "refresh, occupy and entertain".

## Healthy Nelson lifestyle

Taking part in physical activities as well as enjoying leisure time is a significant and essential part of Nelson's culture. Nelson has the highest proportion of residents in the country taking part in sport and recreation. Related to this, Nelson has the fewest smokers nationwide. Our health as a community is in part shaped by our surrounding environment. A healthy community is also more productive, with fewer people unable to work because of illness. Council's recreation and leisure activity has strong links to other Council activities particularly:

- Culture, heritage and arts
- Parks and open space
- Transport (especially active and public transport)
- Environmental management; and
- Community facilities.

## Physical activity included in events

Many community events run by Council, such as Broadgreen Rose Day, now include opportunities to be physically active such as the provision of the Way2Go activities trailer. Another example is the summer festival outdoor movies that trialled providing active games for the crowd. The Lantern Spectacular includes a walk to the top of the Centre of NZ hill, and the Teddy Bears' Picnic includes sports activities for children and parents like tug of war and sack races.

## Planning plays a big part

Council's recreation and leisure work includes planning, coordination, funding and the provision of facilities. The Regional Physical Activity Strategy and Nelson Tasman Physical Activity Plan are funded by Sport and Recreation NZ (SPARC), on which this Council works with other interested organisations. The regional strategy covers high level collaboration strategies for Buller, Tasman, Nelson, Marlborough and Kaikoura. The Nelson Tasman Physical Activity Plan has a local focus and lists specific goals and initiatives for this area. Council is one of several organisations implementing this plan with others including Public Health, Tasman Regional Sport Trust, SPARC, Tasman District Council, schools and recreation providers.

The local plan covers issues such as health, active transport, inclusiveness and access, information sharing, open space, facility planning, education, volunteer support and links to related policies. For example, the plan includes a goal of safe active transport options in all communities, with coordinated planning to develop a network of cycle and walking routes across Nelson. It includes objectives to establish a connected and effective network, and plan for physical activity opportunities to be embedded within land transport planning processes. Recommended actions include increased understanding of cycling and walking needs and collaboration with other agencies to address their specific needs.

### **Community funding**

Council administers the Nelson City Physical Activity Fund for community groups with specific projects to increase physical activity levels. Up to \$40,000 per annum is allocated, which is residual funds from the former Hillary Commission Community Sport Fund.

Community Assistance Policy provides for Council grants and fixed-term contracts to community organisations that provide recreation and leisure services for residents.

### **Way2Go**

Way2Go is a Nelson-Tasman Active Communities project aiming to increase the physical activity levels of the community with a focus on those who are aware they should be more active, or want to get active, but currently are not. The overarching aim of the Way2Go programme is to break down barriers to physical activity by providing programmes and information about achievable physical activity and active recreation opportunities in local communities. Way2Go is a collaborative programme between Nelson City and Tasman District Councils, Nelson Marlborough District Health Board, the Tasman Regional Sports Trust and the Nelson Bays Primary Health.

### **Working with Tasman District**

Nelson and Tasman Councils also work together through the Regional Funding Forum to coordinate the funding and development of regional community recreation and leisure facilities, including Saxton Field. These are covered in more detail in the Community Facilities section.

### **Council recreation and leisure facilities**

Nelson's Council-provided leisure and recreation facilities include:

- the Trafalgar Centre,
- public libraries (covered in the Community Facilities section),
- the Waahi Taakaro golf course,
- play facilities; and
- two swimming pools (Riverside and Nayland).

Nelson opened a new skatepark in Neale Park in late 2008 to address a gap in the provision of youth recreation facilities. Sports grounds and parks are covered in the Parks and Open Space section.

The Trafalgar Centre is the region's largest indoor events venue catering for major arts, cultural, sporting and recreation events that attract large numbers of attendees. A \$7.4 million upgrade of the main stadium was completed in March 2009, including improved acoustics, insulation and ventilation, new toilets and changing facilities, an increased floor space, flexible seating and stage area and additional storage areas.

### Events support

Council support for recreation events in conjunction with festivals includes Rose Day, Isel in Bloom, Youth Council events, Bikewise Week, and support for Youth Week in May every year. Summer initiatives include the Summer Passport, recreation activities at the beach and neighbourhood reserves through the Recreation Ambassador and In Your Neighbourhood programme, as well as events for youth for the arts festival and the New Year’s Eve concert.

### What we do

Council’s recreation and leisure activities include:

- Recreation and reserves planning
- Trafalgar Centre
- Golf courses (Waahi Taakaro, Maitai)
- Swimming pools (Riverside and Nayland)
- Natureland
- Recreation grants (community assistance funding)
- Coordinating and funding community programmes
- Community liaison – recreation
- Play facilities (playgrounds, youth park, skate park).

### Community outcomes

Council is involved in providing recreation and leisure opportunities, like other public goods, because the health, economic and community wellbeing benefits of passive and physical activity and leisure are shared by the whole community. Council is well-placed in terms of its expertise and role to coordinate community-wide physical activity initiatives, in collaboration with other organisations. Council-provided recreation and leisure services for Nelson residents and visitors contribute to achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.</p>	Through creating leisure, sports and living environments for residents and visitors activities.
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	Through recreation activities that draw people to Nelson and provide work and healthy lifestyles.
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	Through providing recreation opportunities that maintain or build healthy communities.
<p><b>A fun, creative culture</b> We are proud of our creative local culture and regional identity.</p>	Recreation pursuits are fun and give people a sense of belonging and wellbeing.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,990)	( 2,139)	( 2,049)
Financial contributions	0	0	0
Other revenue	( 371)	( 257)	( 262)
<b>Total revenue</b>	<b>( 2,361)</b>	<b>( 2,396)</b>	<b>( 2,311)</b>
<b>Expenses:</b>			
Operating and maintenance	1,878	1,903	1,831
Interest on loans	79	83	67
Depreciation	357	383	343
<b>Total operating expenses</b>	<b>2,314</b>	<b>2,369</b>	<b>2,241</b>
<b>Net (surplus)/deficit</b>	<b>( 47)</b>	<b>( 27)</b>	<b>( 70)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	237	888	1,570
Repayment of loan principal	336	107	30
Transfer to reserve funds	11	2	17
<b>Total funds required</b>	<b>584</b>	<b>997</b>	<b>1,617</b>
<b>Source of funds:</b>			
Net surplus	47	27	70
New loans raised	0	281	429
Transfer from reserve funds	91	0	0
Transfer from financial contributions reserve	89	306	775
Non cash expenditure (depreciation)	357	383	343
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>584</b>	<b>997</b>	<b>1,617</b>

See Note 33 for explanations of variations.

## COMMUNITY FACILITIES

### WHAT WE DID 2008/09

Significant new community facilities assets funded through Council's capital expenditure this year included the \$7.4 million extension on the south end of the Trafalgar Centre that was completed during the year to provide better facilities for major events there. Of this total, \$4.38 million was spent in 2008/09, which was less than the \$4.69 million total budget for that year. \$500,000 was budgeted for the north end but only \$12,852 spent on design as most of this work was deferred.

Saxton Field saw some major development work over the year including the \$1.133 million new athletics track and the \$11.523 million stadium, which is due to open in late 2009.

Work continued over the year on improving Wakefield Quay with the completion of the promenade above Stony Beach, and the additional of more seats and lights. Total capital expenditure this year on Wakefield Quay was \$669,832 from the parks and open space budget, with approximately \$300,000 that was unspent to be carried over to the following year.

### Spending under budget

The major variance in this activity was the capital expenditure being \$6.1 million under budget. The main areas of under spending were for; the Performing Art Centre (\$2.8 million), Community Housing (\$2.5 million) where the decision was made not to proceed with the major Orchard Street development due to reduced central government funding, and the large berth dredging at the marina (\$710,000). Reduced spending also resulted in lower contributions in other revenue, and lower borrowings.

### What residents think

The 2009 Residents Survey found that 61% of respondents were satisfied with Council's community facilities and 9% were dissatisfied, most of whom cited concern at public toilets not being up to standard.

### BACKGROUND

Community facilities are needed to ensure Nelson has a range of high quality places where services are provided and for a variety of uses by residents and visitors. These range from public toilets and camping grounds to the crematorium. A substantial number of individual facilities are included in this activity, such as the three public libraries and many community properties, including local halls. Council's community facilities include:

- Public libraries
- Marsden cemetery and crematorium
- Public toilets



- Marina
- Community properties
- Motor camps (Tahunanui, Brook and Maitai)
- Community housing
- Regional community facilities

Council has grouped very different kinds of properties to be managed together under this activity. What they have in common is that they are all physical properties owned by Council on behalf of the community for community use and the provision of community services in some form. Because public use of these facilities differs so widely, each group of facilities is addressed separately to set service levels and performance measures.

All of Council's community facilities, recreation and leisure, parks and open space and social development activities are concerned with enhancing community wellbeing through overlapping social, cultural, economic and environmental initiatives.

### Community housing

Council's 142 community housing units provide low cost housing for older persons with limited financial means. Council's policy is that community housing should be self-funding and not subsidised from rates. After discussions on the submissions to the draft Nelson Community Plan, Nelson City Council decided to hold community housing rents at the current level for the next year at least.

### Community outcomes

Council's community facilities activities contributes to achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region.</p>	Through providing attractive and useful community buildings and places where community services can be delivered and developing collaborative partnerships with other organisations.
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy.</p>	Through providing venues for the delivery of community services that contribute to the wellbeing of the community, and that provide employment
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	Through supporting the community and meeting a wide range of community needs
<p><b>A fun, creative culture</b> We are proud of our creative local culture and regional identity.</p>	Through providing venues that support our local culture and identity

**CAPITAL PROJECTS – OVER \$500,000**

<b>Project</b>	<b>Estimate (\$000)</b>	<b>Carried over (\$000)</b>	<b>Total budget (\$000)</b>	<b>Actual (\$000)</b>
<b>Marina:</b>				
Akerston St development	1,900	400	2,300	1,811
Toilet/shower facility	320	199	519	262
<b>Regional Community Facilities:</b>				
Saxton Field Stadium	10,708	327	11,035	11,523
Saxton Field athletics track	1,568	0	1,568	1,134
Performing Arts Centre – work did not proceed as fast as budgeted	2,900	31	2,931	103
Trafalgar Centre South – variations are expected to exceed the \$250,000 contingency by approx \$220,000, which is less than 3% of the total budget	4,359	334	4,693	4,384
Trafalgar Centre North – deferred in Community Plan	500	0	500	25

**COMMUNITY FACILITIES –  
PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

**a) Public libraries**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Resident satisfaction with public libraries</b>	Results from residents' survey	80% satisfied or very satisfied	☺ 91% 2008/09, previous results exceed target.
<b>Availability of information from Library systems</b>	Wide range of materials available, number of hours opened etc.	Membership Borrowing Electronic media use Visitor numbers	☺ <b>Membership:</b> 35,886 <b>Issues:</b> 880,513 <b>Visitors:</b> 541,447

**b) Cemeteries and crematorium**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Cemeteries cater for a wide range of cultures</b>	Meets needs of all cultures	Bereaved families needs met	☹ Information not yet collected
<b>Complaints</b>	Minimal complaints received	Number of complaints logged	☺ No complaints logged
<b>Location and distribution</b>	Adequate access to crematorium and burial services	Meets demand. Council continues to own and operate the Marsden Valley cemetery and Wakapuaka Crematorium	☺ Demand met. Achieved, continued in Council ownership

**c) Public toilets**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Resident approval</b>	Location of facilities – appropriate	>80% satisfied or very satisfied with the location of toilets from residents' survey	⊕ 87% in 2008.
<b>Resident approval</b>	Number of facilities – sufficient	>80% satisfied or very satisfied with the number of toilets from residents' survey	⊕ 75% in 2008.

