



An even better place to live

PLANNING
NELSON'S FUTURE

Annual Report 2017/18

For the financial year ending 30 June 2018

YOUR NELSON
Your Say

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FOREWORD: MAYOR

Whakatu tēnā koutou

Ngā mihi nui ki a koutou katoa.

The 2017/18 year, like many others, was filled with both challenges and successes at Te Kaunihera o Whakatū (Nelson City Council). We rallied around after significant weather events, faced some difficulties with major projects, but continued to deliver a wide range of services to the people of Whakatū.

This year Council welcomed our new Chief Executive, Pat Dougherty and new members of the senior leadership team. Their focus has positively influenced how Council approaches and delivers its business, which has been reflected in our next planning document, the 2018-28 Long Term Plan.

How the community responded to the significant weather events in February showed how strong and resilient we are as a city. Cyclones Fehi and Gita wreaked havoc in the Nelson-Tasman region, with the unbudgeted response and repairs cost in the millions for the region. Challenges are a way of life, and we did our best to respond to an ever changing environment. The storms had an impact on our stormwater results, consistent with national trends some of our transport goals were not met, and the wet summer also impacted some of our freshwater targets.

On the infrastructure front, providing infrastructure and services for a city can be difficult and complex. With over 100 projects undertaken each year (and spending of around \$40 million), sometimes not all of those projects meet our expectations. The Greenmeadows facility was one project that fell short on delivery. Significant concerns were raised during the building process and the contractor is now working to remedy the issues that have been highlighted. We appreciate the patience of the Stoke Community and look looking forward to delivering on our commitment - a high quality facility that the whole community can be proud of for many years to come.

“

The streets are brighter with the conversion of many of our street lights to LED's, reducing the city's energy usage and carbon footprint.

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While not all goals were hit, we still made great progress for our city. This included major infrastructure upgrades at the Neale Park Pump Station and Saxton Creek flood protection. Work continued to minimise water losses from our network and investigations occurred to determine how best to reduce the amount of stormwater that enters into our wastewater system.

The streets are brighter with the conversion of many of our street lights to LED's, reducing the city's energy usage and carbon footprint. This is a great example of our ongoing investment in smart infrastructure.

A strong economy is important for the region and this Annual Report shows that our region is a desirable destination for both domestic and overseas visitors. We delivered many successful events such as the Summer Events Programme including Opera in the Park and the Nelson Arts Festival. Feedback from the public on the Upper Trafalgar Street pedestrian zone trial over the summer months was overwhelmingly positive. It proved to be a great drawcard.

Reading through the pages of this Annual Report you will see that restoring and enhancing our natural environment has been a focus of our environmental activity during the year but there is still much more we want to do. Highlights in this space are the completion of the wetland at Groom Creek under Project Maitai/Mahitahi and the launch of Wakapuaka Bursting into





Life to restore the ecological values of this catchment. We continue our recognition of the importance of our natural environment by making it one of the four priorities in the 2018-28 Long Term Plan.

We have continued to invest in the region while maintaining a healthy financial position including retaining our AA Standard & Poor's long term credit rating (stable outlook) and ensuring debt and rates remain within our caps. This Annual Report is a snapshot of the work we did during the last 12 months.

Through the dedication and determination of our people and partners, we have accomplished a great deal.

Our sincere thanks to all those who helped us to make Nelson an even better place to live.

Ngā mihi nui

Rachel Reese
MAYOR OF NELSON

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Council and management of Nelson City Council confirm that they have complied with all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002 and its amendments.

Rachel Reese
MAYOR OF NELSON

Pat Dougherty
CHIEF EXECUTIVE



AUDIT REPORT

Independent Auditor's Report

To the readers of Nelson City Council's annual report for the year ended 30 June 2018

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

We are also required to report on:

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

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

We completed our work on 25 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 103 to 106 and 114 to 168:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and



- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 107 to 108, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s annual plan;
- the Council activities on pages 16 to 96:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 27 to 96, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s annual plan; and
- the funding impact statement for each group of activities on pages 27 to 96, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council’s Long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 109 to 113, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group’s audited information and, where applicable, the City Council’s long-term plan and annual plans.



Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council’s annual plan.

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



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

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 185, but does not include the audited information and the disclosure requirements.



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

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

Independence

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

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



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

COMMUNITY OUTCOMES

It is a requirement of the Local Government Act 2002 that Council develops a set of outcomes that will guide the delivery of services in a way that is efficient, effective and appropriate to present and anticipated future circumstances. This Annual Report reflects these outcomes and priorities, and reports on how well Council is doing in meeting these.

Although the legislation defines the outcomes as 'community outcomes', they are in fact the outcomes that Council aims to achieve to meet the current and future needs of Nelson for good-quality local infrastructure, local public services, and performance of regulatory functions.

The outcomes were reviewed through the Long Term Plan process that was carried out over the 2017/18 year. The individual activity sections of this report provide detail on how each activity contributes to the relevant community outcomes.

Community outcomes:

- Our unique natural environment is healthy and protected

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

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

Nelson is a well-planned district with a carefully managed urban intensification and a clear urban/rural boundary. The buoyant city centre is celebrated for its distinctive boutique character. Our easy city to sea access provides locals and visitors

with a world-class waterfront experience. We work with our partners to support the development of a range of affordable, healthy and energy-efficient housing in our residential areas. Good urban design and thoughtful planning create safe, accessible public spaces for people of all ages, abilities and interests.

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

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

- Our communities are healthy, safe, inclusive and resilient

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





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

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

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

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

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

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

- Our region is supported by an innovative and sustainable economy

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

PLANNING AND REPORTING

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

- The Long Term Plan, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over a ten year period. This Annual Report relates to year three of the 2015-25 Long Term Plan. The current Long Term Plan, is the 2018-28 Long Term Plan.
- The Annual Plan is developed each year to update the Long Term Plan budgets and work programme forecasts with any exceptions from what was included in the Long Term Plan for that year.
- The Annual Report is produced each year to evaluate how Council performed against its budget and work programme set out in the relevant Long Term Plan and Annual Plan and report any variations. This Annual Report relates to the 2017/18 Annual Plan.



FINANCIAL OVERVIEW: YEAR ENDED 30 JUNE 2018

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

Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break-even). The Annual Report shows that Council recorded a net surplus before revaluations for the year ended 30 June 2018 of \$11.4 million, which was \$4.4 million less than budget. An explanation of this variance can be found in note 39 in the Notes to Accounts section. The surplus was \$13.2 million for the 2016/17 financial year. It should be noted that the word 'surplus' is an accounting term, and is different from the rating surplus. The accounting surplus includes capital items such as road subsidies and grants relating to capital projects, revaluations and vested assets which are required to be treated as income for accounting purposes. Council's borrowings net of deposits and cash as at 30 June 2018 were \$83.8 million.

This full Annual Report 2017/18 was prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and complied with International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities. The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, certain infrastructural assets, investment property and biological assets. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Nelson City Council is New Zealand dollars. The financial statements of Nelson City Council are for the year ended 30 June 2018. The financial statements were authorised for issue by on Council 25 October 2018.



WORKING WITH MĀORI AND IWI

Council works with iwi and Māori to ensure there are structures for partnership and opportunities to contribute to decision-making processes

More information about how Council does this is included in the Māori contribution to decision-making processes section in the Long Term Plan 2015-25.

During 2017/18, the following actions were undertaken to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of Council:

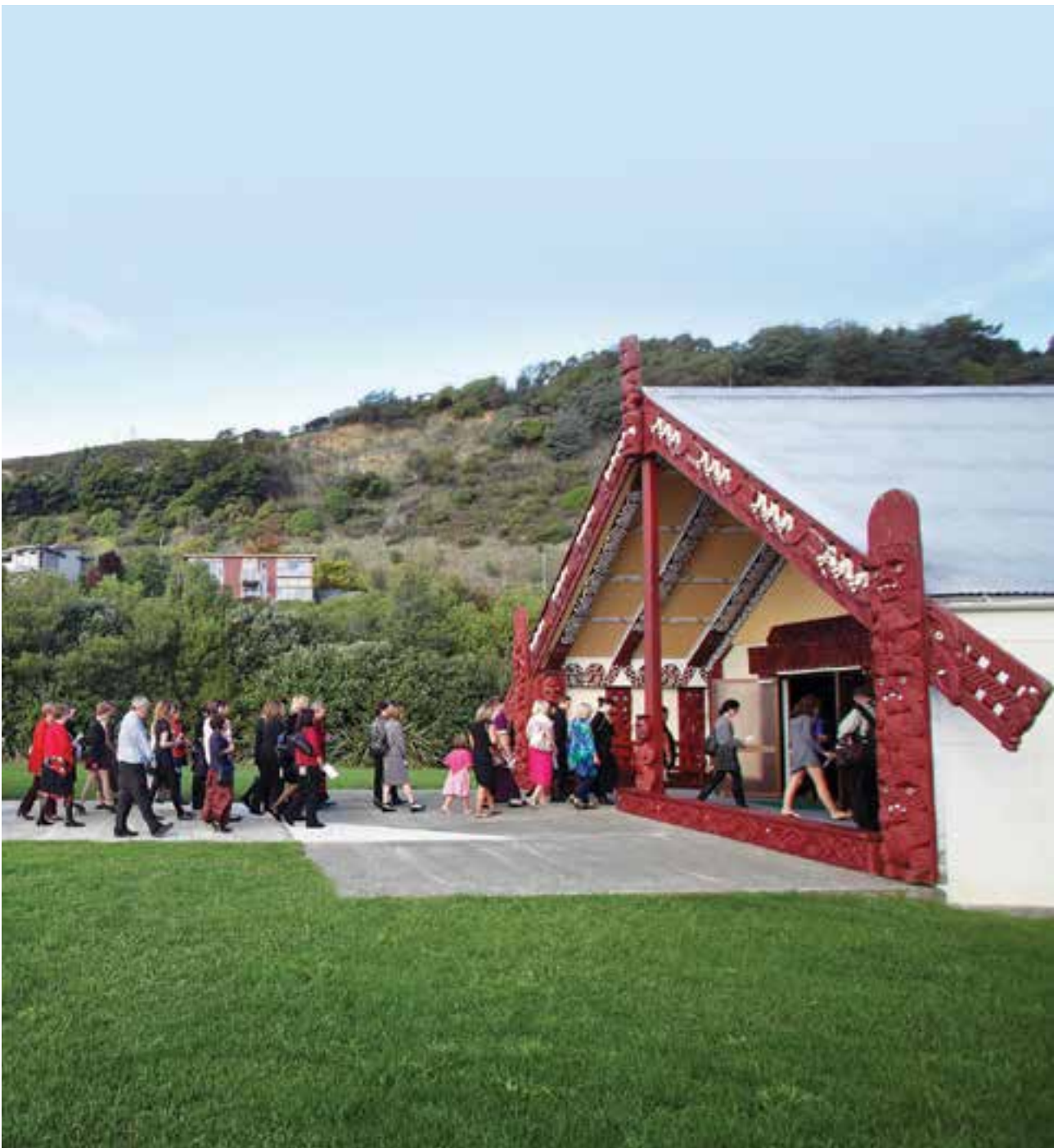
- The Council Kaumatua assisted the Mayor and Council on official occasions providing cultural support for citizenship ceremonies, welcoming dignitaries and as cultural support for the organisation.
- Council's Kaihautū officer position was appointed in April and Council's Chief Executive and Kaihautū met with a number of iwi Chairs and General Managers to discuss the direction of a co-constructed and collaborative partnership.
- A Māori world view on the Planning and Regulatory Committee was provided through an appointed representative with insight into Te Ao Māori.
- A review of the Nelson Plan is underway and as part of this an iwi working group continued to meet to contribute to the development of the Nelson Plan during the 2017/18 year.
- Mayor Reese continues to sit on the Whakatū Marae Committee board.
- During 2017/18, Council prepared the Long Term Plan 2018-28, with input from iwi during a hui with Mayors of Nelson and Tasman and iwi Chairs in October. Iwi input was also sought on the Fostering Māori Participation section of the Long Term Plan and the Policy for Remission and Postponement of rates on Māori Freehold Land. These were adopted with the Long Term Plan, following consultation, in June 2018.
- The Chief Executive and Kaihautū have met with iwi leaders met to have informal discussions about our aspirations and the Provincial Growth Strategy. Council also arranged to work with iwi; to review the Memorandum of Understanding (MOU) between Tangata Whenua of Whakatū and the Nelson City Council, develop an iwi engagement strategy, and to formalise a forum of iwi leaders of engagement for governance and operational business impacting on iwi and Māori stakeholder groups. A meeting is scheduled for 2018/19 and the work will continue through the year.
- Council approved, subject to support from iwi, the amended Memorandum of Understanding for the Nelson Regional Sewerage Business Unit and the amended Terms of Reference for the Nelson Regional Landfill Business Unit. The amendment provides voting rights for the iwi representatives and for appointed iwi representatives to these business units to be remunerated for their time.
- Thirty eight Nelson City Council staff members completed the 10 week He Waka Kuaka, Te Reo Māori Programme with Te Ataarangi. This was a joint agency programme designed for the public sector.



- The Greenmeadows Centre was officially blessed at a dawn ceremony on Saturday 23 June.

The blessing was led by Kaumatua Barney Thomas (Ngāti Rārua), and Jane du Feu (Chair of Whakatū Marae) and supported by Ngāti Kuia, Te Ātiawa and Th. During the ceremony, the building was given the Māori name “Putangitangi”, which is a reference to the original name of the area of land Greenmeadows sits on.

- Council facilitated a hui with iwi representatives on the installation of an art sculpture, at the Waka Landing Site at the Mahitahi River.
- Ngāti Kuia’s new Waka, Te Hoiere, which was launched in July, was supported by a \$10,000 grant from Council. It will be available to participate in civic and cultural events in Nelson.





COUNCIL ACTIVITIES



Transport

Water supply

Wastewater

Stormwater

Flood protection

Environment

Social

Parks and active recreation

Economic

Corporate

COUNCIL ACTIVITIES: YEAR ENDED 30 JUNE 2018

The following sections are organised into financial activities for funding and accountability and cover everything that Council does.

For a full description of Council activities, including ten year estimates of spending, scope, assets, underlying assumptions, relevant policy documents, mitigation of any negative effects and service levels, refer to Nelson's Long Term Plan 2015-25. This is available at Nelson Public Libraries, through Council's website at nelson.govt.nz or by contacting our Customer Service Centre on 546 0200. Long Term Plans are prepared every three years, and the latest plan is the Long Term Plan 2018-28 which outlines Council's activities and planned programme of work for 2018/19 to 2027/28 and was developed in the 2017/18 year.

The activity groups of Council are:

- Transport
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Environment
- Social
- Parks and active recreation
- Economic
- Corporate

Note that through the Long Term Plan 2018-28 the activity groups of Council changed. A new activity group, Solid Waste, was created and there was some movement of activities within groups. Activities will be reported on in the new groups from 2018/19 onwards.





TRANSPORT

ABOUT COUNCIL TRANSPORT ACTIVITIES

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

Council's transport activities include:

- A road network including roading, footpaths, cycleways, road safety, street cleaning, and lighting.
- Public transport including the NBus service and the Total Mobility Scheme.
- Inner city parking.
- Management of properties on road reserve.
- Central city enhancement.

HIGHLIGHTS FOR 2017/18

In 2017/18, the capital expenditure in the transport activity was approximately \$6.081 million (including both subsidised and unsubsidised roading projects).

Key renewal and maintenance activities that occurred on the existing transport network during 2017/18 included:

- 2,728 lane metres of pavement rehabilitations,
- 8,538 metres of full width road resurfacing,
- 2,044 metres of footpath resurfacing across the city, (often in conjunction with the ultra-fast broadband roll out to achieve savings),
- replacement of 97 streetlight poles,
- conversion of 1,060 street lights to LED, with this work continuing in 2018/19 (more details below),
- other structures maintenance and renewal including bridge maintenance, retaining wall maintenance and structures inspections, including 500 retaining walls having detailed inspections completed.

Specifically in relation to roads and footpaths, the following are some of the projects that were carried out during the year.

- Resurfacing on Waimea Road and Richardson Street.
- Resurfacing and pavement rehabilitation of Wildman Avenue/Vickerman Street roundabout.
- Pavement rehabilitation and single lane resurfacing of Saxton Road between Main Road Stoke and Nayland Road.
- Sealing of cracked pavement surfaces on various city streets.
- Continuing of the asphalt surface crack sealing programme for high volume roads continued.
- Completion of the replacement of Oldham Creek Bridge including road alignment and footpath improvements.
- Completion of work on retaining walls, with detailed structural inspection of road retaining walls (this is undertaken every five to six years) and a retaining wall installed to support an existing footpath on Stansell Avenue.
- The Cliff palisade retaining wall improvements carried out to strengthen the existing retaining structure.
- Completion of the Cable Bay Road debris catch fence.
- Resealing of the section of Waimea Road from the Hampden Street intersection to Cox Lane.
- Preparation to install CCTV cameras was undertaken. Physical installation commenced in August 2018.

The installation of the new LED streetlights is well underway. The project aims to convert all of Nelson's street lights with LED lighting. The programme started in the north of Nelson and Atawhai. By 30 June, 1,060 lights had been replaced, with 2,700 scheduled for replacement in 2018/19. This project is expected to





provide annual cost savings of approximately \$90,000, with an expected repayment period of 9-16 years. New Zealand Transport Agency funding is approximately 85% of the total cost of the upgrade.

As with previous years, Council completed and carried out work on a significant amount of walking and cycling projects during 2017/18. Work included the following:

- The Maitai to Rocks Road Shared Pathway*, which links the existing Maitai River shared path, along Queen Elizabeth II Drive, Haven Road and Wakefield Quay, began in February. This will be a new three metre wide shared path for cyclists and pedestrians.
- Feedback was sought on the Tahunanui Pathways project. Council's Works and Infrastructure Committee considered the preferred route in June 2018. The preferred route is to improve walking and cycling facilities on Annesbrook Drive, Parkers Road, Muritai Street and Waikare Street. The proposal is to widen the existing footpath to a shared path on the southern end of Annesbrook Drive. Detailed design has commenced.
- The Anzac Park cycle path construction was completed. The project improves cycle access to the existing path within Anzac Park. The path has been upgraded and redirected to link with the new pedestrian refuge on Rutherford Street. This work improves the connection between the centre of town and the St Vincent Street cycleway.
- The Bronte Street footpath extension was completed, which involved the construction of a three metre wide footpath and associated retaining wall adjacent to St Joseph's School.
- Footpath improvements occurred in other areas of the city, with minor works to install pedestrian crossing points in Kawai Street and Alfred Street.
- A pedestrian island was installed on Main Road Stoke, adjacent to Greenmeadows.

- Natalie Street and Joyce Place walkway connections were completed.

Consultation on the Nelson East Connections project continued. The first stage was onsite interviews with users. This was followed with a workshop for stakeholders and general feedback from other interested residents. The project is looking at possibilities for improving walking, cycling and roading connections from the central City and Maitai River Shared Path through to Upper Nile Street and the Maitai Valley Road.

There was also an amount of reactive maintenance that was carried out. This was required due to storm events and included repairing a slip at Stansell Avenue, revetment repairs at Seafield Terrace and Akersten Street, and repairs to the Wakefield Quay walkway structure (including Seafarers, Early Settlers Memorial, Friendship Walkway, steps and ladders at Rocks Road and the Bollards and Chain Link Fence). Work was also required to repair storm damage at Monaco and Glenduan.

The percentage of people (in the Residents' Survey) that travel to work by bicycle has decreased from 10% in 2016/17 to 8% in 2017/18. Initiatives to support those that cycle were carried out during the year, including an exercise to give out cycle lights in the winter. The Go-By-Bike breakfast party occurred in February and was well attended. The percentage of people that travel to work by public transport/bus also reduced during 2017/18, from 3% in 2017 to 1% in 2018.

Bus patronage decreased to 397,398 in 2017/18 from 426,257 in 2016/17 and 414,232 in 2015/16. Part of this was due to the stopping of the Stoke Loop, which stopped in 2017/18. Nearly 18,000 passengers used the Loop in 2016/17 and a similar route has started again in 2018/19. However the drop in patronage was over all the routes, not just a single route. All NBus routes are now included on Google Maps, which should

* An NZTA project

assist residents with travel planning. In addition, Council is planning a survey of residents about public transport use, which will help Council understand what improvements are needed with the service. Further, the timetable has had some revisions to make the buses more usable and low ride buses have been introduced.

Total mobility “Ridewise” cards were introduced during the year. Users now use a “Ridewise” personalised photo ID swipe card to receive a discount on their transport fare. This was previously done by way of Total Mobility vouchers. The Total Mobility Scheme provides 50 percent discounts on fares (up to \$10 per trip) and is available to people with a disability which impairs their mobility to a level that stops them from using a public bus service, or requires the constant assistance of another person.

Respondents to the 2017/18 Residents’ Survey were asked how satisfied they were with Council, in the area of transport, which includes roads, cycle lanes, footpaths and public transport. 42% of residents were satisfied or very satisfied with transport activities, while 26% were dissatisfied or very dissatisfied. Reasons for dissatisfaction with transport activities included not enough public transport/needs improving, traffic/congestion and poor standard/condition/design of roads/poor maintenance. Council has included significant funding in the Long Term Plan 2018-28 to improve services and resident satisfaction for this activity.

The Nelson Regional Land Transport Plan (NRLTP) 2015–21 had a mid-term review and the draft was released for submissions from the community in December 2017. Following consultation, the Regional Land Transport Committee completed hearings, deliberations and reviewed the NZ Transport Agency’s work programme. The information from these sources was used to update Council’s transport work programme. The revised Nelson Regional Land Transport Plan and 2018 Regional Public Transport Plan was adopted by Council on 21 June 2018. The Plan

confirms the work carried out in the last three years and confirms the transport projects and funding for the next three years. The Regional Land Transport Plan gives effect to the policy direction that was set out in the new 2018 Government Policy Statement (GPS) on Land Transport. The GPS has a focus on safety, access, environment and value for money.

CBD Enhancement

Although central city improvements are not purely a transport activity, the transport activity includes Council’s CBD enhancement fund that is set aside for capital projects to enhance the CBD. These projects are determined in collaboration with businesses and other CBD stakeholders. Part of the funding was set aside for work on Church Street. In 2017/18 the Church Street project work included consideration of suggestions put forward by business and property owners. The project was tendered in October 2017. Council’s Works and Infrastructure Committee decided in June 2018 that because the costs were higher than budgeted, that the work should be included in the City Centre Programme Plan, and prioritised in line with other work in the central city.

Also related to enhancement of the central city was a trial closure of Upper Trafalgar Street, which was carried out from December 2017 through to the end of March 2018. The closure created an inviting pedestrian-friendly space for Nelsonians and visitors to enjoy and was supported by retailers within Upper Trafalgar Street and the public in general. Council provided seating and shade for the community spaces, and businesses extended their outdoor dining areas in the street. The closure was chosen as a finalist in the Keep New Zealand Beautiful Award for the Best Street category. On 9 August 2018, Council again considered and approved a proposal to close Upper Trafalgar Street during the coming summer. The pedestrian zone will be in place from 8 November 2018 to 30 April 2019.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our urban and rural environments are people-friendly, well planned and sustainably managed	The transport network is sensitive to good urban design and contributes to a walkable city and transportation options suitable for all ages and abilities. Council has a new Urban Enhancement Team to help with collaboration and identifying of solutions to assist with better urban planning.



Community outcomes	Contribution
Our infrastructure is efficient, cost effective and meets current and future needs	Transport assets are recognised as critical assets vital to the functioning of our city. Good transportation planning contributes to a resilient community. The community has access to affordable and effective public transport. Growth in the activity is planned for and well managed, taking into account and minimising pollution and other negative side-effects of the transport activity.
Our communities have access to a range of social, educational and recreational facilities and activities	A growing network of cycle and walkways provide for active transport options and promote healthy lifestyles.
Our region is supported by an innovative and sustainable economy	The activity delivers a safe and efficient transport network that allows participation in the regional economy and supports economic activity This year Council spent its budget on road, bridge and retaining wall maintenance and renewals, improving the ageing road network. Other road safety improvements were constructed targeting identified safety locations.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Walking and cycling are easy and attractive transport choices.	Percentage of the community that travel to work by walking or cycling based on Annual Residents Survey and/or national census.	24% combined.	In the 2017/18 Residents' Survey, of residents who are in the workforce, more than half (68%) travel to work in a private vehicle. 8% of residents indicated they travel to work by bicycle and 6% walk or run to work. This is a combined total of 14% of all residents. It should also be noted that 7% of residents work from home. This compares to 19% of residents travelling to work by cycling or walking in the 2016/17 Residents' Survey.	Not achieved
An efficient transport system that enables people and freight to move efficiently.	Average AM and PM peak hour travel times on Waimea Road and the State Highway between Annesbrook and Haven Road roundabout.	Average peak hour travel time delays are no greater than five minutes above uncongested travel times.	The median peak hour travel time ¹ exceeded the upper limit as follows: 35 weeks in the Waimea Road northbound AM peak; 10 weeks in the Waimea Road southbound peak PM; 13 weeks in the Rocks Road northbound AM peak; and 23 weeks in the Rocks Road southbound PM peak. The 2016/17 exceedances were 33 weeks, 2 weeks, 4 weeks and 19 weeks respectively.	Not achieved

¹ Note that the data for this measure is not available from March to June 2018 at the Rocks Road site as a result of there being an issue with the Bluetooth sensors in this location.

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			<p>Travel patterns on Waimea Road and Rocks Road were impacted by the storms in February 2018 and the resulting road works on Rocks Road.</p> <p>The issues associated with the arterial traffic flows are currently the subject of an investigation by NZTA on the Nelson Southern Link Investigation. The programme business case for the Investigation was published in September 2017. The next step is the development of a detailed business case.</p>	
Road safety.	Number of deaths and serious injuries*	Reduces by 4% per year from the 2007 base when there were 14 in total.	<p>There were 18 deaths or serious in the 2017 calendar year², resulting from 18 serious crashes. This is higher than the target maximum of 11, and higher than the baseline in 2007 of 14. The 2017 result is a continuation of the trend since 2014 when a low of 10 death or serious injury crashes occurred.</p> <p>There has been a national trend of increased crashes in 2017 and the Nelson Statistics are reflecting those national trends.</p>	Not achieved
Road safety.	Number of injury crashes per kilometre of road.	The collective risk for each year reduces by at least 4% per year from the 2007 base.	<p>The number of injury crashes per kilometre of road for the 2017 calendar year was 6% which is twice the target maximum of 3%, and equal to the initial base in 2007 of 6%. The 2017 result is a continuation of the increasing trend since 2014 when a low collective risk of 4% was achieved.</p> <p>Projects are commencing in 2018/19 on roads that have been identified as high crash risk. These include Arapiki Road, Toi Toi Street, Waimea Road pedestrian refuge, Hampden Street/ Waimea Road intersection.</p> <p>A city wide speed limit review is starting in 2018/19. Speed is a factor in crash events and severity, so will be targeted as a mechanism to decrease the crash frequency and severity.</p>	Not achieved

² Note that calendar year data for the road safety measures is used due to the format of the data available from Police reports.



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Road safety.	Annual social cost of crashes (injury and non-injury) at intersections.	The social cost for each year reduces by at least 4% per year from the 2007 base.	The Consumer Price Index (CPI) adjusted social cost was \$11.9 million in the 2017 calendar year, an increase of \$1.4million over the 2007 base. The CPI adjusted social cost was \$13 million in the 2016 calendar year.	Not achieved
Road safety.	Number of crashes involving cyclists.	Nelson city cycle crash numbers do not increase from those in the base year of 2007.	The number of cycle crashes in 2017 calendar year was 23, equal to the number of cycle crashes in 2007. The number of cycle crashes in 2016 was 19. The increasing crash trend identified in 2016/17 has continued.	Not achieved
Road safety.	Number of crashes involving pedestrians.	Number of crashes involving pedestrians each year reduces by at least 4% per year from the 2007 base.	The number of crashes involving pedestrians in 2017 calendar year was 13, which is more than the target maximum of five. The number of crashes involving pedestrians in 2016 calendar year was eight. The target is a reducing trend which has not been met since one year after the target was set in 2007. The 2017 result indicates an investigation into pedestrian, and cycle crashes is warranted. Particular focus is likely to be around the Nelson CBD.	Not achieved
Minimised social and economic costs of crashes on the transport network.	Total five year average social cost of urban crashes (injury and non-injury) at the worst 10 intersections.	The annual total social cost is below the previous five year average.	The annual social cost for 2017 for the worst 10 intersections was \$9 million compared with an average of \$5.8 million for the previous five years. This is based on New Zealand Transport Agency (NZTA) social cost and the Crash Accident System (CAS) database. The social cost for 2016 for the worst 10 intersections was \$10.8 million and included one fatality. There are no sites appearing consistently in the top 10 intersections and no obvious trend between years. Crashes are also being monitored in the NZTA crash assessment tools.	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
The Network, and its services, in good condition and "fit for purpose".	The average quality of ride on a sealed local road network, measured by smooth travel exposure.*	87% based on NZ Transport Agency standard roughness limits in One Network Road Classification (ONRC).	The smooth travel exposure was 79% in 2017/18 compared to 90% in 2016/17. As for road roughness this data has been collected differently in 2017/18. This is the first time high speed data has been collected for the whole road network, rather than manual random sampling, and will be collected this way biannually in the future.	Not achieved
The Network, and its services, in good condition and "fit for purpose".	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Arterial/ Principal, 100; Collector/ Sub Collector, 110.	This is the first year high speed data has been collected for the whole road network rather than manual random sampling and data will be collected this way biannually in the future. Due to the accuracy of the results they have not been able to be presented for the first year that data has been collected in this way.	No result
The Network, and its services, in good condition and "fit for purpose".	Average road roughness standard (National Association of Australian State Roading Authorities) by road classification.	The following maximum average road roughness are not exceeded: Local, 120; Rural sealed, 120.	This is the first year high speed data has been collected for the whole road network rather than manual random sampling and data will be collected this way biannually in the future. Due to the accuracy of the results they have not been able to be presented for the first year that data has been collected in this way.	No result
The Network, and its services, in good condition and "fit for purpose".	The percentage of the sealed local road network that is resurfaced* (annually). *	6.4% - 7.4%.	The target of resealing between 6.4 and 7.4% was not met because the amount of road resurfacing is set to fit within each year's budget. 3% of the sealed road network was resurfaced in 2017/18. This compares to 5.6% in 2016/17, 7.4% in 2015/16 and 4.8% in 2014/15. The total length of sealed road maintenance in in 2017/18 was 275km. The length of road resurfaced in 2017/18 was 8.5km. The relationship between the length and cost of resurfacing is affected by the type of surfacing - asphalt surfacing costs more than chipseal.	Not achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			In 2017/18 Council undertook more asphalt surfacing than in previous years, including Waimea Road. Work in 2017/18 included full length or part of; Akersten Street, Arrow Street, Avon Terrace, Bodmin Street, Crown Terrace, Dodson Valley Road, Flaxmore Road, Golf Road, Hardy Street East, Haven Road, Malvern Ave, Maple Street, Market Road, Nile Street East, Noel Jones Drive, Norrie Place, Penzance Street, Point Road, Poynters Crescent, Princes Drive, Rentone Street, The Ridgeway North, Tresillian Ave, Wellington Street, Werneth Street, Kawai Street South, Boundary Road, Alma Lane, Gloucester Street, Saxton Road Rehab), Wildman Ave Roundabout (rehab), Waimea Road and Richardson Street.	
The Network, and its services, in good condition and "fit for purpose".	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the Transport Asset Management Plan.*	95% of the footpath network by length has a condition rating of ≤ 3 .	97% of the footpath network by length has a condition rating of less than three.	Achieved
Public transport services that meet the transport needs of the community with an equitable sharing of costs.	The fare recovery ratio.	50%	The fare recovery ratio in 2017/18 was 61.1%, which is higher than the target of 50%. This compares to 52% in 2016/17, 56% in 2015/16 and 64% in 2014/15.	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Supply and pricing of short stay parking managed to encourage commercial activity in the city centre.	Percentage of short stay parking spaces occupied in midweek peak in December.	85%	Measurements in the first week of December 2016 showed the maximum short stay occupancy was 94% indicating the parking is approaching being fully occupied. The count done every two years so will be repeated next in December 2018.	Not measured
The supply and pricing of long stay parking is managed to incentivise greater use of travel options other than cars.	Occupancy of long-stay parking spaces between peak travel times measured at five locations within the CBD fringe.	A reducing trend.	The occupancy of long stay parking spaces between peak travel times measured at six locations within the CBD fringe was 77% in 2017/18. This compares to 73% occupancy in 2016/17.	Not achieved
Public satisfaction.	Percentage of public satisfied and dissatisfied with the transport activity (based on Annual Residents Survey).	More than 50% of respondents are either very satisfied or satisfied, and less than 10% are either dissatisfied or very dissatisfied.	In the 2017/18 Residents' Survey, 42% of residents were satisfied or very satisfied with transport activities including roads, cycleways, footpaths and public transport. 26 % were dissatisfied, or very dissatisfied. Residents cite their main reason for dissatisfaction with transport activities are not enough public transport/public transport needs improving, traffic/ congestion/heavy traffic issues and poor standard/condition/design of roads/poorly maintained. This compares to 2016/17, where 48% were either satisfied or very satisfied and 27% were dissatisfied or very dissatisfied and 2015/16, where 44% were either satisfied or very satisfied and 13% were either dissatisfied or very dissatisfied.	Not achieved
Customer responsiveness.	The percentage of customer service requests relating to roads and footpaths to which the Council responds within the time frame specified in the Transport Asset Management Plan.*	80% of service requests responded to within five working days.	81% of service requests were completed within five working days in 2017/18. This compares with 78% in 2016/17 and 82% in 2015/16.	Achieved

*This is a mandatory performance measure for local authorities.