**d) Marina**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Availability</b>	Satisfactory availability	Marina users >80% satisfied with availability by survey	⊕ General user satisfaction data not yet available.

**e) Community properties**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Affordability</b>	Charges suit the needs of users, are appropriate and use of the halls increases over time	Suits the majority (>80%) of users as demonstrated by increasing use as a proportion of the population	⊕ Compared with June 2008 Wakapuaka Hall: Bookings decreased by 44.4%, Visitors decreased by 30% Stoke Hall: Bookings decreased by 21.2%, Visitors decreased by 38.6%

## f) Motor camps

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Visitor satisfaction</b>	Users' approval of service and facilities	Majority of users approve (>80%)	☺ 95% of comments positive or neutral at Tahuna Camp.
<b>Effectiveness</b>	Council-owned camp facilities provide a good service to the public, established through lease agreements	Visitor satisfaction at least 80% and a camp provided for youth over summer	☺ Youth camp was provided 2008/09, approximately 1200 attendees.  General public satisfaction levels not formally measured, but high approval anecdotally and no major incidents.

## g) Community Housing

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Tenant satisfaction</b>	Annual survey of tenants	At least 80% of tenants are satisfied with services by survey	☺ 91% satisfied (June 08)
<b>Financial viability</b>	Community Housing Asset run on cost recovery basis	Community Housing debt free by 2006/07 financial year	☺ Debt free from October 2006
<b>Quality and service</b>	Community housing will be maintained in a healthy condition	Community housing assets will be no less than Grade 3 level	☺ 100% of assets are Grade 3 or higher (2008)

## h) Regional community facilities

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Resident satisfaction</b>	Results from residents' survey	>80% satisfied or very satisfied	☺ 89% satisfied with community facilities.
<b>Completion of Trafalgar Park upgrade</b>	Building of additional stands and related facility improvements	Within budget and time frames	☺ Completed in 2008 within budget and timeframe.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 4,790)	( 5,279)	( 3,974)
Financial contributions	0	0	0
Other revenue	( 9,996)	( 10,952)	( 3,158)
<b>Total revenue</b>	<b>( 14,786)</b>	<b>( 16,231)</b>	<b>( 7,132)</b>
<b>Expenses:</b>			
Operating and maintenance	4,651	4,681	4,782
Interest on loans	1,660	1,752	765
Depreciation	913	1,264	958
<b>Total operating expenses</b>	<b>7,224</b>	<b>7,698</b>	<b>6,505</b>
<b>Net (surplus)/deficit</b>	<b>( 7,562)</b>	<b>( 8,533)</b>	<b>( 627)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	20,375	26,700	6,529
Purchase investment	0	0	202
Repayment of loan principal	338	634	825
Transfer to reserve funds	54	11	98
<b>Total funds required</b>	<b>20,767</b>	<b>27,345</b>	<b>7,654</b>
<b>Source of funds:</b>			
Net surplus	7,562	8,533	627
New loans raised	12,183	14,311	6,063
Transfer from reserve funds	0	155	5
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	913	1,264	958
Sale of investment	80	80	0
Sales of assets	29	3,002	1
<b>Total source of funds</b>	<b>20,767</b>	<b>27,345</b>	<b>7,654</b>

See Note 33 for explanations of variations.



## ECONOMIC AND TOURISM SUPPORT

### WHAT WE DID 2008/09

The most obvious feature of the 2008/09 financial year was the need for Council to respond to the global recession and increasing cost of infrastructure materials. Council's financial strategy to respond to these changing conditions was included as a key issue for consultation in the process to develop the Nelson Community Plan, which was approved in June 2009. Bearing in mind the effect the Council has on the local economy, the rates increase was kept below the inflation rate in part by deferring the repayment of Council loan principal.

### Economic benefits from major projects

Complementary Council projects that featured in the Community Plan as having significant economic benefits included the proposed Performing Arts Centre, Rugby World Cup events and the Heart of Nelson central city strategy projects.

### Nelson and Tasman joint funding

Other milestones included a new Statement of Intent for Uniquely Nelson and establishing joint Nelson/Tasman council funding for the Regional Economic Development Agency and Tourism Nelson Tasman Ltd.

### What residents think

The 2009 Residents Survey found that 47% of respondents were satisfied with Council's economic and tourism support activity, with 10% dissatisfied. The most cited reasons for dissatisfaction were that they felt Council did not do enough for the local economy, businesses or tourism promotion.

## NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

### Green apples

The EDA, in conjunction with the Hawkes Bay and Otago regions and Pipfruit New Zealand, developed the Apple Futures initiative. The project is aimed at producing apples with no detectable chemical spray residues to raise the profile of New Zealand fruit in the international marketplace.

### **Broadband links schools and industry**

The Broadband Challenge project was completed with the implementation of the Nelson Internet Exchange and the EDA project managed the Education for Enterprise (E4E) contract to employ a co-ordinator to work with schools on student projects that link curricula with the region's key industry sectors.

### **Event funding and Arts Strategy**

An event evaluation model was developed to determine the expected economic benefit of proposed events seeking funding. Three proposed events have been granted funding assistance through the Events Management Committee. The EDA also project-managed the development of the Regional Arts Strategy.

### **Jobs for youth**

Mayor's Taskforce for Jobs 2008 Industry Training Graduation event celebrated the success of around 100 graduates with support from over 400 employers, training organisations, family and friends.

### **Assisting enterprise**

The EDA has assisted Wakatu Inc and the Cawthron Institute with an application to the Enterprise Partnership Fund for the Horoirangi Aquaculture Project, which will be a major development project for the region.

The EDA continued as the Administration Agent for the Te Tau Ihu Regional Governance Group for NZ Trade & Enterprise and Ministry of Economic Development funding for projects across the Top of the South. Regional Strategy funding of \$236,000 was granted by NZ Trade and Enterprise.

### **Rugby World Cup bid success**

The EDA assisted Council in managing the successful bid for two Rugby World Cup games to be staged in Nelson and it managed the process to employ a Nelson Tasman Sustainable Business Advisor to work with businesses.

### **Strategic planning**

The EDA developed and released the report, 'Tracking the Nelson Regional Economy' to measure the performance of the region on a quarterly basis and provided seed funds for the Nelson Environment Centre to prepare a project plan for Transition Nelson. The EDA also ran several Venture Accelerator Network meetings where entrepreneurs and potential investors are brought together and completed the initial Work Force Development Strategy for the region.

## **TOURISM NELSON TASMAN LTD**

This Council-controlled organisation adopted a cautious approach this year because of the global financial crisis and the resulting worldwide decline in demand for travel. Staffing levels were further reduced and spending was deferred on a range of projects, resulting in an improved year end financial position but with a drop in the level of marketing activity. A profit of \$94,000 was recorded, reducing the Company's negative equity to -\$10,000.

### Guest nights up and down

After many years of consecutive growth, guest nights in the region dropped by 4.7% for the year to June 2009, compared to a national level decline of 3.5%. Nelson Tasman region is doing better in international guest night performance compared to the national average, but worse in volume of domestic guest nights, reflecting our unique visitor base.

### Marketing initiatives

Many small tourism businesses have cut back their marketing investment, making cooperatively funded marketing programmes a challenge. Despite this challenging environment, Tourism Nelson Tasman funded the production of a new Visitor Guide, new Trade Directory and new Conference Planner again this year. The new Nelson Spring Marketing Campaign ran for a second year, contributing to a slight improvement in the ratio of guest nights spent in the shoulder and off-season compared to peak, with a shift from 40.1% to 40.6% of nights.

The successful Sustainable Tourism Charter was completed in May 2009, with 50 businesses assessed through the programme over the four years of operation. An internal revamp of the Golden Bay i-SITE was completed. Nelson Tasman Tourism completed its first year of operating the Murchison Visitor Information Centre and the Nelson i-SITE completed a successful changeover to tourism-specific IBIS POS software.

## BACKGROUND

Council supports economic development in Nelson by providing the economic environment and infrastructure so businesses can operate effectively. Other Council services include staff advice, information and assistance for elected members and the community. Council coordinates economic development initiatives by funding the activities of Council-controlled agencies such as the Nelson Regional Economic Development Agency and Tourism Nelson Tasman Ltd, which trades as Nelson Tasman Tourism based in the Nelson visitor information centre.

Council established the Nelson Regional Economic Development Agency (EDA) in 2004 and provides its base operating funding with Tasman District Council. The EDA Statement of Intent (SOI) sets out its goals and performance measures for the current financial year. The purpose of the EDA includes: "to coordinate, promote, facilitate, investigate, develop, implement, support and fund initiatives relating to economic development, employment growth and improved average incomes within the Nelson region for the benefit of the community".

Council part-funds Nelson Tasman Tourism, which it jointly owns with Tasman District Council. Its goals and performance measures for the current financial year are set out in its Statement of Intent (SOI).

Council also provides funding to support the activities of the Uniquely Nelson central city business coordinator and funds Nelson Event Strategy implementation. Council contributes to promoting the region nationally and internationally through campaigns, events, publications and through participation in Sister City programmes.

The Millers Acre Centre, Taha o te Awa opened in 2005 and is owned by the Council. This award winning Trafalgar Street building houses the Nelson Regional Visitor Information Centre and Nelson Tasman Tourism offices. It is an economic/business development one stop shop with tenants including the EDA, Nelson Tasman Business Trust and NZ Trade and Enterprise.

**What we do**

Council’s economic and tourism support activity includes:

- Economic development
- Tourism support through Tourism Nelson Tasman Ltd.

**Community outcomes**

Council recognises that Nelson businesses need the right economic environment to flourish, and that a focus on developing smart sustainable businesses benefits everyone living in and visiting the area. A strong economy also depends on having sound and reliable infrastructure, much of which is provided by the Council. Council support for economic development contributes towards achieving these Community Outcomes:

Outcomes	How the activity contributes
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy</p>	Through supporting organisations such as the Regional Economic Development Agency and Nelson Tasman Tourism and providing reliable infrastructure for businesses
<p><b>Good leadership</b> Our leaders are proactive, innovative and inclusive</p>	Through monitoring and facilitating economic activity and advocating for Nelson economic development with central government.

**ECONOMIC AND TOURISM SUPPORT – PERFORMANCE AGAINST TARGETS SET IN 2006 COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
Resident satisfaction with how Nelson is coping with growth	% satisfied in residents’ survey	At least 80%	☹ Not assessed in 2008 or 2009.

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 1,030)	( 1,018)	( 631)
Financial contributions	0	0	0
Other revenue	0	0	( 10)
<b>Total revenue</b>	<b>( 1,030)</b>	<b>( 1,018)</b>	<b>( 641)</b>
<b>Expenses:</b>			
Operating and maintenance	1,030	1,018	641
Interest on loans	0	0	0
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>1,030</b>	<b>1,018</b>	<b>641</b>
<b>Net (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure - New	0	0	0
Capital expenditure - Renewals	0	0	0
Purchase investment	0	0	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	0	0	0
<b>Total funds required</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Source of funds:</b>			
Net surplus	0	0	0
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>0</b>	<b>0</b>	<b>0</b>

See Note 33 for explanations of variations.

## MANAGING EMERGENCIES AND NATURAL HAZARDS

### WHAT WE DID 2008/09

Civil Defence Emergency Management is carried out regionally with Tasman District Council. The Nelson Tasman Emergency Management Office (EMO) is responsible for delivering outputs for both councils. In the past year, civil defence responded to several emergency events including a severe wind storm in July 2008 that ruptured the Maitai pipeline, regional flooding in November 2008 when the Maitai River had to be sandbagged, and a major fire at Atawhai in February 2009 that required civil defence to assist in evacuations.

### Cost of emergencies

Other revenue is \$627,000 over budget mainly due to recoveries of \$393,000 relating to the Atawhai fire, but also due to \$235,000 due to subsidies, grants and sales of timber arising from the extreme wind event on 30 July 2008.

Operating expenses are \$2.4 million over budget due to the same two events. \$2.0 million was spent on costs relating to the extreme wind event, and \$417,000 on the Atawhai fire.

### Continuing preparations

Work has been under way to finalise a network of Welfare Centres in Nelson City to ensure that the public will have safe areas available in the event of a major emergency evacuation. A public education programme continued, aimed at enhancing community resilience. As measured in the most recent 2009 Residents Survey, 58% of Nelson City residents have an emergency kit or supplies at home. In 2006 that figure was 59%, and in 2003 it was 51%. Respondents thought the most likely emergency would be an earthquake (91%) followed by flooding (46%). The EMO has continued to work on completing the regional Engineering Lifelines report and developing a Nelson Tasman civil defence website.

## BACKGROUND

### CIVIL DEFENCE EMERGENCY MANAGEMENT IN NELSON AND TASMAN

Councils have always had an important role in assisting their communities to cope with emergency events. Following changes to the law, including the Civil Defence Emergency Management Act 2002, this role has increased. Not only do councils have key responsibilities because of the essential infrastructure and services they provide, they are also obliged to improve the community's awareness of how to prepare for a disaster, and how to recover afterwards. Council staff are trained to operate an emergency operations centre (EOC) in the event of a disaster. The full emergency management service provided by the Council, with other members of the Civil Defence Emergency Management Group (CDEMG), is set out in the current Nelson Tasman Civil Defence Emergency Group Plan. Nelson City Council contributes

around \$180,000 every year as its share towards operating and maintaining the levels of service stated in the Plan. The group's staff is based out of the Trafalgar Centre in Nelson, administered by the Nelson City Council, but their responsibilities cover the wider Nelson Tasman region.

### Risk of emergencies

The physical setting and population characteristics of Nelson mean it is exposed to a wide range of natural and human caused hazards. The former include tsunami, earthquake, fire, and flooding. Human-made/ technological hazards include pests, diseases, hazardous substances, infrastructure failure, transportation accidents and criminal acts. Risk is assessed as a function of likelihood and consequences. There is an accepted Australia New Zealand risk management standard that prioritises hazards and determines what needs to be done to manage them. Under this framework, the highest priorities in terms of seriousness, manageability and growth for Nelson and Tasman are:

- Earthquake
- Storm surge
- Biological pests and new organisms
- Tsunami
- Communicable disease outbreak
- Flooding
- Bushfires

### A resilient community

The vision for Civil Defence Emergency Management in Nelson and Tasman is: "A resilient Nelson Tasman community". A resilient community is ready for emergencies and has the knowledge, skills and resources to respond to and recover quickly from an emergency.

Nelson region spends less per capita on civil emergency preparations than most other councils nationally. In 2008, Nelson and Tasman councils contributed approximately \$2.72 per resident towards managing civil emergencies and natural hazards. Most other councils spend within the range of \$3.50-\$8 per capita. Council's civil defence and emergency management work includes:

- Rural fire control
- Civil defence

### Lifeline services

The Lifelines project covers essential ('lifeline') utilities, like radio, television, roads, ports, electricity networks, water and wastewater systems, and communications. These services are critical to the functioning of the region and utility managers have specific duties under the Civil Defence Emergency Management Act 2002. Every lifeline utility must, among other things, plan for and ensure it is able to function, albeit at a reduced level, during and after an emergency. The Council contributes \$5000 a year towards building this capability.



## Rural fires

Council contributes funds to the Waimea Rural Fire Committee, which is primarily responsible for rural fire prevention and suppression. Its stakeholders include Tasman Bay Forests Ltd, Tasman District Council, Nelson City Council, and the Department of Conservation. The Rural Fire Network is contracted to manage rural fires, carrying out a similar role to CDEM. It is a stand-alone organisation that provides training, equipment, fire permits, lookout, prevention and rural fire coordination services to the Waimea Rural Fire Committee.

Aligned with our partners' goals emergency management is aligned not only with the Community Outcomes, but also the goals of other organisations that are involved, particularly Tasman District Council, Ministry of Social Development, the NZ Fire Service, the NZ Police and Nelson Marlborough District Health Board. There are links to all six of Nelson's Community Outcomes, but particularly:

Outcome/goal	How this activity contributes to achieving this goal
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	<p>Through developing a resilient community, able to cope with disasters or emergencies.</p>
<p><b>Good leadership</b> Our leaders are proactive, innovative and inclusive.</p>	<p>Through training and proactive systems that enable quick response in the end of an emergency.</p>

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 322)	( 326)	( 296)
Financial contributions	0	0	0
Other revenue	( 641)	( 14)	( 27)
<b>Total revenue</b>	<u>( 963)</u>	<u>( 340)</u>	<u>( 323)</u>
<b>Expenses:</b>			
Operating and maintenance	2,694	336	316
Interest on loans	2	0	2
Depreciation	5	3	5
<b>Total operating expenses</b>	<u>2,701</u>	<u>339</u>	<u>323</u>
<b>Net (surplus)/deficit</b>	<u><u>1,738</u></u>	<u><u>( 1)</u></u>	<u><u>0</u></u>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	0	0	2
Repayment of loan principal	3	1	1
Transfer to reserve funds	3	3	3
<b>Total funds required</b>	<u>6</u>	<u>4</u>	<u>6</u>
<b>Source of funds:</b>			
Net surplus	( 1,738)	1	( 0)
New loans raised	0	0	0
Transfer from reserve funds	1,739	0	1
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	5	3	5
Sales of assets	0	0	0
<b>Total source of funds</b>	<u>6</u>	<u>4</u>	<u>6</u>

See Note 33 for explanations of variations.

## SOCIAL DEVELOPMENT

### WHAT WE DID 2008/09

The 2009 Residents Survey found that 73% of respondents felt a sense of community compared to 57% in 2006. Although 44% felt the inner city was less safe than three years ago, this is a significant decrease from those feeling that way in 2006 (56%). When questioned on social wellbeing priorities, respondents considered that Council should place a higher priority on Safety in Public Places and Affordable and Accessible Transport.

The Residents Survey found 35% of residents have always lived in Nelson, and of those who haven't, 78% had lived here for more than ten years. 95% of respondents would recommend Nelson as a place to live and 85% agreed they felt a sense of pride in the way Nelson looks and feels, which was higher than in 2006 (74%).

### Community funding

Nearly \$450,000 of community assistance funding was allocated during 2008/09 to a range of community groups. Council also supported the development of the new FOUND website, which lists over 1600 community groups' contact details from across the top of the South Island.

### Youth initiatives

Council celebrated the ten year anniversary of Youth Nelson, an alternative education facility for students not in mainstream schools.

The Nelson Youth Council had a very active year. Council staff facilitated the Nelson Youth Council's meetings and assisted with their projects. Stage one of the barbeque area at Tahunanui Beach was completed, with further work to be completed later in 2009. The Youth Council also led a major Youth Survey. It gave Nelson youth a voice and achieved a very high response rate through Nelson high schools. The biggest issues identified for youth in Nelson were a lack of things to do (61% of respondents); nowhere to hang out (37%); and poor quality public transport (34%).

The survey showed that 82% of young people were proud of living in Nelson; of the 11% who said that they were not, 42% said it was because there was nothing to do.

Another main Youth Council event was 'Eat Your Art Out' workshops in conjunction with the 2008 Nelson Arts Festival. Two youth councillors represented Nelson youth at the Involve Conference and presented at the Youth in Local Government Conference. The Youth Event Support (YES) scheme continued to provide assistance for youth events.

### Social development policies

In policy developments, preparatory work began towards developing a new Social Wellbeing Policy, which is to include the integrated Positive Ageing Policy and Youth Policy.

### Community liaison

The Safer Community Council picked up the Youth Resiliency group's work, which involved Council staff. The 'Framing the Future' forum included Youth Council involvement.

Council continued to support the Connections service, which assists the transition of youth from schools into employment or further education.

## BACKGROUND

Social development includes a range of efforts to improve the social wellbeing of Nelson residents. Most of this work is the responsibility of Government agencies, particularly the Ministry of Social Development. Council has a role to play in the local coordination of this work. Council's programmes particularly target those who struggle to receive basic standards of living – primarily those on low incomes. Projects therefore cover employment, housing, education and personal safety.

### Employment

One of the most significant ways of improving social wellbeing is to provide job opportunities. The Nelson City Council is a member of the national Mayors' Taskforce for Jobs (MTFJ) initiative, which has an objective that all young people under 25 years be in paid work, in training or education, or in productive activities in our communities, and that all people over 25 have the opportunity to be encouraged to be in paid work, in training or education, or in productive activities in our communities. The Connections programme, an inter-sectoral initiative under MTFJ, involves linking school leavers into existing services and ensuring that they are engaged in the community. It is an evolving collaborative programme involving a range of agencies that provide services for youth. The Council provides support for education and employment initiatives such as Youth Nelson. Council also provides school leaver and engineering cadet positions on Council staff.

### Community programmes

Council is one of many organisations working towards improving community wellbeing. Social development is particularly dependent on strong collaboration between organisations. Key partners include the Ministry of Social Development, schools, Community and Whanau Network, the Nelson Marlborough District Health Board and many volunteer and community groups. The Council provides community assistance funding for community organisations and social development projects within the city. The Council also works with the Victory Community Centre, the Tahunanui Community Centre and House 44 to strengthen community wellbeing in these areas.