FINANCIAL PERFORMANCE - TRANSPORT

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	10,298	10,521	10,927	9,652
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	2,302	2,452	2,388	2,694
Fees and charges	596	608	599	592
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,902	1,925	1,909	2,393
Total Operating Funding	15,098	15,506	15,823	15,332
Applications of operating funding				
Payments to staff and suppliers	9,533	9,885	9,749	9,916
Finance costs	166	162	134	79
Internal charges and overheads applied *	1,411	1,306	1,134	789
Other operating funding applications	0	0	0	0
Total applications of operating funding	11,110	11,353	11,017	10,784
Surplus (Deficit) of operating funding	3,988	4,153	4,806	4,548
Sources of capital funding				
Subsidies and grants for capital	1,857	2,899	4,728	3,004
Development and financial contributions	191	195	195	472
Increase (decrease) in debt	24	3,741	4,009	(3,845)
Gross proceeds from sale of assets	22	23	23	1,813
Lump sum contributions	0	0	0	0
Total sources of capital funding	2,094	6,858	8,955	1,444
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	226	197	629	286
- to improve level of service	2,679	7,134	10,009	3,119
- to replace existing assets	3,177	3,680	3,123	2,676
Increase (decrease) in reserves	0	0	0	(89)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	6,082	11,011	13,761	5,992
Surplus (Deficit) of capital funding	(3,988)	(4,153)	(4,806)	(4,548)
Funding balance	0	0	0	0

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



Funding Impact Statement variances against budget

Operating subsidies from NZTA and recoveries relating to corridor access and ultra fast broadband implementation were greater than budgeted by \$283,000 and \$196,000 respectively.

Other receipts were ahead of budget mainly due to a gain on the sale of Low Street land.

Payments to staff and suppliers included \$210,000 relating to the February 2018 storm events, offset by other maintenance underspends.

Interest charges were \$216,000 less than anticipated due to lower levels of debt in the activity.

Capital subsidies from the NZTA were lower than budgeted due to timing in the capital programme, particularly relating to the LED streetlights conversion project.

\$7.9 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Proceeds from the sales of the Betts carpark and Low Street land were not budgeted.

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

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,988	4,153	4,806	4,548
Subsidies and grants for capital expenditure	1,857	2,899	4,728	3,004
Development and financial contributions	191	195	195	472
Vested Assets	0	0	3,000	2,268
Gains on sale	0	0	0	1,813
Depreciation	(5,577)	(5,804)	(6,734)	(6,769)
Other non-cash income				0
Other non-cash exp	0	0	0	(505)
Net Surplus/(Deficit) before taxation in Cost of Service Statement	459	1,443	5,995	4,831



WATER SUPPLY

ABOUT COUNCIL WATER SUPPLY ACTIVITIES

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

The Nelson area is served by the following mix of water supply systems:

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

HIGHLIGHTS FOR 2017/18

In 2017/18, the capital expenditure in the water supply activity was approximately \$2.538 million.

Two of the existing four membrane trains at the water treatment plant were renewed in 2017/18. There are now five trains of membranes installed at the treatment plant. Three of these trains have new membranes in place and planning is underway to renew the remaining two trains in 2018/19.

The resource consent to operate the Maitai Water Supply Scheme is still being processed. The Roding Resource Consent was granted in May 2017.

The water loss reduction programme continued with projects to investigate the volume of un-accounted for water usage in the city (approximately 2.7 million m³) and fix issues as they are found. Work to allow the city to be isolated into a number of District Metered Areas began. Night-time flows into these areas can be checked to identify leaks and un-metered use. The citywide leak detection project was completed with leaks, that contribute to approximately 270,000m³/year of water loss, being identified and repaired. Initial contact was also made with groups that take water from fire hydrants in order to ensure the volume of water that is taken is recorded. This programme of work addresses un-accounted for water, with the goal of more accurately identifying the volume of water taken or lost, and reducing this over time. There is ongoing work in this area to look at un-accounted for water, using District Metered Zones, which break the city into areas that can be isolated and water use checked. This helps to highlight areas with high usage and identify possible leaks.

During the year, discoloured water was reported at several locations. Council has undertaken investigation into these problems and a programme has been developed to address the causes. In the interim, contractors have increased flushing of the mains in the affected areas.

A trial of 50 remote reading residential water meters was continued in 2017/18 for properties in The Wood. This trial was established to investigate the use of this new technology and to give Council first-hand knowledge of any issues that might need to be considered. Replacement of the existing residential water meters with new manual read meters is due to commence in 2018/19.

The Seismic Reservoir upgrades project was completed, by installing seismic valves to existing reservoir pipework.



Council completed upgrades of three older water mains at Hilliard Street, Mules Street and Suter Street. Stage one of the Brooklands Road Watermain renewal was also completed.

As part of Maire Stream erosion repairs, Council installed rock protection around an existing trunk watermain that had been exposed by the 2014 extreme rain event.

Council continued work to identify a site for a future reservoir for the Atawhai area. This project will improve the supply of water to this area during emergencies and make provision to supply future growth areas.

Following the outbreak of campylobacteriosis in Havelock North, the Government established an Inquiry to establish the cause of the outbreak and make recommendations for prevention of a similar event in the future. The Inquiry was in two stages.

Stage one of the report was specific to Havelock North. The second part of the report was released in December 2017 and focused on; improving the safety of drinking water in New Zealand, lessons to be learned from the Havelock North outbreak, and any changes which should be made to the drinking water supply environment to achieve the goal of reliably safe drinking water. The recommendations largely rely on central Government to enact legislation before they can be implemented. Some progress on these is likely during 2018/19.

As Nelson relies on 'run of river' water sources, raw water is processed using ultra-filtration and chlorination prior to being supplied to the city. This treatment ensures that a reliable supply of safe drinking water can be maintained.

Consultation on the Waimea Dam is discussed in the economic section of this Annual Report.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Environmental impacts are understood and managed, including through compliance with resource consents.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable water network that meets the needs of our current and future community.
Our communities are healthy, safe, inclusive and resilient	Safe and well managed water resources deliver critical health outcomes for the community.
Our region is supported by an innovative and sustainable economy	The city water supply has an important role in supporting a range of businesses that rely on potable water supplies being consistently available.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Good quality water.	The extent to which drinking water supply complies with: <ul style="list-style-type: none"> a) part 4 of the drinking-water standards¹ (bacterial compliance criteria), and b) part 5 of the drinking-water standards¹ (protozoal compliance criteria).* 	Maintain Ab grading ² and ensure potable water supplied to customers.	<p>Compliance with the Drinking Water Standards, Part 4 and Part 5 were achieved for the 2017/18 year as indicated by the Annual Drinking Water Compliance Report as issued by the District Health Board Drinking Water Assessor in September 2018.</p> <p>No water grading was carried out for the 2017/18 year as a result of Nelson City Council moving to use of the Drinking Water Compliance Reporting as indicated above. This is a result of Ministry of Health advice that the current Grading criteria (2003) is outdated and that the use of Grading as a public health tool is being reviewed. In addition, the new Drinking Water Online database that has replaced the WINZ 7 system, does not contain a grading tool.</p>	Achieved
	The total number of complaints received about any of the following: <ul style="list-style-type: none"> a) drinking water clarity b) drinking water odour c) drinking water pressure or flow d) continuity of supply, and e) the response to any of these issues expressed per 1000 connections to the networked reticulation system.* 	No more than 100 justifiable complaints.	<p>During 2017/18, there were 16 complaints per 1000 connections. The total number of complaints was 338. There were 21 complaints per 1000 connections in 2016/17. During the year, the majority (198) of service requests in relation to water quality were in relation to discoloured water. Council has undertaken investigation into these problems in order to develop a programme to address the causes.</p>	Not achieved

Table continued >

¹ Ministry of Health (2008), *Drinking-water Standards for New Zealand 2005 (Revised 2008)*, Wellington, Ministry of Health

² Ministry of Health grading system – the upper case ‘A’ refers to the source and treatment of the water and the ‘b’ refers to the distribution of the water.



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Reliable supply of water.	The average consumption of drinking water per day per resident.*	Normal demand is less than 500L per person per day.	In 2017/18, demand was 259 litres per person per day. This is calculated as 4.9 million m ³ (Total Metered Supply)/51,800(Estimated population, Statistics New Zealand) /365 (days of the year). In 2016/17 demand was 268 litres per person per day and in 2015/16 demand was 268 litres per person.	Achieved
	The percentage of real water loss from the networked reticulation system (including a description of the methodology used to calculate this).*	Real water loss is less than 25%.	In 2017/18 real water loss was 28%. Council uses a water balance methodology developed by Water New Zealand to track and report on un-accounted for water. In 2016/17, real water loss was 23% and in 2015/16 it was 29.8%. The water loss reduction programme continued with projects to investigate the volume of un-accounted for water usage in the city and this information will be used to make improvements to the network.	Not achieved
	Water usage.	Compliance with resource consent abstraction rates.	Council monitors abstraction rates on a daily basis. Nil exceedances were reported for the 2017/18 year.	Achieved
Acceptable water pressure.	Percentage of customers with acceptable pressure. That is, a minimum 30m head and maximum 90m head with a maximum fluctuation <35% from the average pressure received by each customer.	Computer model identifies 80% of properties with acceptable pressure.	Computer modelling identified 87% of properties had acceptable water pressure for the 2017/18 financial year. This is a slight improvement on previous results of 83% in 2016/17 and 83.7% in 2015/16.	Achieved
Adequate flows of water.	Meet NZ Fire Service fire flows (and therefore domestic and commercial/ industrial flows) to all parts of the city.	Computer model identifies at least 95% of properties served by the network with acceptable flows.	The 2016/17 result was that 99.2% of properties served by the network had acceptable flows. There were no significant projects completed during 2017/18 and as a result the percentage is unchanged for 2017/18. Council has, in previous years, undertaken work to make improvements in areas of the network that serve multiple properties (e.g. Tui Glen Road).	Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			Future work will involve individual large projects. During 2017/18 Council undertook the design work for projects that will improve services for a number of properties.	
A prompt response to reported network issues.	Where attending a call-out in response to a fault or unplanned interruption to the networked reticulation system, the following median response times measured:*	See below for a-d	Results to a-d are outlined below:	Not applicable
	a) attendance for urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and	a) Contractor to attend urgent call-outs in a median time of 60 minutes or less.	Contractor attended urgent callouts in a median time of 18 minutes compared with last year's median time of 21 minutes.	Achieved
	b) resolution of urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the fault or interruption.	b) Contractor to resolve urgent call-outs in a median time of 480 minutes or less.	Contractor resolved urgent call-outs in a median time of 89 minutes compared with last year's median time of 107 minutes.	Achieved
	c) attendance for non-urgent call-outs: from the time that notification is received to the time that service personnel reach the site, and	c) Contractor to attend non-urgent call-outs in a median time of 660 minutes or less.	Contractor attended non-urgent callouts in a median time of 52 minutes compared with last year's median time of 54 minutes.	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
	d) resolution of non-urgent call-outs: from the time that notification is received to the time that service personnel confirm resolution of the of the fault or interruption.	d) Contractor to resolve non-urgent call outs in a median time of 1440 minutes or less.	Contractor resolved non-urgent call-outs in a median time of 330 minutes compared with last year's median time of 330 minutes.	Achieved
A network that protects the natural environment.	Comply with resource consents RM025151 and RM975374 conditions for allowable water abstraction rates, re-vegetation of stream banks and eel and fish passage requirements.	100% compliance.	Compliance reporting was received from the contractor for the 2017/18 financial year. The Maitai River results showed flow and temperature conditions were met. The Roding River showed no breaches of the minimum flows. Eel transfer is now occurring ongoing as river works are carried out and eels are removed as part of pre work fish harvesting.	Achieved

**This is a mandatory performance measure for local authorities*



FINANCIAL PERFORMANCE - WATER SUPPLY

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	12,019	12,188	11,416	11,367
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	31	32	32	(48)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	8	8	8	174
Total Operating Funding	12,058	12,228	11,456	11,493
Applications of operating funding				
Payments to staff and suppliers	6,129	6,173	5,885	6,169
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,815	1,820	1,498	1,501
Other operating funding applications	0	0	0	0
Total applications of operating funding	7,944	7,993	7,383	7,670
Surplus (Deficit) of operating funding	4,114	4,235	4,073	3,824
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	287	292	525	551
Increase (decrease) in debt	1,044	514	(310)	(1,837)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	1,331	806	215	(1,286)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	55	0
- to improve level of service	3,253	1,406	1,226	766
- to replace existing assets	2,192	3,635	3,007	1,772
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	5,445	5,041	4,288	2,538
Surplus (Deficit) of capital funding	(4,114)	(4,235)	(4,073)	(3,824)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

Unprogrammed maintenance and leak detection repairs in the network totalled \$172,000 greater than budgeted.

\$1.5 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,114	4,235	4,073	3,824
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	287	292	525	551
Vested Assets	0	0	790	868
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(4,115)	(4,235)	(4,073)	(4,199)
Other non-cash income	0	0	0	0
Other non-cash expenditure	0	0	0	(489)
Net Surplus (Deficit) before taxation in Cost of Service Statement	286	292	1,315	(555)





WASTEWATER

ABOUT COUNCIL WASTEWATER ACTIVITIES

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

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

HIGHLIGHTS FOR 2017/18

In 2017/18, the capital expenditure in the wastewater activity was approximately \$4.98 million.

There was investigation on levels of inflow and infiltration of stormwater into the wastewater network. To date Council has inspected approximately 4,500 properties to gain a clearer understanding of the source of the stormwater inflow into the wastewater reticulation. This work is ongoing and will continue during 2018/19 with further property inspections and requests to property owners to urgently remedy any areas where there is stormwater into the wastewater network. In tandem, Council plans to carry out any urgent repairs to its own network.

The Nelson Wastewater Treatment Plant sludge removal project, which will transfer sludge removed from the wastewater treatment plant to the landfill, is currently underway and expected to be completed in September 2021. The sludge was dredged from the oxidation pond in 2014 and has been stored within geotextile bags at the treatment plant for the past four years to aid drying.

Investment in Council's wastewater pump stations continued in 2017/18 and included the following:

- The major upgrade of the Neale Park Wastewater Pump Station is progressing. This upgrade will have significant benefits including increased pumping capacity for future growth, treatment of odour, and resilience to potential wastewater overflows. This project is expected to be completed in December 2018.
- The major upgrade of Corder Park Wastewater Pump Station was completed and the pump station commissioned. Some ongoing odour issues in the rising main have been identified and further investigations have been undertaken to identify the best long term solution to address odours within the network.
- Detailed design of the Awatea Place pump station project began in 2017/18. This project will construct a single pump station at Awatea Place to replace two pump stations on Parkers Road that are reaching the end of their service lives. Design work is expected to be completed in 2018/19 and resource consent applications will then be lodged.

Other wastewater renewals and maintenance carried out in 2017/18 included the following:

- Relining of the existing public sewer within private properties adjacent to Jenner Road.
- Minor repair works undertaken to the interior of existing manholes.
- The existing sewer at Seafield Terrace being reinstated and realigned, following February 2018 storms.
- Work commencing to refurbish the existing sewer in the CBD, including Bridge Street (from Trafalgar to Collingwood Streets). This involves relining the sewer with a fabric sock that hardens to form a tough plastic liner.
- Work was also carried out on Alma Lane, Bishopdale Avenue and an area near the Port/Haven Road.



In addition, work was carried out in 2017/18 to carry out investigation of options for future capital works at Gracefield Street, Bronte Street, Collingwood Street and Stansell Avenue.

Natural hazard risk assessment has been an ongoing focus of Council since the Christchurch Earthquakes of

2011. In 2017/18 further work was carried out on the risk assessment for the Nelson Wastewater Treatment Plant looking at the types of events that will impact on the operation of the plant. This project will support the work for the future new resource consent for the plant which is due to commence in 2019/20.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	The wastewater network is managed to minimise impacts on the natural environment and provide a healthy living environment for residents and visitors.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable wastewater network that meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	A well-managed wastewater network which is essential to the functioning of our regional economy.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
A fully operational wastewater treatment plant.	Level of compliance of treatment plant with resource consent conditions.	100% compliance.	100% compliance in the 2017/18 year. Four odour complaints registered to the NWWTP in 2017/18 but investigation indicates these are more likely to be related to issues experienced at Corder Park Pump Station during commissioning.	Achieved
	The number of dry weather sewerage overflows from the sewerage system, expressed per 1000 sewerage connections.*	The number of dry weather sewerage overflows from the territorial authority's sewerage system is less than 10 per 1000 connections.	There were six dry weather overflows per 1000 connections. The total number of dry weather overflows was 127. This compares to last year's eight dry weather overflows per 1000 connections and total number of dry weather overflows of 187.	Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Appropriate response to reported network issues.	The following median response times are measured for sewerage overflows resulting from a blockage or other fault in the sewerage system:*	See below for a and b	Results to a-b are outlined below:	Not applicable
	a) attendance time: from the time notification is received to the time that service personnel reach the site, and	a) Contractor to attend in a median time of 120 minutes or less.	Median response time of 28 minutes compared with last year's median response time of 21 minutes.	Achieved
	b) resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.	b) Contractor to resolve issue in a median time of 480 minutes or less.	Median resolution time of 189 minutes compared with last year's median response time of 202 minutes.	Achieved
Environmental protection.	Compliance with the territorial authority's resource consents for discharge from the sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions in relation to those resource consents.*	100% compliance.	During 2017/18, there were no contraventions identified by regulatory section.	Achieved
	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with the sewerage system, expressed per 1000 connections to the sewerage system.*	No more than 50 justifiable complaints a year per 1000 connections.	There were 20 complaints per 1000 connections during 2017/18/ The total number of complaints was 457. This compares to last year's 16 complaints per 1000 connections and 358 complaints in total.	Achieved

*This is a mandatory performance measure for local authorities



FINANCIAL PERFORMANCE - WASTEWATER

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	7,277	7,468	7,265	7,294
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	1,274	1,299	1,280	2,168
Internal charges and overheads recovered	0	0	(289)	0
Local authorities fuel tax, fines, infringement fees, and other receipts	2,531	2,598	718	1,353
Total Operating Funding	11,082	11,365	8,974	10,816
Applications of operating funding				
Payments to staff and suppliers	6,223	6,314	5,099	7,087
Finance costs	437	444	0	0
Internal charges and overheads applied *	265	299	153	190
Other operating funding applications	0	0	0	0
Total applications of operating funding	6,925	7,057	5,252	7,277
Surplus (Deficit) of operating funding	4,157	4,308	3,722	3,538
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	478	487	398	829
Increase (decrease) in debt	932	1,084	4,043	45
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	1,410	1,571	4,441	874
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	251	823	300	9
- to improve level of service	3,772	3,501	6,293	3,784
- to replace existing assets	1,544	1,555	1,570	1,187
Increase (decrease) in reserves	0	0	0	(567)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	5,567	5,879	8,163	4,412
Surplus (Deficit) of capital funding	(4,157)	(4,308)	(3,722)	(3,538)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

The increase in non-rate income includes higher than anticipated trade waste income (\$75,000) and an increased return from assets employed in the Nelson Regional Sewerage Business Unit (NRSBU) of \$85,000 reflecting its higher than anticipated net operating costs, along with a different consolidation treatment than that used in the annual plan.

The difference in consolidation treatment is also reflected in payments to staff and suppliers, along with an underspend of \$375,000 relating to the timing of the desludging work at the Nelson Wastewater Treatment Plant and greater than budgeted expenditure on investigative and feasibility work related to capital projects.

\$4.0 million less debt than budgeted alongside the \$567,000 unbudgeted decrease in reserves reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Development contributions \$431,000 greater than budget reflects development activity in the city.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,157	4,308	3,722	3,538
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	478	487	398	829
Vested Assets	0	0	930	767
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(4,412)	(4,557)	(4,478)	(4,525)
Gain on establishment of JV	0	0	0	0
Other non-cash income/expenditure	0	0	0	(17)
Net Surplus (Deficit) before taxation in Cost of Service Statement	223	238	572	592





STORMWATER

ABOUT COUNCIL STORMWATER ACTIVITIES

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

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

In large parts of the city a fully-piped system is not provided. Stormwater soaks into the ground or flows into road channels, which is often the primary drainage system. The stormwater activity is expanding the piped network to areas of the city where this is lacking.

HIGHLIGHTS FOR 2017/18

In 2017/18, the capital expenditure in the stormwater activity was approximately \$307,000.

Discussions with landowners involved in the Wastney Terrace stormwater upgrade (a project to serve the future development in the area) continued during 2017/18. Construction works are planned for 2019/20-2020/21. Negotiations for this project are challenging and the work cannot start until landowner agreement has been sought.

The Nile Street Stormwater upgrade is currently underway and is expected to be completed in 2018/19. This project is to upgrade the stormwater on Nile Street East to match the capacity of the Cleveland Terrace stormwater system. It involves a new 1600 diameter concrete pipe along Nile Street East and a new outlet structure within the banks of the Maitai River, near Clouston's Bridge.

Investigation continued in the Tahunanui Hills Stormwater – Moana Avenue to Rocks Road project. This reviews the stormwater in the slope risk overlay and aims to address areas without stormwater.

Further investigation was also carried out to identify the most appropriate option to complete the Little-Go stream project in Waimea Road. Potential options being considered involve extending the existing pipe through to Rutherford Street, the construction of a detention area, or a combination of both of these.

Debris barriers were constructed around a number of stormwater intakes along the Tawa Track on the Grampians. This work is expected to provide improved stormwater control in the Grampians track from Endeavour Street to Allan Street.

Investigation and design work for stormwater upgrades to Airlie Street, Mount Street / Konini Street, Atawhai Crescent and Bisley Avenue continued.



PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed stormwater network that minimises damage to open spaces from rainfall events. Works to support the stormwater assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed stormwater network.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable stormwater network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impact on businesses and economic activity are minimised by understanding and managing the stormwater network to protect people and property.



SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
<p>Environmental Protection</p> <p>For the built and natural environment from stormwater discharges.</p>	<p>Compliance with resource consents for discharge from the stormwater system, measured by the number of:</p> <p>a) abatement notices b) infringement notices c) enforcement orders, and d) successful prosecutions received in relation to those resource consents.*</p>	100% compliance	<p>Three contraventions were identified by the regulatory section during 2017/18, two relating to discharge of sediment and one relating to discharge of paint. This compares to 2016/17 when there were no contraventions. Detail relating to the three contraventions is as follows:</p> <ul style="list-style-type: none"> • 12/01/18 Abatement Notice and Infringement Notice (\$750) issued for discharge of sediment laden water to York Stream at Boundary Road (contract number 2762) (Note, this abatement notice has since been cancelled). • 05/02/18 Abatement Notice and Infringement Notice (\$750) issued for discharge of paint to a waterway at Saxton Oval cricket ground. • 05/03/18 Abatement Notice and Infringement Notice (\$750) issued for discharge of sediment laden water to York Stream at York Valley landfill. 	Not achieved
<p>Reliability</p> <p>An operational stormwater network.</p>	<p>Stormwater network extended throughout the city.</p>	Complete 80% of capital expenditure programme.	<p>Capital expenditure completed during 2017/18 in the stormwater activity was 12.6% (\$227,258 out of a total budget of \$1.802m). The majority of the under expenditure was related to three projects (Little Go Stream, Tahunanui Hills Stormwater-Moana Avenue to Rocks Road and Wastney Terrace). Little Go Stream is a multi-year project to upgrade flood protection to Waimea Rd and Rutherford Street areas. Works in 2017/18 for this project focused on additional modelling to identify preferred routes for the next stage of the upgrade. This has delayed detailed design and consenting, resulting in an under expenditure. Tahunanui Hills Stormwater - Moana Avenue</p>	Not Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			to Rocks Road is a project to investigate sources of stormwater on this section of the hillside and options for containing these flows for eventual discharge at Rocks Road. In 2017/18 modelling of flow paths was carried out and preliminary options for improving flow along roadways were investigated. Detailed design has been delayed to allow more detailed investigations of the feasibility of containing flood flows on the roadway. The Wastney Terrace project is based on upgrading an existing open channel/ piped network from the south end of Wastney Terrace to Corder Pond. Landowner negotiations for access have been protracted and have led to a delay in the construction phase.	
	Number of blockages per 100 km of pipes on an annual basis.	Less than 25 blockages per 100km of pipes on an annual basis.	There were 78 blockages per 100km of pipes during 2017/18. The total number of blockages was 265. This is up significantly from 53 blockages per 100km of pipes during 2015/16 and 52 blockages per 100km of pipes in 2016/17. The increase is due to the severe weather events experienced in February this year with the number of blockages reported for February and March totalling 166.	Not Achieved
	a) The number of flooding events that occur. b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to stormwater system).*	No damage from flood events up to Q2 level to more than 10 per 1000 properties per year.	There were no incidents for flooding of habitable floor space during the 2017/18 period from failure of the stormwater network. Council is aware of flooding to 20 to 30 properties from tidal inundation caused by extropical cyclone Fehi. This is not counted towards this measure as it is not flooding attributable to stormwater network adequacy. <i>Note Q2 is an event with a one in two chance of occurring in any year.</i>	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Response to complaints Minimise justifiable complaints.	The median response time to attend a flooding event, measured from the time that notification is received to the time that service personnel reach the site.	Median response time is less than 180 minutes.	Median response time of 41 minutes, for a total of 25 call outs in 2017/18. Compared with 2016/17 (25 minutes, 5 call outs) and 2015/16 (48 minutes, four call outs).	Achieved
	The number of complaints received about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system.*	No more than 25 complaints per 1000 connections per year.	There were 31 complaints received per 1000 connections during 2017/18. The total number of complaints was 654. Compared with 2016/17 (10 complaints per 1000 connections, 216 total complaints) and 2015/16 (17 complaints per 1000 connections, 351 total complaints). Main reason for increase was due to the storm events in February 2018. In the months of February and March 2018 there were a total of 355 complaints alone and in the months from February to June a total of 437.	Not Achieved

**This is a mandatory performance measure for local authorities*



FINANCIAL PERFORMANCE - STORMWATER

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,147	4,249	3,998	4,004
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	5
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	4,147	4,249	3,998	4,009
Applications of operating funding				
Payments to staff and suppliers	1,068	1,086	1,100	1,326
Finance costs	0	0	0	0
Internal charges and overheads applied *	998	1,011	707	629
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,066	2,097	1,807	1,955
Surplus (Deficit) of operating funding	2,081	2,152	2,191	2,054
Sources of capital funding				
Subsidies and grants for capital	0	0	0	(36)
Development and financial contributions	267	273	288	460
Increase (decrease) in debt	436	1,507	434	(2,170)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	703	1,780	722	(1,747)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	136	0
- to improve level of service	2,703	3,834	2,662	235
- to replace existing assets	81	98	115	72
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	2,784	3,932	2,913	307
Surplus (Deficit) of capital funding	(2,081)	(2,152)	(2,191)	(2,054)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

Over budget payments to staff and suppliers reflects higher than anticipated expenditure of \$189,000 on investigative and feasibility work related to capital projects.

\$2.6 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

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

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,081	2,152	2,191	2,054
Subsidies and grants for capital expenditure	0	0	0	(36)
Development and financial contributions	267	273	288	460
Vested Assets	0	0	1,170	993
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(2,081)	(2,153)	(2,191)	(2,168)
Other non-cash expenditure	0	0	0	(418)
Net Surplus (Deficit) before taxation in Cost of Service Statement	267	272	1,458	884





FLOOD PROTECTION

ABOUT COUNCIL FLOOD PROTECTION ACTIVITIES

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

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

HIGHLIGHTS FOR 2017/18

In 2017/18, the capital expenditure in the flood protection activity was approximately \$4.639 million.

The third and fourth stages of the York Stream Stormwater Upgrade were completed during 2017/18. The third stage linked the previous stages of work completed at the intersection of Tipahi Street/Kawai Street South in 2013 and across Waimea Road into Boundary Road in 2016. It involved the installation of 1800mm diameter concrete stormwater pipes, along with the installation and relocation of other utility services. The fourth stage was the construction of a new stormwater intake structure for York Stream, with associated pipe works and landscaping in the Bishopdale Reserve, near the Market and Waimea Road intersection. This project improves stormwater infrastructure to reduce the risk of flood damage to roads and property in heavy rain events. The project also included provision for fish passage through the new intake structure.

Stage Three of the upgrade of Saxton Creek was completed. This stage involved upgrading the existing channel and detention pond from Main Road Stoke through to the south boundary of Saxton Field. Preliminary and detailed design of Stage Two — linking this last stage to the work completed downstream of Champion Road was also carried out during 2017/18.

Further design work was completed on the Saxton Creek – Culvert to Sea project, for the section of Saxton Creek from the culvert under Main Road Stoke through the Wakatu Industrial Estate to the State Highway at Wakatu Drive.

During the storm event of April 2013 significant flooding was experienced in properties in lower Stoke. As a result Council began a local program of work in Orphanage Stream. A stormwater detention area was established at Saxton Field and the existing Orphanage Creek culvert at Saxton Road was widened. Investigation of options for further works to improve the culvert at Suffolk Road also commenced.

The Brook Stream outlet project is to construct a low flow channel immediately downstream of the Nile Street Bridge. Design work was carried out in 2017/18.

Flood models were started in 2016/17 and further refined in 2017/18. These models show the likely extent and velocity of flood waters from the larger of the streams and rivers in the city. These results will be used to inform the hazards section of the Nelson Plan - Whakamahere Whakatū, and will form the basis of flood risk assessments that will be completed for each of the rivers to inform wider community discussions about the shape of future flood response works. The Maitai flood mitigation project continued, looking at appropriate flood response for the Maitai River in urban sections following a risk based approach.

In 2017 a global resource consent was granted to Council covering maintenance and minor upgrading

works for streams and open channels. This resource consent is expected to cover Council works until the Nelson Plan - Whakamahere Whakatū is notified.

The work in Maire Stream, to remediate the damaged stream banks and rebury the exposed section of 450mm diameter trunk watermain at the head of the stream, was completed.

Brook Stream fish passage trials were completed. The two trial installations near Miro Street and Larges Lane aim to improve fish passage and habitat and will be monitored for durability and effectiveness.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Nelson's environment is protected by an efficiently managed flood protection network that minimises damage to open spaces from flooding events. Works to support the flood protection assets are managed as far as possible to respect the natural, recreational and heritage values that might be present.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Homes, facilities and people are protected from the adverse effects of rainfall events by a well-managed flood protection network.
Our infrastructure is efficient, cost effective and meets current and future needs	A good quality, sustainable and affordable flood protection network meets the needs of our current and future community.
Our region is supported by an innovative and sustainable economy	Impacts on businesses and economic activity are minimised by understanding and managing the flood protection network to protect people and property.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Protection for the urban built and natural environment from floods through upgrading, maintaining, repairing and renewing assets to standards in the Flood Protection Asset Management Plan.	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Asset Management Plan.*	Network maintained to its current service potential.	Maintenance was carried out as required and scheduled. Expenditure was \$235,160 compared to a budget of \$180,367. The additional expenditure resulted from repairs required after storm events ex tropical cyclones Fehi and Gita.	Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
	The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the Stormwater and Flood Protection Asset Management Plan.	Damage from any flood event identified, prioritised and a repair programme agreed with the community.	There were no flood events in 2017/18 requiring repairs. Repairs to Orphanage Stream from the 2013 event were designed in 2016/17 for construction in 2017/18. Construction of the extended box culvert on Saxtons Road was completed and the design of Suffolk Road culvert upgrade began in 2017/18.	Achieved
		High priority works undertaken as soon as practicable.	Upgrade works are underway in Saxton Stream, Orphanage Stream, York Stream and Little-Go Stream. This performance measure is recorded as being achieved as high priority work was undertaken during the year. However, it is acknowledged that the works programme for the stormwater system was significantly lower than planned and the level of service is affected by the lower than planned stormwater work.	Achieved
		Network components are renewed to continue to provide their original design service potential.	Limited renewal of stormwater and flood protection components. Renewal is as per target.	Achieved
	Damage to urban property from Maitai River flooding is minimised.	Urban section of Maitai River is inspected and maintained annually.	Although a full length inspection was not undertaken, Council has inspected and maintained the urban sections of the Maitai River as part of the general annual maintenance programme. In addition Council initiated a project to trial drone technology to test effectiveness as a means of augmenting the current manual process. A full length inspection is scheduled for to occur in late spring of 2018.	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Integration of ecological and flood protection requirements in urban sections of streams and rivers.	Fish passage in streams is maximised and ecological impact of structures is minimised.	Begin review of fish passage to remainder of Brook Street channel	Brook stream fish passage trials are underway. The two trial installations near Miro Street and Larges Lane aim to test various materials to improve fish passage and habitat and will be monitored for durability and effectiveness.	Achieved
	Channel maintenance works carried out in accordance with resource consents.	100% compliance with resource consent conditions.	100% compliance with resource consent conditions during 2017/18. No known breaches or infringements for maintenance carried out in waterways for 2017/18.	Achieved

**This is a mandatory performance measure for local authorities*



FINANCIAL PERFORMANCE - FLOOD PROTECTION

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,238	1,534	1,237	1,239
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	1,238	1,534	1,237	1,239
Applications of operating funding				
Payments to staff and suppliers	319	327	198	430
Finance costs	0	0	0	0
Internal charges and overheads applied *	744	949	674	587
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,063	1,276	872	1,017
Surplus (Deficit) of operating funding	175	258	365	222
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,261	4,421	8,598	4,416
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,261	4,421	8,598	4,416
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	4,436	4,679	8,963	4,639
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	4,436	4,679	8,963	4,639
Surplus (Deficit) of capital funding	(175)	(258)	(365)	(222)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers are greater than budget by \$232,000 due to unbudgeted expenditure on capital investigations and feasibility of \$159,000 along with response to the February storms of \$27,000.

\$4.2 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Greater than anticipated depreciation expenditure is related to prior year asset classification and revaluation movements.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	175	258	365	222
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	110	0
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(175)	(258)	(366)	(530)
Other non-cash expenditure	0	0	0	(45)
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	0	109	(353)





ENVIRONMENT

ABOUT COUNCIL'S ENVIRONMENT ACTIVITIES

As a unitary authority, Council manages both territorial authority and regional functions. Council's environmental functions include responsibilities for; freshwater, coastal and marine, air, land, biodiversity and biosecurity, resource management planning, navigation safety, resource and building consents, waste management and minimisation, environmental monitoring, education, advocacy and enforcement and compliance functions such as dog control and alcohol licensing as well as the city development programme. This activity also includes emergency management.