**What we do**

Council’s social development work includes:

- Social monitoring and advocacy
- Community liaison and support
- Community assistance funding
- Employment initiatives, including Mayors’ Taskforce for Jobs
- Youth development
- Settlement Support (Dept. of Labour funded)
- Crime prevention (Crime Prevention Unit funded)
- Working with the community to implement projects that support families.

**Community outcomes**

Council is the only organisation in Nelson with overall responsibility for the wellbeing of Nelson residents. Under the Local Government Act, Council’s purpose is to enhance the overall wellbeing of the people in this area. Social wellbeing is one of the four components of community wellbeing, is a public good with a variety of benefits, and requires the collective provision of services to be effective. Council’s social development initiatives contribute to achieving these Community Outcomes:

Outcomes/goals	How this activity contributes to achieving these goals
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community.</p>	<p>Through supporting members of the community to enjoy healthy lifestyles.</p>
<p><b>Good leadership</b> Our leaders are proactive, innovative and inclusive.</p>	<p>Through leadership and coordination of social development work in the community.</p>

**SOCIAL DEVELOPMENT –  
PERFORMANCE AGAINST TARGETS SET IN 2006  
COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Quality</b>	High levels of social good provided by Council programmes	Public perceptions indicated by residents' survey show >80% approval of programmes	Residents survey Q21, 22 on safety. ⊕ Youth Council: 66% of Youth Councillors rated it 'excellent'; 33% rated it 'ok to excellent' ⊕ 2008 residents survey showed 77% of residents were 'satisfied' or 'very satisfied' with Social Development and Assistance.
<b>Effectiveness</b>	Participant perception of benefit Public perception of benefit	>80% approval, by survey >50% approval	⊕ 75% of young people rated the Summer Passport a useful resource. ⊕ 83% of those completing evaluation forms at seminars organised by migrant support were satisfied with the content and delivery
<b>Efficiency</b>	Public perception of benefit/ dollars spent	Residents' survey questions show >80% agree	⊖ Not currently being measured
<b>Access</b>	Inclusive/ accessible to all groups and individuals	Survey range of groups – agree physical access assessed and zero barriers	⊖ Not currently being measured
<b>Sustainability</b>	Number and quality of key collaborative partnerships	Number/programme >80% partners agree partnership is working.	Safer Community Council has 30 key community partners ⊖ Not currently being measured

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 538)	( 669)	( 555)
Financial contributions	0	0	0
Other revenue	( 292)	( 263)	( 296)
<b>Total revenue</b>	<b>( 830)</b>	<b>( 933)</b>	<b>( 851)</b>
<b>Expenses:</b>			
Operating and maintenance	850	962	867
Interest on loans	1	3	0
Depreciation	7	10	4
<b>Total operating expenses</b>	<b>859</b>	<b>975</b>	<b>871</b>
<b>Net (surplus)/deficit</b>	<b>29</b>	<b>42</b>	<b>20</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	93	122	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	5	0	4
<b>Total funds required</b>	<b>98</b>	<b>122</b>	<b>4</b>
<b>Source of funds:</b>			
Net surplus	( 29)	( 42)	( 20)
New loans raised	50	66	0
Transfer from reserve funds	66	88	20
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	7	10	4
Sales of assets	4	0	0
<b>Total source of funds</b>	<b>98</b>	<b>122</b>	<b>4</b>

See Note 33 for explanations of variations.



## CULTURE, HERITAGE AND ARTS

### WHAT WE DID 2008/09

The Heart of Nelson central city strategy was developed over the year and included the requirement to identify opportunities to incorporate art and art design in all Council and private development projects.

The Regional Arts Strategy was completed and approved over the year and work began on developing Council's Arts Policy to implement relevant parts of the strategy.

### Facilities, heritage and festivals

Founders Park has been the focus of more community events, including the 2008 Arts Festival. Free entry for residents was introduced through the Nelson Community Plan and the windmill entry and other buildings in the complex were refurbished to enable an increased level of use.

Heritage work included work on a conservation plan for the heritage assets of Rocks Rd, including the chains and bollards. Work continued to establish more heritage trails and interpretation panels, and to build stronger heritage networks across the heritage and museum sector groups.

Council festivals included the annual Opera in the Park, Arts Festival and Summer Festival. All were well attended by residents and visitors to the region.

### What residents think

The 2009 Residents Survey results showed 69% of residents were satisfied with how Nelson's heritage is protected and 62% were satisfied with Council's culture, heritage and arts activities and 8% said they were dissatisfied. Reasons for dissatisfaction included requests for more facilities and those who questioned whether investment in the sector should be a priority. A reduced proportion of 74% think it is important to protect and preserve Nelson's heritage, compared to 82% in 2006, but more people say they know how to find information on heritage sites (70% in 2009 compared to 61% in 2006).

## BACKGROUND

Council recognises that cultural wellbeing is an important aspect of community wellbeing, and acknowledges the need to invest in sustaining and developing the heritage and arts of Nelson. Cultural wellbeing, according to the Ministry for Culture and Heritage, relates to the vitality that communities and individuals enjoy through participation in recreation, creative and cultural activities; and the freedom to retain, interpret and express their arts, history, heritage and traditions. Cultural wellbeing in its broadest definition includes:

- Arts, creative and cultural activities
- Languages, film and broadcasting
- History and heritage
- Sport and recreation
- Sense of place

## Local identity

Nelson City Council primarily contributes towards the arts, local heritage, recreation and creating a sense of place and belonging. While people have a sense of the Nelson 'culture', it is difficult to describe objectively. The question is: "what is it that makes Nelson 'Nelson'?" Council's contribution to enhance cultural wellbeing is part of a wide range of community involvement in the arts, heritage and cultural activities in Nelson. Council has a significant part to play in making Nelson a fun and creative place to live in and visit, and in celebrating our city's rich and diverse heritage. Council protects some of the city's heritage assets on behalf of the community. These have a total book value of \$1.954 million as at 30 June 2008 and include:

- Historic houses (Broadgreen Historic House, Melrose and Isel)
- Founders Heritage Park
- The Nelson Provincial Museum jointly owned by the Nelson and Tasman Councils. Since July 2000, the Tasman Bays Heritage Trust has the responsibility for managing the museum
- Historic cemeteries such as the Wakapuaka Cemetery
- A recent addition to Council's responsibilities was the establishment of The Bishop Suter Art Gallery as a Council controlled organisation in 2008/09.

## Community institutions

Council contributes towards a range of non-Council institutions such as the Theatre Royal and the Nelson School of Music. Council also carries out inspections and management of heritage trees on public and private land as identified in the Nelson Resource Management Plan. Council has community contracts with a variety of groups under its Community Assistance Policy. By improving the targeting of Council assistance Council will continue to significantly contribute to community wellbeing.

**What we do**

Council runs the annual Summer and Arts Festivals, as well as other recurring and one-off events to provide celebrations for Nelson’s residents and visitors. Council staff work closely with Tasman District Council on these events, recognising regional links. Council’s culture, heritage and arts activities include:

- Heritage and arts planning
- Support for the Tasman Bay Heritage Trust and the Suter Art Gallery
- Historic buildings and facilities such as Broadgreen Historic House, Isel Melrose and Founders Park
- Historic cemeteries (including Holloway, Wakapuaka, Hira, Seaview and others)
- Arts and heritage grants (community assistance funding)
- Festivals, events and street decorations
- Sister City links

**Community outcomes**

Council invests in the culture, heritage and arts of Nelson because of the significant positive contribution to making Nelson a socially cohesive, attractive and thriving place. It helps foster and encourage local creativity, builds people’s sense of belonging and pride in their home town and their region, and gives shared social and economic benefits to the wider community. Council support for culture, heritage and the arts contributes to achieving these Community Outcomes:

Outcomes/goals	How this activity contributes to achieving these goals
<p><b>People-friendly places</b> We build healthy, accessible and attractive places and live in a sustainable region</p>	By including beautiful and inspiring art, heritage and cultural activities as part of our surroundings
<p><b>A strong economy</b> We all benefit from a sustainable, innovative and diversified economy Through a thriving arts, cultural and heritage community that provides employment for many</p>	Monitoring of economic indicators shows trend towards viability of the arts, culture and heritage sectors.
<p><b>Kind, healthy people</b> We are part of a welcoming, safe, inclusive and healthy community</p>	By providing facilities and events that support the development of community cohesion
<p><b>Good leadership</b> Our leaders are proactive, innovative and inclusive</p>	By leading the development of Nelson’s arts, culture and heritage

**CULTURE, HERITAGE AND ARTS –  
PERFORMANCE AGAINST TARGETS SET IN 2006  
COMMUNITY PLAN**

Criteria	Service level	Performance measures and targets	2008/09 results
<b>Quality</b>	Participants' approval of event, service or facility	High, above 80% by representative survey	<p>☺ 44% of Nelson Arts Festival goers rated experience as good or very good.</p> <p>☺ 88% of Arts Festival audience rated Founders Heritage Park as a 'fantastic venue'.</p> <p>☺ Results from Q4, and Q42 2009 Residents Survey, 62% &amp; 69% approval.</p>
<b>Effectiveness</b>	Participant perception of benefit Public perception of benefit	>80% approval, by survey >50% approval	<p>☺ 2008 residents survey showed 81% of residents were 'satisfied' or 'very satisfied' with culture, heritage and arts.</p> <p>92% of Nelson Arts Festival audience would encourage others to attend the next year's event.</p>
<b>Efficiency</b>	Public perception of benefit/dollars spent	Residents' survey questions show >80% agree	☺ Not currently being surveyed.
<b>Access</b>	Inclusive/ accessible to all groups and individuals	Survey range of groups – >80% agree  Physical access assessed and zero barriers	<p>☺ Not currently being surveyed.</p> <p>☺ All new built viewing areas/paths in Founders Heritage Park meet accessibility criteria.</p> <p>☺ Existing assets not assessed against accessibility criteria.</p>
<b>Sustainability</b>	Number and quality of key collaborative partnerships  Maintenance of sites according to plans	Number/programme >80% partners agree partnership is working.  Plans implemented	<p>☺ Founders Heritage Park has built strong collaborative partnerships with Whakatu Marae, NelMac, WINZ, the Multi Cultural Council, Nelson Environment Centre, Rotary Club, Lions Club.</p> <p>☺ Condition assessments are carried out every two years on Council's heritage buildings. Remedial work is carried out as necessary to ensure sites are in same or better condition than reported previously.</p>

## Statement of financial performance

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	( 3,150)	( 3,127)	( 2,685)
Financial contributions	0	0	0
Other revenue	( 1,223)	( 772)	( 1,359)
<b>Total revenue</b>	<b>( 4,373)</b>	<b>( 3,899)</b>	<b>( 4,044)</b>
<b>Expenses:</b>			
Operating and maintenance	4,002	3,644	3,685
Interest on loans	182	182	167
Depreciation	80	61	79
<b>Total operating expenses</b>	<b>4,264</b>	<b>3,887</b>	<b>3,931</b>
<b>Net (surplus)/deficit</b>	<b>( 109)</b>	<b>( 12)</b>	<b>( 113)</b>

## Statement of funding requirement

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	31	23	18
Loan investment	0	0	0
Non cash forestry and investment write up	114	64	49
Repayment of loan principal	26	42	49
Transfer to reserve funds	123	64	76
<b>Total funds required</b>	<b>294</b>	<b>193</b>	<b>192</b>
<b>Source of funds:</b>			
Net surplus	109	12	113
New loans raised	20	60	0
Transfer from reserve funds	85	60	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	80	61	79
Sale of investment	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>294</b>	<b>193</b>	<b>192</b>

See Note 33 for explanations of variations.