HIGHLIGHTS FOR 2017/18

Environmental management

Air

Air quality in Nelson is monitored by Council and recorded. Data is available on the lawa website www.lawa.org.nz. Council must meet the National Environment Standards for air quality (NES) requirements in each airshed. Nelson's air quality has improved due to controls established in the Nelson Air Quality Plan. In 2017/18 there were two exceedances of the National Environmental Standards for air quality (NES) in Airshed A (Nelson South) which meets the NES requirement of no more than three exceedances per year by 2020. There were two exceedances in Airshed B1 (Tahunanui) this year which are likely to be dust-related, given the time of day and time of year that they occurred. The NES requirement for this airshed is no more than one exceedance for 2018 which has not been met. There were no exceedances recorded in Airshed B2 (Stoke) or Airshed C (monitored at Brook Valley and Dodson Valley) in the 2017/18 year.

Air Plan Change A3 allowed the installation of up to 1,000 Ultra-Low Emission Burners (ULEBs) into Airshed B2 (Stoke) and 600 into Airshed C (Brook/Atawhai). Since the Plan Change took effect in 2016, applications to install 105 ULEBs have been received for Airshed

B2 (41 of which were received in 2017/18) and 112 for Airshed C (37 of which were received in 2017/18).

In addition, Council carried out a number of other programmes to improve the operation of domestic burners in 2017/18 related to air quality, including a Best Woodshed competition, a promotion reminding people to buy wood before Christmas, a Burn Bright campaign and the eco-homes advisor being able to assist people with advice on how to heat homes efficiently. Environmental officers also carried out morning and evening patrols checking for excessively smoky burners and providing information to people as required.

Nelson Nature, Project Maitai

Nelson Nature partnered with Landcare Trust to improve water quality outcomes in the Wakapuaka catchment through a project branded 'Wakapuaka: Bursting into Life!' The majority of land in the catchment is in private ownership, so the focus has been on working with rural landowners on riparian planting, weed control, stock exclusion, septic tank use, encouraging the use of rainwater collection and awareness of water quality issues.

Project Maitai/Mahitahi was completed with key highlights for the year including the completion of the wetland at Groom Creek, the installation of fish passage through the lengthy St Vincent Street culvert, the Walk the Chalk walking symposium at York Stream, the analysis of five years' worth of cyanobacteria research and data, and the planting of 11,372 native plants in the Maitai catchment (7,439 at Groom Creek itself, the remainder through the catchment including York and Brook streams).

Pest and weed control

During the year an estimated 884 pest plants were destroyed on private land under the Council's Taiwan Cherry control programme (151 mature trees; 183 saplings and approximately 550 seedlings).



Funding was received from MBIE for the Dun Mountain Trail, and \$32,000 of this was in relation to enhancement works at Groom Creek and the Tantragee Reserve. The final stretch of the Dun Mountain Trail in the Tantragee Reserve has now been planted.

Funding of \$60,000 was secured by Forest and Bird from the Department of Conservation Community Fund to help support Nelson Nature's weed control programmes on Dun Mountain. The funding will be spent across three years and will hasten the removal of invasive wilding conifer, gorse and heath from the area, reducing the long term costs of these control programmes.

The last dense infestations of wilding conifers in the Dun Mountain area were controlled by Nelson Nature this year. Five hundred and fifty hectares of wilding conifers have been controlled in native forest edges of the mineral belt in the Roding Valley. Next year's control efforts will focus on controlling any scattered mature conifers remaining in the mineral belt areas.

The volunteers working to restore the ecosystem at Council's Paremata Flats Reserve and the surrounding Delaware Bay area recently celebrated an impressive milestone – the removal of 8,000 pests since work began in 2007. In fact, the total is 8,122 pests, which includes 1,044 rats, 6663 mice, 147 stoats, 69 weasels and 41 rabbits. The dedicated team of 41 volunteers has committed 4,649 hours to the trapping programme, with more than 280 traps activated.

Water

The New Zealand River Award recognises continued success in Freshwater Management. Orphanage Stream was awarded most improved river in the region at the New Zealand River Awards. This award recognises the trend improvement in E.coli (a bacteria) levels in Orphanage Stream – a lowland stream that runs through the Saxton Field area in Stoke. Monitoring results showed an impressive 19.8% per annum trend decline in E.coli levels over the last 10 years. The reduction in E.coli levels has gone hand in hand with community and Council efforts to improve the water quality of the streams in the Stoke area, including the planting of a riparian buffer along both sides of the stream, which is now well established in the lower reaches of Orphanage stream.

A continuous turbidity sensor has been installed in Orphanage Creek at Ngawhatu hydrology site as a trial. This is part of an increased focus to monitor sediment and turbidity.

The 2017/18 recreation monitoring programme was undertaken from November 2017 to March 2018. Two (Maitai Camp and Sunday Hole) of the six river bathing

sites maintained water quality standards satisfactory for swimming. All five beach bathing sites maintained water quality standards satisfactory for swimming.

Phormidium (also known as cyanobacteria) toxic algae monitoring was undertaken at four recreation sites from November 2017 to April 2018. There were no Phormidium toxic algae blooms greater than 20% cover. There were no known toxic algae incidents this year.

The 2018 estuary monitoring programme saw fine scale monitoring conducted at two established sites in Kokorua Inlet and broad scale mapping undertaken in Delaware Inlet. Results show both estuaries to be in a healthy state overall, Waimea Inlet and Nelson Haven are scheduled for monitoring in 2019 and 2020 respectively.

State of the Environment water quality monitoring was completed and reported according to national protocols. National regional council reporting via the LAWA (Land Air Water Aotearoa) website, www.lawa.org.nz, was carried out.

Work has continued on removing barriers to fish movement in Nelson's streams. Culverts in the Hillwood and Todd Valley stream catchments have been modified to become more "fish-friendly".

One hundred and fifty four heritage building owners received a total of \$68,638 in Rates Remission for Heritage Maintenance over the year.

Enviroschools regional coordination was brought in-house from January. New facilitation contracts were signed with schools in December 2017 and January 2018, which include both waste minimisation and active transport components.

The 1,000th home was insulated under the Warmer Healthier Homes Scheme.

The Eco-design Adviser visited 139 homes and spoke to 22 groups on how to keep homes warm, dry and energy efficient.

The draft Nelson Tasman Joint Pest Management Plan was prepared and consulted on, with nearly 100 submissions being received. It is expected that this plan will be adopted in 2018/19.

Council has launched a Small Scale Management Programme (SSMP) relating to the marine pest Mediterranean fanworm (*Sabella spallanzanii*), across the whole marine area of Nelson City.

The Resource Management Plan (Nelson Plan)

2017/18 involved Nelson Plan workshops. The entire Nelson Plan was compiled for planning peer review and preliminary consent testing.





A wide range of technical work and stakeholder engagement has also occurred throughout 2017/18 on the Nelson Plan. This has included engagement with landowners on site specific zoning, heritage, biodiversity, and landscape values along with ongoing discussions with landowners affected by natural hazards. Additional technical work has been undertaken to refine freshwater values, attributes, objectives and limits and understand coastal erosion and inundation and slope risk as well as natural hazard mapping.

Meetings have continued with the Iwi Working Group and Freshwater Management Unit groups to inform the development of draft plan provisions. Draft Water Quality Primary Contact (Swimmability) targets were also approved. These draft targets are for E.coli levels in medium sized (fourth order) rivers, including the Whangamoia, Wakapuaka, Maitai and Roding Rivers. Nelson's draft target is that 100 per cent of our fourth order rivers continue to be swimmable, i.e. meet national primary contact E.coli limits.

Plan amendments were approved to update the Nelson Resource Management Plan with new National Environmental Standards for Plantation Forestry.

Bylaws

Council agreed to commence the review of the Dog Control Policy and Bylaw, to be completed by 25 February 2020.

The City Amenity Bylaw was prepared and consulted on during 2016/17. Deliberations and decisions on the Bylaw occurred in 2017/18 and the Bylaw came into effect on 11 September 2017. This Bylaw relates to city amenity, (use of spaces, addressing lighting, and the blocking of retail windows), and safety (no sleeping overnight without permission, notifying Council of organised events that could impact road users or general public).

City Development

The City Development Team was established by Council in November 2017 and recruitment for two new positions was completed in February 2018.

During the year, 18 Special Housing Areas were gazetted, and a further eight have been approved by Council but are not yet gazetted by Government. To date, 32 qualifying development consents have been granted (this includes consents for some developments that require multiple or staged consents), with a consented yield of 371 housing units. Four sites are either under construction or complete.

Over the year, four National Policy Statement on Urban Development Capacity (NPS-UDC) quarterly reports have been completed with Tasman District Council for the Nelson Urban Area. NPS-UDC Capacity Assessments for residential and business land have been drafted and feasibility tested. Consultation with developers to assist in completing those assessments has begun.

The Development and Financial Contributions Policy 2015 was reviewed and the Development Policy 2018 was consulted on and was operative from 1 July 2018. There is now an online calculator tool to assist applicants.

The draft Nelson Tasman Land Development Manual and the draft plan change practice notes that accompany it, have been completed and public feedback is being sought.

City centre stakeholder meetings have separately been held with hospitality groups, retailers and landlords/ developers to understand and explore the issues in the city centre, and to inform the City Centre Programme Plan currently being developed.

Officers have been working with a number of development customers assisting with the efficiency of Council processes in the pre-application advice space.



Regulatory Compliance - Building

Building consent applications, although 9% lower than 2016/17, were still 3% higher than 2013/14, 22% higher than 2014/15, and 15% higher than 2015/16. In the last 12 months 908 building consents and amendments have been applied for and 874 granted. The general indication is that the increased trend from prior years is continuing.

The Nelson City Council Building Consent Authority (BCA) has consistently processed building consents and certificates of acceptance within the statutory time limit of 20 working days throughout the year. Since the change in April 2017 to the GoGet inspections module, there have been a small number of 20 working day breaches for issuing building Code Compliance Certificates. The breaches are due to a manual part in the process which is being changed to be part of the electronic checking system to assist in remedying the issue.

The estimated value of work consented for the year totalled \$167 million compared with \$186 million in 2016/17 and \$122 million in 2015/16.

The Inspection team has undertaken 7,443 inspections over the 12 months which is the highest number over the last five years.

The Nelson City Council Building Consent Authority was re-assessed against the Building (Accreditation of Building Consent Authorities) Regulations 2006 by International Accreditation New Zealand (IANZ) in June 2017. IANZ issued a Certificate of Accreditation in July 2017.

The implementation stage for the Digital Building Control Solution system across Nelson City Council and Tasman District Council has commenced. The system will drive more consistency and industry standardised processing and inspections, and will automate key manual processes.

The Building (Earthquake-Prone Buildings) Amendment Act 2016 transition continues to

track to the timeframes. The next stage involves the identification of Priority Buildings and will be consulted on during 2019.

Consents and Compliance

The successful prosecution for the discharge of sediment laden water to Maire stream resulted in a fine of \$90,000 with 90% of the fine to be paid to Council. A large portion of these funds will be used to enhance the stream. As a result of this enforcement action, other earthworks contractors have been noticeably more engaged with monitoring officers to ensure best practice methods are employed to prevent discharges.

Compliance with statutory timeframes has decreased to 90% on time in 2017/18 compared to last year's average of 98%. Timeframes will improve as new staff fill vacancies. During the year, 526 consents were received with 417 decisions issued.

Resource consenting is transitioning to electronic processing. The Regulatory Services contract has been reviewed and altered to reflect the required level of service increases in consent and permitted activity monitoring, particularly for the National Environmental Standard – Plantation Forestry.

The Deputy Harbourmaster has carried out safety checks on around 2,000 vessels this summer and organised a number of successful education campaigns. The harbourmaster has been involved in the rescue of nine people on six different occasions. Without the assistance of rescue organisations, at least one of those incidents would have likely resulted in a fatality.

Solid Waste Management

Nelson City Council operates its Solid Waste activities as a closed, self-funding group of accounts. Distributions of surpluses from the Joint Landfill business unit to Council (\$1.9 million in 2018), are received into this group of accounts and used solely to fund the activities

within the group: recycling, green waste, transfer station operations and waste minimisation activities. Any surplus within the group is held in a reserve for the future specific benefit of the Solid Waste account group.

The Nelson City Council and Tasman District Council Regional Landfill started as a joint operation from 1 July 2017. Each Council has a 50% share of the joint landfill and on 1 July 2017, Tasman District Council paid Nelson City Council \$4.2 million, reflecting the higher value of the York Valley landfill. The regional landfill is managed based on the Terms of Reference for the Nelson Tasman Regional Landfill Business Unit.

The amount of waste per person disposed of at landfill (excluding contaminated soil and waste from outside the region) during 2017/18 was 645kg per person. This is a decrease of 18kg from the 663kg per person recorded in 2016/17. This is possibly due to a slowing down of economic activity.

Waste minimisation and avoidance programmes consider both diversion of waste from landfill, and behaviour change programmes to help people avoid or reduce creating waste. Initiatives undertaken in 2017/18 included Second Hand Sunday, providing compost subsidies and promotions, introducing a new e-waste subsidy, developing and delivering resources to support event organisers, and supporting the Love Food Hate Waste Programme. School support is an important area, with waste education in schools now supported through Enviroschools.

During 2017/18, Council monitored the situation of decreasing commodity prices for fibre (paper and cardboard) and certain plastics following China's decision to no longer accept recycling. There was no increased cost in 2017/18 for Council however costs for 2018/19 are likely if commodity prices remain low.

During the year, Council prepared a waste assessment and prepared a Joint Waste Management and Minimisation Plan with Tasman District Council, which was out for consultation in August and September 2018.

At the Atawhai closed landfill, an investigation was carried out to inform a Site Monitoring and Management Plan. The Plan has not been finalised yet but in the interim Council continue to monitor the old landfill site with testing every six months.

Note, from the 2018 Long Term Plan, the solid waste activity is a separate activity group of Council's activities and will be reported on separately to environment activities.

Managing Emergencies

Council has responsibilities under the Civil Defence Emergency Management (CDEM) Act 2002 requiring it to provide for CDEM in its area. Council is also required to be able to function to the fullest possible extent, even though this may be at a reduced level, during and after an emergency.

There were two storm events during the 2017/18 year:

Ex-tropical cyclone Fehi (1 February): A high storm surge coincided with a king tide to produce water levels around 500mm above the high tide. Wave action and high water levels caused coastal inundation across the region resulting in significant property damage at Rocks, Monaco, Ruby Bay and Mapua. The Emergency Operations Centre was activated for two days.

Ex tropical cyclone Gita (20 February): The Emergency Operations Centre was activated and fully staffed ahead of the cyclone arriving and continued to be activated for ten days. Several areas of high intensity rainfall occurred throughout the Tasman region.

Ex-Tropical Cyclones Fehi and Gita, coupled with two smaller storm events in February, have resulted in the most damaging sequence of storms for the region since the 2011 floods. A Declaration of Emergency was made for ex tropical cyclone Gita, the first in the Nelson Tasman region since 2011.

The Gita response, in particular, was the largest operation undertaken by the Group Emergency Operations Centre (EOC) for many years, with numerous Civil Defence Centres open, Welfare support provided to hundreds of residents and visitors, and many dozens of field teams deployed from the EOC to undertake impact and needs assessments following the storm. The isolation of Golden Bay by road, and subsequent need for barging of supplies and rationing of fuel, made this a unique event that many valuable learnings have been taken from.

The Nelson Tasman Civil Defence Emergency Management Group reviewed its Group Plan. This was adopted in April. The Plan, reviewed every five years, identifies the region's hazards and risks and how CDEM will effectively manage these across its four key activities of reduction, readiness, response and recovery.

Following establishment of the new Fire and Emergency New Zealand (FENZ), Council agreed to lease its rural fire assets to FENZ for its use. As a result of legislative changes, Council has ceased to be a rural fire authority.



PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	This activity helps to sustainably manage and restore the Nelson environment through sound planning, monitoring, compliance, science, non-regulatory, biodiversity initiatives and waste management.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Good planning and urban design provide an attractive, well-built, safe and walkable city for people of all ages and abilities. Unique built and natural sites and systems are protected and people are supported to make environmentally sustainable choices. Housing choice is broadened and land used more efficiently
Our communities are healthy, safe, inclusive and resilient	High standards of statutory compliance for built and natural environments contribute to the health and safety of the community. The community understands natural hazard risk and is supported to deal with natural hazard risks and incidents resiliently.
Our region is supported by an innovative and sustainable economy	Council has a business friendly approach in its regulatory and planning structures.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Clean Air.	Compliance with national air quality standards (National Environmental Standards for Air Quality (NES)).	Airshed A – no more than three breaches by September 2016. No more than one breach by September 2020.	There were two breaches in Airshed A (Nelson South) during 2017/2018, the first on the 15 July 2017, the second on the 27 June 2018. PM10 levels in Nelson South have decreased dramatically since monitoring began in 2000. Around 164 kilograms of PM10 is discharged into Nelson South on an average winter's day (2014 emissions inventory). This compares with 373 kilograms per day for 2006.	Achieved
		Airsheds B and C – no more than one breach by September 2016.	There were two breaches in Airshed B1 (Tahunanui) on 12 September and 17 October 2017. This is an increase from only one breach in 2016/17 and disappointing as there has been no more than one breach in Airshed B1 since 2012/13. The breaches in Airshed B1 all occurred during very windy conditions, most likely caused by dust, not smoke. Unfortunately	Not achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			this means the target for Airshed B1 has not been achieved. There have been no breaches in Airsheds B2 (Stoke) or C (Nelson Centre/North) and the trend here is encouraging since there have been no breaches in these airsheds since monitoring was re-established in 2015 and 2014 respectively.	
Clean and Accessible Water.	Water quality values.	Deliver Project Maitai/Mahitahi.	The fourth and last year of Project Maitai/Mahitahi was completed with key highlights for the year including the completion of the wetland at Groom Creek, the installation of fish passage through the lengthy St Vincent St culvert, the Walk the Chalk walking symposium at York Stream, the analysis of five years' worth of cyanobacteria research and data, and the planting of 18,257 native plants in the Maitai catchment (13,771 at Groom Creek itself and the remainder through the catchment including York and Brook streams)	Achieved
		Improve water quality via Nelson Nature.	Improvements in water quality are observed over long periods of time however the actions required to achieve improvements in water quality are understood and include: reducing water temperature through riparian planting; addressing fish passage for fish migration; reducing contaminants through community education. Work has to date been focused on the urban streams. Three of the four stoke streams tested for Ecoli have noticeable improvements.	Achieved
		Incorporate community water values in Nelson Plan.	Regular workshops have been held with the Nelson Plan Iwi Working Group (IWG) and Freshwater Management Unit (FMU) groups to develop freshwater values, objectives and limits/targets and these have been incorporated into the draft Nelson Plan.	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
	Health of Nelson's freshwater environments measured by water body classification and can't degrade below its current level as per National Policy Statement Fresh Water Management (NPS FWM).	Maintain class A and B water bodies in current state.	Monitoring data for the 2017 calendar year indicate that there has been a decrease in sites at grade A or B (from 50% or 13 sites in the 2016 calendar year to 42% or 11 sites in the 2017 calendar year, n=26). Poorman at Barnicoat fell from grade B to grade C, and Collins at SH6 fell from grade B to grade Cs in 2017 primarily because of poor water clarity measured by turbidity and black disc. Landuse activities including earthworks and quarry activity upstream of the monitoring sites are a contributing source of suspended sediment impacting on water clarity. Water clarity is only one parameter measured and the data show maintenance or improvement across other parameters. Water quality improvement trends are best identified through long term (5 or 10 year) data sets, and annual variation can occur related to one-off events. Long term grades are available for all sites and are less influenced by one-off annual variations.	Not achieved
		Decrease number of bodies classified as D or E.	There has been an increase in the number of water bodies classified as D or E (from 27% or 7 sites in 2016 to 34% or 9 sites in 2017, the number of monitoring sites is 26). The Brook at Manuka (C to D), Groom at Maitai (C to D) and Todds at SH6 (C to E) decreased grades primarily because of water clarity and dissolved nitrates. The Lud at 4.7km improved from a D in 2016 to a C in 2017, closer to its long term grade of C. Landuse activities including earthworks, forestry and urban stormwater upstream of the monitoring sites are a contributing source of suspended sediment impacting on water clarity and dissolved nitrates. Actions to minimise sediment effects include messaging to the contracting community after a successful prosecution, the review of the Nelson Plan to incorporate targeted erosion and sediment controls as	Not achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			<p>objectives and rules (currently in the Land Development Manual), real-time continuous turbidity monitoring at core hydrometric sites (Orphanage trial underway) to enable prompt response to pollution reports, and the construction of a treatment wetland at Groom Creek. Water quality improvement trends are best identified through long term (5 or 10 year) data sets, and annual variation can occur related to one-off events. Long term grades are available for all sites and are less influenced by one-off annual variations.</p>	
		All rivers exceed 'National bottom line' for all attributes (National Policy Statement Freshwater Management NPS-FM).	<p>The identified 4th order rivers in Nelson are the Maitai, Wakapuaka, Whanagamoia, and Roding (however the Roding is not currently included in the SOE monitoring programme). The national bottom line attributes include Ecosystem Health and Human Health for Recreation attributes. These attributes are measured as part of the SOE monitoring programme, and analysis is based on the SOE data set.</p> <p>All rivers meet the national bottom line for Ecosystem Health attributes.</p> <p>All rivers also meet the national bottom line for Human Health for Recreation (E.coli and planktonic periphyton). Wakapuaka has been provisionally graded as below the standard for the 95th percentile metric for E.coli, however we do not yet have enough data to report on this measure formally.</p>	Achieved
Clean and Accessible Water.	Level of compliance with swimming water quality standards.	100% of monitored swimming areas meet the swimming quality standards.	The 2017/18 summer recreation monitoring programme was undertaken from November 2017 to March 2018. Two (Maitai Camp and Sunday Hole) of the six river bathing sites maintained water quality standards satisfactory for swimming. All five beach bathing sites maintained water quality standards satisfactory for swimming. Wet weather days with elevated flows and contaminated stormwater	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			<p>accounted for 40% of water sampling days, explaining the reduced number of bathing sites graded suitable for recreation. Rain events were prolonged and intense, including cyclones Fehi and Gita, with almost double the summer rainfall recorded in 2016/17.</p> <p>Permanent signage will be installed to remind people not to swim when water is discoloured, and infrastructure projects are planned to reduce wastewater overflows due to rain. A project is underway in the Wakapuaka catchment to identify the source of E.coli affecting swimming sites in the Wakapuaka River and to guide community actions.</p>	
Reduced waste to landfill.	Amount (tonnes) of waste per resident sent to landfill.	Continue each year to decrease the per capita amount of waste from Nelson City Council area disposed of at landfill.	The waste per resident in 2017/18, excluding contaminated soil and waste coming from outside the region was 645kg per resident, which is a decrease from 663kg per resident in 2016/17. This is a decrease from the previous year however is still higher than the six years before that.	Not achieved
A well planned city that meets the community's current and future needs and responds to national policy direction.	Resource management plans updated to implement national policy changes and Council's strategic direction.	Development of Nelson Plan - <i>see below for bullet points</i>		Not applicable
		<ul style="list-style-type: none"> Notification 2016/17 (year 2 target) 	<p>These Targets were amended by Council resolution on 3 October 2017 (see R8275). Revised Targets are now in place. Revised targets have been included as Levels of Service in the 2018-2028 Environment AMP and the 2018-28 Long Term Plan. These Targets were originally adjusted by resolution in November 2016 indicating a notification target of January 2018 (R6698). Changes to the targets have resulted from needing to respond to Plan change requests from the Council (woodburner Plan Change) increased engagement expectations, national policy changes, staff resourcing, and a desire for additional peer and legal review.</p>	Not Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
		<ul style="list-style-type: none"> Hearings and decisions 2016/17 – 2018/19. (Year 2 to year 4 target) 	Hearings and decisions are now programmed for 2019-21 for reasons outlined above	Not Achieved
Regulatory programme (resource consents and compliance).	Compliance with statutory timeframes.	100% of non-notified resource consents processed within 20 working days. 100% of publicly notified consents processed within 130 working days, 100% of limited notified consents processed within 100 working days (or less as required by RMA).	<p>In 2017/18 Council processed 90% of non-notified resource consents within the statutory timeframes*, with consents being processed in an average of 19 days. For notified and limited notified, 100% were processed in their respective statutory timeframes of 130 or 100 days*, with the average number of days to process being 255 for publicly notified consents and 74 for limited notified consents. Of the four publicly notified consents three were processed together for the Council sewage infrastructure that had high processing days due to the applicant taking time to provide information requested by the Commissioners. This compares to 100% of all consents (notified and non-notified) processed within timeframes in 2015/16 and 98% in 2016/17.</p> <p>*note the Resource Management Act 1991 allows Council to extend the processing timeframe from 20 days to 40 days or more, with the applicants agreement.</p>	Not achieved
An effective and timely Civil Defence Emergency Management (CDEM) response to support our community following emergency events.	Ability to operate an effective Emergency Operations Centre (EOC) for Nelson Tasman.	100% of EOC management and CDEM Group roles staffed. EOC meets Ministry of CDEM 'monitoring and evaluation' requirements.	<p>The office at the Emergency Operations Centre is currently staffed with 3.5 staff. There was a vacancy during the year, however in an emergency, key staff form an incident management team and this team is fully staffed when it is required.</p> <p>The EOC was activated and operated effectively in response to ex tropical cyclones Fehi and Gita in February 2018.</p> <p>There was no Ministry of Civil Defence Emergency Management review of Council's Civil Defence operation during 2017/18 (none</p>	Achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			was expected). There has been no monitoring and evaluation capability assessment of CDEM since 2015, but Council continues to work on the areas that were identified for improvement from that evaluation, and on debrief actions from recent emergencies.	
Efficient systems to consent and inspect buildings, meet statutory requirements and provide effective customer service.	Time taken to grant and issue building consents.	At least 98% of building consents and code compliance certificates issued within 20 working days.	99.9% of building consents were granted within 20 days during 2017/18. 98.6% of Code of Compliance Certificates were issued within 20 days during 2017/18. This target was also achieved during 2015/16 and 2016/17. For building consents, 876 consents issued with one breach = 99.9988% For code of compliance certificates, 770 issued with 11 breaches = 98.6%	Achieved
	Property inspection time targets met.	At least 80% of inspections undertaken within 72 hours of request.	98.3% of inspections were undertaken with 72 hours of request. This target was also achieved during 2015/16 and 2016/17. 7459 Inspections were undertaken – with 126 72-hour breaches = 98.3%	Achieved



FINANCIAL PERFORMANCE - ENVIRONMENT

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	7,734	7,814	7,331	7,287
Targeted rates	28	23	24	23
Subsidies and grants for operating purposes	176	179	281	306
Fees and charges	7,082	7,094	2,114	3,209
Internal charges and overheads recovered	4,675	4,931	2,105	3,826
Local authorities fuel tax, fines, infringement fees, and other receipts	3,353	3,401	5,858	5,744
Total Operating Funding	23,048	23,442	17,713	20,395
Applications of operating funding				
Payments to staff and suppliers	16,422	16,629	14,743	13,576
Finance costs	245	413	0	0
Internal charges and overheads applied *	5,030	5,269	2,438	4,126
Other operating funding applications	0	0	0	0
Total applications of operating funding	21,697	22,311	17,181	17,702
Surplus (Deficit) of operating funding	1,351	1,131	532	2,694
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	5	5	5	0
Increase (decrease) in debt	(1,504)	(1,398)	(4,831)	1,837
Gross proceeds from sale of assets	0	0	7,677	6,984
Lump sum contributions	0	0	0	0
Total sources of capital funding	(1,499)	(1,393)	2,851	8,822
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	12	0	0	0
- to improve level of service	239	213	372	470
- to replace existing assets	50	3	3,477	15
Increase (decrease) in reserves	0	0	0	7,307
Increase (decrease) in investments	(449)	(478)	(466)	3,724
Total applications of capital funding	(148)	(262)	3,383	11,515
Surplus (Deficit) of capital funding	(1,351)	(1,131)	(532)	(2,694)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

The Commerce Commission approved the establishment of the Nelson Tasman Regional Landfill Business Unit (NTRLBU) on 24 April 2017 and it started operating on 1 July 2018. At the time of the LTP the basis under which the joint landfill would operate was still under discussion. The consolidation treatment assumed for the annual plan has been reviewed as well, resulting in significant line by line differences in this activity.

A gain on the transfer of the Nelson City Council landfill assets of \$1.9 million has been recorded, representing that Nelson's landfill has a higher net value than TDC's due to space available under the resource consent.

The business unit recorded a net surplus \$245,000 higher than anticipated, 50% of which is additional income in Nelson City Council.

Variances other than those resulting from the NTRLBU:

Staff expenditure recorded is less than budget by \$607,000, offset by increased use of consultants (particularly in Resource consents and the Nelson Plan).

\$538,000 more than anticipated has been spent on activities relating to the Nelson Plan including the release of the draft Nelson Plan, bringing forward peer and legal reviews and cost benefit analyses, and the engagement of consultants to cover staff vacancies.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,351	1,131	532	2,694
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	5	5	5	0
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	6,984
Depreciation	(462)	(472)	(537)	(402)
Gain on establishment of JV	0	0	2,251	0
Other non-cash income	0	0	0	50
Other non-cash expenditure			(323)	(81)
Net Surplus (Deficit) before taxation in Cost of Service Statement	894	664	1,928	9,245





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ABOUT COUNCIL'S SOCIAL ACTIVITIES

Council provides services that contribute to the quality of life and wellbeing of residents. Collectively these activities have been grouped under the heading 'social' and cover delivery of services as diverse as the art gallery to public toilets. The activity includes public libraries, cemeteries, the crematorium and community facilities support for the Nelson Provincial Museum and Suter Art Gallery, historic buildings and facilities (such as Broadgreen, Isel and Melrose historic houses), Founders Heritage Park, historic cemeteries as well as festivals, events and street decorations and social development.

HIGHLIGHTS FOR 2017/18

Community Facilities

Stoke is the fastest growing area in Nelson and Council has recognised the need for appropriate facilities and services to support the current and future growth. After extensive consultation with the community, Council approved plans for a new sport and community facility at Greenmeadows Reserve.

During the year, Council approved additional funding to enable the completion of the centre and to extend the functionality of the kitchen and add extra power capability to allow the facility to be used during an emergency.

A dawn blessing for the facility was held on Saturday 23 June.

Since then, a number of issues with the construction of the building have been identified. The contractor has committed to completing the Greenmeadows Centre to a high standard. Further work has occurred outside the 2017/18 year with Council commissioning an independent assessment of the construction works which has led to a remediation plan that is being overseen by a Council-appointed clerk of works.

Social Development

Council supported older adults through its contribution to the Positive Ageing Expo and partnering with Age Concern and Tasman District Council to deliver the Summer Activities for Seniors series.

Nelson's Youth Strategy was adopted in 2017/18, after preparation and community engagement in 2016/17. During the year, work continued on the Youth Strategy Action Plan and its implementation with the focus on setting up a Youth Sector Leadership Group and other activities in the Plan.

Support was provided for Nelson Youth Council, Youth Nelson, the Youth Development Fund and community recreation activities. Ministry of Youth Development funding was received for the Tō Tātou Hapori partnership to deliver activities and training for young people focussing on leadership, mentoring and volunteering.

The Youth Council end of year hui and induction for new Youth Councillors was held in December with six Youth Councillors continuing on to 2018, joined by 14 new recruits.

The Nelson Youth Council continues to work on an intergenerational project with Age Concern Nelson Tasman. The intention of this project is to connect wider youth volunteers with Age Concern Nelson Tasman to encourage further intergenerational connections.

The Community Investment Funding Panel again allocated Community Investment Funding (CIF) in 2017/18. 27 Community Investment Fund Grants and 13 Community Investment Agreements, totalling \$123,820 were awarded. 36 CIF agreement applications were received, seeking a total of \$318,890 from a pool of \$73,820. These were allocated in addition to previously awarded multi-year agreements which totalled \$183,380. A small grants fund, totalling \$50,000 was also allocated in 2017/18 for grants under \$2,500 each.



Neighbourhood grants provided funding for five community projects to enhance neighbourhood connections at a total cost of \$2,550.

Council attended regular community meetings, supported the Trustpower Community Volunteer awards and the Community Youth Volunteer awards (also known as Civic Awards to Schools).

Founders Heritage Park welcomed over 120,000 visitors in 2017/18. 44,400 enjoyed the Park as a visitor attraction, 14,300 attended functions including conferences and 62,000 attended events including the International Kai Festival, Marchfest and the New Zealand Cider Festival. Founders Book Fair in 2017/18 was the largest Book Fair to date with over \$140,000 raised over the nine days and an estimated 12,000 people visited. The Book Fair funds supported the venue refurbishment of the Jaycee Room to include a new retro style kitchen fit out. Founders' spaces were leased to capacity.

Work with people experiencing housing vulnerability has been undertaken and included funding the Salvation Army to work with those in need. Work streams are underway with the Top of the South Impact Forum and the Emergency Housing Forum, and individual initiatives such as the Male Room research on homeless men have been supported. Nelson has been included in the Housing First initiative there will be further work required in this area in 2018/19.

The Strengthening Community Governance project, an ongoing project, was carried out, during 2017/18. Council worked in partnership with the Rātā Foundation, Department of Internal Affairs and Volunteer Nelson to understand further the governance needs of the voluntary sector organisations in Nelson. A monthly 'Governance Bites' session started during the year, which offers governance training to the sector.

Arts, Heritage and Events

It was the 23rd year of The Arts Festival, which includes the Masked Parade and Carnival, and the Page and Blackmore Readers and Writers programme during 2017/18. The event was delivered in-house. Council has decided that future Festivals will be delivered by an external trust, the Nelson Festivals Trust (the Trust) and as part of the process of transitioning to this new arrangement, Council's delivery of the 2018 Festival will be shadowed by the Trust. A detailed Transition Plan is under development to support a successful transition of responsibility for delivery of the 2019 Arts Festival from Council to the Trust from 1 November 2018.

During the 2017 Arts Festival, there were 66 different events totalling 122 performances from 11 to 27 October. Forty percent of the shows were free and

performed by locals. Eighty-one percent of the shows were sold out. There were 3,270 enrolments in the Masked Parade, including entries from schools, early childhood centres, youth organisations, community groups and individuals.

Nelson Arts Festival planning for the 2018 Festival occurred during the 2017/18 year. For the 2018 festival sponsorship has now been secured and the programme is completed for the festival running from 11 to 26 October 2018.

There was a decrease in the percentage of residents participating in Summer Events (41% in 2017/18 compared to 55% in 2016/17) and the Masked Parade (34% in 2017/18 compared to 39% in 2016/17), however, 25% of residents said that they attended Opera in the Park, which is only held every second year.

The Summer Events programme included New Year's Eve Countdown, Lantern celebration, Teddy Bear's Picnic, Summer Movies Al Fresco, Buskers Festival and Tahuna Summer Sounds. It also included Opera in the Park at Saxton Oval, which was held on 24 February 2018. The 2018 concert saw the return of the New Zealand Symphony Orchestra. The biennial event was well attended, despite it being relocated to Saxton Oval and cyclone Gita hitting the region three days prior to the event being held with over 7,200 paying attendees.

The Nelson Buskers Festival brought some of the world's buskers to Nelson for shows and performances in February. A youth event, 'Young and Inspired – Living My Dream' was held in May and celebrated the achievements of eight young people who shared their stories. Other events for youth included Laugh Nelson, with stand-up comedy and improvised theatre sports skits, as well as the Masked Parade and Carnivale.

The tenth international Kai Festival was held on 6 February in partnership with Whakatū Marae and was attended by 7,000 people.

China Week was held in November, and celebrated Nelson's close relationship and historical links with China, through Sister Cities Huangshi and Yangjiang. Events held during the week included sessions on Doing Business with China, a Tai Chi Demonstration, a Theatre and Music Night and other activities including the Confucius Institute presenting Chinese calligraphy, Chinese knot making and Chinese lantern making; food and refreshments, music, art displays, table tennis, and performances from visiting schools and more.

In October 2017, Council commemorated 100 years since Passchendaele by creating a living art event around Nelson. Histrionics Living History Group were funded by the Heritage Activities Program to create a street performance of "frozen soldiers"





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based on real live Nelson people, where the public had the opportunity to learn their Passchendaele stories including stories of nurses and Māori Battalion characters.

The Heritage Festival in April 2018 broke new ground expanding the past “Heritage Week” into a comprehensive three week festival of over 40 events. Community ‘Event Hosts’ were engaged with Council budget of \$20,000 being matched by host resources. Surveys showed that 94% of respondents rated the event a four or five out of five.

Two Heritage publications were circulated including ‘The Cultural Heart’ brochure, in its second year promoting summer activity at Council’s cultural attractions, and the launching of a Heritage House leaflet directly promoting Broadgreen, Isel and Melrose Houses.

Broadgreen House welcomed more than 2,600 visitors during 2017/18. The Age of Grace exhibition ran over the summer season showcasing silk and lace garments from the Broadgreen Textile Collection. Programmed events during the year included Among the Roses featuring national pop-opera singer Yulia, the popular Textile Kids series, Open Days and Traditional Crafts and Lost Arts series which launched during this year’s Heritage Festival. An urgent cob repair was attended to and significant planned conservation work was completed on the original conservatory and balcony of this Heritage A listed building.

Isel House welcomed more than 4,000 visitors during 2017/18. The Thursday evening Twilight Markets that are run by a local Stoke resident and the Café tenant have both proved to be popular, both in their second season. Isel House signature event BLOOM, which focuses on gardening and flower activity, also in its second year was well attended. The new exhibition, Gone Tomorrow: Local Lads of World War One opened in the returned soldier’s room. New carpet was laid in an upstairs rear room in preparation for residencies

and planned maintenance of gully related roof leaks completed.

As part of the Heritage Festival, Melrose House Society organised; Heritage Talks, an evening with Lord Nelson, a floor talk with a National Antique dealer and hosted a Bloomers and Tweed Bicycle Ride with Kate Sheppard to celebrate 125 years of Women’s Suffrage. The Society also installed radiators in the custodian residence, upgraded venue equipment to support business meeting hires, including art projection equipment and a PA system and contributed to public internet and WIFI throughout the house. The Society also secured Café tenants who have signed a sub-lease.

Council adopted an International Relationships Policy in July 2018, after consultation with the community in November 2017. It was developed with input from the Sister Cities Co-ordinating Group and provides guidance on managing existing relationships and requests for future relationships, protocols in relation to visits between cities Council has a formal relationship with, allocation of budgets and roles and responsibilities of Council staff and community.

New Christmas banners were produced and a Christmas tree installed for Christmas in 2017. Local artists and volunteers from Community Art Works and the Light Nelson Collective worked with Council to create the new Christmas decorations, including a public display inside the Cathedral.

Arts Council Nelson administered the Nelson City Creative Communities Scheme on behalf of Creative New Zealand and Nelson City Council. The scheme contributes financial assistance toward arts based projects which clearly demonstrate community benefits. Funding (\$37,186 in total) was awarded to 34 eligible projects during 2017/18.

In April 2018 the Nelson Centre of Musical Arts (previously called the Nelson School of Music) opened its doors after being closed since 2013 due to earthquake risk. Grant funding of \$125,000 for



operating expenses was provided during the year to the Centre. In addition, in March 2018, Council approved and provided a loan of up to \$680,000 to the Centre which is repayable to Council by June 2020. Since opening in April, community involvement has expanded, providing rehearsal and meeting facilities on a regular weekly basis to seven local choirs and orchestras and providing community rates to a further 12 music and performance groups. The Centre also offers administrative services, event marketing services, advice and leadership for those organisations, including facilitation of shared resources such as a purpose-built recording facility.

Libraries

The door count across the three libraries was 460,237 for the year, with 318,719 of these visits being to the Elma Turner Library.

There were 721,690 checkouts during the year. 76% of these were from Elma Turner, 23% from Stoke and 1% from Nightingale Library Memorial. The number of WiFi sessions at Nelson libraries increased dramatically from 2016/17 when there were 65,430 sessions, to 2017/18 when there were 197,771 sessions.

In September 2017, Nelson Public Libraries celebrated 175 years of service to the public. Nelson is the first and oldest public library in the country. The library was established at sea on one of the three Wakefield settlers' ships on its way to Aotearoa.

The Library continued holding events, with Nelson Heritage Week taking place in April 2018 including author talks by Graeme Lay, Stephanie Parking and

Fiona Kidman. There was also the Stem Writer's book launch over this period. New Zealand Music Month was celebrated in May, with a number of local performers showcasing their talent in the library. The annual 'Murder in the Library' event was also held, which celebrated New Zealand crime fiction. The first Spanish Storytime, which had 15 children along with their parents, was a positive development. Staff were also involved in a Sign Language class which resulted in a Sign Language story time and a video which was used by Deaf Aotearoa as part of a report to the Ministry of Education.

The refurbishment of the Nightingale Library Memorial building took six weeks through September and October and the library was closed to the public for that period. Close liaison with the Tahunanui Community Centre allowed many of the organisations that used the library to meet at the Centre instead, and for books to be dropped off. The library was reopened on 15 October. The hallway area is now a bright and welcoming space which has been much enjoyed by the public, and the new layout in the main library has been well received.

Ipads are being rolled out around the library to replace the old catalogues. These have been positively received by users.

Stoke Library attracted a number of disaffected youth for a period during the year. This led to the need for extra youth support which has led to improvements. Council is looking at future initiatives to support youth in Stoke.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our communities are healthy, safe, inclusive and resilient	Council provides leadership and fosters partnerships, as well as community engagement. Council supports and mentors youth to become the leaders of the future.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Attractive and functional community facilities and spaces are available for community use and to bring people together.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Residents and visitors are encouraged to explore our diverse heritage and historic places. Venues, activities and events that support and celebrate our creativity are accessible to all ages and incomes. Council supports initiatives that promote understanding of Māori culture and tikanga.
Our communities have access to a range of social, educational and recreational facilities and activities	Facilities, events and services support community cohesion and an inclusive, welcoming city. Healthy lifestyles are supported with opportunities to be active and participate in the community.
Our region is supported by an innovative and sustainable economy	Arts and heritage activities and events support the local economy and attract visitors to our region.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Arts and community events that showcase excellence and encourage participation.	Attendance levels.	Attendance levels meet or exceed benchmark: 53% attend Summer Festival 44% attend Masked Parade 31% attend Arts Festival 30% attend Opera in the Park	In the 2017/18 Residents' Survey: 41% attended a summer festival event (compared to 43% in 2015/16 and 55% in 2016/17). 34% attended the Masked Parade (compared to 34% in 2015/16 and 39% in 2016/17). 25% attended an Arts Festival Event (compared to 22% in 2015/16 and 27% in 2016/17). 25% attended Opera in the Park (Opera in the Park was not held in 2016/17) and 35% did not attend any of the surveyed events (compared to 38% in 2015/16 and 33% in 2016/17)	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Suter Art Gallery provides a diverse and stimulating programme of visual arts' exhibitions.	Satisfaction levels (Residents survey).	80% of users satisfied or very satisfied with the Suter Art Gallery.	<p>58% of residents say they have visited the Suter Art Gallery in the last year.</p> <p>Nelson Central and Nelson North Area residents are more likely to have visited the Suter Art Gallery in the last year, than Stoke and Tahunanui Area residents.</p> <p>Of those residents who have visited the Art Gallery in the last year, 85% are very satisfied/satisfied and 6% dissatisfied/very dissatisfied.</p> <p>The main reasons residents are dissatisfied with the Suter Art Gallery were:</p> <ul style="list-style-type: none"> • don't like the exhibits/limited display, mentioned by 1% of all residents, • issues with the building/facilities, 1%, • too much spent/waste of money/ better spent elsewhere, 1%, • only appeals to selected few, 1%. 	Achieved
	Number of gallery visits per year.	32,000 visits to the Suter Art Gallery (excludes the café)	<p>The Suter was open to the public 362 days. (Closed as advertised: Christmas day, New Year's Day and Good Friday)</p> <p>There were 154,432 recorded on-site visits to the Suter Complex, a 51% increase on 2016/17. The number of visits to the Art Gallery only was not measured.</p>	Not measured
	Number of Suter complex visits per year.	110,000 visits to the Suter complex	<p>The Suter was open to the public 362 days. (Closed as advertised: Christmas day, New Year's Day and Good Friday)</p> <p>There were 154,432 recorded on-site visits to the Suter Complex, a 51% increase on 2016/17.</p>	Achieved
Theatre Royal widely used for performance art.	Number of performance days.	At least 278 performance days (75% occupancy).	The Theatre Royal was in use for 318 days in 2017/18. This compares to 329 in 2016/17, 276 in 2015/16 and 283 in 2014/15.	Achieved
Art works enhance public spaces.	Satisfaction levels (Residents Survey).	75% are satisfied or very satisfied with public art.	42% of residents are very satisfied/satisfied with the public art in Nelson (49% in 2016/17 and 55% in 2015/16), while 29% are dissatisfied/very dissatisfied (23% in 2017). 28% are neither satisfied nor dissatisfied.	Not achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			There are no notable differences between areas/age/sex, in terms of those residents who are dissatisfied/very dissatisfied with public art in Nelson.	
Libraries that are well used, welcoming and safe environments.	Customer satisfaction, Library membership, door count, online usage.	Residents Survey (as available)	<p>92% of residents are very satisfied/satisfied with public libraries in Nelson, with 55% being very satisfied. 3% are dissatisfied/very dissatisfied and 5% are neither satisfied nor dissatisfied.</p> <p>92% of residents who mainly use/visit Elma Turner Library are satisfied, while 95% of Stoke Library users/visitors are satisfied.</p> <p>This compares to 87% of residents that were satisfied or very satisfied with public libraries in 2015/16 and 98% of library users that were satisfied or very satisfied and to 88% of residents that were satisfied or very satisfied in public libraries in 2016/17 and 94% of library users that were satisfied or very satisfied.</p>	Achieved
		At least 75% of the population are library members.	<p>41,439 people are library members at Nelson City Council libraries.</p> <p>The database for library members records the postcode that those members live in. 35,750 members have a Nelson postcode. It should be noted that there are some members that have not included a postcode and these members are not included in the 35,750.</p> <p>The estimated population for Nelson from Statistics New Zealand at 30 June 2017 is 51,400.</p> <p>Therefore, based on the library members with Nelson postcodes, and the estimated population at June 2017, 70% of the Nelson population are library members.</p> <p>This is the first year that data has been analysed based on postcode information. The membership database has been updated to use</p>	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
			an online form that uses an address finder which will improve accuracy of membership postcodes for new members. The result from 2016/17 was that 77% of the population were library members however this was not adjusted to remove members from outside the region.	
		Door count more than 500,000	The door count for 2017/18 was 460,237 made up of 318,719 at Elma Turner Library, 127,048 at Stoke Library and 14,470 at Nightingale Library Memorial. Nightingale Library Memorial was closed during July to October, with a new counter installed in November. This compares to 505,792 in 2016/17, 500,116 in 2015/16 and 492,638 in 2014/15.	Not achieved
		Online usage continues to increase each year.	Online usage continues to increase. Online usage in 2017/18 was 2,022,647. This is a significant increase from previous years, and compares to 987,077 in 2016/17, 914,209 in 2015/16 and 778,242 in 2014/15. It should be noted that there were a couple of changes during the year that may have impacted on this result. New, faster internet was provided at the libraries, which impacted on the number of users of library wifi. In addition, the wifi connection changed so that when users sign in to the wifi, they are directed to Council's library site, increasing the number of users of the website. In addition, new iPads for online library catalogues were installed in the library which automatically refresh more regularly than the old PC catalogues.	Achieved



FINANCIAL PERFORMANCE - SOCIAL

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	11,300	12,323	12,560	11,731
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	300	178	296	328
Fees and charges	758	588	917	1,170
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,614	1,652	1,577	1,713
Total Operating Funding	13,972	14,741	15,350	14,943
Applications of operating funding				
Payments to staff and suppliers	12,960	11,737	12,561	12,209
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,254	1,483	1,478	1,483
Other operating funding applications	0	0	0	0
Total applications of operating funding	14,214	13,220	14,039	13,692
Surplus (Deficit) of operating funding	(242)	1,521	1,311	1,251
Sources of capital funding				
Subsidies and grants for capital	22	22	22	1,044
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	6,740	(198)	4,340	4,723
Gross proceeds from sale of assets	0	0	0	1
Lump sum contributions	0	0	0	0
Total sources of capital funding	6,762	(176)	4,362	5,768
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	1,094	599	572	490
- to improve level of service	443	442	4,816	5,684
- to replace existing assets	5,096	404	385	301
Increase (decrease) in reserves	0	0	0	(37)
Increase (decrease) in investments	(113)	(100)	(100)	580
Total applications of capital funding	6,520	1,345	5,673	7,019
Surplus (Deficit) of capital funding	242	(1,521)	(1,311)	(1,251)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

Fees and charges and other operating income are above budget, largely due to higher than budgeted income from the Brook and Tahuna campgrounds.

A redistribution of staff time has decreased costs in this activity by \$545,000. There is additional expenditure of \$190,000 relating to the unplanned opening of Brook Camp, and \$228,000 has been accrued in the year under an agreement to assist the Suter gallery with the funding of its maintenance and renewal programme.

Subsidies and grants for capital include the transfer into Council ownership of the indoor cricket and rifle range facility at Saxton Field. This is offset by an increase in capital expenditure.

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

Other non-cash income includes an increase in the fair value of investments.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	(242)	1,521	1,311	1,251
Subsidies and grants for capital expenditure	22	22	22	1,044
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	(1)
Depreciation	(1,266)	(1,340)	(1,307)	(1,228)
Other non-cash income	0	0	0	215
Net Surplus (Deficit) before taxation in Cost of Service Statement	(1,486)	203	26	1,282





PARKS AND ACTIVE RECREATION

ABOUT COUNCIL'S PARKS AND ACTIVE RECREATION ACTIVITIES

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. It also manages a range of parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast.

HIGHLIGHTS FOR 2017/18

Parks and Reserves

Council approved a site at Andrews Farm, for the development of additional recreation facilities in the Brook Valley area. The development included approximately 30 carparks and a toilet and wash down facility for bikes on the site. The development of the Brook Mountain Bike Hub is currently underway and expected to be completed in December 2018.

Council and the Nelson Mountain Bike Club have cemented their long-standing working relationship with the official signing of a Memorandum of Understanding. The agreement gives direction as to how the organisations will work together, and establishes a working group to ensure good communication on both sides.

October saw the opening of the new mountain bike trail on Fringed Hill, which has been named Te Ara Koa Trail (trail to happiness). It is one of the longest purpose-built single track mountain bike trails in the country and is an intermediate grade track that is 5.1km long and descends 700 vertical metres.

Ministry of Business, Innovation and Employment (MBIE) announced that it has allocated \$2.4m to extend and upgrade the Great Taste Trail. The funding will see the track extended to become a multi-day ride. This is the first major investment to be made through the Nga Haerenga, the New Zealand Cycle

Trail Enhancement and Extension Fund. The Nelson Tasman Cycle Trails Trust has worked with landowners to secure the land needed for the extended trail. As well as the \$2.4 m from MBIE, funding for Stage Two is being provided from Tasman District and Nelson City Councils, New Zealand Transport Agency, corporate sponsorships, volunteers and grants.

The Reserve that had been informally known as Emano East Reserve was officially named during the year as Te Manu Reserve.

The construction of a 640 metre shared path within Saxton Field, which runs from the cricket oval to the indoor stadium, was completed. This work involved 1400m² of concrete and 180m² of asphalt. The path has now improved the safety and usability of Saxton Field for all users.

Council decided to bring forward expenditure to replace the turf at Trafalgar Park. The process involved removing the surfaces and levelling the field before installing slit drains, a sand carpet and sowing the field. Council also took the opportunity to improve the irrigation system while this work was being done. Following the turf replacement, work has commenced to prepare the park for its first All Blacks test in September, with various levels of construction to be carried out, including putting up stands.

During 2017/18, Council's pools celebrated two milestones – Riverside Pool's 90th anniversary and Nayland Pool's 40th anniversary.

Council upgraded the Octopus's Garden playground at Ngawhatu Reserve in Stoke. The upgrade included four traditional playground items, three natural play spaces and new landscaping, including wheelchair accessible paths to access the swing and slide and more than 1,000 new plants and grasses. As well as an information board being installed, octopus facts were installed on small oval plaques hidden on posts throughout the area.



Recreation and Facilities

The official opening of the Saxton Velodrome was in February. The velodrome is a joint project between Tasman District Council, Nelson City Council and the Saxton Velodrome Trust to build an outdoor cycle velodrome at Saxton Field. This is a new regional facility to replace the existing track at Trafalgar Park. With a 333 metre long sealed competition track and a learn-to-ride area, the velodrome is for all ages and abilities to enjoy.

The resource consent to commence a trial at the Modellers Pond was received and orders for the equipment and product were placed in the financial year. The trial will run for between 12 and 18 months.

During the year, the Days Track pedestrian access from Moana Avenue to Grenville Terrace was reconstructed and reinstated. Part of the opening included the Days Track Group unveiling the new Community Couch. A heritage panel was also unveiled at the Moana Avenue end of the track, outlining the history of the track. This section of the track had been closed since the rain event in December 2011.

The Trafalgar Centre, which opened in April 2017 following improvements, had a busy year with over 36,000 participants visiting the centre. A wide range of events were held at the centre from the Chamber of Commerce Business Awards to the Cancer Society Ball to Nelson Giants Basketball games. The venue is being managed by Community Leisure Management (CLM).

Council adopted the Marina Strategy in December 2017, following consultation with key stakeholders and the Nelson Marina Advisory Group. This sets out the vision for the future of the marina and a ten year plan for improvements in the area.

Council prepared a draft Freedom Camping Bylaw and consulted on it in 2017. There were 226 submissions received and, following deliberations, Council made some changes to the Bylaw before adopting it. The Bylaw came into effect from 1 December 2017, in time for the peak summer season. The Bylaw prohibits camping in non-self-contained vehicles anywhere within the city, apart from in official campgrounds or at other private accommodation providers. For self-contained vehicles, restrictions have been imposed on the numbers of vehicles and the areas where they can park. For the year, Council had a budget of \$100,000 for enforcing the Nelson City Freedom Camping Bylaw. The approach taken by officers for enforcement was to inform campers of the rules during the evening patrol and if necessary, issue infringement notices during the following morning patrol. During the summer period from 1 December 2017 to 31 March 2018, a total of 718 verbal warnings were given and 220 infringement notices were issued.

A new hybrid cathodic protection treatment was used on the Trafalgar Park Footbridge, which is designed to give the bridge a 50 year life. The contact with the tidal salt water makes this location a tough environment for reinforced concrete.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

Community outcomes	Contribution
Our unique natural environment is healthy and protected	Council is guardian to many special ecosystems as well as a range of open spaces for active and passive recreation. It works to preserve and enhance those areas through biodiversity protection, better links and connections, and well-designed plantings.
Our urban and rural environments are people-friendly, well planned and sustainably managed	Council open space is designed to be accessible, safe and to encourage activity for people of all ages and abilities.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Māori culture and traditions are understood and supported. Council's parks and reserves are inclusive, welcoming spaces that facilitate a healthy lifestyle.
Our communities have access to a range of social, educational and recreational facilities and activities	A range of recreational facilities and opportunities are provided. Heritage within open space areas is protected and appropriate interpretation provided.

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
A network of parks and reserves throughout the city protecting and enhancing the natural environment and providing enjoyment, leisure and recreation opportunities for both residents and visitors.	The total area of parks and open space available for recreation.	Current parks and open space provision will not be reduced except where divestment offers clear net benefits to the community.	The total land in parks and reserves in 2017/18 was 11,250 hectares. No reserves were divested during the year. No reserves were divested in 2016/17 either.	Achieved
	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.	In the 2017/18 Residents' Survey, the majority of residents (85%) are satisfied or very satisfied with parks and recreation, including gardens, sports grounds, sports venues, pools, playgrounds and reserves. This compares to 82% in 2016/17 and 86% in 2015/16.	Achieved
Recreation opportunities for people of all ages and abilities is provided.	Level of customer satisfaction.	Customer satisfaction at least at levels of 80%.	In the 2017/18 Residents' Survey, 70% of residents are satisfied or very satisfied with recreational opportunities in the area. This compares to 70% in 2016/17 and 65% in 2015/16.	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Areas of heritage or cultural importance in parks and reserves appropriately protected.	Level of consultation with Tangata Whenua o Whakatū occurring.	Tangata Whenua o Whakatū will be consulted on all new or reviewed reserve management plans to determine if areas of cultural significance exist.	No new or reviewed Reserve Management Plans commenced in 2017/18 to date therefore no consultation with Tangata Whenua o Whakatū on these items has occurred in the period.	Not applicable
	Number of requests for access to cultural material facilitated.	Provide access to cultural materials such as flax, toetoe, pingao and other resources where it is consistent with sustainable management.	There was one request for access to cultural materials during 2017/18. This was to harvest watercress and was granted.	Achieved
	Level of compliance with the Heritage New Zealand Pouhere Taonga Act 2014.	All known historical and archaeological sites managed in accordance with the Heritage New Zealand Pouhere Taonga Act 2014. Inventory of all known sites kept up to date.	Council maintains an up to date record of the Heritage NZ List of Historic Places. Council also subscribes to the NZAA Archsite database of known archaeological sites, and in the 2017/18 year has managed all known sites in accordance with the Heritage New Zealand Pouhere Taonga Act 2014. The above reflects the same level of compliance/service as in 2016/17 and 2015/16.	Achieved
Neighbourhood parks within walking distance of all homes, providing play opportunities, open space and amenity values.	Neighbourhood parks within walking distance of 95% of all homes.	One neighbourhood park within reasonable walking distance (500m radius or a ten minute walking distance) of most urban residential properties and easily accessible, ideally from more than one road frontage.	Council's parks provision complies with target of neighbourhood parks within walking distance for 95% of all homes. This target was also achieved in 2016/17 and 2015/16.	Achieved



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Trafalgar Centre.	Number of people using the Trafalgar Centre and total hours used.	Annual number of users exceeds 80,000	<p>The number of users for 2017/18 was 36,307, which is an increase of 15% on the 2016/17 year. Figures are based on a combination of estimates up until October 2017, and more accurate reporting from November 2017, when the new contractor was settled into their role and able to provide more accurate measurements on a monthly basis. There were 31,542 visitors used the Trafalgar Centre during the 2016/17 year. This was based on estimates from our contractor who was managing the facility in a caretaker capacity. 2018/19 will be the first full year where numbers are more accurately measured through the most accurate methods depending on the event, including ticket sales, maximum capacities and reporting from the event organiser. The slight increase from 2016/17 could be attributed to more accurate reporting, and a full calendar year of the venue being operational.</p> <p>The Trafalgar Centre reopened in April 2017 and reporting of use over the 2016/17 year was not as accurate as it is now.</p>	Not achieved
		Annual use hours exceeds 2,500/year	<p>The Trafalgar Centre was used for 1,267 hours during the 2017/18 year, nearly double that from 2016/17. Duration of use is currently recorded in days, with a day averaging out as 12 hours. This statistic reflects event days only, and does not include days or hours used for the set up and pack down of each event, which can be up to seven times longer than the event day itself. The venue is in use during this time, although not open to event attendees. The increase from 2016/17 can be attributed to more accurate reporting methods, and a full calendar year of the venue being operational.</p> <p>The Trafalgar Centre reopened in April 2017 and reporting of use over the 2016/17 year was not as accurate as it is now.</p>	Not achieved

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Swimming pools that meet the needs of users and provide opportunity for aquatic based recreation activities and learn to swim programmes.	Level of accessibility of public swimming pools.	Provision of a swimming pool that is within 10km driving/ cycling distance of 80% of Nelson's population.	In 2017/18, 96% of dwellings in the residential zone are within 10km of Nayland or Riverside Pool. This compares to 96% in 2016/17 and 94% in 2015/16.	Achieved
	Annual user satisfaction surveys.	80% of customers satisfied or very satisfied with the swimming pools (CLM survey).	42% of residents have used or visited a pool in the past year. Overall, 72% of pool users are satisfied or very satisfied with the pools in the area. This compares to 41% of residents that used a pool in 2016/17 with 78% of users satisfied or very satisfied in that year.	Not achieved
Financially sustainable marina facility.	Level of self funding of the marina.	No cost to rates to operate the marina - fees and charges cover the maintenance and renewal of marina facilities and repayment of debt.	There was no cost to rates to operate the Marina - fees and charges cover the maintenance and renewal of Marina facilities and repayment of debt. This was also the case in 2016/17.	Achieved
Public Toilets Accessibility	Accessibility of Public toilets to residents and visitors in areas of high public use.	Toilet facilities are provided within 200m of any point within the central city and suburban centres.	Toilet facilities are provided within 200m of any point within the central city and Stoke. In Tahunanui, toilet facilities are provided within 200m of the suburban commercial area (excluding the area south of the Muritai Street Tahunanui Drive intersection). This is unchanged from previous years.	Achieved
		Minimum cleanliness level >90% (based on staff audit).	The cleanliness level for 2017/18 was 99.24%. The cleanliness level for 2015/16 was 98.95% and for 2016/17 was 99.5%.	Achieved



FINANCIAL PERFORMANCE - PARKS AND ACTIVE RECREATION

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,926	13,417	12,523	13,132
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	5
Fees and charges	1,975	2,014	2,288	519
Internal charges and overheads recovered	0	0	449	468
Local authorities fuel tax, fines, infringement fees, and other receipts	1,120	1,143	1,662	3,167
Total Operating Funding	16,021	16,574	16,922	17,290
Applications of operating funding				
Payments to staff and suppliers	9,570	9,583	10,929	11,244
Finance costs	0	0	0	0
Internal charges and overheads applied *	3,403	3,396	2,840	2,746
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,973	12,979	13,769	13,990
Surplus (Deficit) of operating funding	3,048	3,595	3,153	3,300
Sources of capital funding				
Subsidies and grants for capital	149	276	575	196
Development and financial contributions	1,238	1,268	1,652	1,930
Increase (decrease) in debt	2,014	31	2,103	556
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	3,401	1,575	4,330	2,682
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	3,996	1,998	3,087	2,205
- to improve level of service	415	1,021	1,176	1,333
- to replace existing assets	2,038	2,151	3,220	2,539
Increase (decrease) in reserves	0	0	0	(95)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	6,449	5,170	7,483	5,983
Surplus (Deficit) of capital funding	(3,048)	(3,595)	(3,153)	(3,301)
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

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

Payments to staff and suppliers is \$315,000 greater than budget. A budgeted transfer to TDC of \$949,000 for capital works at Saxton Field did not occur. Offsetting that, there was \$518,000 unbudgeted expenditure relating to the February storms (partially funded from the Disaster Recovery Fund), \$100,000 maintenance costs for the Modeller's pond additional to budget and \$91,000 in additional tree maintenance.

\$384,000 in budgeted donations for the Modeller's Pond redevelopment have not been received and the scope of the project is under review.

Capital income from subdivision reserve contributions greater than budget by \$278,000 is driven by higher levels of development activity.

\$1.5 million less debt than budgeted reflects the lower than budgeted capital expenditure. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

Unbudgeted non cash expenditure represents abandoned assets.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	3,048	3,595	3,153	3,300
Subsidies and grants for capital expenditure	149	276	575	196
Development and financial contributions	1,238	1,268	1,652	1,930
Vested Assets	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Depreciation	(3,164)	(3,311)	(3,157)	(3,106)
Other non-cash income	0	0	0	48
Other non-cash expenditure	0	0	0	(505)
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,271	1,828	2,223	1,862





ECONOMIC

ABOUT COUNCIL ECONOMIC ACTIVITIES

Council has a role to create a successful, sustainable region and achieves this largely through providing infrastructure, and fostering economic development. The focus is on activities where increased effort is likely to be most positive for the region.

HIGHLIGHTS FOR 2017/18

Council's economic activity includes funding to the 100% Council owned organisation, the Nelson Regional Development Agency (NRDA) to enhance the sustainable economic vitality of the Nelson Tasman Region. The main focus areas of the NRDA this year has been establishing the Nelson Tasman identity story framework and tools, enhancing the NRDA role in the Nelson Tasman innovation ecosystem, supporting the initial phases of the region's economic development strategy, and continuing to promote the destination as an extraordinary place to visit, explore, play, grow careers and enjoy family life.

NRDA attracted over \$1.53m of business development and research and development investment funding to the region in 2017/18, an increase of 21% since 2016/17. This funding reached 350 companies. Collaboration with the Nelson Tasman Chamber of Commerce and Nelson Marlborough Institute of Technology has created the Mahi Tahi Colab regional innovation and collaboration hub at Nelson Marlborough Institute of Technology.

The initial phases of the region's economic development strategy Te Tau Ihu 2077 are underway to provide access to the Provincial Growth Fund. Partnering with the visitor sector and other stakeholders has seen an 8%³ increase in the value of tourism to the region this year and a significant improvement in the seasonality.

The Nelson Tasman Regional Identity has been developed by the NRDA. The roll-out of the identity

focuses on what the NRDA can do as an enabler of others, with a greater focus on creating platforms, channels and practical tools which partners, locals and consumers can utilise to reinforce the regions identity over time.

There are over 200 story telling tools available for the community to use on: www.nelsontasman.nz/our-story/.

The NRDA administered the Nelson Events Fund on behalf of Council. Allocations have been made to Marchfest, Ocean Swim Series, Festival of Golf, Wairua Warrior, Art Expo Nelson, NZ Cider Festival, Cricket One Day International and All Blacks amongst others.

In addition, Community Events that were funded included Race Unity Day, Santa Parade, and Isel Twilight Market amongst others.

Council adopted an Events Strategy following consultation. The Events Strategy will provide clearer direction for funding and also helps ensure that ratepayers receive the best return on investment.

Visitors to Nelson are an important part of the economy. Total regional visitor spend in 2017/18 was \$379m⁴, an increase of \$28m or 8% over 2016/17.

Three cruise ships visited Port Nelson this season bringing a total of 948 passengers and 693 crew.

Fifty two media visits were hosted resulting in 1,648 media stories being generated. In addition 190 international trade visitors were hosted.

Further to this, NRDA attended TRENZ (Tourism Rendezvous New Zealand) which is the largest tourism industry event in New Zealand. Formal meetings were held with 56 key international and New Zealand-based trade agents. Each of these meetings produced leads to pass to our local tourism operators.

³ Note, this figure is Nelson only, for Nelson Tasman, there was a 10% increase.

⁴ Note, this figure is for Nelson only, the figures for Nelson-Tasman are \$711m, an increase of \$67m or 10%

The following international marketing events were attended by NRDA: July 2017 East Coast USA (Washington DC, Philadelphia, and Boston, New York); September 2017 Europe Aotearoa on the Road (UK, Switzerland, and Germany); February 2018 Australia Sydney Regional Tourism Operator Workshop. Nelson also received representation at a further three international events via an International Marketing Association relationship with Marlborough District Council.

Activity related to Sister Cities in 2017/18 included an intern from the Japan Local Government Centre visiting Council in October, a visitor from Fortuna visiting Nelson in March, and six secondary school students visiting Yangjiang as guests of the Liangyang Senior High School, staying in the school and attending classes for five days. They were accompanied by members of the Nelson Branch of the New Zealand China Friendship society.

The Nelson Tasman Business Trust operated in 2017/18 offering assistance to start-up and existing businesses in the region. The Regional Business Partner programme is a partnership between central government, the Nelson Tasman Chamber of Commerce, Marlborough Chamber of Commerce, Nelson Tasman Business Trust and Business Trust Marlborough. It also provides support for business development and innovation in the region.

Education Nelson Marlborough continued work to support the development and growth of international education in the region.

Uniquely Nelson, which promotes over 600 Nelson City shops, businesses, cafés and restaurants, continued

to support and strengthen existing partnerships and develop strategies for all year round business resilience and success. Uniquely Nelson launched the new Uniquely Nelson website during the year.

Council provided a contribution of \$15,000 for a temporary beach bus service. This ran over the Christmas period from the central city to Tahunanui Beach.

Saxton Oval held international games of cricket during 2017/18, with both Pakistan and the West Indies playing there. In 2018/19, there will be an international game with the Black Caps playing Sri Lanka at Saxton Oval in January.