## DEMOCRACY AND ADMINISTRATION

### WHAT WE DID 2008/09

Significant new assets funded through Council's capital expenditure this year included \$346,041 of preparatory work for the customer service centre in Civic House and \$709,352 of new computer equipment for which the available budget was \$873,498. The bulk of the budgeted \$1.29 million customer centre and upgrade at Civic House was deferred for completion in 2009/10.

Capital expenditure is \$688,000 under budget due to delays in the Civic House upgrade.

### Staff numbers

As at 30 June 2009, Nelson City Council employed 228 people, which was 196.1 full-time equivalents (FTEs).

### Nelson Community Plan process

The largest democracy and administration project during 2008/09 was the development and promotion of the Nelson Community Plan. A draft was released for consultation in March, submissions closed in May and the final plan, taking into account over 1100 submissions, was approved by Council in June 2009. The final rates increase was kept below the inflation rate in part by deferring the repayment of Council loan principal for two years. This will mean that Council's debt levels rise over the ten years of the Community Plan to an estimated maximum of \$170 million before reducing to \$117 million by 2018/19.

Council continued to provide a range of opportunities for Māori to participate in Council's decision making, which are described in detail at the beginning of this report.

### Chief Executive's performance indicators

A significant new feature of the Community Plan was the inclusion of the Chief Executive's key performance indicators, which included improving residents' satisfaction with Council's overall performance.

### Annual residents survey

Another significant project was the annual Residents Survey, which this year focused primarily on social wellbeing with additional questions on transport, sustainability and overall Council performance. The latter question was asked for the first time in 2009 to provide a baseline assessment of residents' level of satisfaction with Council's performance overall. Results showed that 57% were either satisfied or very satisfied with Council's services, facilities and overall performance. 28% were neither satisfied nor dissatisfied and 13% were either dissatisfied or very dissatisfied. The main reasons for dissatisfaction were:

- Not spending rates wisely
- Not keeping promises
- Not listening
- Lack of consultation on some issues
- Concerns about specific activities, such as roads

The phone survey of 400 residents was based on a quota system to ensure a representative sample.

### Governance review

A major review of the Council's governance and committee structure began during the 2008/09 year and culminated in the confirmation of a new set of arrangements in August 2009. This included a proposal to reduce the total number on Council from 13 to 11, including the Mayor, and the replacement of the main standing committees with fortnightly full Council meetings and the assignment of Councillor portfolios.

## BACKGROUND

Council separately accounts for the costs associated with providing the local governance, representation and democracy processes for the Nelson community, which includes strategic asset and investment management and running the local body election process every three years. Councillors' meeting fees and expenses are included, as well as consultation processes, public communications, annual planning, annual reporting and general administrative support provided by Council staff. This service also includes facilitating the participation by Māori in Council's decision making processes, as required by the Local Government Act. Information on payments made over the previous year to the Mayor and Councillors is included in this Annual Report.

There are three 'sub-activities' included under democracy and administration:

- Cost of democracy (including meetings, publicity, Councillor costs and elections)
- Management of investments, including rental properties, forestry, Civic House, the Port Company and the Ridgeway subdivision
- Long-term planning and internal monitoring

Council has a legal duty to provide most of the democracy and administration work covered by this activity, and the majority of this is a core task of all local authorities. The basis for these requirements is that Council is charged under the Local Government Act with including the community in decision making. Council must be accountable to the community: the residents and ratepayers of Nelson. Council's democracy and administration work contributes towards achieving this purpose. Provision of this service by the Council ensures that elected members have the capacity, support systems and procedures that enable democratic decision making.

It includes ensuring that the necessary risk management, transparency and accountability requirements are in place and are regularly audited.

### Community outcome

Council provision of democracy and administration services contributes primarily towards achieving this community outcome:

Outcome/goal	How the activity contributes to achieving this goal
<b>Good leadership</b> Our leaders are proactive, innovative and inclusive.	Council's provision of these services supports all other Council activities, thereby contributing to the achievement of all six Community Outcomes.

### CAPITAL PROJECTS – OVER \$500,000

Project	Estimate (\$000)	Carried over (\$000)	Total budget (\$000)	Actual (\$000)
Civic House – building	1,085	206	1,291	346
Administration – computer equipment	615	258	873	709

**Statement of financial performance**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	3,469	3,480	3,235
Financial contributions	0	0	0
Other revenue	( 12,296)	( 13,071)	( 12,125)
<b>Total revenue</b>	<b>( 8,827)</b>	<b>( 9,591)</b>	<b>( 8,890)</b>
<b>Expenses:</b>			
Operating and maintenance	6,139	4,558	4,785
Interest on loans	2,651	4,300	2,124
Depreciation	809	924	793
<b>Total operating expenses</b>	<b>9,599</b>	<b>9,782</b>	<b>7,702</b>
<b>Net (surplus)/deficit</b>	<b>772</b>	<b>191</b>	<b>( 1,188)</b>

**Statement of funding requirement**

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure	1,258	1,946	638
Investments	0	8	45
Non cash forestry and investment write up	0	0	0
Repayment of loan principal	11,759	13,259	8,935
Transfer to loan repayment reserve	3,689	342	1,253
Transfer to reserve funds	715	173	1,651
<b>Total funds required</b>	<b>17,421</b>	<b>15,728</b>	<b>12,522</b>
<b>Source of funds:</b>			
Net surplus	( 772)	( 191)	1,188
New loans raised	15,902	14,128	10,254
Transfer from reserve funds	0	5	3
Transfer from loan repayment reserve	207	340	45
Sale of investments	275	500	0
Non cash forestry and investment write down	952	0	170
Non cash expenditure (depreciation)	809	924	793
Sales of assets	48	22	69
<b>Total source of funds</b>	<b>17,421</b>	<b>15,728</b>	<b>12,522</b>

See Note 33 for explanations of variations.

## FINANCIAL RESERVES AND TRUSTS

### Statement of financial performance

The following financial report summarises all the transactions to or from various reserves other than transfers from other Activities.

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Revenue</b>			
Rates	0	0	0
Financial contributions	( 1,580)	( 1,368)	( 1,986)
Other revenue	( 265)	( 462)	( 538)
<b>Total revenue</b>	<b>( 1,845)</b>	<b>( 1,830)</b>	<b>( 2,524)</b>
<b>Expenses:</b>			
Operating and maintenance	119	154	88
Interest on loans	0	0	0
Depreciation	0	0	0
<b>Total operating expenses</b>	<b>119</b>	<b>154</b>	<b>88</b>
<b>Net (surplus)/deficit</b>	<b>( 1,726)</b>	<b>( 1,676)</b>	<b>( 2,436)</b>

### Statement of funding requirement

	Actual 2009	Estimate 2009	Actual 2008
	\$000	\$000	\$000
<b>Funds required</b>			
Capital expenditure - New	0	0	0
Capital expenditure - Renewals	0	0	0
Repayment of loan principal	0	0	0
Transfer to reserve funds	1,726	1,676	2,436
<b>Total funds required</b>	<b>1,726</b>	<b>1,676</b>	<b>2,436</b>
<b>Source of funds:</b>			
Net surplus	1,726	1,676	2,436
New loans raised	0	0	0
Transfer from reserve funds	0	0	0
Transfer from financial contributions reserve	0	0	0
Non cash expenditure (depreciation)	0	0	0
Sales of assets	0	0	0
<b>Total source of funds</b>	<b>1,726</b>	<b>1,676</b>	<b>2,436</b>

See Note 33 for explanations of variations.

## SUMMARY OF CAPITAL EXPENDITURE (OVER \$100,000)

	Carry Over 2007/08 \$000	Estimate 2008/09 \$000	Available 2008/09 \$000	Actual 2008/09 \$000
<b>Water supply</b>				
Ridermains	( 7)	131	123	105
Maitai Pipeline Duplication	0	100	100	301
Lee Valley Scheme	50	100	150	150
Sundry	27	97	124	231
Renewals	0	693	693	535
Total water supply	70	1,121	1,191	1,323
<b>Sewage disposal</b>				
NCC:				
North Nelson wastewater plant	211	160	371	111
Pump stations	42	294	336	125
Sundry	( 11)	151	140	15
Renewals	60	1,301	1,361	879
	301	1,906	2,207	1,130
Nelson Regional Sewerage Scheme (50%)	2,287	4,165	6,451	1,576
Total Sewage disposal	2,588	6,070	8,658	2,707
<b>Stormwater and flood protection</b>				
Arapiki Stream	480	1,190	1,670	1,794
Orchard Creek	( 221)	355	134	110
Private drains	27	108	135	58
Piping ditches	39	108	147	62
Campbell/Brunner	( 82)	390	308	263
Maitai	( 4)	184	180	142
Cleveland Terrace	0	0	0	241
Nayland Road / Saxton	( 7)	777	771	48
Milton St	0	250	250	234
S/W consents	24	0	24	12
Weka - Tasman/Milton	0	500	500	430
Stanley/Beachville	( 0)	250	250	25
Sundry	466	403	869	338
Renewals	0	357	357	30
Total stormwater	721	4,872	5,593	3,787

	Carry Over 2007/08 \$000	Estimate 2008/09 \$000	Available 2008/09 \$000	Actual 2008/09 \$000
<b>Transport and roading</b>				
<b>Subsidised:</b>				
Drainage control	12	220	232	246
Minor safety project	( 15)	241	226	134
Sealed roads surfacing	8	420	428	201
Pavement reconstruction	53	315	368	341
Associated improvements	6	250	256	268
New roads	0	300	300	0
<b>Unsubsidised:</b>				
Sundry land purchases	( 6)	320	314	36
Council share development contribution	( 49)	209	160	226
Ridgeway Connection Construction	( 17)	890	873	238
Marsden/Ridgeway	( 58)	710	652	33
Campbell Street	( 28)	989	961	998
Toi Toi upgrade	1	314	315	258
Halifax/Shakespear	0	608	608	0
Tasman - Halifax/Bridge	8	235	243	193
Mount St bend	( 4)	100	96	85
Tosswill Road	0	530	530	353
<b>Footpaths:</b>				
Cleveland Tce	0	0	0	82
St Vincent/Jenner Rd	7	168	175	53
Tosswill Road	0	190	190	190
Nayland Rd	0	140	140	0
Songer St	0	189	189	189
<b>Cycleways:</b>				
Poormans/Mn Rd Stoke	0	100	100	34
Waimea Rd to Beatson Rd	0	370	370	0
Sealing Railway Reserve	0	270	270	51
<b>Parking:</b>				
Collingwood Street	( 4)	926	921	1,259
Wakatu Square	( 176)	256	80	748
Sundry	354	713	1,066	1,302
Renewals	0	265	265	278
<b>Total transport and roading</b>	<b>93</b>	<b>10,237</b>	<b>10,330</b>	<b>7,796</b>
<b>Managing solid waste</b>				
Sundry	( 84)	203	119	196
Renewals	0	20	20	52
<b>Total managing solid waste</b>	<b>( 84)</b>	<b>223</b>	<b>139</b>	<b>248</b>