It was announced during the year that the All Blacks will play their first test match at Nelson's Trafalgar Park on 8 September 2018 against Argentina, as part of the Investec Rugby Championship.

Council undertook a special consultative procedure in 2017/18 to seek community feedback on a proposal to contribute funding to the Waimea Dam project in the Tasman District. Following this consultation, Council decided to allocate \$5 million for a grant to the Waimea Dam project in year three (2020/21) of the Long Term Plan 2018-28 subject to a number of conditions. The Waimea Dam is included in the economic activity section of the Long Term Plan 2018-28. Tasman District Council has not yet made a final decision on the proposed dam.

NRDA's 2017/18 Annual Report will be available on its website when it is completed.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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



SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Infrastructure to provide for a sustainable local and regional economy.	Council investment in infrastructure networks as measured by total value of network assets (transport, water supply, wastewater and stormwater) at net present value (\$).	Total value of Council's network assets is maintained or increased.	The net present value calculation has not been completed. The valuation of infrastructure assets increased by \$43.610 million to \$1,168 million at June 2018. The valuation of infrastructure assets in 2016/17 was \$1,124 million, which was a \$30 million increase from the 2015/16 year.	Achieved
	Value of capital projects completed each year.	Total value of capital projects is maintained or increased compared to previous year.	The value of capital project addition totalled \$26.457 million at June 2018 (compared to \$26.7787 million to June 2017).	Not achieved
Facilitate economic development for the benefit of the community.	Amount of government business support funding accessed for the region.	Government business support funding is maintained or increased and budgeted grants for research and development, and capability development are fully allocated to businesses.	Nelson Regional Development Agency attracted over \$1.53 million of business development and research and development investment funding to the region in 2017/18, an increase of 21% since 2016/17. This funding reached 350 companies. Collaboration with the Nelson Tasman Chamber of Commerce and Nelson Marlborough Institute of Technology (NMIT) has created the Mahi Tahī Colab regional innovation and collaboration hub at NMIT.	Achieved
Promotion of Nelson to increase the economic value of tourism.	Number of tourism guest nights annually.	Increase the number of tourism guest nights annually.	For Nelson, total annual tourism guest nights for the year ended June 2018 was 764,268 compared to 715,744 in 2016/17 which is an increase of 6.8%. For Nelson Tasman combined, total annual tourism guest nights for the year ended June 2018 were 1,489,756 compared to 1,475,577 in 2016/17 which is an increase of 1%.	Achieved
	Number of tourism guest nights in the off-peak months.	Increase the number of tourism guest nights in the off-peak months.	For Nelson, off-peak guest nights in 2017/18 (i.e. excludes December to February) were 486,624 compared to 442,825 in 2016/17 which is an increase of 9.9%. For Nelson Tasman combined, off-peak guest nights in 2017/18 (i.e. excludes December to February) were 846,040 compared to 789,066 in 2016/17 which is an increase of 6%.	Achieved



FINANCIAL PERFORMANCE - ECONOMIC

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,247	1,304	1,685	1,630
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	0	400	400
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	1,247	1,304	2,085	2,030
Applications of operating funding				
Payments to staff and suppliers	1,233	1,290	2,074	2,441
Finance costs	0	0	0	0
Internal charges and overheads applied *	14	14	11	11
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,247	1,304	2,085	2,452
Surplus (Deficit) of operating funding	0	0	0	(422)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	0	0	0	0
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	0	0	0	0
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	(422)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	0	0	0	(422)
Surplus (Deficit) of capital funding	0	0	0	422
Funding balance	0	0	0	0

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



2017/18 Annual Plan Variances against Long Term Plan

Additional operating funding has been provided to the NRDA to provide economic development and tourism services. This has been funded from the events contestable fund reserve leading to an decrease in reserves.





CORPORATE

ABOUT COUNCIL CORPORATE ACTIVITIES

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

Council's corporate activities include:

- Cost of democracy including meetings, publicity, councillor costs and elections
- Management of investments including rental properties, forestry, Civic House, the Port Company, Airport and Nelmac
- Council Controlled Organisations
- Long term planning, strategy development and policy
- Organisational assurance
- Financial reserves
- Emergency Response Fund

HIGHLIGHTS FOR 2017/18

During 2017/18, Council prepared, consulted on, and adopted the Long Term Plan 2018-28, which sets the work programme and rates for the next ten years. Through this process, Council received 434 submissions. The final Long Term Plan was adopted on 21 June 2018.

The preparation for the Long Term Plan was carried out over a number of months and included Council and Committee workshops as well as early engagement with the community on a range of issues.

As well as the Long Term Plan, eleven Asset and Activity Management Plans were prepared and draft plans approved by Council. Following adoption of the Long Term Plan in June, these Asset and Activity Management Plans are now being finalised before being adopted by Council.

Standard and Poor's affirmed Council's long-term credit rating at AA, stating that the outlook on this rating remains stable. This reflects Council's sound management and institutional framework, high level of budgetary flexibility and moderate debt burden.

Council received its Local Government New Zealand Excellence Programme report in October 2017, following assessment in February 2017. Council was awarded a BB rating and has asked to participate in a further review of performance as part of the priority of 'Lifting Council Performance' in the Long Term Plan 2018-28.

During 2017/18, a total of seven new cases about Council were opened by the Office of the Ombudsman all of which were under the Local Government Official Information and Meetings Act 1987. Of these cases, five were discontinued and two had a final opinion issued. The Ombudsman found that Council was entitled to refuse the request for information in one case and had good reason to withhold most of the information in the other case.

Council received quarterly reporting on its key risks during 2017/18. The Risk Management Policy and Council Risk Criteria were adopted by Council in August 2017. This Policy tailors the risk management process to Council's specific context and the application of the criteria help Council to manage risks consistently across the organisation.

As with any local authority, Council continues to face significant risks to the ongoing provision of lifeline services in the face of natural hazards.

Health and safety remained a focus of the organisation during 2017/18, with quarterly reports being provided to Council covering key health, safety and wellbeing updates. Other due diligence activities councillors carried out included site visits to a number of work places during the year.

Addressing an increase in security incidents at Stoke Library was a significant focus during November and



December. The response involved staff from multiple business units across Council who prioritised this work. This has resulted in a number of short, medium and long term improvements with an overall increase in focus on health, safety and wellbeing for library staff.

Internal audit reviews were carried out and completed on contract renewals, control environment, Privacy Act and water service provision – contamination and sabotage prevention. Further audits commenced but were not completed in the financial year.

Council is required under section 17A of the Local Government Act 2002 to review the cost-effectiveness of current arrangements for meeting the needs of communities for good-quality local infrastructure, local public services and performance of regulatory functions. Reviews must consider options for the governance, funding and delivery of all Council services. These reviews were required following an amendment to the Local Government Act 2002 that required councils to undertake periodical reviews of cost effectiveness. These reviews will be ongoing. Council has completed the first round of reviews for significant areas.

During 2017/18, 1,699 rates rebates interviews were completed at Civic House, in the community and in homes.

In the 2017/18 Residents' Survey, 36% of residents were satisfied or very satisfied with opportunities to provide feedback and take part in Council's decision making in their community. This compares to 42% in 2016/17. The main reasons for being dissatisfied with the opportunities to provide feedback were that residents were not aware of any opportunities/didn't see or hear anything, lack of consultation/decisions made without consultation/heard about it afterwards, or that Council didn't listen to residents or didn't make the decisions residents wanted.

The Mayor's Christmas Dinner was held on Thursday 21 December, with Nelson chef, Steven Coyne from Harbour Light Bistro providing his time for free as the chef for the event.

A new Chief Executive started during the financial year, on 11 December 2017.

CCO and CCTO Annual Reports will be available on their websites when they have been completed and adopted.

PROGRESS ON ACHIEVING COMMUNITY OUTCOMES

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

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

SERVICE LEVELS AND PERFORMANCE

Measures from Year Three of the Long Term Plan 2015-25

What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
Effective and impartial election administration service that	Completion of election processes in 2013, 2016 and 2019.	Election on time, within budget, no upheld complaints	The election day was Saturday 8 October 2016. The voter return was 52.12%, being 18,853 votes.	Not applicable

Table continued >



What Council will provide	Performance measures	Target 2017/18	2017/18 (full year)	
			Full year result (2017/18)	Achieved/ Not achieved (2017/18) (Full year)
meets or exceeds legislative requirements.			There was no action during 2017/18 related to this performance measure. The next election is to be held in 2019.	
Effective engagement and consultation.	Resident satisfaction.	Maintain or improve on 2014 results.	<p>Overall, in the Residents' Survey 2017/18 36% of residents are satisfied or very satisfied with their opportunities to provide feedback.</p> <p>This compares to 42% in 2016/17, 37% in 2015/16 and 53% in 2014/15.</p> <p>Reasons for dissatisfaction with feedback opportunities included:</p> <ul style="list-style-type: none"> not aware of any opportunities/ don't see or hear anything, lack of consultation/decisions made without consultation/hear about it afterwards, don't listen to us/do what they want. 	Not achieved
Council Controlled Organisations (CCOs) that deliver net benefit to the community.	Refer to the CCO section of the Long Term Plan 2015-25 for specific measures for each CCO.	Council satisfied with attainment of six monthly CCO targets for all SOIs.	Council received six-monthly reports from CCOs and is satisfied with their performance. There are no remedial actions that have arisen from the six-monthly reports.	Achieved
Promote Māori participation in resource management and decision-making.	Level of Iwi/ Māori representatives' satisfaction with participation opportunities.	<p>At least 90% satisfied or very satisfied.</p> <p>Maintain or improve on 2015 results.</p>	<p>There was a low response rate to this survey with only one response received. This response stated that they were satisfied with opportunities to participate in decision making. An additional respondent was unable to comment on satisfaction over the past year, but did provide positive comments about working with Council in the resource management area.</p> <p>Both respondents to the 2015/16 survey responded saying that they were satisfied (100%) and two out of four respondents in 2016/17 responded that they were satisfied.</p> <p>This survey will not be carried out in future years and instead Council's measure for the 2018 Long Term Plan will look at the collaboration between iwi and councils on the development of a strategic framework.</p> <p>This is achieved, noting a very small sample size.</p>	Achieved



FINANCIAL PERFORMANCE - CORPORATE

Funding Impact Statement

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	(206)	(185)	633	2,132
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	5	5	7	7
Fees and charges	0	0	0	57
Internal charges and overheads recovered*	11,480	11,796	9,438	8,502
Local authorities fuel tax, fines, infringement fees, and other receipts	4,320	4,569	5,951	4,881
Total Operating Funding	15,599	16,185	16,029	15,579
Applications of operating funding				
Payments to staff and suppliers	5,945	6,023	6,884	7,543
Finance costs	6,176	6,539	4,536	4,241
Internal charges and overheads applied *	1,222	1,180	770	734
Other operating funding applications	0	0	0	0
Total applications of operating funding	13,343	13,742	12,190	12,517
Surplus (Deficit) of operating funding	2,257	2,443	3,839	3,062
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	15,363	8,940	23,277	(808)
Gross proceeds from sale of assets	0	0	0	59
Lump sum contributions	0	0	0	0
Total sources of capital funding	15,363	8,940	23,277	(749)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	291	345	991	355
- to improve level of service	1,044	889	2,257	248
- to replace existing assets	1,041	688	1,509	1,929
Increase (decrease) in reserves	360	240	(25)	(1,515)
Increase (decrease) in investments	14,883	9,221	22,384	1,296
Total applications of capital funding	17,619	11,383	27,116	2,313
Surplus (Deficit) of capital funding	(2,256)	(2,443)	(3,839)	(3,062)
Funding balance	0	0	0	0

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





2017/18 Annual Plan Variances against Long-term Plan

Internal income is less than budget because of changes in the capital programme over the whole of council.

Other operating income is \$1m less than budgeted. \$900,000 relating to forestry income that was incorrectly treated in the budget forms the bulk of the variance. Dividend income is \$199k less than anticipated; Port Nelson delivered \$250,000 more than budgeted, Nelmac \$102,000 less than budgeted, and the Nelson Airport did not declare their dividend before 30 June so no income was accrued.

Staff costs in this activity were \$356,000 higher than anticipated.

Internal charges (interest) have decreased in response to changes in the capital programme in 2017/18.

Debt required is less than budget due to lower than anticipated internal loans, and capital expenditure (\$2.2 million). The internal loans variance is also apparent in the less than budgeted increase in investments. Detail relating to variances in the capital programme can be seen in the section Summary of Capital Expenditure over \$100,000.

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

	Long Term Plan 2016/17 (\$000)	Long Term Plan 2017/18 (\$000)	Annual Plan 2017/18 (\$000)	Actual 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,257	2,443	3,839	3,062
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	3,124	3,187	0	0
Gross proceeds from sale of assets	0	0	0	59
Depreciation	(1,645)	(1,741)	(1,702)	(1,516)
Other non-cash income	0	0	0	703
Other non-cash expenditure				(843)
Net Surplus (Deficit) before taxation in Cost of Service Statement	3,736	3,889	2,137	1,465



FINANCIAL INFORMATION



Summary of capital
expenditure over \$100,000

Nelson City Council Financial Statements
AND NOTES TO ACCOUNTS –
Year ended 30 June 2018

Funding impact statement for the year ended 30
June 2018

Financial prudence

SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000

Project	Carry over 2016/17 (\$000)	Estimate 2017/18 (\$000)	Available 2017/18 (\$000)	Actual 2017/18 (\$000)
Transport				
Roads: Subsidised				
Airport Bridge Replacement	8	220	228	0
Bronte Street new footpath, Scotland to Collingwood	0	0	0	148
Drainage Renewals	0	103	103	95
Jenkins Creek shared path widening	4	117	121	10
Jenner Road Retaining Wall Renewal	0	314	314	0
Main Road Stoke cycleway Saxton Creek to Champion Road	0	255	255	51
Maitai footbridge cathodic protection	0	0	0	181
Minor Improvements	157	15	171	33
Oldham Bridge Replace	1	0	1	216
Railway Reserve/Princes Dr cycle crossing upgrade	0	104	104	7
Rocks Rd to Maitai shared path	0	1,560	1,560	0
Saltwater Creek Crossing	22	764	786	83
Saxton Growth Area Transport Programme	0	210	210	13
Sealed Road Pavement Rehabilitation	0	276	276	600
Sealed Road Resurfacing	0	1,381	1,381	852
Stansell Ave Retaining Wall	0	0	0	105
Streetlight conversion to LED	0	2,400	2,400	1,403
Traffic Services Renewal - Lighting	0	301	301	302
Roads: Unsubsidised				
Bronte Street new footpath, Scotland to Collingwood	8	180	188	0
Maitai Valley Road shared path modifications	0	150	150	9
Renewals: Footpaths	0	320	320	317
Rocks Rd cycling and walking project	98	3,033	3,131	0
Sundry Land Purchases - Growth	0	105	105	3
Tahunanui car parking improvements	204	0	204	1
Vested Assets	0	3,000	3,000	2,268
Inner City Enhancement - Car Parks				
Church Street Improvements	21	500	521	166
Renewal CBD Rubbish Bins	0	102	102	91
Public Transport				
Integrated Ticketing GRETS	0	129	129	139
Transport Projects under \$100,000	387	1,224	1,611	1,256
Total Transport	910	16,762	17,673	8,348
Water Supply				
Brooklands water renewal	0	0	0	282
Capital Roding RC Renewal	0	211	211	0



Project	Carry over 2016/17 (\$000)	Estimate 2017/18 (\$000)	Available 2017/18 (\$000)	Actual 2017/18 (\$000)
Water Supply continued...				
Capital: Atawhai No.2 Reservoir	0	120	120	0
Capital: Backflow Prevention	0	158	158	168
DMA establishment	0	105	105	105
Fire Flow Upgrades	131	211	342	0
Maitai Resource consent renewal	0	211	211	61
Manson Ave Water Renewal	0	375	375	0
Pump Stations - Renewals	19	74	92	107
Renewal: Membranes WTP	1	467	468	335
Renewals: Commercial Meters	0	158	158	159
Renewals: Water Pipes	0	381	381	0
Sadlier Street water renewal	0	180	180	0
Seismic Risk Upgrades	56	105	161	119
Suter Street water renewal	0	180	180	183
Vested Assets	0	790	790	868
Water Loss Reduction Programme	0	211	211	198
Water Treatment Plant Renewals	0	217	217	211
Water Supply Projects under \$100,000	0	925	925	610
Total Water Supply	207	5,078	5,285	3,406

Wastewater

Awatea Place Pump station	15	296	311	169
Bridge Street, Hardy and Alma Street sewer renewal	0	481	481	177
Flow meter renewals	0	111	111	2
Jenner Rd sewer renewal	217	149	366	349
Neale Park PS	0	5,564	5,564	3,326
Pump Station Storage	0	176	176	0
Renewals Pump stations	0	137	137	0
Vested Assets	0	930	930	767
Wastewater Pipe Renewals	126	0	126	0
NRSBU		823	823	669
Wastewater Projects under \$100,000	38	426	464	288
Total Wastewater	395	9,093	9,488	5,748

Stormwater

Little Go Stream upgrade Rutherford St	15	301	315	0
LOS: Nile Street East	2	776	778	45
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	13	125	138	0
Vested Assets	0	1,170	1,170	993

Table continued >



Project	Carry over 2016/17 (\$000)	Estimate 2017/18 (\$000)	Available 2017/18 (\$000)	Actual 2017/18 (\$000)
Stormwater continued...				
Wastney Terrace Stormwater (pvt drain prgm)	10	850	860	50
Stormwater Projects under \$100,000	48	861	909	213
Total Stormwater	88	4,083	4,171	1,300

Flood Protection

Capital: York Stream Channel Upgrade	0	2,605	2,605	2,215
Flood Mitigation	0	214	214	42
Hampden St East Little Go Stream: Stage 2	10	430	440	0
Inventory of Urban Streams	238	0	238	0
Maire Stream: Stage 1	7	292	300	133
Maitai flood management	0	105	105	0
Orphanage Stream upgrade (saxton Road East Culvert)	0	927	927	579
Saxton Creek upgrade	1,116	2,980	4,096	1,133
Saxton Creek, Main Rd Stoke Culvert to Sea	11	205	216	102
Vested Assets	0	110	110	0
Whakatu Drive (Storage World)	0	617	617	11
Total Flood Protection Projects under \$100,000	21	588	609	424
Total Flood Protection	1,403	9,073	10,476	4,639

Environmental Management

Monitoring the Environment				
Project Maitai/Mahitahi	5	371	375	374
NRLBU		3477	3477	0
Environmental Management Projects under \$100,000	43	1	45	111
Total Environmental Management	48	3,849	3,897	485

Social

Heritage and Arts Planning				
Art Works Programme	140	79	218	72
Libraries				
Book Purchases	9	409	418	391
Elma Turner Library Extension/ Relocation	31	309	339	8
Building Refurb & Extension	2	245	247	244
Toilets				
Queens Garden Toilet	186	187	374	0
Greenmeadows Centre				
Greenmeadows Centre	538	3,718	4,256	4,213



Project	Carry over 2016/17 (\$000)	Estimate 2017/18 (\$000)	Available 2017/18 (\$000)	Actual 2017/18 (\$000)
Social continued...				
Community Properties				
Small Bore Rifle - New Building	95	0	95	996
Community Housing				
Community Housing Renewals	0	105	105	84
Social Projects under \$100,000	117	721	838	468
Total Social	1,117	5,773	6,890	6,476

Parks and Active Recreation

Neighbourhood Parks				
Land Purchase: General Reserve	0	750	750	762
Reserve Development Programme	0	285	285	39
Landscape Reserves				
Brook MTB Hub	5	130	135	112
Esplanade & Foreshore				
Esplanade & Foreshore Planting Prgm	0	105	105	105
Modellers Pond Solution	501	545	1,045	113
Sports Parks				
Trafalgar Park Field renewal	-	260	260	456
Trafalgar Centre				
Mother grid design and installation	0	154	154	154
Replacement of benched seats	0	460	460	453
Replacement tiered seating	0	356	356	111
Trafalgar Centre Reopening	223	0	223	277
Trafalgar Centre storage solution	0	120	120	23
Trafalgar Theatre	12	185	197	197
Saxton Field Stadium				
Saxton Stadium lift renewal	114	0	114	80
Pools				
Nayland Pool improvements	0	158	158	0
Nayland Pool Renewals	0	100	100	199
Riverside Pool water heating system renewal	0	150	150	78
Play Facilities				
Octopus Garden playground upgrade (Ngawhātu Reserve)	0	0	0	141
Marina				
Public Boat Ramp Improvements	0	330	330	3
Saxton Field Capital Works				
Capital: land purchase (Daelyn)	-	680	680	686
New Cycle / Path development	-	329	329	242
Regional Community Facilities				
Water sports building at Marina	20	150	170	10
Parks and Active Recreation Projects under \$100,000	263	2,236	2,499	1,836
Total Parks and Active Recreation	1,137	7,483	8,620	6,077

Table continued >



Project	Carry over 2016/17 (\$000)	Estimate 2017/18 (\$000)	Available 2017/18 (\$000)	Actual 2017/18 (\$000)
Corporate				
Civic House				
Aircon	0	144	144	4
Building modifications	0	378	378	14
Capital: Plant & Equipment	32	158	190	13
Civic House Renewal Program	0	278	278	255
Earthquake Prone Buildings Remediation	0	807	807	0
Floor 1 upgrade	0	413	413	141
Smart building improvements	48	101	149	0
Rental Properties				
Ex-Four Seasons demolition and resurface	0	300	300	0
Policy				
Haven precinct capital works	0	250	250	0
Administration				
Building Systems Upgrade	0	150	150	41
Capital: H/ware: Desktop	111	380	491	491
Capital: Motor Vehicles	133	84	218	152
Chamber Sound System Upgrade	51	180	231	149
Core Systems enhancement	27	276	303	191
E-Plan	93	70	163	0
IT Infrastructure Hosting Investigation	96	84	180	406
Online Applications	14	100	114	20
Corporate Projects under \$100,000	388	603	991	656
Total Corporate	993	4,757	5,750	2,532
TOTAL CAPITAL EXPENDITURE	6,298	65,951	72,249	39,012



NELSON CITY COUNCIL FINANCIAL STATEMENTS AND NOTES TO ACCOUNTS – YEAR ENDED 30 JUNE 2018

Statements of comprehensive revenue and expense for the year ended 30 June 2018

	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Rates	3	61,853	61,723	59,457	61,853	59,457
Fees and charges	5	26,750	23,869	28,821	38,469	39,644
Subsidies and grants	4	7,949	8,696	6,536	8,548	8,618
Finance income	9	242	52	59	283	101
Other revenue	5	16,623	17,919	17,886	13,551	14,080
Other gains/(losses)	6	1,280	2,330	2,831	1,366	2,924
Total revenue		114,697	114,589	115,590	124,070	124,824
Personnel Costs	8	(17,906)	(18,610)	(17,395)	(33,989)	(32,699)
Depreciation and amortisation expense	18,19	(24,443)	(24,542)	(23,310)	(26,073)	(24,778)
Other expenses	7	(56,671)	(51,000)	(57,487)	(50,261)	(51,462)
Finance costs	9	(4,320)	(4,670)	(4,217)	(4,431)	(4,325)
Total operating expenditure		(103,340)	(98,822)	(102,409)	(114,754)	(113,264)
Share of associate's surplus	24	-	-	-	9,005	7,027
Surplus before tax		11,357	15,767	13,181	18,321	18,587
Income tax expense	10	-	-	-	(318)	(306)
Surplus after tax		11,357	15,767	13,181	18,003	18,281
Other comprehensive revenue						
Gain on property revaluations	30	42,935	16,916	47,756	42,935	47,756
Share of associate's revaluations	24	-	-	-	4,905	11,034
Total other comprehensive income		42,935	16,916	47,756	47,840	58,790
Total comprehensive income		54,292	32,683	60,937	65,843	77,071

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



Statements of changes in equity for the year ended 30 June 2018

	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Balance as at 1 July		1,411,321	1,371,263	1,350,424	1,532,807	1,455,284
Total comprehensive income previously reported		54,292	32,683	60,937	65,843	77,071
Transfer from reserves		533	-	(40)	378	(40)
Transfer from special fund			-	-		-
Equity released on disestablishment		-	-	-	-	(133)
Equity adjustment on establishment		(878)	-	-	(878)	370
Prior year adjustment		-	-	-	(68)	255
Balance at 30 June		1,465,268	1,403,946	1,411,321	1,598,082	1,532,807

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statements of financial position as at 30 June 2018

	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Assets						
Current assets						
Cash and cash equivalents	12	7,432	2,494	255	8,448	1,362
Trade and other receivables	13	12,621	12,675	12,363	14,788	13,770
Derivative financial instruments	17	-	-	-	-	-
Other financial assets	16	6,834	744	752	7,764	1,789
Inventories	15	-	-	-	1,180	1,178
Current tax receivables	14	-	-	-	14	12
Total current assets		26,887	15,913	13,370	32,194	18,111
Non current assets						
Derivative financial instruments	17	-	-	25	-	25
Investments accounted for using the equity method	24	36,663	36,054	36,663	147,618	136,602
Other financial assets	16	4,698	4,234	5,035	4,795	5,211
Property, plant and equipment	18	1,504,615	1,483,391	1,453,564	1,533,582	1,482,669
Intangible assets	19	2,380	2,367	2,256	2,919	2,653
Forestry assets	21	4,325	5,086	5,798	4,325	5,798
Investment property	22	1,150	1,096	1,100	1,150	1,100
Trade and other receivables	13	-	-	-	-	-
Investments in subsidiaries	23	8,200	8,353	8,200	-	-
Deferred tax assets	11	-	-	-	70	130
Total non-current assets		1,562,031	1,540,581	1,512,641	1,694,459	1,634,188
Total assets		1,588,919	1,556,494	1,526,011	1,726,653	1,652,299



	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
LIABILITIES						
Current liabilities						
Trade and other payables	26	15,867	18,120	12,327	16,537	12,846
Derivative financial instruments	17	116	7	40	116	40
Borrowings	27	6,400	17,733	2,350	6,630	2,571
Employee benefits liabilities	29	2,101	1,872	2,105	3,823	3,751
Provisions	28	267	-	-	267	-
Current tax liabilities		-	-	-	62	-
Total current liabilities		24,751	37,732	16,822	27,435	19,208
Non-current liabilities						
Derivative financial instruments	17	6,058	8,405	5,401	6,058	5,401
Borrowings	27	90,000	103,709	90,000	92,574	92,404
Employee benefits liabilities	29	232	227	223	294	301
Provisions	28	1,508	1,656	1,313	1,508	1,313
Trade and other payables	26	1,101	819	931	702	761
Other non-current liabilities		-	-	-	-	104
Total non-current liabilities		98,899	114,816	97,868	101,136	100,284
Total liabilities		123,650	152,548	114,690	128,571	119,492
Net assets		1,465,268	1,403,946	1,411,321	1,598,082	1,532,807
EQUITY						
Accumulated funds	30	422,811	423,474	414,580	476,893	462,162
Other reserves	30	1,042,457	980,472	996,741	1,121,189	1,070,645
Total equity		1,465,268	1,403,946	1,411,321	1,598,082	1,532,807

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Cash Flows From Operating Activities						
Receipts from rates revenue		69,501	69,597	67,015	69,501	67,015
Subsidies and grants received		7,949	8,698	6,536	7,609	6,794
Development and financial contributions received		4,242	3,064	3,414	4,242	3,414
Interest received		242	52	59	292	125
Dividends received		3,634	3,333	3,110	3,268	2,777
Receipts from other revenue		25,915	21,398	26,394	37,296	37,677
		111,483	106,142	106,528	122,208	117,802

Table continued >



	Note	Council			Group	
		Actual 2018 (\$000)	Budget 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Payments to suppliers		(51,746)	(49,126)	(60,981)	(44,772)	(55,140)
Payments to employees		(17,901)	(19,844)	(17,117)	(33,985)	(31,915)
Interest paid		(4,320)	(4,670)	(4,217)	(4,431)	(4,325)
Income tax paid		-	-	-	(231)	(217)
GST (net)		-	-	-	(15)	119
		(73,967)	(73,640)	(82,315)	(83,434)	(91,478)
Net cash flow from operating activities	31	37,516	32,502	24,213	38,774	26,324
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		9,334	4,331	688	9,446	3,166
Receipts from sale of investments		-	-	-	710	363
Repayment of community loans and advances		408	507	713	408	713
		9,742	4,838	1,401	10,564	4,242
Term deposits		(5,000)	-	-	(5,000)	-
Renewals		(9,851)	(12,929)	(10,275)	(10,126)	(10,293)
New capital works - growth		(3,453)	(5,770)	(4,452)	(3,453)	(4,452)
New capital works - increased level of service		(23,942)	(37,774)	(22,757)	(25,144)	(27,668)
Purchase of intangible assets		(732)	-	(515)	(987)	(681)
Investments in LGFA borrower notes		(80)	(107)	(320)	(80)	(320)
Other investments		(393)	-	(433)	(1,011)	(886)
Community loans advanced		(680)	-	-	(680)	-
		(44,131)	(56,580)	(38,752)	(46,481)	(44,300)
Net cash flow from investing activities		(34,389)	(51,742)	(37,351)	(35,917)	(40,058)
Cash flows from financing activities						
Proceeds from borrowings		8,200	26,765	32,215	8,379	32,940
Other capital contributions		-	-	-	-	19
		8,200	26,765	32,215	8,379	32,959
Repayment of borrowings		(4,150)	(7,381)	(21,265)	(4,150)	(21,281)
Net cash flow from financing activities		4,050	19,384	10,950	4,229	11,678
Net (decrease)/increase in cash, cash equivalents, and bank overdrafts		7,177	144	(2,188)	7,086	(2,056)
Cash, cash equivalents, and bank overdrafts at the beginning of the year		255	2,350	2,443	1,362	3,418
Cash, cash equivalents, and bank overdrafts at the end of the year	12	7,432	2,494	255	8,448	1,362

Explanations of major variances against budget are provided in note 39.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



Funding Impact Statement for the year ended 30 June 2018

	Annual Plan 2016/17 (\$000)	Annual Report 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	Annual Report 2017/18 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	43,749	44,078	45,657	45,834
Targeted rates	23,513	23,072	23,940	23,927
Subsidies and grants for operating purposes	3,202	3,729	3,372	3,741
Fees and charges	8,356	7,609	7,237	7,664
Interest and dividends from investments	3,343	4,019	3,385	3,376
Local authorities fuel tax, fines, infringement fees, and other receipts	11,806	18,407	14,299	16,058
Total Operating Funding	93,969	100,914	97,889	100,600
Applications of operating funding				
Payments to staff and suppliers	68,709	73,923	69,228	71,940
Finance costs	5,515	4,218	4,670	4,320
Other operating funding applications	0	0	0	0
Total applications of operating funding	74,224	78,141	73,897	76,260
Surplus (Deficit) of operating funding	19,745	22,773	23,992	24,340
Sources of capital funding				
Subsidies and grants for capital	2,072	2,809	5,326	4,209
Development and financial contributions	2,414	3,414	3,064	4,242
Increase (decrease) in debt	20,277	10,950	19,384	(7,690)
Gross proceeds from sale of assets	22	688	7,700	8,857
Lump sum contributions	0	0	0	0
Total sources of capital funding	24,785	17,861	35,474	9,618
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	3,856	4,259	5,770	3,345
- to improve level of service	30,433	22,951	37,774	20,277
- to replace existing assets	10,436	10,764	16,406	10,492
Increase (decrease) in reserves	463	3,792	(25)	(5,756)
Increase (decrease) in investments	(658)	(1,133)	(459)	5,600
Total applications of capital funding	44,530	40,634	59,466	33,958
Surplus (Deficit) of capital funding	(19,745)	(22,773)	(23,992)	(24,340)
Funding balance	0	0	0	0



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

	Annual Plan 2016/17 (\$000)	Annual Report 2016/17 (\$000)	Annual Plan 2017/18 (\$000)	Annual Report 2017/18 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	19,745	22,773	23,992	24,340
Subsidies and grants for capital expenditure	2,072	2,809	5,326	4,209
Development and financial contributions	2,414	3,414	3,064	4,242
Vested Assets	3,124	6,485	6,000	4,896
Gain on formation of JV	0	0	2,251	0
Depreciation	(23,093)	(23,309)	(24,542)	(24,444)
Non cash income		3,226	59	1,017
Non cash expenditure	0	(2,217)	(382)	(2,903)
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	4,262	13,181	15,767	11,357



FINANCIAL PRUDENCE

Annual report disclosure statement for the year ending 30 June 2018

What is the purpose of this statement?