## CAPITAL EXPENDITURE

	Carry Over 2007/08 \$000	Estimate 2008/09 \$000	Available 2008/09 \$000	Actual 2008/09 \$000
<b>Parks and open spaces</b>				
<b>Horticultural Parks</b>				
Lighting/signs	72	119	191	26
Anzac toilets	15	141	156	0
<b>Neighbourhood Parks</b>				
Land Purchase: general reserves	952	378	1,330	119
Branford Park	10	150	160	59
Glen toilet & developmet	40	240	280	8
Basin Reserve toilet	27	120	147	8
<b>Esplanade &amp; foreshore</b>				
Wakefield Quay	478	610	1,088	670
Tahuna enhancement	(40)	1,031	990	158
Acessway/carparks	4	290	294	59
Wakapuaka sandflat	2	121	123	1
<b>Sportsfields</b>				
Saxton Field development	3	390	393	253
Rutherford Park tennis court	(6)	779	773	72
Greenmeadow toilet/changing	(1)	150	149	2
Sports House	0	665	665	665
Saxton Field toilet and shower	0	600	600	61
Saxton cricket security fence	(26)	120	94	90
Trafalgar Park design	(22)	800	778	423
Greenmeadows redevelopment	0	797	797	29
Sundry	(28)	1,003	974	623
Various renewals	0	561	561	366
<b>Total parks and open spaces</b>	<b>1,480</b>	<b>9,065</b>	<b>10,545</b>	<b>3,689</b>
<b>Recreation and leisure</b>				
<b>Natureland</b>				
Capital development	0	180	180	0
<b>Play facilities</b>				
Playgrounds	(85)	289	203	9
Sundry	99	103	201	169
Various renewals	0	316	316	59
<b>Total recreation and leisure</b>	<b>13</b>	<b>888</b>	<b>901</b>	<b>237</b>

	Carry Over 2007/08 \$000	Estimate 2008/09 \$000	Available 2008/09 \$000	Actual 2008/09 \$000
<b>Community facilities</b>				
<b>Library</b>				
Book purchases	11	297	308	312
<b>Marsden Cemetery</b>				
Building upgrade	11	260	271	154
<b>Marina</b>				
Akersten Street development	400	1,900	2,300	1,811
Toilet/shower facility	199	320	519	262
Talisman	(2)	150	148	0
Large berths	78	710	788	0
<b>Community Housing</b>				
Orchard development	25	2,536	2,561	9
<b>Regional Community Facilities</b>				
Performing Arts Centre	31	2,900	2,931	104
Saxton Field stadium	327	10,708	11,035	11,567
Trafalgar Centre northern extension	0	500	500	25
Trafalgar Centre southern extension	334	4,359	4,693	4,384
Athletics track	0	1,568	1,568	1,375
Sundry	11	245	256	375
Renewals	0	248	248	205
<b>Total community facilities</b>	<b>1,424</b>	<b>26,700</b>	<b>28,124</b>	<b>20,583</b>
<b>Social development and assistance</b>				
Sundry	0	122	122	93
<b>Total social development and assistance</b>	<b>0</b>	<b>122</b>	<b>122</b>	<b>93</b>
<b>Culture, heritage and arts</b>				
Sundry	9	22	31	31
Renewals	0	1	1	0
<b>Total culture, heritage and arts</b>	<b>9</b>	<b>23</b>	<b>32</b>	<b>31</b>
<b>Democracy and central administration</b>				
Civic House - buildings	206	1,085	1,291	346
Administration - Motor vehicles	(1)	113	113	83
Computer equipment	258	615	873	709
Sundry	(7)	132	125	119
<b>Total democracy and central admin</b>	<b>456</b>	<b>1,946</b>	<b>2,402</b>	<b>1,258</b>
<b>Total Capital Expenditure</b>	<b>6,770</b>	<b>61,267</b>	<b>68,037</b>	<b>41,752</b>



## Statement of financial involvement in CCTOs and other companies or organisations

This section covers Council's involvement in Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs). Some CCOs are owned fully by the Nelson City Council, while others are in shared ownership. Full details are available for each organisation in their respective Annual Reports.

The organisations whose performance is summarised in this section are:

- CCTOs – Nelmac Ltd, Nelson Airport Ltd (50%), Port Nelson Ltd (50%), Tourism Nelson Tasman Ltd (Nelson Tasman Tourism – 50%), Stoke Heights (Ridgeways) Joint Venture,
- CCOs – Nelson Regional Economic Development Agency, and the Tasman Bays Heritage Trust (Nelson Provincial Museum – 50%), the Bishop Suter Trust.

Unless stated otherwise, the results reported here are from each organisation's draft (unaudited) 2009 Annual Report and are measured against targets set in their 2008/09 Statement of Intent.

### NELMAC LIMITED

Nelmac Limited was formed in 1995 and is 100% owned by the Nelson City Council. The main activity and objective of the company is to provide the City with high quality maintenance and construction services for its utility infrastructure, parks, reserves and sportsfields.

**NELSON MAINTENANCE & CONSTRUCTION LIMITED**

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

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
<b>Revenue</b>	<u>13,428</u>	<u>11,667</u>
Net Profit Before Taxation	861	829
Provision for Taxation	<u>(282)</u>	<u>(274)</u>
Net Income for Year after Taxation	579	555
Retained Earnings Brought Forward	<u>1,757</u>	<u>1,382</u>
	2,336	1,937
Less: Ordinary Dividend Provision	<u>(278)</u>	<u>(180)</u>
<b>Retained earnings carried forward</b>	<u>2,058</u>	<u>1,757</u>

The financial performance for 2008/09 is as follows:

	<u>Achieved</u>	<u>Target</u>
	<u>\$000</u>	<u>\$000</u>
Gross Revenue	13,496	11,500
Operating expenditure	12,635	10,750
Profit before taxation	861	750
Taxation	282	225
Net surplus after tax	579	525
Tax paid return on opening shareholders funds	15.39%	15.20%

## Performance Measures

### 1. Non-shareholder business

Maintain the current ratio of Nelson City Council work to non-Nelson City Council work. Achieved 30.6% from other work (target 33.9%).

Ensure that all non-Nelson City Council work contributes to the profitability of the company. Achieved.

### 2. Equity ratio

Financial risk will be limited by maintaining a ratio of shareholders funds to total assets of no less than 65%. Achieved 70%.

### 3. Staff morale/turnover

Staff turnover (excluding retirement, redundancy and internal transfers) between 5% and 15% for the year ending 30 June 2009. Achieved. Actual turnover 10%.

### 4. Quality of service

The company will maintain its ISO 9001:2000 accreditation. Achieved. Achieve compliance with the Nelson City Council contract key performance measures for the year ending 30 June 2009, reported on monthly. Achieved.

In addition, Nelmac has completed actions towards achieving Bronze level Enviromark accreditation and is awaiting certification. Its register of compliments and complaints showed compliments exceeded complaints by a ratio of 15 to 1.

### 5. Staff health and 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. Achieved.

Tertiary level ACC workplace safety management compliance maintained.

Actual time lost 0.21% of total workforce hours.

### 6. Environmental

An environmentally responsible business fully compliant with all relevant statutory and contractual obligations. Achieved.

**NELSON AIRPORT LIMITED**

The Council owns 50% of Nelson Airport Ltd with the Tasman District Council owning the other half. The main objective of the company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

**NELSON AIRPORT LIMITED**

On 31 March 1999 Nelson Airport Limited purchased the airport assets and commenced operating the airport. The company is 50% owned by the Nelson City Council, and is currently administered by the Council.

	<b>2009</b>	<b>2008</b>
	<b>\$000</b>	<b>\$000</b>
Operating Revenue	4,311	4,404
Operating Expenses	2,624	2,720
Operating Surplus/(Deficit)	1,687	1,684
Taxation	496	564
Net Income for Year after Taxation	1,191	1,120
Retained Earnings Brought Forward	3,107	2,218
	4,298	3,338
Dividend	274	231
<b>Retained earnings carried forward</b>	<b>4,024</b>	<b>3,107</b>

## Performance Measures

1. Pass all Civil Aviation certification audits at a satisfactory standard.  
Achieved.

2. Complete the review of the company's Aerodrome Certificate  
Exposition by December 2008.  
Achieved.

3. Achieve financial performance targets.  
Achieved.

4. Hold regular meetings of the Nelson Airport Noise Environment  
Advisory Committee and provide this committee with the  
appropriate monitoring information.  
Achieved.

5. Ensure the company complies with all employment related  
legislation.  
The Company continues to monitor employment legislations and  
review its contracts accordingly.

6. Implement the recommendations of the Airport Environmental  
Management Plan on fuel storage and stormwater by December  
2008.

The shift of fuel installations to above ground facilities away from  
the estuary is progressing with a temporary above ground facility  
replacing the Jet A1 underground facility. The storm water discharges  
are now covered by Consents.

7. Complete the second stage of the McLaren Drive extension by  
December 2009.  
Underway, completion expected by December 2009.

8. Grow the Runway Refurbishment Reserve Fund to \$2 million by June  
2009.  
Achieved.

9. To undertake a development plan for the airport and make this  
plan available for the main stakeholder groups and shareholders for  
comment.

This significant project is at the planning stage.

### NELSON TASMAN TOURISM (TOURISM NELSON TASMAN LTD)

The Council owns 50% of Tourism Nelson Tasman Limited, with the Tasman District Council owning the other half. The company undertakes destination marketing, destination management and provision of visitor information services. It co-ordinates the marketing and promotion of the Nelson Tasman region as a visitor destination, provides tourism education and product development and manages the visitor information centres throughout the region.

#### Tourism Nelson Tasman Limited

	2009	2008
	\$000	\$000
Operating Revenue	2,004	1,782
Operating Expenses	1,910	1,848
Operating Surplus/(Deficit)	94	(66)
Retained Earnings Brought Forward	(104)	(38)
<b>Retained earnings carried forward</b>	<b>(10)</b>	<b>(104)</b>

### Performance Measures

#### Destination Marketing

1. Increase the total economic value and total spend the region derives from tourism

Total economic value of tourism to region (as reported by EDA)  
2006 – Value-added GDP \$134m  
(source: BERL Regional Cluster Analysis 2006. Further data expected from Nelson REDA 2008)

Total visitor expenditure  
2006 – Total visitor expenditure \$301.6m  
(source: Ministry of Tourism – Tourism Satellite Account. Further data expected 2008)

2. Increase the tourism sector investment in destination marketing  
Total tourism sector direct investment in Nelson Tasman Tourism programmes

Total investment 2009 = \$395,402 (2008 = \$354,452) + 11%.