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

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

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

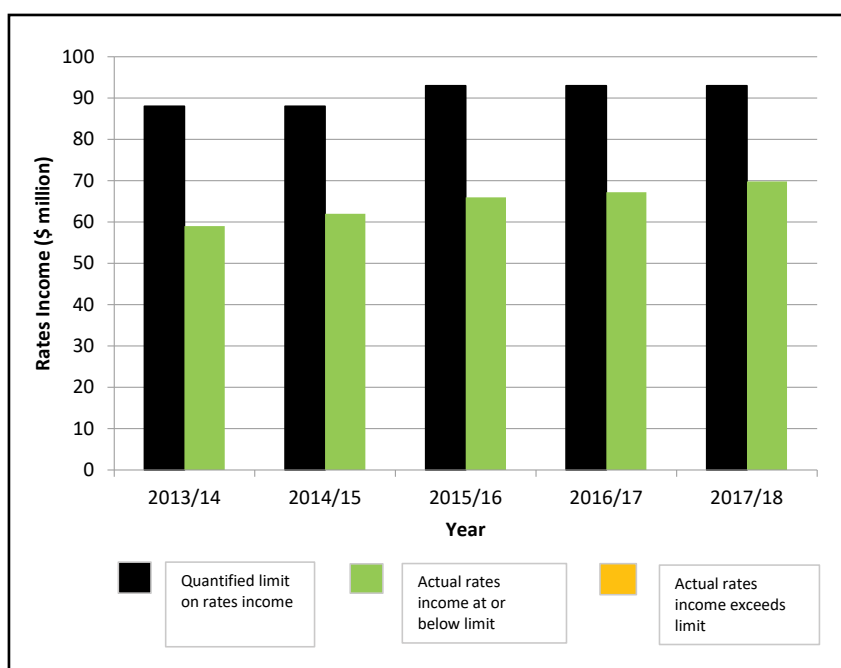
Rates affordability benchmark

The council meets the rates affordability benchmark if:

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

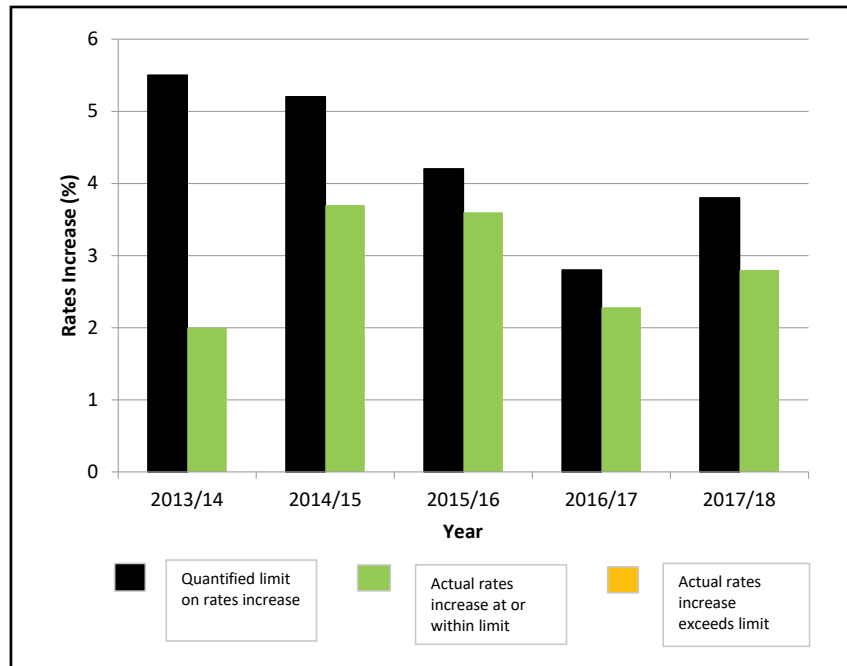
Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is \$93 million.



Rates (increases) affordability

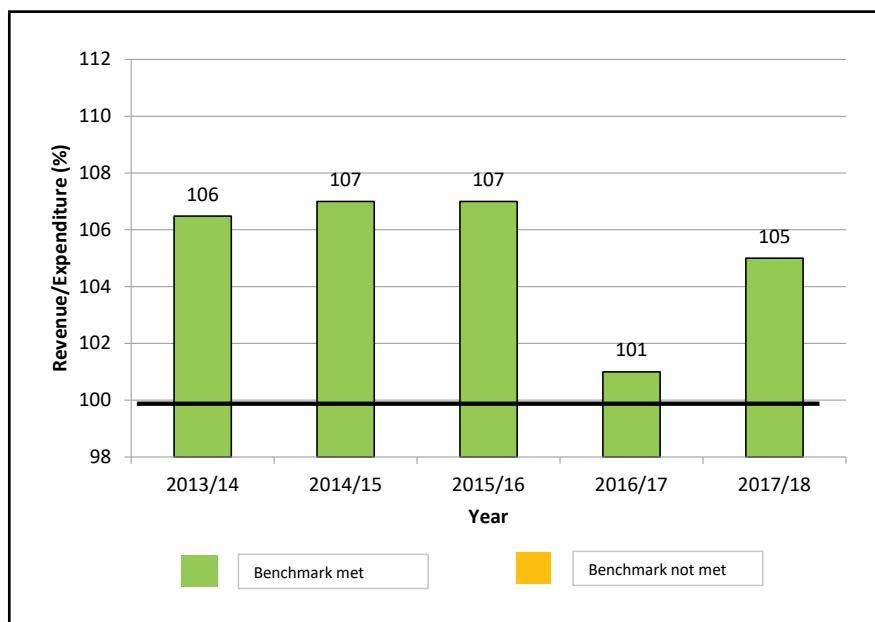
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long term plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.



Balanced budget benchmark

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

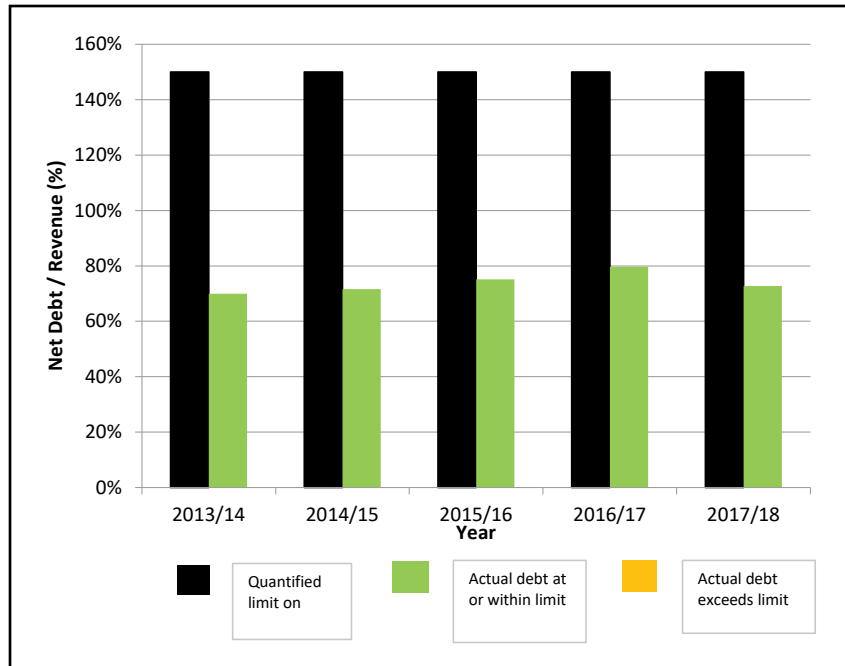
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Debt affordability benchmark

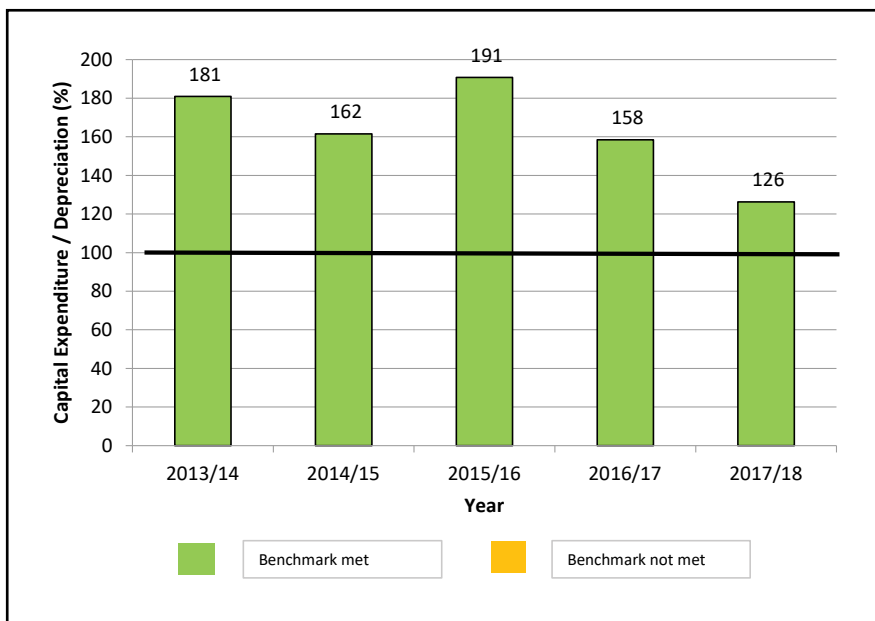
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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



Essential services benchmark

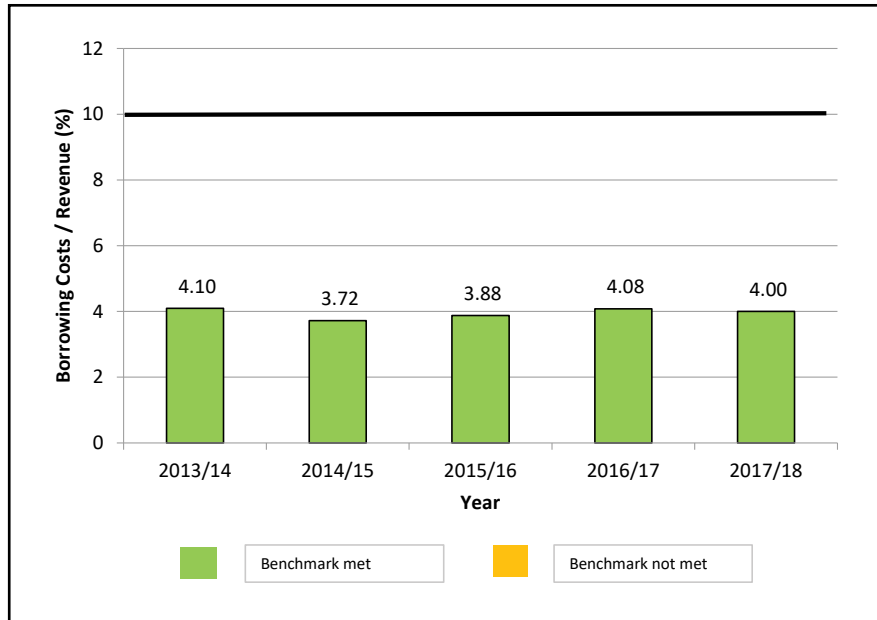
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

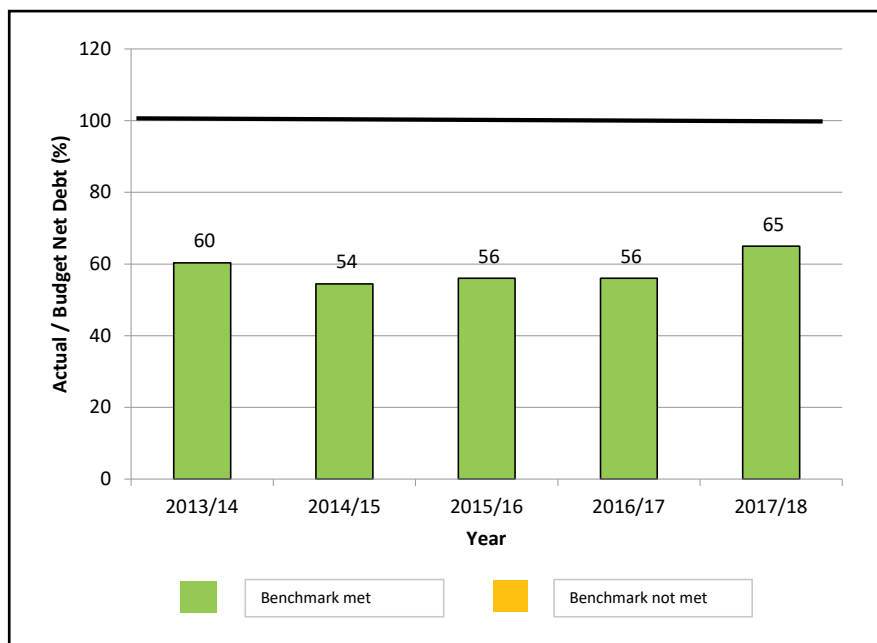
Because Statistics New Zealand projects the council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

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

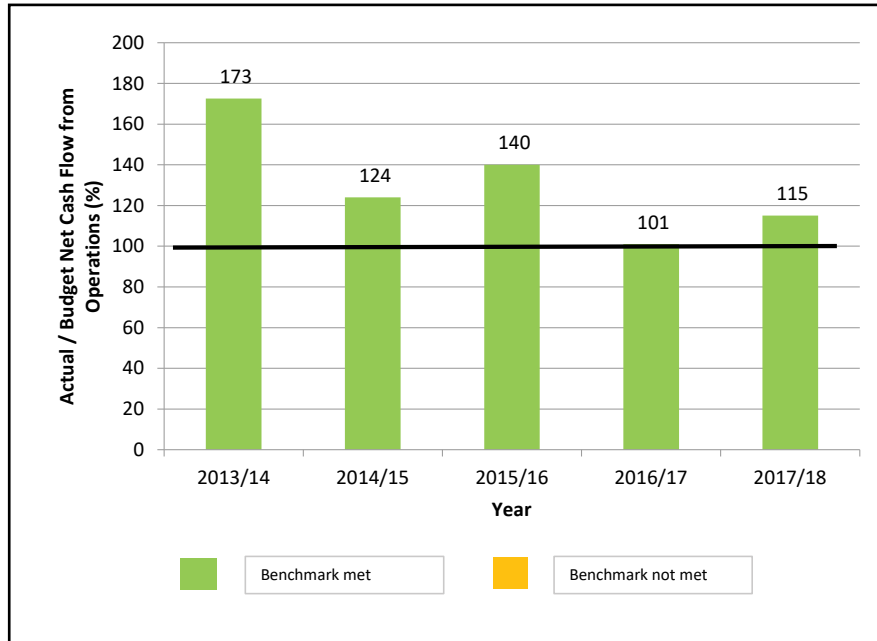
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operational control benchmark

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

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



NOTES TO ACCOUNTS

1 Statement of accounting policies for the year ended 30 June 2018

1.1 Reporting entity

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

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

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 25 October 2018.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

been applied consistently throughout the period.

Statement of compliance

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

2.2 Basis of consolidation

Subsidiaries

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

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



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

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

Equity accounted joint ventures

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

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

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

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

Proportionally accounted joint ventures

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

2.3 Revenue

Revenue is measured at fair value.

Exchange and non exchange transactions

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non exchange transactions are where Council receives value from another entity

without giving approximately equal value in exchange.

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

Rates revenue

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

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

The following policies for rates have been applied:

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

Service and other

Significant items of service and other income include:

Government grants

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

Provision of commercially based services

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

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are



recognised as income when control over the asset is obtained. This is non exchange revenue.

Sales of goods

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

Traffic and parking infringements

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

Interest and dividends

Interest income is recognised using the effective interest method.

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

Interest and dividends are considered income from exchange transactions.

Development and financial contributions

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

Housing New Zealand suspensory loan

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

2.4 Borrowing costs

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

2.5 Foreign currency transactions

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

2.6 Grant expenditure

Non discretionary grants are those grants that are

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

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

2.7 Leases

Operating leases

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

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

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

2.8 Cash and cash equivalents

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

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

2.9 Debtors and other receivables

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

2.10 Derivative financial instruments

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

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives



are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

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

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

2.11 Property, plant and equipment

Property, plant, and equipment consist of:

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

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

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

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

Additions

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset

revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

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

Depreciation

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

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

Table continued >



Class of PP&E	Estimated useful life (years)
Sewerage system	
Pipes	40 - 120
Manholes	80
Pump stations	10 - 50
Oxidation ponds	15 - 151
Stormwater and flood protection	
Pipeline	40 - 120
Manholes	90
Bank protection	25 - 100
Solid waste	
Pipes	60 - 90
Ponds and dam	100
Gas Flare	20
Resource consents	24

Revaluation

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

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

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

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

2.12 Biological assets

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

2018. Changes in the valuation of the forestry assets are recognised in the surplus or deficit.

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

2.13 Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Amortisation

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

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

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

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

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable



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

2.15 Inventory

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

2.16 Work in progress

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

2.17 Investment property

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

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

2.18 Other financial assets

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

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

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

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

The classification of a financial asset depends on the

purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

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

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

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

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

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

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

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

Held to maturity investments

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

With the exception of shares in the Local Government



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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

2.19 Impairment of financial assets

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

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

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

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

2.20 Borrowings

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

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

2.21 Creditors and other payables

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



2.22 Employee entitlements

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

Superannuation schemes

Defined contribution schemes

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

2.23 Provisions

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

2.24 Income tax

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

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

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of

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

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

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

2.25 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.26 Budget figures

The budget figures are those approved by the Entity in its 2017/18 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

2.27 Cost allocation

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

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

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



2.28 Equity

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

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

Restricted reserves

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

Council created reserves

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

Revaluation reserves

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

2.29 Critical accounting estimates and assumptions

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

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

Infrastructural assets

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

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

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



3 Rates income

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
General rates	37,338	35,956	37,338	35,956
Uniform annual general charge	8,786	8,409	8,786	8,409
Total general rates income	46,124	44,365	46,124	44,365

Sewerage	7,294	6,903	7,294	6,903
Water fixed charge	3,459	3,530	3,459	3,530
Stormwater	4,004	3,972	4,004	3,972
Flood protection	1,239	942	1,239	942
Solar saver	23	32	23	32
Total targeted rates income	16,019	15,379	16,019	15,379

Less - Rate remissions	(290)	(287)	(290)	(287)
Total rates, excluding targeted water supply rates	61,853	59,457	61,853	59,457

	Council	
	2018 \$000	2017 \$000
Rates	61,853	59,457
Metered water supply rates	7,908	7,693
Total annual rates income	69,761	67,150

Rates remissions

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

- Community, sporting and other organisations to facilitate the ongoing provision of non commercial community services and recreational opportunities.
- Rates penalties where payment has not been received due to circumstances outside the ratepayers control.
- Rates for residential properties in commercial/ industrial areas.
- Rates on land protected for natural, historic or cultural conservation purposes.
- Excess water rates.
- Rates on cemeteries.
- Rates on golf practice greens.
- Rates for underground utilities.
- Rates on low value properties.
- Land affected by natural calamity
- Households with dependant relatives in an additional unit.
- Heating appliance replacement (qualifying ratepayers).
- Maintenance and protection of heritage buildings.
- Commercial premises under 20 square metres.
- Maori freehold land.



	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Total gross rates, excluding targeted water supply rates	58,684	55,927	58,684	55,927
Rates remissions:				
Community, sporting and other organisations	(81)	(78)	(81)	(78)
Rates penalties remitted	(53)	(44)	(53)	(44)
Rates for residential properties in commercial/industrial areas	(7)	(8)	(7)	(8)
Rates on cemeteries	(26)	(25)	(26)	(25)
Rates on low value properties	(1)	(1)	(1)	(1)
Heritage	(69)	(68)	(69)	(68)
Clean heat warm homes	(42)	(52)	(42)	(52)
Dependant relative	(2)	(1)	(2)	(1)
Land affected by natural calamity	(4)	(5)	(4)	(5)
Commercial premises under 20 square meters	(5)	(5)	(5)	(5)
Total remissions	(290)	(287)	(290)	(287)
Rates (net of remissions), excluding targeted water supply rates	58,394	55,640	58,394	55,640

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Rates	1,075	1,051	1,096	1,071
Metered water supply rates	911	821	914	824
	1,986	1,872	2,010	1,895

Rating base information

The revenue from rates for the year ended 30 June 2018 was based on the following rating information as at 30 June 2017.

Number of rating units 30 June 2018: 22,290 (30 June 2017: 22,169)

	Council	
	Actual 2018 (\$000)	Actual 2017 (\$000)
Total capital value of rating units	11,522	11,356
Total land value of rating units	5,071	5,046
	16,593	16,402



4 Subsidies and grants

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
NZ Transport Authority grants	5,571	3,859	5,571	3,859
Housing NZ suspensory loan	59	59	59	59
Other central government grants	409	919	409	1,868
Other capital grants	1,138	931	1,139	1,470
Other operating grants	772	768	1,370	1,362
Total subsidies and grants	7,949	6,536	8,548	8,618

5 Other revenue

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Regulatory revenue	3,655	4,164	3,655	4,164
Sales of goods and services	9,579	11,684	21,330	22,538
Rents received	5,608	5,280	5,576	5,249
Water by meter	7,908	7,693	7,908	7,693
Total fees and charges	26,750	28,821	38,469	39,644
Infringements and fines	770	785	770	785
Petrol tax	404	384	404	384
Development/financial contributions	4,242	3,414	4,242	3,414
Vested assets	4,896	6,485	4,982	6,671
Dividends	3,134	3,960	19	17
Insurance proceeds	101	6	101	6
Other income	3,076	2,852	3,033	2,803
Total other revenue	16,623	17,886	13,551	14,080

6 Other gains/(losses)

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Gain/(loss) on changes in fair value of forestry assets	653	-	653	-
Gain/(loss) on disposal of property, plant and equipment	(907)	(395)	(900)	(350)
Gain on changes in fair value of investment property	50	40	50	40
Gain on establishment of joint landfill business unit	1,913	-	1,913	-
Interest rate swap gain/(loss) (net)	(757)	2,995	(757)	2,995
Gain on disposal of other assets	14	-	14	-
Other fair value gains	314	191	393	239
Total gains/(losses)	1,280	2,831	1,366	2,924



7 Other expenses

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Fees to auditors:				
- Audit fees for financial statements audit	161	151	237	226
- Audit fees for Long Term Plan	86	-	86	-
Service provision	21,471	24,605	14,985	18,491
Impairment of receivables	20	9	21	9
Minimum lease payments under operating leases	228	138	228	138
Professional services fees / legal fees	1,922	1,982	1,912	1,984
Repairs and maintenance expenses	22,911	21,290	22,919	21,297
Other operating expenses	5,820	4,440	5,821	4,445
Electricity	1,980	2,187	1,980	2,187
Insurance	1,226	1,097	1,226	1,097
Loss on disposal of property, plant and equipment	-	-	-	-
Impairment of Assets	846	1,588	846	1,588
Total other expenses	56,671	57,487	50,261	51,462

Total audit fees for Council (\$247,000) include Council's share of the audit fees for NRSBU (\$8,425), NTRLBU (\$9,075) and Civil Defence (\$3,750), along with the cost of audits for the Civic Trust (\$4,150) and the Debenture Trust Deed (\$4,000).

Audit fees of \$14,600 paid by the Bishop Suter Trust and \$20,850 paid by the Nelson Regional Development agency for 2018 were paid separately to their auditors Crowe Horwath.

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

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

8 Personnel costs

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Salaries and wages	17,337	16,594	32,957	31,517
Kiwisaver/superannuation schemes employer contributions	574	523	977	904
Increase/(decrease) in employee entitlements/liabilities	(5)	278	55	278
Total personnel costs	17,906	17,395	33,989	32,699



9 Finance income and finance costs

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Finance income				
Other interest received	242	59	283	101
Total finance income	242	59	283	101
Finance costs				
Interest on floating rate borrowings (note 28)	2,337	2,378	2,448	2,486
Interest on interest rate swaps	1,904	1,773	1,904	1,773
Other finance costs	79	66	79	66
Total finance costs	(4,320)	(4,217)	(4,431)	(4,325)
Net finance costs	(4,078)	(4,158)	(4,148)	(4,224)

10 Income tax

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Components of tax expense				
Current tax	-	-	258	270
Adjustments to current tax in prior years	-	-	1	1
Deferred tax	-	-	61	35
Tax expense	-	-	320	306
Surplus/(deficit) before tax	11,357	13,181	18,321	18,587
Tax at 28%	3,180	3,691	5,130	4,474
Plus/(less) tax effect of: Non taxable income/adjustments	(3,180)	(3,691)	(4,810)	(4,168)
Tax expense	-	-	320	306

11 Deferred tax assets/(liabilities)

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
The balance comprises temporary differences attributable to:				
Employee benefits	-	-	289	289
Property, plant and equipment	-	-	(204)	(155)
Provisions	-	-	(44)	1
Other	-	-	29	(5)
Total deferred tax assets	-	-	70	130

Table continued >



	PP&E (\$000)	Other (\$000)	Tax losses carried forward (\$000)	Total (\$000)
Group				
Opening balance 1 July 2017	(107)	266	-	159
Credited (charged) to other comprehensive income	(48)	13	-	(35)
Credited (charged) directly to equity	-	6	-	6
Balance at 30 June 2017	(155)	285	-	130
Opening balance 1 July 2017	(155)	285	-	130
Credited (charged) to other comprehensive income	(49)	(10)	-	(59)
Credited (charged) directly to equity	-	(1)	-	(1)
Balance at 30 June 2018	(204)	274	-	70

12 Cash and cash equivalents

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Cash at bank and in hand	2,432	255	3,448	1,362
Short term deposits with maturities of three months or less	5,000	-	5,000	-
Total cash and cash equivalents	7,432	255	8,448	1,362

(a) Cash at bank and on hand

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

(b) Deposits at call

The deposit is bearing a fixed interest rate of 2.15% and will mature on 20 July 2018.

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Cash at bank and in hand	2,432	255	3,448	1,362
Short term deposits with maturities of three months or less	5,000	-	5,000	-
Total	7,432	255	8,448	1,362



13 Trade and other receivables

	Council		Group	
	Actual 2018	Actual 2017	Actual 2018	Actual 2017
	(\$000)	(\$000)	(\$000)	(\$000)
Net trade receivables				
Rates receivable	1,869	1,609	1,869	1,609
Other trade receivables	459	-	2,150	2,990
	2,328	1,609	4,019	4,599
Net other receivables				
Other receivables	4,300	5,560	4,316	5,561
Dividend receivable	2,000	2,500	2,000	2,500
Sundry debtors	3,471	2,237	3,560	503
Provision for doubtful receivables	(16)	-	(17)	(7)
	9,755	10,297	9,859	8,557
Prepayments	538	457	910	614
Total current debtors and other receivables	12,621	12,363	14,788	13,770
Receivables from exchange transactions				
This includes rates outstanding along with grants, infringements and fees and charges outstanding that are partly subsidised by rates	5,027	6,252	6,807	8,728
Receivables from non-exchange transactions				
Includes commercial sales and fees and charges outstanding that have not been subsidised by rates	7,056	5,654	7,072	4,428

Fair value

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

Impairment

The Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.



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

	2018			2017		
	Gross (\$000)	Provision for uncollectability (\$000)	Net (\$000)	Gross (\$000)	Provision for uncollectability (\$000)	Net (\$000)
Council						
Not past due	10,348	-	10,348	10,716	-	10,716
Past due 1-30 days	609	-	609	766	-	766
Past due 31-60 days	430	-	430	173	-	173
Past due more than 61 days	712	(16)	696	258	-	258
Total	12,099	(16)	12,083	11,913	-	11,913

Group						
Not past due	11,922	-	11,922	12,907	-	12,907
Past due 1-30 days	782	-	782	936	-	936
Past due 31-60 days	454	-	454	196	(1)	195
Past due more than 61 days	737	(17)	720	384	(6)	378
Total	13,895	(17)	13,878	14,423	(7)	14,416

14 Current tax receivables

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Current tax asset	-	-	14	12
	-	-	14	12

15 Inventories

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Raw materials at cost	-	-	274	262
Merchandise at cost	-	-	33	27
Work in progress at cost	-	-	589	595
Finished goods at cost	-	-	284	294
Total inventory	-	-	1,180	1,178



16 Other financial assets

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Emissions trading Scheme (ETS) Credits	1,040	-	1,040	-
Held to maturity investments	80	-	80	-
Fixed interest securities	-	-	61	101
Short term bank deposit with maturities of 4-12 months	5,000	-	5,969	1,036
Community loans	614	652	614	652
Loans to related parties	100	100	-	-
Total current portion	6,834	752	7,764	1,789
Held-to-maturity investments	880	880	880	880
Fixed interest securities	-	-	92	167
Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
Community loans	3,075	2,880	3,075	2,880
Loans to related parties (note 34)	603	488	-	-
Emissions Trading Scheme (ETS) credits	-	647	-	647
Listed shares	-	-	608	497
Total non-current portion	4,698	5,035	4,795	5,211

Term deposits

The carrying amount of term deposits approximates their fair value. The deposit is bearing a fixed interest rate of 3.75% and will mature on 9 April 2019.

Civic Trust investments

Include shares in public listed companies and fixed interest securities. These are valued at fair value.

Held to maturity investments

The New Zealand Local Government Funding Agency Limited, which commenced in December 2011 is the alternative debt provider majority owned by and operated for local authorities. The Council is not a shareholder but participates as a borrower and guarantor. When the Council borrows through the Local Government Funding Agency they are required to invest 1.6% of the proceeds back with the LGFA as borrower notes which the LGFA retain as capital.

Loans to related parties

The loan to related parties is a loan of \$825,000 to Tasman Bays Heritage Trust with a remaining term of 9 years. The loan is at a 0% interest rate, and a discount rate of 4.66% (2017: 5.25%) has been used.

Unlisted shares

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

Community loans

Community loans include the following:

- Solar Saver \$246,000 (2017: \$353,000). Remaining terms up to 4 years, interest rates of 7.8% and 6.9%
- Clean Heat Warm Homes, face value \$866,000 (2017: \$1.3m), remaining terms up to 4 yrs, zero interest rate. The loan has been written down based on a discounted interest rate of 4.66% (2017: 5.25%)
- Theatre Royal. Face value \$1.5m (2017: \$1.5m), term 25 years, zero interest rate. The loan has been written down based on a discounted interest rate of 4.66% (2017: 5.25%)
- Nelson School of Music, face value \$680,000, term 2 years, zero interest rate. This is a bridging loan to enable the entity to complete its earthquake strengthening and restoration works. The loan has not been written down due to its short term.
- Others \$1m (2017: \$1.1m), various repayment terms and interest rates.



17 Derivative financial instruments

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Non-current asset portion				
Interest rate swaps	-	25	-	25
Total non-current asset portion	-	25	-	25
Total derivative financial instrument assets	-	25	-	25
Current liability portion				
Interest rate swaps	116	40	116	40
Total current liability portion	116	40	116	40
Non current liability portion				
Interest rate swaps	6,058	5,401	6,058	5,401
Total non current liability portion	6,058	5,401	6,058	5,401
Total derivative financial instrument liabilities	6,174	5,441	6,174	5,441
Total net derivative financial instruments	(6,174)	(5,416)	(6,174)	(5,416)

Fair value

Interest Rate Swaps

The Council has \$131.5m notional principal of interest rate swaps (2017: \$107m), with maturity dates between March 2019 and October 2029. Fixed interest rates range from 2.33% to 5.25% (2017: 2.98% to 5.25%) and the weighted average interest rate of the swap portfolio is 4.08% (2017: 4.22%).

\$54.5m (2017 \$27m) of that notional principal are forward start swaps, with a start dates between March 2019 and October 2025.