### Destination Strategic Management and Tourism Development

3. Provide strategic direction to the region's tourism sector, working towards an agreed vision and goals

Leadership via Nelson Tasman Tourism Strategy implementation (NTSS)

Progress has been made against a range of strategy projects owned by Nelson Tasman Tourism. The NTSS will be rewritten into a scaled down version by February 2010.

4. Ensure that Nelson Tasman region is a leader in adopting environmentally sustainable tourism practices

Continuation of Sustainable Tourism Charter and adoption of relevant new sustainable tourism initiatives

The Charter was completed in May 2009 with a final total of 50 businesses being accessed. A final report has been delivered to the Ministry of Tourism/Ministry for the Environment.

- 5 Improve the reputation of Nelson Tasman as a visitor friendly destination

Visitor and/or ratepayer visitor opinion via annual surveys

TDC ratepayer survey 2008 showed 87% of residents feel impact tourism has on their region is very good (47%) or good (40%).

NCC ratepayer survey 2008 showed 87% of residents feel the impact tourism has on their region is very good (42%) or good (45%).

Note: No survey was undertaken on tourism in 2009.

**STOKE HEIGHTS (RIDGEWAYS) JOINT VENTURE**

The Council owns and controls 50% of The Ridgeways joint venture, with Homedale Holdings Limited (previously Residential Land Nelson Ltd) owning the other half. The joint venture is responsible for developing, subdividing and marketing sections on Council-owned land known as Stoke Heights.

The subdivision and development work has been completed for some time with the sale of sections the only outstanding issue for the joint venture. It is now expected that the last of the sections will not be sold until March 2010.

**Ridgeways Joint Venture**

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

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
Operating Revenue	550	761
Operating Expenses	<u>194</u>	<u>204</u>
Operating Surplus/(Deficit)	356	557
Retained Earnings Brought Forward	<u>1,351</u>	<u>794</u>
	1,707	1,351
Distribution	<u>550</u>	<u>0</u>
<b>Retained earnings carried forward</b>	<u><u>1,157</u></u>	<u><u>1,351</u></u>

**Performance Measures**

	<b>Forecast</b>	<b>2007/08</b>	<b>2008/09</b>
Number of sections sold	1	4	3
Number of sections available	25	32	28
Ratio partners funds to total assets	100%	100%	100%

The ratio of total section sales value to total listed selling price for 2008/09 was 98%, the same as for 2007/8.

The joint venture had a target that it would document any issues or complaints received by the JV or Nelson City Council, relating to activities covered by the joint venture agreement. All complaints and issues received were documented and addressed by the joint venture.

## PORT NELSON LTD

Port Nelson is defined as a Port Company and is covered by the Port Companies Act 1988. This Act imposes obligations on Port Nelson Ltd almost identical to those imposed on CCTOs by the Local Government Act 2002 (including the provision of an annual Statement of Corporate Intent).

Nelson City Council owns 50% of Port Nelson Ltd with the Tasman District Council owning the other half. The company provides port services for the Nelson Tasman region including the provision of berths, leasing of land and the warehousing and storage of goods.

## PORT NELSON LIMITED

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

	<u>2009</u>	<u>2008</u>
	<u>\$000</u>	<u>\$000</u>
<b>Revenue</b>	37,939	36,214
Net Surplus Before Taxation	7,591	10,664
Provision for Taxation	(2,664)	(3,173)
Net Surplus for Year after Taxation	4,927	7,491
Retained Earnings Brought Forward	37,149	31,860
	42,076	39,351
Less: Dividend	(4,000)	(3,800)
Adjustment to Opening Equity	-	-
	38,076	35,551
Plus Transfer from Asset Revaluation Reserve	-	1,598
<b>Retained earnings carried forward</b>	<u>38,076</u>	<u>37,149</u>

## Performance Measures

	Target	Actual	Achieved
Lost time injury frequency rate*	<1.5	3.9	No
Net debt/equity ratio	<66.7%	31.1%	Yes
Dividends declared	4.0m	\$4.0m	Yes
Return on funds employed	9.0%	6.1%	No
Return on average shareholders funds	6.0%	3.7%	No
Capital expenditure	<\$4.5m	\$8.5m	No
Incidents leading to pollution of harbour	Nil	2	No
Compliance with consent conditions	Full	Full	Yes
Compliance with NZ Maritime Safety Standards	Full	Full	Yes

## Activity Measures

Cargo throughput (cargo tonnes)	2.6m	2.78m	Yes
Shipping tonnes (gross tonnes)	8.6m	8.3m	No
Ship visits	1,003	922	No
Revenue	\$35.5m	\$38.0m	Yes

\*Lost time injury frequency rate =  $\frac{\text{lost time injuries}}{\text{Total hours worked in period}} \times 100,000$



## NELSON REGIONAL ECONOMIC DEVELOPMENT AGENCY (EDA)

Nelson City Council owns 100% of the EDA. The purpose of the EDA is to drive the smart sustainable economic growth of the region by promoting employment and income growth encouraging investment that enhances economic vitality and diversity while taking into account cultural and environmental values, rather than making a financial return.

### Nelson Regional Economic Development Agency

	2009	2008
	\$000	\$000
Operating Revenue	941	1,349
Operating Expenses	928	1,313
Operating Surplus/(Deficit)	13	36
Retained Earnings Brought Forward	235	199
<b>Retained earnings carried forward</b>	<b>248</b>	<b>235</b>

### Financial Performance

	Actual 2008/09	Budget 2008/09
	\$000	\$000
Revenue	\$941	\$371
Operating expenses	\$928	\$371
Operating surplus (deficit)	\$13	\$0

The total revenue of \$1,349,266 was made up of:

Operational grants	\$306,800
Project grants	\$587,065
Interest received	\$27,887
Donated goods and services	\$13,100
Other income	\$5,779

## STATEMENT OF SERVICE PERFORMANCE

EDA Strategic Objective		Intended Achievement	Measurement	Date	Progress
1. Facilitate economic development projects that build national and international competitiveness	1.1	Facilitate implementation plan for key REDS recommendations with stakeholders	All recommendations have agreed implementation plans	Dec 2008	Projects have been prioritised in consultation with the Council Liaison Group
	1.2	Facilitate the progress on integrating appropriate REDS recommendations into LTCCPs	All appropriate recommendations are included in the LTCCP review	June 2009	Has been implemented
	1.3	Implement REDS recommendations that have been assigned by the stakeholders to the EDA.	Recommendation implemented	Ongoing	This plan has been identified in the Business Plan
	1.4	Facilitate the progress of NMI (Broadband)	NMI has appropriate structure and work programme confirmed. Nelson Internet Exchange commissioned by August 2008	Dec 2008 August 2008	The Broadband contract has been completed to the satisfaction of the Ministry of Economic Development with the Nelson Internet Exchange commissioned. There is ongoing discussion with the three councils of Te Tau Ihu on the appropriate structure for NMI
	1.5	Facilitate the progress of the Work Force Development Strategy	Work Force Strategy plans aligned with Ministry of Social Development, and industry and business endorse strategy actions	Ongoing	The initial strategy has been completed with emphasis now to be focussed more from the industry point of view.
	1.6	Facilitate projects that inform potential new business on the advantages Nelson offers	Reported new jobs and businesses that hare sustainable and attractive for the region	Ongoing	Support has been provided to the United World College proposal for the successful Rugby World Cup bid
	1.7	Facilitate Venture Accelerator Network	High potential businesses provided with appropriate assistance to facilitate their development	Ongoing	Networking events are being held on a regular basis with high profile guest speakers to inform and motivate
	1.8	Project manage Education for Enterprise (E4E) contract	Secondary schools in the region having implemented enterprising curriculum practises, reflective of the region's industries	June 2009	Year 3 is the final year for government funding assistance. The Enterprising Education Alliance (EEA) is now seeking alternative funding to keep this very successful project sustainable

## STATEMENT OF SERVICE PERFORMANCE CONTINUED ...

EDA Strategic Objective	Intended Achievement	Measurement	Date	Progress
1.9	Facilitate development of Arts Strategy	Arts strategy adopted by the Arts sector and high levels of community participation in the arts	Dec 2008	Draft strategy accepted by both councils in October 2008
	Facilitate events strategy in conjunction with Nelson City Council and Nelson Tasman Tourism	Events Management Committee established. Full Time Events Officer appointed. Interactive content manageable website established. Major Event and Festival funding framework, funding application process and forms developed. Event marketing support program and toolkit developed	July 2009	Events Committee membership confirmed to oversee management of the strategy, contracts in place with Nelson Tasman Tourism (NTT) to implement strategy. Several successful events have been funded to date
2. Provide economic advice to the Region	2.1 Obtain, collate and disseminate economic development information	EDA has available relevant, current and accurate information as appropriate to the needs of the region's key stakeholders	Ongoing	Tracking the Nelson Regional Economy Economic Summit – Dec 2008 Economic Summit – April 2009 Business Support Expo-June 2009
3. Provide ongoing assessment of the Region's performance	3.1 Participate in Well Being Measures Group, to confirm indicators against which Nelson, Tasman and Marlborough Councils' Community Outcomes can be measured and reported	Regional Well Being Measures identified, measured and communicated widely	Ongoing	The final Well Being Indicator set has been confirmed and is available for use
	3.2 Progress on Genuine Progress Indicators (GPIs) which will be a selected subset of the wellbeing indicators.	GPIs developed in conjunction with national bodies	Ongoing	There is still significant funding required to complete the GPI tool. We will continue to work with Anthony Cole until it is in a useable mode
4. Highly effective governance	3.3 Provide information and advise advice to NCC and TDC	Flow of information between EDA and Councils to ensure Councillors have the necessary information to make informed decisions	Ongoing	EDA to continue meeting with Council Liaison members to ensure cross-flow of information
	4.1 Review Trust Deed	Trust Deed reflects activities	June 2009	Awaiting outcome of charitable trust status
	4.2 Assess staffing resources against regional expectations	Future staffing requirements identified for 2009/2010 year	Feb 2009	Completed

### TASMAN BAYS HERITAGE TRUST (PROVINCIAL MUSEUM)

The Tasman Bays Heritage Trust was established in 2000 as a Council-Controlled Organisation owned 50% by the Nelson City Council and 50% by the Tasman District Council. The Trust took over the operation of the Nelson Provincial Museum, which was based then in Stoke. It is responsible for providing museum services and protecting the collections of treasures held on behalf of the Nelson Tasman region. The new museum exhibition facility on the corner of Trafalgar and Hardy Sts was opened in late 2005.