18 Property, plant and equipment

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



	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2018 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2018 (\$000)	Carrying amount 30 Jun 2018 (\$000)
	-	-	(1,236)	60,278	-	60,278
	(828)	(73)	-	34,457	(13,135)	21,322
	(167)	-	-	6,116	(1,172)	4,944
	(4)	-	-	427	(240)	187
	(444)	1	-	4,721	(2,696)	2,025
	(996)	(8)	-	15,565	(9,357)	6,208
	(79)	46	-	1,025	(568)	457
	(148)	-	-	10,882	(1,826)	9,056
	(2,666)	(34)	(1,236)	133,471	(28,994)	104,477
	(1,352)	-	3,079	45,380	-	45,380
	(3,169)	-	233	128,557	-	128,557
	(1,000)	-	1,565	17,028	-	17,028
	(3,193)	(306)	7,127	144,279	-	144,279
	(2,150)	(349)	8,887	133,233	-	133,233
	(400)	(45)	484	26,293	-	26,293
	(335)	-	164	4,929	-	4,929
	(6,601)	(158)	23,166	667,278	-	667,278
	(56)	-	(535)	1,031	-	1,031
	(18,256)	(858)	44,170	1,168,008	-	1,168,008
	-	-	-	118,133	-	118,133
	(1,274)	(140)	-	71,324	(12,360)	58,964
	(1,640)	(365)	-	73,501	(18,468)	55,033
	(2,914)	(505)	-	262,958	(30,828)	232,130
	(23,836)	(1,397)	42,934	1,564,437	(59,822)	1,504,615



18 Property, plant and equipment (continued)

Council 2017	Cost / revaluation 1 Jul 2016 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2016 (\$000)	Carrying amount 1 Jul 2016 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
Operating assets						
Land	54,073	-	54,073	932	(265)	-
Buildings	33,062	(11,444)	21,618	670	-	-
Other improvements	4,845	(829)	4,016	571	-	-
Landfill post closure	853	(459)	394	-	-	-
Library books	4,182	(2,227)	1,955	469	(1)	-
Other plant and equipment	14,007	(9,958)	4,049	1,228	(57)	-
Motor vehicles	1,029	(532)	497	20	(17)	-
Marina	10,459	(1,534)	8,925	234	-	-
Total	122,510	(26,983)	95,527	4,124	(340)	-
Infrastructural assets						
At cost & valuation						
Wastewater treatment plant and facilities	39,701	-	39,701	895	-	(13)
Wastewater reticulation	125,534	-	125,534	2,288	-	(164)
Water treatment plant and facilities	14,435	-	14,435	2,194	-	-
Water supply	133,158	-	133,158	5,963	-	(96)
Stormwater reticulation	124,244	-	124,244	1,886	-	(335)
Flood protection	16,776	-	16,776	5,239	-	(224)
Solid waste	7,220	-	7,220	46	-	-
Roading	631,804	-	631,804	8,171	(348)	(676)
Car parks	862	-	862	405	-	-
Total	1,093,734	-	1,093,734	27,087	(348)	(1,508)
Restricted assets						
Land	94,526	-	94,526	3,861	-	-
Buildings	60,713	(9,501)	51,212	5,149	-	(620)
Improvements	67,411	(15,212)	52,199	3,744	-	-
Total	222,650	(24,713)	197,937	12,754	-	(620)
Total Council	1,438,894	(51,696)	1,387,198	43,965	(688)	(2,128)



	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2017 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2017 (\$000)	Carrying amount 30 Jun 2017 (\$000)
	-	234	6,566	61,540	-	61,540
	(886)	(82)	-	33,577	(12,257)	21,320
	(141)	-	-	5,452	(1,006)	4,446
	(12)	-	-	853	(471)	382
	(416)	-	-	4,639	(2,632)	2,007
	(888)	(3)	-	15,017	(10,688)	4,329
	(108)	-	-	985	(593)	392
	(144)	-	-	10,693	(1,678)	9,015
	(2,595)	149	6,566	132,756	(29,325)	103,431

	(1,264)	-	3,664	42,983	-	42,983
	(3,041)	-	1,835	126,452	-	126,452
	(938)	-	217	15,908	-	15,908
	(3,062)	-	2,028	137,991	-	137,991
	(2,104)	-	1,923	125,614	-	125,614
	(304)	-	233	21,720	-	21,720
	(382)	-	255	7,139	-	7,139
	(6,358)	-	12,761	645,354	-	645,354
	(43)	-	13	1,237	-	1,237
	(17,496)	-	22,929	1,124,398	-	1,124,398

	-	-	18,259	116,646	-	116,646
	(992)	(3)	-	65,859	(11,113)	54,746
	(1,600)	-	-	71,171	(16,828)	54,343
	(2,592)	(3)	18,259	253,676	(27,941)	225,735

	(22,683)	146	47,754	1,510,830	(57,266)	1,453,564
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18 Property, plant and equipment (continued)

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



	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2018 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2018 (\$000)	Carrying amount 30 Jun 2018 (\$000)
	-	-	(1,236)	61,991	-	61,991
	(1,276)	(71)	-	47,593	(14,282)	33,311
	(1,865)	385	-	27,473	(16,095)	11,378
	(444)	1	-	4,721	(2,696)	2,025
	-	-	-	117	-	117
	(148)	-	-	10,882	(1,826)	9,056
	(255)	65	-	4,442	(2,230)	2,212
	(189)	-	-	6,575	(1,211)	5,364
	(4)	471	(235)	427	(240)	187
	-	-	-	7,803	-	7,803
	(4,181)	851	(1,471)	172,024	(38,580)	133,444

					-	
	(6,601)	(158)	23,166	667,278	-	667,278
	(3,193)	(306)	7,127	144,279	-	144,279
	(3,169)	-	233	128,557	-	128,557
	(2,150)	(349)	8,887	133,233	-	133,233
	(1,352)	-	3,079	45,380	-	45,380
	(1,000)	-	1,565	17,028	-	17,028
	(400)	(45)	484	26,293	-	26,293
	(56)	-	(535)	1,031	-	1,031
	(335)	-	164	4,929	-	4,929
	(18,256)	(858)	44,170	1,168,008	-	1,168,008

	-	-	-	118,133	-	118,133
	(1,274)	(140)	-	71,324	(12,360)	58,964
	(1,640)	(365)	-	73,501	(18,468)	55,033
	(2,914)	(505)	-	262,958	(30,828)	232,130
	(25,351)	(512)	42,699	1,602,990	(69,408)	1,533,582



18 Property, plant and equipment (continued)

Group 2017	Cost / revaluation 1 Jul 2016 (\$000)	Accumulated depreciation and impairment charges 1 Jul 2016 (\$000)	Carrying amount 1 Jul 2016 (\$000)	Current year additions (\$000)	Current year disposals (\$000)	Current year impairment charges (\$000)
Operational assets						
Land	55,786	-	55,786	932	(265)	-
Buildings	36,412	(11,807)	24,605	10,340	(4)	-
Other plant and equipment	23,398	(15,714)	7,684	3,648	(369)	-
Library books	4,182	(2,227)	1,955	469	(1)	-
Capital work in progress	9,993	-	9,993	693	(10,493)	-
Marina	10,459	(1,534)	8,925	234	-	-
Motor vehicles	3,882	(1,888)	1,994	385	(56)	-
Other improvements	4,867	(851)	4,016	1,027	-	-
Landfill post closure	853	(459)	394	-	-	-
Art collection	7,485	-	7,485	266	(98)	(3)
Total	157,317	(34,480)	122,837	17,994	(11,286)	(3)
Infrastructural assets						
At cost & valuation						
Roading	631,804	-	631,804	8,171	(348)	(676)
Water supply	133,158	-	133,158	5,963	-	(96)
Wastewater reticulation	125,534	-	125,534	2,288	-	(164)
Stormwater reticulation	124,244	-	124,244	1,886	-	(335)
Wastewater treatment plant and facilities	39,701	-	39,701	895	-	(13)
Water treatment plant and facilities	14,435	-	14,435	2,194	-	-
Flood protection	16,776	-	16,776	5,239	-	(224)
Car parks	862	-	862	405	-	-
Solid waste	7,220	-	7,220	46	-	-
Total	1,093,734	-	1,093,734	27,087	(348)	(1,508)
Restricted assets						
Land	94,526	-	94,526	3,861	-	-
Buildings	60,713	(9,501)	51,212	5,149	-	(620)
Improvements	67,411	(15,212)	52,199	3,744	-	-
Total	222,650	(24,713)	197,937	12,754	-	(620)
Total Group	1,473,701	(59,193)	1,414,508	57,835	(11,634)	(2,131)



	Current year depreciation (\$000)	Loss on disposals (\$000)	Revaluation surplus (\$000)	Cost / revaluation 30 Jun 2017 (\$000)	Accumulated depreciation and impairment charges 30 Jun 2017 (\$000)	Carrying amount 30 Jun 2017 (\$000)
	-	234	6,566	63,253	-	63,253
	(1,225)	(82)	-	46,593	(12,959)	33,634
	(1,501)	(3)	-	26,416	(16,957)	9,459
	(416)	-	-	4,639	(2,632)	2,007
	-	-	-	193		193
	(144)	-	-	10,693	(1,678)	9,015
	(266)	-	-	4,146	(2,089)	2,057
	(157)	-	-	5,908	(1,022)	4,886
	(12)	-	-	853	(471)	382
	-	-	-	7,650	-	7,650
	(3,721)	149	6,566	170,344	(37,808)	132,536

	(6,358)	-	12,761	645,354	-	645,354
	(3,062)	-	2,028	137,991	-	137,991
	(3,041)	-	1,835	126,452	-	126,452
	(2,104)	-	1,923	125,614	-	125,614
	(1,264)	-	3,664	42,983	-	42,983
	(938)	-	217	15,908	-	15,908
	(304)	-	233	21,720	-	21,720
	(43)	-	13	1,237	-	1,237
	(382)	-	255	7,139	-	7,139
	(17,496)	-	22,929	1,124,398	-	1,124,398

	-	-	18,259	116,646	-	116,646
	(992)	(3)	-	65,859	(11,113)	54,746
	(1,600)	-	-	71,171	(16,828)	54,343
	(2,592)	(3)	18,259	253,676	(27,941)	225,735
	(23,809)	146	47,754	1,548,418	(65,749)	1,482,669



Infrastructure assets - further disclosures

Most recent replacement cost estimates are as at 30 June 2018

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

Council 2017	Additions			
	Closing book value	Additions: constructed by Entity	Additions: transferred to Entity	Most recent replacement cost estimate for revalued assets
	(\$000)	(\$000)	(\$000)	(\$000)
Water supply:				
– treatment plants and facilities	15,908	2,194	-	27,483
– other assets (such as reticulation systems)	137,991	5,314	649	233,508
Sewerage:				
– treatment plants and facilities	42,983	895	-	59,943
– other assets (such as reticulation systems)	126,452	1,456	832	228,475
Stormwater drainage	125,614	1,144	742	185,632
Flood protection and control works	21,720	5,042	197	27,013
Roads and footpaths	645,354	4,543	3,628	776,490
Total infrastructural assets	1,116,022	20,588	6,048	1,538,544

Valuation

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

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

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

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

The most recent valuation of land was performed by an independent registered valuer, Quotable Value New Zealand. The valuation is effective as at 30 June 2017. The revaluation loss for operational land in 2018 relates to a specific investment property adjustment.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the value in use. Such



land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

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

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2018 based on an internal valuation as at 31 March 2018 plus additions at cost less depreciation. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated.

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

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

Specialist infrastructural assets

Including dams, water reservoirs and wastewater treatment plants have been revalued by Opus International Consultants Ltd at depreciated replacement cost with assets optimised using least cost alternative as at 30 June 2018. Revaluations are updated annually.

Nelson Regional Sewerage Business Unit

Land is valued at market valuation as at 30 June 2017 by Quotable Value and is reviewed every five years or if there is a material movement. Infrastructure assets are valued at depreciated replacement cost with assets optimised using least cost alternative by Council engineers as at 30 June 2018. The valuation methodology has been peer reviewed by Opus International Consultants Ltd. Revaluations are updated annually.

Nelson Regional Landfill Business Unit

Land is reviewed annually and revalued at market value every five years or if there is a material movement. The latest valuation was conducted as at 30 June 2017 by QV Valuations.

Infrastructural assets are valued annually internally at depreciated replacement cost by Council engineers as at 30 June 2018 based on an internal valuation as at 31 March 2018 plus additions at cost less depreciation. The valuation methodology has been peer reviewed by Opus International Consultants Ltd and revaluations are updated annually. Work in progress is recognised at cost less impairment and is not depreciated.

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

Earthquake prone buildings

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

A total of 11 buildings have been assessed as under 34%NBS (this excludes bus shelters, toilet blocks, garages and other outbuildings). 5 of these buildings are not considered earthquake prone, the other 6 have a section 124 notice that requires additional work to either strengthen the buildings to 34%NBS or otherwise remove the risk. Buildings that have s124 Notices in Respect of Earthquake Prone Building, are due to be replaced with EPB Notices as required by the amended Building Act 2004. The amended Act provides a process for consideration of deadline extensions, where the old timeframe is shorter than the new rules now allow. Council is working through this process for all s124 Notices.



Work in progress

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

	Council and Group	
	2018 (\$000)	2017 (\$000)
Water system	1,246	851
Roading network	1,723	1,243
Land and Buildings	7,255	3,036
Sewerage	5,154	977
Stormwater	534	683
Solid Waste	-	-
Flood protection	347	915
Other	209	15
Total work in progress	16,468	7,720

19 Intangible assets

Council	Computer software \$000
At 1 July 2016	
Cost	4,955
Accumulated amortisation and impairment	(2,588)
Net book amount	2,367

Year ended Actual 2017	
Opening net book amount	2,367
Additions	515
Amortisation charge	(626)
Closing net book amount	2,256

At Actual 2017	
Cost	5,469
Accumulated amortisation and impairment	(3,213)
Net book amount	2,256

Year ended 30 June 2018	
Opening net book amount	2,256
Additions	733
Amortisation charge **	(609)
Closing net book amount	2,380

Council	Computer software \$000
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At 30 June 2018	
Cost	5,646
Accumulated amortisation and impairment	(3,266)
Net book amount	2,380

Group	Computer software \$000
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At 1 July 2016	
Cost	5,642
Accumulated amortisation and impairment	(2,952)
Net book amount	2,690

Year ended 30 June 2017	
Opening net book amount	2,690
Additions	807
Disposals	(126)
Amortisation charge **	(718)
Closing net book amount	2,653

At 30 June 2017	
Cost	6,244
Accumulated amortisation and impairment	(3,591)
Net book amount	2,653

Year ended 30 June 2018	
Opening net book amount	2,653
Additions	1,112
Disposals	(220)
Amortisation charge **	(626)
Closing net book amount	2,919

At 30 June 2018	
Cost	6,581
Accumulated amortisation and impairment	(3,662)
Net book amount	2,919



20 Depreciation and amortisation expense by group of activity

	Council	
	Actual 2018 (\$000)	Actual 2017 (\$000)
Directly attributable depreciation and amortisation expense by group of activity		
Corporate	616	524
Parks and active recreation	3,106	2,761
Social	1,228	1,194
Transport	6,769	6,618
Environmental management	402	460
Wastewater	4,525	4,319
Stormwater	2,168	2,105
Water Supply	4,198	4,004
Flood protection	530	422
Total directly attributable depreciation and amortisation by group of activity	23,542	22,407
Depreciation and amortisation not directly related to group of activities	901	903
Total depreciation and amortisation expense	24,443	23,310

21 Forestry assets

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Carrying amount opening balance	5,798	5,699	5,798	5,699
Gain/loss arising from changes in fair value less estimated point of sale costs	653	298	653	298
Harvest	(2,126)	(199)	(2,126)	(199)
Balance at 30 June 2018	4,325	5,798	4,325	5,798

Council owns 451 hectares, (546 at 30 June 2017), of Radiata Pine and Cupressus Macrocarpa planted between 1981 and 2015. Other stands totalling 56.9 hectares, (57.8 at 30 June 2017), were considered to have no commercial value. Independent registered valuers PF Olsen have valued the forestry assets as at 30 June 2018. A discount rate of 6.0%, (6.5% in 2017), has been used in discounting the present value of expected after tax cash flows.



22 Investment property

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

Rents received from this property were \$9,500 (2017: \$62,000)

The movement of investment property is as follows:

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Investment properties - fair value - opening balance	1,100	1,060	1,100	1,060
Investment properties - fair value - Net gain (loss) from fair value adjustment	50	40	50	40
Balance at 30 June	1,150	1,100	1,150	1,100

23 Investments in subsidiaries

Accounting policy

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Nelson Regional Development Agency	200	200	-	-
Nelmac	2,000	2,000	-	-
Bishop Suter Trust	6,000	6,000	-	-
Civic Trust	-	-	-	-
Total investment in Subsidiaries	8,200	8,200	-	-

Significant subsidiaries of Council comprise:

	Principal activity	Council control	
		2018 %	2017 %
Nelson Regional Development Agency	Regional development, marketing and promotion	100	100
Nelmac	Management of facilities and infrastructure	100	100
Bishop Suter Trust	Art gallery	100	100
Civic Trust	Enhancement of city environment	100	100

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

These fully controlled subsidiaries have been consolidated line by line.

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

	2018 (\$000)	2017 (\$000)
Opening balance	8,200	8,353
Net investment made during the year	-	200
Historic correction to balance Nelmac's shareholder's funds	-	(353)
Total investment in subsidiaries	8,200	8,200



24 Investments in equity accounted joint ventures

Council	Actual 2018 (\$000)	Actual 2017 (\$000)
Port Nelson Ltd	12,708	12,708
Tasman Bays Heritage Trust	4,922	4,922
Nelson Airport Ltd	19,033	19,033
Shares in associates	36,663	36,663

Only the equity value of these 50% owned associates is consolidated.
All associates have a balance date of 30 June and are resident in New Zealand.

Group	Actual 2017 (\$000)	Actual 2016 (\$000)
Movements in the carrying amount of investments in equity accounted joint ventures:		
Balance at 1 July	136,602	122,052
Share of total recognised revenue and expenses	9,005	7,027
Share of revaluation gain	4,828	11,034
Share of dividend	(2,750)	(3,610)
Other movements	(67)	99
Balance at 30 June	147,618	136,602

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

Council	Actual 2018 (\$000)	Actual 2017 (\$000)
Assets	373,153	334,803
Liabilities	104,342	88,181
Revenues	79,502	69,656
Surplus/(deficit)	17,508	14,083

25 Proportionally accounted joint ventures

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

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

Name	Principal activity	Percentage Ownership	
		2018 %	2017 %
Regional Sewerage	Sewerage disposal services	50	50
Civil Defence	Coordination of emergency services	50	50
Regional Landfill	Solid Waste disposal service	50	-

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

The Regional Landfill Business Unit was formed on 1 July 2017 pursuant to a deed of agreement between Nelson City Council (NCC) and Tasman District Council (TDC). The net assets of the Eve's Valley Landfill of TDC and the York Valley Landfill of NCC, as recorded in the respective councils books have been amalgamated as the assets of the Business Unit on 1 July 2017.



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

Note that 2017 balances have been amended to better reflect the consolidated position at 30 June 2017.

	Council and Group	
	2018 (\$000)	2017 (\$000)
Assets		
Current assets	1,989	565
Non current assets	35,281	31,651
Total assets	37,270	32,216
Liabilities		
Current liabilities	1,160	483
Non-current liabilities	6,849	7,000
Total liabilities	8,009	7,483
Revenue	6,010	1,959
Expenses	(5,331)	(2,684)
Net surplus/(deficit)	679	(725)

26 Trade and other payables

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Current				
Trade payables	11,516	8,762	11,655	9,075
Deposits and bonds	541	371	541	371
Accrued expenses	1,372	840	1,496	885
Income in advance	1,111	1,083	1,217	1,087
Amounts due to customers for contract work	243	192	243	192
Other payables	774	751	822	810
Suspensory loan	59	59	59	59
Trust accounts	246	257	246	257
Taxes payable other than income tax	5	12	248	110
Total current creditors and other payables	15,867	12,327	16,537	12,846
Total creditors and other payables from exchange transactions	14,960	11,617	15,387	12,136
Total creditors and other payables from non exchange transactions	907	711	1,150	711
Non-current				
Housing New Zealand Suspensory Loan	702	761	702	761
Suter depreciation accrual	399	170	-	-
Total non-current creditors and payables	1,101	931	702	761



	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Non-current payables from exchange transactions	-	-	-	-
Non-current payables from non-exchange transactions	1,101	931	702	761
Total non-current payables from exchange and non-exchange transactions	1,101	931	702	761
Total trade and other payables	16,968	13,259	17,239	13,608

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

The Council received a 20 year suspensory loan of \$1.17 million from Housing New Zealand that must be repaid if the Council makes certain decisions that affect the provision of its social housing (including selling properties) prior to January 2032. The Council considers that the substance of the arrangement is the Council receives funding on condition that it provides social housing services over the 20 year term of the agreement. The current portion of the suspensory loan represents that amount of the loan that will be recognised as revenue over the next 12 months.

27 Borrowings and other financial liabilities

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Current portion				
Secured loans	1,400	2,350	1,630	2,571
Commercial paper	-	-	-	-
Floating rate notes	5,000	-	5,000	-
Total secured current interest bearing borrowings	6,400	2,350	6,630	2,571
Total current portion	6,400	2,350	6,630	2,571
Non current portion				
Secured loans	-	-	2,574	2,404
Floating rate notes	90,000	90,000	90,000	90,000
Total non current portion	90,000	90,000	92,574	92,404
Total borrowings	96,400	92,350	99,204	94,975

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

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

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

As at 30 June 2018 the Council had borrowing facilities

of \$20 million with Westpac Banking Corporation (2017: \$20.0m) and \$15m with ANZ National Limited (2017: \$15m). At balance date \$1.4 million of the total \$35m facility was drawn down (2017: 2.4m). Council also has a business card facility with Westpac with a limit of \$42,000 (2017: \$42,000).

The interest rates on the Council borrowings range from 2.37% to 2.87% (2017: 2.31% to 2.9%). The weighted average interest rate on the above loans was 2.6% (2017: 2.56%).



28 Provisions

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Regional Landfill - closure and post closure provision	267	-	267	-
Total current portion	267	-	267	-
Regional Landfill - closure and post closure provision	1,508	1,313	1,508	1,313
Total non-current portion	1,508	1,313	1,508	1,313
Total provisions	1,775	1,313	1,775	1,313
Movements in provisions:				
Opening balance	1,313	1,244	1,313	1,244
Movement on creation of joint Regional Landfill	305	-	305	-
Reassessment of liability	123	(36)	123	(36)
Provision for year based on consumption	75	34	75	34
Interest	(41)	71	(41)	71
Closing balance	1,775	1,313	1,775	1,313

On 1 July 2017 the NTRLBU (a joint committee of NCC & TDC) took over as operator of the York Valley Landfill from NCC and the Eves Valley landfill from TDC. The Business Unit has a legal obligation to provide ongoing maintenance and monitoring services after closure. This provision is calculated on the basis of discounting closure and post closure costs into present day values. This calculation assumes no change in the resource consent conditions for closure and post closure treatment.

29 Employee benefits liabilities

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Annual leave	957	889	2,138	2,047
Long service leave	82	78	103	89
Retirement gratuities	51	51	51	51
Sick leave	41	43	41	43
Accrued pay	970	1,044	1,490	1,521
Total current portion	2,101	2,105	3,823	3,751
Long service leave	165	156	193	180
Retirement gratuities	67	67	101	121
Total non current portion	232	223	294	301
Total employee entitlements	2,333	2,328	4,117	4,052



30 Equity

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Customers' equity				
Retained earnings	422,811	414,580	476,893	462,162
Reserves	1,042,457	996,741	1,121,189	1,070,645
Balance at 30 June 2018	1,465,268	1,411,321	1,598,082	1,532,807

Accumulated funds				
Balance at 1 July	414,580	400,966	462,162	442,907
Opening equity adjustment on equity establishment	(878)	-	(878)	370
Equity released on disestablishment	-	-	-	(133)
Transfer to special fund	533	-	533	-
Disposal of property, plant and equipment	4,068	332	4,068	332
Prior year correction	-	-	(69)	255
Movement in reserves	(6,849)	101	(6,926)	150
Surplus/(deficit) for the year	11,357	13,181	18,003	18,281
Balance 30 June	422,811	414,580	476,893	462,162

Reserves includes				
Property, plant and equipment revaluation reserve	1,034,150	995,283	1,113,693	1,069,921
Hedging reserve - cash flow hedges	-	-	(811)	(734)
Restricted reserves	8,257	1,408	8,257	1,408
Contingency reserve	50	50	50	50
Total reserves	1,042,457	996,741	1,121,189	1,070,645

Property, plant and equipment revaluation reserve				
Balance at 1 July	995,283	947,899	1,069,921	1,011,982
Net revaluation gains	42,935	47,756	47,840	58,311
Transfer to accumulated funds on disposal of property	(4,068)	(372)	(4,068)	(372)
Balance at 30 June	1,034,150	995,283	1,113,693	1,069,921

Property revaluation reserves for each asset class consist of:				
Land	156,355	157,853	199,686	200,771
Buildings	-	-	456	456
Airport	-	-	22,311	17,819
Sewerage system	135,236	131,975	135,236	131,975
Water system	127,014	118,447	127,014	118,447
Stormwater network	109,621	100,787	109,621	100,787
Flood protection network	1,611	1,127	1,611	1,127
Roading network	501,044	478,427	501,044	478,427
Solid waste	3,255	6,653	3,255	6,653
Forestry (NRSBU)	14	14	14	14
Wharves	-	-	13,445	13,445
Total	1,034,150	995,283	1,113,693	1,069,921



	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Hedging reserve - cash flow hedges				
Balance at 1 July	-	-	(734)	(1,212)
Fair value gains/(losses) in the year	-	-	(137)	664
Deferred tax movement	-	-	60	(186)
Balance at 30 June	-	-	(811)	(734)
Restricted reserves				
Balance at 1 July	1,408	1,509	1,408	1,557
Net transfers (to)/from accumulated funds	6,849	(101)	6,849	(149)
Balance at 30 June	8,257	1,408	8,257	1,408
Contingency reserve				
Balance 1 July	50	50	50	50
Fair value movement	-	-	-	-
Balance at 30 June	50	50	50	50

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

Reserve	Activities to which the reserve relates	Balance 1 July (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June (\$000)
2018					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	117	304	(380)	41
Events Contestable Fund reserve	Economic	360	16	(422)	(46)
Forestry	Forestry	-	1,251	-	1,251
Founders Park reserve	Social	172	132	(130)	175
L C Voller bequest	Social	22	1	-	23
Landfill	Environmental	-	4,305	-	4,305
Nellie Nightingale bequest	Social	146	1	(147)	-
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	9	-	-	9
Roading contributions	Transport	111	1	-	112
Solid Waste	Environmental	-	1,583	-	1,583
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	206	2,332	(1,930)	608
Walker bequest	Parks	77	2	(70)	9
Total restricted reserves - 2018		1,408	9,928	(3,079)	8,257



Reserve	Activities to which the reserve relates	Balance 1 July (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June (\$000)
2017					
Art Council loan fund	Parks	10	-	-	10
Dog control reserve	Environmental	115	286	(284)	117
Events Contestable Fund reserve	Economic	422	1	(63)	360
Founders Park reserve	Social	100	139	(67)	172
Economic development	Economic	167	-	(167)	-
L C Voller bequest	Social	21	1	-	22
Nellie Nightingale bequest	Social	139	7	-	146
Nelson 2000 Trust	Parks	165	-	-	165
Nelson Institute funds	Social	8	1	-	9
Roading contributions	Transport	103	8	-	111
Saxton/Suffolk stormwater	Stormwater	110	2	(112)	-
Sport and recreation grants	Parks	13	-	-	13
Subdivisions reserve	Parks	-	1,974	(1,768)	206
Walker bequest	Parks	73	4	-	77
Wastney Tce stormwater reserve	Stormwater	63	1	(64)	-
Total restricted reserves - 2017		1,509	2,424	(2,525)	1,408

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Surplus/(deficit) after tax	11,357	13,181	18,003	18,281
Depreciation and amortisation expense	24,443	23,310	26,073	24,778
Property, plant, and equipment impairment	697	1,592	697	1,592
Vested assets	(4,896)	(6,485)	(4,982)	(6,671)
(Gains)/losses in fair value of forestry assets	(653)	(99)	(653)	(99)
(Gains)/losses in fair value of investment property	-	-	(50)	-
(Gains)/losses on derivative financial instruments	757	(2,996)	757	(2,996)
Increase in deferred tax	-	-	60	30
Conditional grants released to income	(59)	(59)	(59)	(1,108)
Associated surplus ex dividends	-	-	(6,215)	(3,420)
(Gains)/losses in fair value of investments	(50)	(40)	(53)	(88)
Movement in landfill liability	462	69	462	69
Provision for discount unwinding	(313)	(97)	(339)	(123)
Total non cash items	20,388	15,195	15,698	11,964
(Gains)/losses on disposal of property, plant, and equipment	2,566	627	2,548	577
Movement in non current provisions	-	-	28	8
Movement in capital creditors	1,593	(5,013)	1,593	(5,013)
Movement in investment related accounts receivable	-	-	(19)	(17)
Total items classified as investing or financing activities	4,159	(4,386)	4,150	(4,445)

Table continued >



	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
(Increase)/Decrease in receivables	(544)	4	3,490	1,071
(Increase)/Decrease in prepayments	(81)	127	(62)	90
(Increase)/Decrease in inventory	-	118	2	66
(Increase)/Decrease in WIP	-	-	6	(296)
Increase /(Decrease) in payables	2,232	(304)	4,413	(244)
Increase /(Decrease) in income tax payable	-	-	18	110
Increase /(Decrease) in provisions	-	-	(44)	(128)
Increase /(Decrease) in employee entitlements	5	278	80	(145)
Net movement in working capital items	1,612	223	923	524
Net cash inflow/(outflow) from operating activities	37,516	24,213	38,774	26,324

32 Capital commitments and operating leases

Capital commitments

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Nelson City Council	7,240	7,649	7,240	7,649
Nelmac	-	-	432	66
Port Nelson Ltd	-	-	2,005	4,976
Nelson Airport Ltd	-	-	10,925	14,783
Tasman Bay Heritage Trust	-	-	-	-
Total capital commitments	7,240	7,649	20,602	27,474

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

Operating leases as lessee

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

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

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Not later than one year	202	212	452	596
Later than one year and not later than five years	753	821	857	896
Later than five years	485	655	485	655
Total non cancellable operating leases	1,440	1,688	1,794	2,147

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

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



Operating leases as lessor

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

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

	Council		Group	
	Actual 2018 (\$000)	Actual 2017 (\$000)	Actual 2018 (\$000)	Actual 2017 (\$000)
Not later than one year	1,207	1,461	3,863	4,698
Later than one year and not later than five years	3,003	2,163	9,931	9,613
Later than five years	4,092	4,246	14,784	15,309
Total non cancellable operating leases	8,302	7,870	28,578	29,620

33 Contingencies

Contingent liabilities

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

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

Council:

Local Government Funding Agency

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

Nelson City Council is a guarantor of all of LGFA borrowings in the event of default. At balance date Council's guarantee totalled \$8,272 million (2017: \$7,945 million). In such an event, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each guarantor is set in relation to each guarantor's rates income. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge. The Council has been unable to determine a sufficiently reliable fair value for the guarantee and has therefore not recognised a liability. The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is remote.

Weathertight homes claims

Council is aware of a further three properties which qualify under the Weathertight Homes Resolution Service although Council has not received notification of claim as at balance date. Council has some budget in 2018, along with a balance sheet provision that can be used in settlement of any claims, however it is possible that the eventual settlement will be in excess of those sums. Council is unable to determine a sufficiently reliable estimate for any settlement at this time and therefore recognises an unquantifiable contingent liability.

Group:

Nelson Airport Ltd - Terminal Development

At balance date Nelson Airport Limited was in discussion with the lead terminal development contractor regarding price variations on the development project. The parties remain in discussion at publishing date regarding any adjustment.

34 Related party transactions

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

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



Related party transactions required to be disclosed.

Related party transactions with subsidiaries, associates, or joint ventures

	Council	
	Actual 2018 (\$000)	Actual 2017 (\$000)
Expenditure		
Bishop Suter Trust		
Operating grant	565	502
Depreciation grant	228	170
Economic Development Agency (NRDA)		
Operating grant	1,243	1,226
Contestable events fund	765	455
Light Nelson	100	50
Tasman Bays Heritage Trust		
Operating grant	933	905
Payables		
Suter depreciation grant	399	170
NRDA contestable events fund	-	360
Receivables		
NRDA contestable events fund	46	-

Grants to subsidiaries and associates

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

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

Tasman Bays Heritage Trust related party loan

Council made a loan to the trust of \$1.2 million, initially repayable over 30 years at 0% interest. Repayments on the loan have been renegotiated at \$100,000 per year, and the loan has been recalculated as required under PBE IPSAS to net present value. A discount rate of 4.66% (2017: 5.25%) has been used. This has resulted in an asset to council of \$703,000, with the last payment currently scheduled for the year 2026.

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

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

Nelmac maintenance of utility services contract

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

The contract for utility services was not tendered and the value of the contract for the 2018 financial year was \$3.8 million (2017: \$3.3 million). As the contract was not tendered and there is no benchmarking available for these very individualised services, Council is unable to determine that the contract is at arm's length.

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

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



Transactions with key management personnel

Key management personnel compensation

	Council	
	Actual 2018 (\$000)	Actual 2017 (\$000)
Council members		
Remuneration	723	669
Full-time equivalent members	13.0	13.0
Senior Management Team, including the Chief Executive		
Remuneration	1,635	1,655
Full-time equivalent members	7.8	7.4
Total key management personnel compensation	2,358	2,324
Total full-time equivalent personnel	20.8	20.4

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

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

Key advisors include three committee members who are external to the organisation. These advisors bring technical expertise to the Commercial subcommittee, the Audit, Risk, and Finance subcommittee and the Planning and Regulatory committee. The remuneration for each external committee member varies between \$900 and \$1,458 per month depending on which committees are serviced. Payments for these advisors totalled \$46,000 (2017: \$33,000).

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

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

35 Remuneration

Chief Executive

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

The total remuneration (including any non financial benefits) paid or payable for the year to the Chief Executive was \$322,839 (2017: \$371,669).

Elected representatives

Elected representatives received the following remuneration:

	Council	
	Actual 2018 \$	Actual 2017 \$
Mayor Reese	135,662	133,035
Councillor Barker	52,254	48,462
Councillor Rainey	-	15,728
Councillor Copeland	-	13,164
Councillor Courtney	44,863	27,764
Councillor Dahlberg	45,196	27,764
Councillor Davy	-	15,728
Councillor Fulton	44,578	40,708
Councillor Matheson	64,320	58,963
Councillor Ward	-	13,164
Councillor Lawrey	43,098	40,198
Councillor Skinner	51,896	45,026
Councillor Acland	43,098	40,198
Councillor McGurk	51,896	47,591
Councillor Noonan	51,545	45,577
Councillor Rutledge	44,845	27,764
Councillor Walker	50,217	27,764
Total elected representatives' remuneration	723,468	668,598

27 fortnightly payments are included in this disclosure for the 2017/18 financial year. In 2016/17 there were 26 fortnightly payments.



Payments for commissioner hearings and District Licensing Committee included in total remuneration:

	Council	
	Actual 2018 \$	Actual 2017 \$
Councillor Barker	358	871
Councillor Fulton	1,480	510
Councillor Matheson	332	535
Total Local Boards	2,170	1,916

Council employees

At balance date, Council employed 284 staff (2017: 261), made up of 192 (2017: 175) full time employees, with the balance of staff representing 54.65 (2017: 44.91) full time equivalent employees. The FTE total for 2018 was 246.65 (2017: 219.91).

Total annual remuneration by band for the 284 employees as at 30 June:

	Number of employees 2018
< \$60,000	123
\$60,000 – \$79,999	80
\$80,000 – \$99,999	49
\$100,000 – \$119,999	19
\$120,000 – \$159,999	7
\$160,000 – \$359,999	6
Total employees	284

	Number of employees 2017
< \$60,000	124
\$60,000 – \$79,999	83
\$80,000 – \$99,999	31
\$100,000 – \$119,999	15
\$120,000 – \$219,999	7
\$220,000 – \$379,999	1
Total employees	261

36 Severance payments

For the year ended 30 June 2018, the Council made 1 (2017: 4) severance payment to employees totalling \$2,202 (2017: \$226,273).



37 Financial instruments

(a) Fair value estimation

For those instruments recognised at fair value in the statements of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

	Total	Quoted market price	Observable inputs	Significant non observable inputs
	(\$000)	(\$000)	(\$000)	(\$000)
30 June 2018 - Council				
Financial assets				
Derivatives	-	-	-	-
Shares	140	-	-	140
Total financial assets	140	-	-	140
Financial liabilities				
Derivatives	6,174	-	6,174	-
30 June 2017 - Council				
Financial assets				
Derivatives	25	-	25	-
Shares	140	-	-	140
Total financial assets	165	-	25	140
Financial liabilities				
Derivatives	5,441	-	5,441	-
30 June 2018 - Group				
Financial assets				
Derivatives	-	-	-	-
Shares	748	608	-	140
Other held to maturity investments	153	153	-	-
Total financial assets	901	761	-	140
Financial liabilities				
Derivatives	6,174	-	6,174	-
30 June 2017 - Group				
Financial assets				
Derivatives	25	-	25	-
Shares	140	-	-	140
Total financial assets	165	-	25	140
Financial liabilities				
Derivatives	5,441	-	5,441	-



(b) Financial instrument risks

Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. The Council and Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Council holds only short term investments with the major banks, and holds no listed equity instruments.

Currency risk

Council has exposure through the occasional purchase of foreign exchange denominated goods and services.

Significant in dividual amounts of NZD100,000 or greater commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount and timing are known.

As at June 2018, Council have contracts hedging a total of \$nil (2017: nil).

Fair values

The fair value of financial instruments is their carrying amount as stated in the balance sheet.

Interest rate risk

Council is exposed to interest rate risk and seeks to minimise this exposure through adopted treasury policies.

This includes entering into rate options or interest rate swap agreements. As at 30 June 2018 the Council had

entered into interest swap agreements to a value of \$131.5 million (2017: \$107m) at interest rates between 2.33% and 5.25% (2017: 2.98% and 5.25%).