#### Tasman Bays Heritage Trust

	Note	2009	2008
		<u>\$000</u>	<u>\$000</u>
Operating Revenue		2,159	2,092
Operating Expenses		<u>2,157</u>	<u>2,208</u>
Operating Surplus/(Deficit)		2	(116)
Retained Earnings Brought Forward		<u>14,617</u>	<u>14,733</u>
<b>Retained earnings carried forward</b>		<u><u>14,619</u></u>	<u><u>14,617</u></u>

Performance Target	Result
1. Museum open 363 days.	Achieved.
2. Museum to attract 40,000 visitors.	Exceeded – 59,345 visitors.
3. Compile budgets/SOI by 30 November 2008 and finalise by 28 February 2009.	Achieved. Finalised 9 February 2009.
4. Operate within annual budget.	Year end was ahead of budget.
5. Maintain and enhance the Research facility at Isel.	Achieved. Approved storage of photographic materials and improved public facility with installation of heatpumps.
6. Prioritise strategies that contribute towards sustainable growth.	In progress – new model of final exhibits is being developed.
7. Meet with Iwi Liaison Komiti four times/year.	Achieved. Quarterly meetings have been held and a special meeting was held on photo permissions.
8. Progress the digital strategy.	In progress/achieved. Significant improvement in the use of the Vernon collection management system.
9. Seek funding from three philanthropic bodies.	Achieved. Grants from Canterbury Community Trust, Cawthorn Institute and the Lottery Heritage Funds received.
10. Develop an exhibitions policy.	Completed. 26 May 2008 approved.
11. Approve programme of special exhibitions.	Achieved. Three held in past year.
12. Undertake in-house surveys on at least 2 exhibitions per annum.	Achieved. One in 20 adults surveyed for fossils exhibition.
13. Provide LEOTC programmes for 6,000 students.	Exceeded. 9,083 school students attended programmes.

**THE BISHOP SUTER TRUST**

In August 2008 the new Council Controlled Organisation, “The Bishop Suter Trust” held its inaugural meeting. The first Statement of Intent was adopted in June 2009. The financial position for the Trust as at end of June 2009 is set out below and performance measures will be included in following years Annual Reports.

**The Bishop Suter Trust**

	<u>2009</u>
	<u>\$000</u>
Operating Revenue	872
Operating Expenses	<u>717</u>
Operating Surplus/(Deficit)	155
Retained Earnings Brought Forward	<u>0</u>
<b>Retained earnings carried forward</b>	<u><u>155</u></u>

The Bishop Suter Art Gallery Governance Restructuring Act 2008 dissolved the Bishop Suter Art Gallery Trust and transferred the assets to The Bishop Suter Trust, a Council Controlled Organisation controlled by Nelson City Council on 9 August 2008.

## EQUAL EMPLOYMENT OPPORTUNITIES

The Nelson City Council regards the following Equal Employment Opportunity principles as essential in managing staff resources:

- the elimination of any discrimination;
- the provision of equal opportunities; and
- selection based on merit.

It is council policy that no employee or potential employee shall gain advantage, or suffer any disadvantage, by reason of the following: their gender (including the effects of pregnancy and childbirth), marital status, religious beliefs, ethical belief, colour, race, ethnic or national origin, age, political opinion, employment status, family status or sexual orientation, involvement in union activities and personal disabilities where these are not related to the person's ability to carry out the job.

The Council has an Equal Employment Opportunity programme of positive action based on adopting policies and practices for equal opportunities in all aspects of employment including:

- recruitment;
- selection and appointment;
- education;
- training and development;
- career path planning;
- promotion;
- employment conditions; and
- disciplinary action.

Council's personnel policies apply equally to all staff whether salaried or waged employees.

## BORROWING OBJECTIVES AND POLICIES

### OBJECTIVES

Nelson City Council's broad objectives in managing the borrowing which it needs to carry out its functions are to:

- a. Minimise the cost of the Council's borrowing.
- b. Manage borrowing in a manner which minimises the risk to the Council of fluctuations in financial markets and interest rates.
- c. Maintain prudent levels of security and debt servicing for borrowing.

### POLICIES

The Council's general policy for borrowing is to:

- a. Use long-term debt to fund major expenditure on infrastructural assets and strategic investments.
- b. Raise short-term debts to fund capital developments, the cost of which is expected to be recovered in the short to medium-term.
- c. Fund social objectives and responsibilities mainly from revenue rather than from borrowing.
- d. Use borrowing to help achieve intergenerational equity (spreading costs over generations of people so that the costs fall during the years the benefits are enjoyed)

The Council's policy for borrowing limits is to adhere to the following targets.

Item	Borrowing limit	Actual as at 30/06/09
Total interest payable on net external debt that is funded from rates.	20% of total annual rates plus water by meter (and similar) charges.	7.8%
Net external public debt that is funded from rates	2.0 times the total annual rates plus water by meter (and similar) charges \$1,500 per capita (adjusted for inflation from 1 July 2003), whichever applies first.	1.13 times \$1,140 per capita

The actual figures show that the Council's borrowing as at 30 June 2009 was well within the designated limits.

The Council's policy for liquidity risk management is to:

- i. Ensure that the Council's loans mature over a wide time period.
- ii. Ensure that the Council has access to committed lines of credit of not less than \$2 million.

The Council's rules for managing liquidity risk are that:

No more than 40 percent of the Council's total external debt may mature in any financial year.	11.7% will mature in 2009/10.
The weighted average of the term to maturity of the Council's external debt is to be between 12 and 24 months.	As at 30/6/09, the average term to maturity of the underlying loans was 19.5 months, but the Westpac facility runs until 2013.

# INVESTMENT OBJECTIVES AND POLICIES

### Objective

The Council's primary objectives for the investments the Council needs to effectively carry out its functions are to:

- i. Protect the Council's investments and ensure they are risk averse and secure; and
- ii. ensure the investments benefit the Council's ratepayers.

Policies supporting this:

### General policy

The Council's general policy on investments is that:

- The Council may hold property, forestry, and equity investments if there are strategic, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- The Council will not be involved in investments for purely income earning purposes except for short-term investment of surplus funds. In this case it will aim for maximum return for minimum risk.
- The Council will keep under review its approach to all major investments, the viability of equities and the credit rating of approved financial instructions.
- The Council will review its policies on holding investments at least once every three years.

### Result

The Council has followed these general policies throughout the year.

## SPECIFIC POLICIES

### Port Nelson Limited

Nelson City Council's policy for Port Nelson is:

- Retain the council's 50% ownership for the present.
- Review future options while still retaining community control of the port.
- Continue using Port Nelson dividends to ease the burden on the ratepayer.
- Continue using any capital proceeds to reduce or replace debt.

### Result

The Council has retained 50% ownership and the results of the company's operations are summarised on page 180.

### Nelmac Limited

The Council's policy for Nelmac is to:

- Retain ownership.

- Renew capital restructuring options with the intention of reducing the Council's exposure to risk.
- Negotiate an ongoing partnership agreement with Nelmac for the provision of certain strategic services to the Council.
- Require Nelmac to compete directly with other providers of similar services.

#### **Result**

The Council has retained 100% ownership and the results of the company's operations are summarised on page 171.

#### **Nelson Airport Limited**

The Council's policy for Nelson Airport is to:

- Retain 50% ownership in a new airport company owned jointly with Tasman District Council.
- The Council will pay for its share in the new company through external borrowing.

#### **Result**

Both policies were met when Nelson Airport Limited commenced operations on 1 April 1999.

#### **Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism)**

The Council's policy for Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) is to:

- Enter into a contract of service with Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) on a three-year rolling basis to establish a specified 'floor level' of funding, to help it promote tourism in the region, and
- Consider the funding requirements for Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism) each year as part of its estimates and annual planning process, in case the 'floor level' funding needs increasing.

#### **Result**

The Council has entered into a three-year funding agreement with Tourism Nelson Tasman Limited (trading as Nelson Tasman Tourism).

## SUMMARY OF INDIVIDUAL RATES AND UNIFORM ANNUAL CHARGES

	General Account	Water Account	Sewerage Account	Stormwater Account	Total
	\$000	\$000	\$000	\$000	\$000
Balance 1 July 2008	1,030	0	0	0	1,030
Rate Take/Water charges 2008/09	24,622	10,525	5,908	4,556	45,611
	25,652	10,525	5,908	4,556	46,641
Net Expenditure 2008/09	24,713	10,525	5,908	4,556	45,702
<b>Balance 30 June 2009</b>	<b>939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>939</b>

The 2009/10 Annual Plan and Estimates forecast a brought forward balance of \$779,000 and so there is a surplus of \$160,000 in the funds available in 2010/11.

## COUNCIL INFORMATION

### Council facilities

Civic House  
110 Trafalgar Street  
PO Box 645  
Nelson  
Telephone (03) 546 0200  
Facsimile: (03) 546 0239  
[www.nelsoncitycouncil.co.nz](http://www.nelsoncitycouncil.co.nz)

The office is open from 8.00am to 5.00pm.

Council operates a 24 hour, seven days a week telephone service on (03) 546 0200.

### Correspondence

Written correspondence to the Council should be addressed to the Chief Executive and can be posted to P O Box 645, Nelson 7040 or faxed to (03) 546 0239.

### Public attendance at meetings

Meetings are advertised in the Nelson Mail. Members of the public are welcome to attend meetings of the Council and its Standing and Special Committees.

The public, however, will be asked to leave a meeting if a resolution to that effect is passed, pursuant to the Local Government Official Information and Meetings Act 1987.

### Public forums

There is a Public Forum at the beginning of each Standing Committee meeting where up to 5 minutes will be available for members of the public to address the Committee on matters of concern. Prior arrangements should be made with an Administration Adviser, telephone (03) 546 0200.

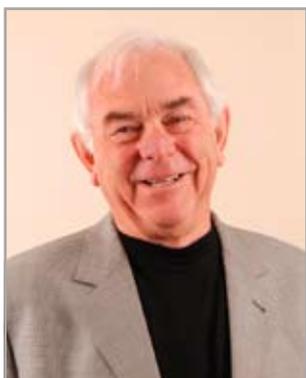
### Deputations

Groups or organisations sometimes wish to have a deputation make representation to a Committee of the Council. There is a formal procedure for such a presentation and a request for a deputation to appear (including the subject to be raised by the deputation) should be made in writing at least 10 days before the meeting. All enquiries should be directed to an Administration Adviser, telephone (03) 546 0200.

### Petitions

The presentation of a petition to Council or its Standing Committees is also subject to certain rules of conduct. Again all enquiries should be directed to an Administration Adviser, telephone (03) 546 0200.

## INTRODUCING YOUR COUNCILLORS



Mayor Kerry Marshall



Cr Ian Barker



Cr Ali Boswijk



Cr Gail Collingwood



Cr Mike Cotton



Cr Denise Henigan



Cr Mark Holmes



Cr Alison McAlpine



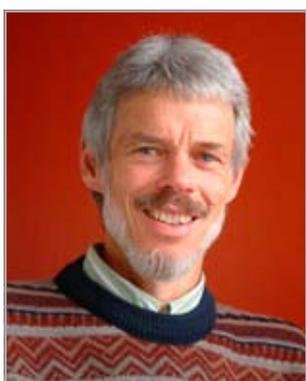
Cr Aldo Miccio



Cr Pete Rainey



Cr Rachel Reese (Deputy Mayor)



Cr Derek Shaw



Cr Graeme Thomas