The weighted average effective interest rate on Nelson City Council deposits of less than 3 months is 1.5% (2017: 1.5%).

The interest rates on Nelson City Council borrowings are disclosed in note 27.

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 \$12.4 million debtors are outlined in note 13.

Details of investments are outlined in note 16, 23, 24 and 25.

As at 30 June 2018 Council has a \$5m short term investment with Bank of New Zealand (2017: nil) along with a \$5m call deposit with ANZ (2017: nil).

Nelson City Council's investment policy limits the amount of credit exposure to any one financial institution or organisation and only allows funds to be invested with entities that have a strong Standard and Poor's credit rating.

Community loans

Council has \$4.4 million of community loans (2017: \$4.1 million) and there is a risk that some of these could be defaulted on. Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk, except for a mortgage securing a community loan with a face value of \$1.5 million, (2017: \$1.5 million).

Maximum exposure to credit risk

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

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Cash at bank and term deposits	12,432	255	14,417	1,362
Receivables	12,099	11,906	13,895	13,163
Community and related party loans	4,392	4,120	3,689	3,532
LGFA borrower notes	960	880	960	880
Other held to maturity Investments	-	-	153	167
Shares	140	140	140	140
Derivative financial instruments	-	25	-	25
Listed shares	-	-	608	497
Total credit risk	30,233	17,326	33,862	19,766

The Entity is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 33.



Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	12,432	255	14,417	1,362
Derivative financial instrument assets				
AA-	-	25	-	25
Other financial assets - LGFA borrower notes				
AA+	960	880	960	880
Other financial assets - loans and receivables				
AA-	-	-	5,969	1,036
Counterparties without credit ratings				
Community and related party loans				
Existing counterparty with no defaults in the past	3,689	3,532	3,689	3,532
Existing counterparty defaulted 30 June 2012, loan arrangements since reviewed and complied with	703	588	-	-
Total community and related party loans	4,392	4,120	3,689	3,532
Receivables				
Existing counterparty with no defaults in the past	12,099	11,906	13,895	13,163
Held to maturity investments				
Existing counterparty with no defaults in the past	-	-	153	167
Fixed interest securities				
Existing counterparty with no defaults in the past	140	140	140	140
Listed shares				
Existing counterparty with no defaults in the past	-	-	608	497

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

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Entity will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of

funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Entity aims to maintain flexibility in funding by keeping committed credit lines available with Westpac and ANZ National Bank Ltd.

Council provides security via a Debenture Trust Deed signed 10 December 2010 and as at 30 June 2017 had security stock issued of \$49m and debenture stock issued of \$35 million. These stock amounts provide security for bank facilities, swap facilities, floating rate notes and commercial paper.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management policy.

Council has an overdraft facility of \$200,000, against which \$nil was drawn at balance date (2017: \$nil).



Contractual maturity analysis of financial liabilities

	Contractual cash flows (\$000)	Less than 1 year (\$000)	1 - 2 years (\$000)	2 - 5 years (\$000)	More than 5 years (\$000)
Council 2018					
Payables	15,857	15,857	-	-	-
Secured loans	96,400	6,400	10,000	60,000	20,000
Derivative financial liabilities	6,174	116	494	2,299	3,265
Total	118,431	22,373	10,494	67,299	23,265

Council 2017					
Payables	12,176	12,176	-	-	-
Secured loans	92,350	2,350	5,000	55,000	30,000
Derivative financial liabilities	5,441	40	214	2,468	2,719
Total	109,967	14,566	5,214	57,468	32,719

Group 2018					
Payables	16,022	16,022	-	-	-
Secured loans	99,2204	6,630	12,574	60,000	20,000
Derivative financial liabilities	6,174	116	494	2,299	3,265
Total	121,400	22,768	13,068	62,299	23,265

Group 2017					
Payables	12,521	12,521	-	-	-
Secured loans	94,975	2,571	5,230	57,174	30,000
Derivative financial liabilities	5,441	40	214	2,468	2,719
Total	112,937	15,132	5,444	59,642	32,719

Council is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

Note that payables balances for 2017 have been amended to exclude income in advance.

Contractual maturity analysis of financial assets

	Contractual cash flows (\$000)	Less than 1 year (\$000)	1 - 2 years (\$000)	2 - 5 years (\$000)	More than 5 years (\$000)
Council 2018					
Cash and cash equivalents	7,432	7,432	-	-	-
Receivables	12,099	12,099	-	-	-
Other financial assets:					
- term deposits	5,000	5,000	-	-	-
- community and related party loans	4,392	714	1,294	951	1,433
- LGFA borrower notes	960	80	-	320	560
Derivative financial instruments	-	-	-	-	-
Total	29,883	25,325	1,294	1,271	1,993



	Contractual cash flows (\$000)	Less than 1 year (\$000)	1 - 2 years (\$000)	2 - 5 years (\$000)	More than 5 years (\$000)
Council 2017					
Cash and cash equivalents	255	255	-	-	-
Receivables	11,906	11,906	-	-	-
Other financial assets:					
- community and related party loans	4,120	752	595	1,147	1,626
- LGFA borrower notes	880	-	240	160	480
Derivative financial instruments	25	-	-	-	25
Total	17,186	12,913	835	1,307	2,131

Group 2018					
Cash and cash equivalents	8,448	8,448	-	-	-
Receivables	13,895	13,895	-	-	-
Other financial assets:					
- term deposits	5,969	5,969	-	-	-
- community and related party loans	3,689	614	1,198	689	1,188
- LGFA borrower notes	960	80	-	320	560
Derivative financial instruments	-	-	-	-	25
Total	32,961	29,006	1,198	1,009	1,748

Group 2017					
Cash and cash equivalents	1,362	1,362	-	-	-
Receivables	13,163	13,163	-	-	-
Other financial assets:					
- community and related party loans	4,120	752	595	1,147	1,626
- LGFA borrower notes	880	-	240	160	480
Derivative financial instruments	25	-	-	-	25
Total	19,550	15,277	835	1,307	2,131



Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposures at balance date.

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

	2018 (\$000)				2017 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Council								
Interest rate risk								
Financial assets								
Derivative financial assets	-	-	-	-	(193)	-	164	-
Other financial assets:								
- Community loans and loans to related parties	122	-	(108)	-	146	-	(128)	-
Financial liabilities								
Derivative financial liabilities	(4,595)	-	4,218	-	(4,110)	-	3,804	-
Total sensitivity	(4,473)	-	4,110	-	(4,157)	-	3,840	-

	2018 (\$000)				2017 (\$000)			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Group								
Interest rate risk								
Financial assets								
Derivative financial assets	-	-	-	-	(193)	-	164	-
Other financial assets:								
- Community loans and loans to related parties	122	-	(108)	-	146	-	(128)	-
Financial liabilities								
Derivative financial instruments	(4,595)	-	4,218	-	(4,110)	-	3,804	-
Total sensitivity	(4,473)	-	4,110	-	(4,157)	-	3,840	-



c) Financial instrument categories

Note that payables balances for 2017 have been amended to exclude income in advance, and receivables balances have been amended to exclude both prepayments and provisions for doubtful debt. Also, Civic Trust investments have been separated into fixed interest securities and listed shares.

	Council		Group	
	2018 (\$000)	2017 (\$000)	2018 (\$000)	2017 (\$000)
FINANCIAL ASSETS				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument assets	-	25	-	25
Fixed interest securities	-	-	153	268
Total fair value through surplus or deficit - not hedge accounted	-	25	153	293
Loans and receivables				
Cash and cash equivalents	7,432	255	8,448	1,362
Receivables	12,099	11,906	13,895	13,163
Other financial assets:				
- term deposits	5,000	-	5,969	1,036
- Community loans and loans to related parties	4,392	4,120	3,689	3,532
Total loans and receivables	28,923	16,281	32,001	19,093
Held to maturity				
Other financial assets: LGFA borrower notes	960	880	960	880
Fair value through other comprehensive revenue and expense				
- Equity securities - NZ LG Insurance Corp Ltd	140	140	140	140
- Listed shares	-	-	608	497
Total fair value through other comprehensive revenue and expense	140	140	748	637
FINANCIAL LIABILITIES				
Fair value through surplus or deficit - not hedge accounted				
Derivative financial instrument liabilities	6,174	5,441	6,174	5,441
Financial liabilities at amortised cost				
Payables	15,857	12,176	16,022	12,521
Borrowings: secured loans	96,400	92,350	99,204	94,975
Total financial liabilities at amortised cost	112,257	140,526	115,226	107,496



38 Events occurring after the balance date

On 25 July 2018 the Nelson Airport Limited board declared a dividend of \$750,000 to be paid equally to its shareholders Nelson City Council and Tasman District Council.

On 26 September 2018 Port Nelson Ltd declared a special dividend of \$1.5 million relating to the 2017/18 financial year, to be paid equally to its shareholders Nelson City Council and Tasman District Council. The funds were received on 27 September 2018.

39 Explanation of major variances against budget

Statements of comprehensive revenue and expense

Total operating income \$108,000 more than budget:

Fees and charges are \$2.9 million more than budget. More details can be seen in the activities section, however the most significant items are:

- \$1.0 million unbudgeted income arising from a change to the consolidation methodology for the regional sewerage business units, offset in expenditure.
- \$0.3 million extra rental income, particularly from the Tahuna camp ground
- \$1.0 million greater than budgeted income from landfill due to higher volumes and a different mix of income streams than anticipated. Greater expenditure than budgeted was also recorded.

Subsidies and grants are \$0.7 million less than budgeted. NZTA subsidies are \$1.5m less than budget due to less spent on the Transport capital programme than anticipated; offset by the gifting to Council of the indoor cricket and smallbore rifle facility at Saxton Field which was unbudgeted.

Other revenue is \$1.3 million less than budget. Development and subdivision reserves contributions are \$1.2 million higher than anticipated and the value of assets vested to Council by developers is \$1.1 million less than budget. Both items reflect development activity in the city, at different stages of development. \$1.1 million of gains on sale and revaluation of forestry assets was budgeted in this category in error, with \$653,000 actual gains on sale and revaluation reflected in other gains.

Other gains of \$1.1 million less than budget reflect unbudgeted gains and losses on valuation and disposal of assets, including losses on abandoned assets and interest rate swap valuations, offset by fair value gains on asset revaluations (other than PPE).

Total operating expenditure was \$4.5 million more than budget:

Personnel costs were \$0.7 million less than budget. Some vacancies were backfilled using unbudgeted temporary resource at the cost of \$0.4 million, reflected in other expenses.

Other expenses were over budget by \$5.7 million. More details can be seen in the activities section, however the most significant items are:

- \$1.4m more expenditure in the NRSBU was offset by over budget income in fees and charges and other revenue categories due to a change in consolidation methodology
- \$0.8 million for response to the storm events in February 2018 partly funded through the disaster recovery fund. Insurance claims have been made and the proceeds of those claims will be credited to the fund in the 2018/19 financial year
- \$0.3 million greater than budget consolidated expenditure from the regional landfill was offset by increased income
- other over budget reactive maintenance items included water reticulation and leak detection repairs, tree maintenance and Modeller's Pond maintenance costs (due to delays in finding a permanent solution to the algae issues at the pond)
- activities relating to the Nelson Plan were over budget by \$555,000 including the engagement of contractors to cover staff vacancies, and to enable the release of the draft plan as approved by resolution of Council
- asset impairments of \$0.8 million, and expenditure related to non capitalisable project costs (scoping, feasibility, engagement. options identification) \$0.4 million greater than budgeted
- unbudgeted expenditure for temporary/consultancy resource \$0.4 million due to and offset by vacancies in permanent staff.

Other comprehensive income

The infrastructure assets are revalued every year to smooth out the large fluctuations, and land is revalued when its fair value diverges materially from its carrying value. The revaluation as at 30 June 2018 resulted in a total increase in asset value of \$42.9 million, \$26 million more than budget. Council last revalued land as at 30 June 2017.

Statements of financial position

Current assets are \$11 million greater than budget relating to the on call deposit of \$5 million, unbudgeted cash surpluses and a short term deposit of \$5 million offsetting the prefunding of term borrowings terminating in March 2019.



Property, plant, and equipment was \$21.2 million more than budget. The opening balance at 1 July was \$23 million more than forecast at the time of setting the 2017/18 budget, asset revaluations were \$26 million more than budget, capital additions were \$22.7 million less than budget, disposals and impairments were \$5.3 million more than budget, depreciation \$0.7 million less than budget and vested asset additions were \$1.1 million less than budget.

Forestry assets are \$761,000 less than budget due to greater volumes harvested than budgeted for.

Current trade and other payables are \$2.3 million less than budget. The opening balance at 1 July was \$5.6m less than forecast at the time of setting the 2017/18 budget, and trade payables and other creditors balances have increased over the year including new transactions related to the NRTLBU and the IT hardware replacement programme.

Total borrowings were \$25.0 million below budget due to the difference in the opening balance at 1 July (\$9.7 million) and lower capital investment than budgeted, offset by the prefunding of \$5 million of existing debt that is terminating in March 2019 (held on deposit until required).

Reserves are \$62 million more than budgeted. The opening balance at 1 July was \$32.3 million more than forecast at the time of setting the 2017/18 budget, the asset revaluation was \$26 million more than budget, \$7.7 million more than budget was transferred to reserves from equity (particularly for forestry, landfill and solid waste reserves) and \$4 million of revaluation reserve was released to equity relating to the disposal of assets.

40 Insurance

The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them.

Wastewater, Stormwater, Water Supply, Flood Protection and Solid Waste assets

These activities have a total book value of \$499,699,000. Repairs to these assets following a significant event are covered 40% through Council's membership of the AoN South Island collective with a large deductible, with the remaining 60% being funded by Central Government. Council has a disaster recovery fund intended to cover the deductible or Council's 40% share if the event is lower than the

deductible. Due to prior emergency events, there are no funds available as at 30 June 2018, and any funding required would be by way of loans until a balance is built up in the disaster recovery fund.

Roading assets

Subsidised roading assets have a total book value of \$638,004,000 (including land under roads). For these assets, Council would receive a minimum of 44% subsidy from the NZTA, with the remaining portion of the loss to be funded through the disaster recovery fund and loan funding.

Unsubsidised roading assets have a total book value of \$4,662,000. This includes such items as walkways and car parks. These items are not insured, and Council would fund any loss through the disaster recovery fund or loan funding.

Land, Buildings, Plant & Equipment, and other assets

These assets have a total asset book value of \$364,168,000.

The sum insured for non residential property material damage is \$320,243,000. Council is part of a Top of the South collective with total non residential property insured of \$969,389,000.

Residential property (material damage) is insured to a value of \$23,945,000. Council is part of a Top of the South collective with total residential property insured of \$78,482,000.

Both policies include limits of indemnity of \$2,000,000 for capital additions, construction/alterations of \$2,000,000, landslip \$2,000,000 and subsidence of \$2,000,000.

Forestry is insured to a value of \$4,757,000

Tahunanui Beach Holiday Park assets are insured to a value of \$20,185,500.

Vehicles

The total book value of vehicles belonging to Council is \$392,000. All vehicles are insured for market value or replacement value (if vehicle is less than 12 months old).

Deductibles, excesses, and non-material assets

Council has a reserve used to cover deductibles, excesses, and small assets not on the material damages schedule. The value of this reserve as at 30 June 2018 is \$451,000.

41 Capital management

The Council's capital is its equity (or customers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.



The Local Government Act 2002 (the LGA) requires the Entity to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Entity. Intergenerational equity requires today's customers to meet the costs of utilising the Entity's assets and not expecting them to meet the full cost of long term assets that will benefit customers in future generations. Additionally, the Entity has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that customers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Entity is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the current LTP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self insurance reserves; and
- trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Entity has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.



PERFORMANCE OF COUNCIL OWNED COMPANIES

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. During 2017/18, the organisations that Council controlled to achieve agreed community outcomes are:

- The Port Company – Port Nelson Ltd (50% with TDC).
- Council Controlled Trading Organisations – Nelmac Ltd and Nelson Airport Ltd (50% with Tasman District Council).
- Council Controlled Organisations – Nelson Regional Development Agency, the Tasman Bays Heritage

Trust (Nelson Provincial Museum – 50% with Tasman District Council), and the Bishop Suter Trust and City of Nelson Civic Trust.

Full details are available for each Council Controlled Organisation in their respective Annual Reports.

Note that the City of Nelson Civic Trust and Nelson Municipal Band Trust are Council Controlled Organisations. Council has granted exemptions to these organisations and therefore their performance is not reported on in this Annual Report.

PORT NELSON LTD

Council owns 50% of Port Nelson Ltd, with Tasman District Council owning the other 50%. The company provides core port services for the Nelson region including cargo, logistics, vessel slipping services and the development and leasing of land and buildings. The Port is a strategic asset in accordance with Council's Significance and Engagement policy. Port Nelson Ltd is a port company and is covered by the Port Companies Act 1988, which imposes obligations on Port Nelson Ltd almost identical to those imposed on Council Controlled Trading Organisations by the Local Government Act 2002, including the provision of an annual Statement of Corporate Intent.

The company provides core port services and managed property portfolio services including:

- Marine services which include pilotage, towage and navigation aids for the arrival, berth and departure of vessels to the Port

- Berths to accommodate vessels at the Port
- Wharves, plant and other services to facilitate the discharge and loading of vessels
- Container terminal handling services which include receipt, delivery, transit, storage and shipment of a wide range of import and export cargos
- Cargo logistics including warehousing and storage of goods
- Vessel slipping services
- The development, leasing and management of land and buildings not required for Port operating purposes



PERFORMANCE TARGETS – PORT NELSON LTD

Measure of performance against objectives	Target	2017/18	Achieved/Not achieved	2016/17
Lost time injury frequency rate*	<1.5	2.06	Not achieved	3.05
Shareholder funds to total assets	65%	70%	Achieved	69%
Net debt/equity ratio	<45%	30%	Achieved	27%
Dividends declared	\$5.5m	\$5.5m	Achieved	\$6.5m
Cargo throughput (cargo tonnes)	3.2m	3.6m	Achieved	3.1m
Shipping tonnes (Gross registered tonnes)	10.5m	12.2m	Achieved	10.9m
Ships visits	795	887	Achieved	805
Revenue	\$58.4m	\$67.2m	Achieved	\$58.4m
Return on average shareholders' funds**	6%	8%	Achieved	7%
Return on funds employed	7%	8%	Achieved	8%
Capital expenditure	\$19.3m	\$14.6m	Not achieved	\$27.3m
Incidents leading to pollution of harbour	Nil	Nil	Achieved	Nil
Compliance with all Resource Consent Conditions	100%	100%	Achieved	100%
Compliance with NZ maritime safety standards	100%	100%	Achieved	100%

* LTI frequency rate: lost time injuries divided by hours worked in period multiplied by 100,000.

** Return on average shareholder's funds is based on the net profit earnings figure prior to other comprehensive income.

For more information, see Port Nelson's Annual Report for 2017/18.

FINANCIAL PERFORMANCE – PORT NELSON LTD

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

	2018 (\$000)	2017 (\$000)
Revenue	67,159	58,426
Expenses	49,063	43,891
Net surplus before taxation	18,096	14,535
Provision for taxation	(4,046)	(3,694)
Net Surplus for year after taxation	14,050	10,841
Other comprehensive income	159	24,155
Total comprehensive Income	14,209	34,996
Shareholder's funds brought forward	175,118	146,622
Dividend	(5,500)	(6,500)
Shareholder's funds carried forward	183,827	175,118



NELMAC LTD

Nelmac was established in 1995 and is 100% owned by Nelson City Council. Nelmac provides high quality management, maintenance and construction of the natural and built environment. This includes managing Council facilities, infrastructure such as water and waste, parks, reserves and sports fields.

PERFORMANCE TARGETS – NELMAC LTD

As set out in the table below, Nelmac has achieved 100% percent of the performance measures set out in its Statement of Intent.

Performance measure	Target	Result 2016/17	2017/18 current year	2016/17 prior year
Non-shareholder business				
To ensure that all non-NCC work contributes to the profitability of the Company	Forecast 60%:40%	Achieved	60%:40%	62%:38%
Ratio of Work – NCC Assets/Non NCC Assets		Achieved		
Equity ratio				
Financial risk limited by maintaining a ratio of Shareholder Funds to Total Assets.	In the range of 55%-65%	Achieved	55%	58%
Quality of Service				
Company will maintain its AS/NZS ISO 9001:2008 accreditation	Maintain compliance	Achieved	Yes	Yes
Achieve compliance with NCC contract key performance measures for the year ending 30 June, to be monitored monthly		Achieved	Yes	Yes
Nelmac will maintain a record of the number of complaints and congratulations received each year, and the results will be reviewed regularly by the Board		Achieved	Yes	Yes
Staff				
Staff turnover excluding retirement, redundancy and internal transfers	Within the range of +/- 5% of national benchmark	Achieved*	21.2%	16.7%
Staff health and safety – continue to actively promote health & safety in the workforce	<1% workday losses to accidents	Achieved	0.06%	0.06%
Maintain the Tertiary level of ACC workplace safety management practices		Achieved	Yes	Yes

*noting that the voluntary turnover is 17.6% as per Lawson Williams 2018 Turnover Report for Property and Construction

For the full summary of performance, see Nelmac's Annual Report 2017/18.



FINANCIAL PERFORMANCE – NELMAC LTD

	2018 (\$000)	2017 (\$000)
Revenue	30,793	28,947
Expenses	29,702	27,875
Net surplus before taxation	1,091	1,072
Provision for taxation	(310)	(304)
Net Surplus for year after taxation	781	768
Retained earnings brought forward	8,298	7,880
Revaluation	0	0
Dividend	(384)	(350)
Retained earnings carried forward	8,695	8,298

NELSON AIRPORT LTD

Council owns 50% of Nelson Airport Ltd with Tasman District Council owning the other 50%. The airport is a strategic asset in accordance with Council's Significance and Engagement policy. The main objective of the Company is to operate a successful airport business that meets the needs of the Nelson Tasman region.

PERFORMANCE TARGETS – NELSON AIRPORT LTD

As set out in the table below, Nelson Airport has achieved 65% percent of the performance measures set out in its Statement of Intent.

Target 2017/18	Comment 2017/18	Result 2017/18
AERONAUTICAL		
Deliver an aeronautical business development plan which underpins existing capacity, develops new opportunities for growth and supports "fly direct" connectivity.		
Achieve total aeronautical revenues for the 2017/18 year of \$5m.	Total aeronautical revenues achieved were \$5.5m.	Achieved
Achieve total passenger throughput for the 2017/18 year of 1,073,000.	Total passenger throughput achieved in the 2017/18 year was 1,061,088, 1% less than target. However total throughput was 6.1% higher than 2016/17.	Not achieved
Deliver additional seating capacity to underpin new passenger target.	Total available seats increased by 1.4% from 1,293,517 in the 2016/17 year to 1,311,544 in 2017/18.	Achieved
INFRASTRUCTURE		
Develop an airport precinct that promotes and supports future growth and stimulates financial performance – on time and on budget.		
Commission Stage A of terminal redevelopment by April.	Stage A commissioning rescheduled to October 2018.	Not achieved. Underway.
Apron redevelopment commenced by June 2018.	Redevelopment has commenced with consultants working on options and design.	Achieved
Taxiway Alpha rehabilitation completed by June 2018.	Work on taxiway Alpha South rehabilitation is well underway with consultants providing detailed reports on current condition, options for rehabilitation and design.	Underway



Target 2017/18	Comment 2017/18	Result 2017/18
COMMERCIAL		
Actively manage commercial agreements and relationships to ensure non-aero stakeholders thrive at Nelson Airport.		
Achieve non-aeronautical revenues for the 2017/18 year of \$4.7m.	The company achieved non-aeronautical revenues of \$4.64m, 1.3% below target. Non-aeronautical revenue was influenced by the delays in Stage A terminal construction with incremental revenues associated with the opening of Stage A being deferred accordingly.	Not achieved
Achieve earnings before interest, tax, depreciation and amortisation (EBITDA) for the 2017/18 year of \$6.2m.	Earnings before interest, tax, depreciation and amortisation (EBITDA) achieved for the 2017/18 year were \$6.4m.	Achieved
Deliver dividend growth in excess of CPI movement.	Achieved. Annual CPI 1.5%, dividend growth 4.2%.	Achieved
GOVERNANCE		
Continually enhance the Governance and Management of the Airport to deliver the objectives of the Shareholders', Board and the local community.		
Top 10 risks individually reviewed by the Board by June 2018	Achieved	Achieved
Achieve no lost-time injuries	One lost-time injury	Not achieved
Maintain a bird-strike rate of <5 per 10,000 movements.	The 12-month average bird strike rate per 10,000 aircraft movements was 4.9 for Nelson Airport as at June 2018.	Achieved
ORGANISATIONAL DEVELOPMENT		
Provide an environment of health, wellness and a culture that fosters the development of people who work at the airport.		
Implement initiatives specifically targeted at supporting staff health and well-being.	Achieved. Initiatives include monthly one to one performance reviews and company contributions to entry costs for staff entering health related events such as Nelson Half Marathon and Abel Tasman Cycle Challenge.	Achieved
Complete personal profiling for all staff.	Two leadership workshops held during the year, with personal profiling to follow.	Underway
OPERATIONS		
Proactively manage clean, safe, secure and friendly facilities, services and infrastructure.		
Achieve zero harm for safety performance across airport operations and terminal construction projects.	Achieved. Zero harm reported for airport operations and terminal construction projects.	Achieved
Hold a minimum of two Noise Committee meetings.	Achieved. Meetings held in August 2017 and March 2018.	Achieved
Annual CAA Audit completed with no findings.	Achieved. CAA Security Audit completed on 26 September 2017 with no findings.	Achieved

For the full summary of performance, see Nelson Airport's Annual Report 2017/18.



FINANCIAL PERFORMANCE – NELSON AIRPORT LTD

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

	2018 (\$000)	2017 (\$000)
Revenue	10,151	9,174
Expenses	5,461	4,783
Net surplus before taxation	4,690	4,391
Provision for taxation	(1,244)	(1,311)
Net surplus for year after taxation	3,446	3,080
Other comprehensive income	9,649	0
Total comprehensive Income	13,095	3,080
Equity Brought Forward	52,328	49,968
Prior year adjustment	(136)	-
Dividend	0	(720)
Retained earnings carried forward	65,287	52,328

NELSON REGIONAL DEVELOPMENT AGENCY

The Nelson Regional Development Agency (NRDA) was established by Council and has been operating since 1 July 2016. It was formed from the merger of two previous Council Controlled Organisations, Nelson Regional Economic Development Agency and Nelson Tasman Tourism. The mission of the NRDA is to partner with the public and private sectors in the attraction and retention of investment, visitors and talent who want to add to the special character of the region.

NRDA is 100% owned by Nelson City Council, with directors appointed by Nelson City Council. NRDA also receives funding from Tasman District Council and other third party funders. It is current Council policy to retain ownership of NRDA.

PERFORMANCE TARGETS – NRDA

As outlined in the table below, NRDA has achieved 16 of 20 (80%) of the desired outcomes set in its Statement of Intent.

SOI key performance indicators	Result 2017/18
Regional identity and strategy	
The first two regional identity investment cases are completed with partnership funding attracted and practical implementation outcomes identified and commenced by July 2018.	Achieved
International Relations – China	
By June 2018, increased numbers of Nelson businesses entering the China market, leading to: New inward investment creating new businesses/joint ventures in Nelson- target a minimum of \$500K of new added value inward investment to the overall Nelson Tasman economy.	Not achieved



SOI key performance indicators	Result 2017/18
International Relations – China continued...	
New inward investment enlarging existing Nelson business capability or increased business expansion – target two instances \$100,000 each.	Not achieved
Demonstrate an increase in the number of introductions of Chinese universities/ educational institutes or other agencies to NMIT.	Achieved
At least two business representatives per off-shore delegation making a contribution of >\$30,000 per year towards the overall China programme.	Achieved
Regional Business Partner Programme	
Ensure the delivery of the Regional Business Partner Programme with the aim of attracting \$1 million in Central Government support and a customer satisfaction Net promoter score of +5-.	Achieved
Nelson Region Innovation Ecosystem	
Nelson Region Innovation and Investment Coordination Programme activated.	Achieved
Domestic Consumer Marketing	
Domestic consumer campaign targeted at attracting visitors and talent is activated. Focused on the shoulder seasons and the markets of Auckland, Wellington and Christchurch.	Achieved
Number (25) of business partner contribution commitments to delivery of programmes.	Achieved
Business Events Sales and Marketing	
Targeted sales lead generation and conversion programme activated.	Achieved
Number (15) of business partner contribution commitments to delivery of programmes.	Achieved
NCC Events Programme	
Integrated Events marketing programme activated.	Achieved
International Visitor Trade marketing	
Targeted Australia, US, UK, Europe and China FIT visitor trade programmes activated.	Achieved
Number (25) of business partner contribution commitments to delivery of programmes.	Achieved
Nelson i-SITE	
Maintain a customer satisfaction rating (90% of 4/5 and 5/5 ratings)	Achieved
Number (135) of stakeholders with i-SITE contracts.	Achieved
A breakeven financial bottom line	Not achieved
Visitor industry partner programme	
Total number (200) <i>(Note 112 were achieved during 2017/18)</i>	Not achieved
Value (398,000) of business partner contribution commitments to delivery of the destination management programmes	Achieved
Financial sustainable organisation	
The NRDA delivers a balanced operating budget on the shareholder investment of the \$1.37m base funding	Achieved

For the full summary of performance, see NRDA's Annual Report 2017/18.



FINANCIAL PERFORMANCE – NRDA

The NRDA commenced operations on 1 July 2016. It is fully owned by Nelson City Council and is self-administered.

	2018 (\$000)	2017 (\$000)
Revenue	2,506	2,438
Expenses	2,477	2,430
Net surplus before taxation	29	8
Provision for taxation	(8)	(2)
Net Surplus for year after taxation	21	6
Share Capital	-	370
Equity brought forward	376	0
Equity carried forward	397	376

TASMAN BAYS HERITAGE TRUST (Nelson Provincial Museum)

The Tasman Bays Heritage Trust (TBHT) was established in 2000 as a Council Controlled Organisation owned 50% by Nelson City Council and 50% by Tasman District Council. The Trust is responsible for providing museum services and protecting the collections of historic treasures held on behalf of the Nelson Tasman region.

The museum exhibition facility on the corner of Trafalgar and Hardy Streets was opened in late 2005 providing a combination of permanent and temporary exhibitions. It is well used by schools for part of their learning experiences outside the classroom (LEOTC) programmes. It is current Council policy to retain its share of ownership of Tasman Bays Heritage Trust.

PERFORMANCE TARGETS – TASMAN BAYS HERITAGE TRUST

As set out in the table below, TBHT has achieved, or achieved with a delay 83% of the performance measures as set out in its Statement of Intent.

Measure	Comment 2017/18	Result 2017/18
To develop and scope a capital works plan to optimise all Museum operations		
Project budgeted and fundraising targets identified by October 2017.	Budget, project plan and fund-raising targets presented to Joint Shareholders Committee October 2017. Submissions made and presented to both TDC and NCC for consideration in their long-term plans	Achieved
Project plan developed and presented to stakeholders for input by November 2017.		Achieved
Submission made to NCC and TDC for consideration in their Long Term Plans.		Achieved
To diversify funding sources and increase earned revenue		
A minimum of \$40,000 raised in the 2017/2018 FY inclusive of two revenue raising exhibitions and grants for capital works plan and other programmes.	'Da Vinci: Robots & Machines' bought in admissions of \$26,890 this financial year (\$65,921 overall)	Achieved



Measure	Comment 2017/18	Result 2017/18
To diversify funding sources and increase earned revenue continued...		
A minimum of \$40,000 raised in the 2017/2018 FY inclusive of two revenue raising exhibitions and grants for capital works plan and other programmes.	Grants of \$45,000 have been received in the 2017/2018 financial year from the Rata Foundation for the capital works feasibility study	Achieved
Diversify and increase stock held to improve quality of retail offering and to generate more revenue.	TBHT has extended our retail offer with more than 200 new products, including a selection of Made in Nelson products held on consignment. The current range answers to both locals' demand of 'something different' and tourists' souvenirs needs. The revenue from the shop increased by more than three-fold between 2016/17 financial year and 2017/18 financial year, demonstrating the success of the improved retail offer.	Achieved
Triple retail profit in the initial 2017/18 financial year, through improving the offering by diversifying and increasing stock.	A retail profit of \$35,796 was achieved (from sales revenue of \$84,752) and exceed the profit target of \$26,238 (or 3x retail profit for 2016/17 financial year).	Achieved
To provide increased outreach and support for regional museums and cultural heritage organisations		
\$15,000 of support set aside in cash and in kind support to assist local museums with exhibitions and upskilling.	<p>Projects undertaken with local museums:</p> <p>Golden Bay Museum:</p> <ul style="list-style-type: none"> • Assistance with staff training • Advice on conservation of whale skeleton <p>Murchison Museum:</p> <ul style="list-style-type: none"> • Loan & installation of Appo Hocton exhibition • One-day visit by five Museum curators and collection staff to Murchison Museum to provide expert advice <p>Motueka Museum:</p> <ul style="list-style-type: none"> • Loan and installation of Appo Hocton exhibition <p>Tapawera WW100 Commemorations</p> <ul style="list-style-type: none"> • Planning assistance • WWI exhibition installed <p>Te Awhina Marae:</p> <ul style="list-style-type: none"> • Mai I Hawaiiiki exhibition installed in their whare kai 	Partially achieved - partial funding of \$8,000 carried over to 2018/19 FY
Continue organising three regional hui for Nelson Tasman regional museums and galleries annually.	Organised, facilitated and hosted Nelson-Tasman Digital Cultural-Heritage Forum held at the Nelson Provincial Museum on 7 November 2017. 16 attendees from Nelson and Tasman libraries and collection organisations attended.	Partially achieved - two hui organised
	Organised, facilitated and hosted presentation and Q&A session on Earthquakes in Galleries and Museums for local GLAM organisations on 20 March 2018. Presentation by Christchurch City Art Gallery Registrar who experienced the Canterbury quakes.	

Table continued >



Measure	Comment 2017/18	Result 2017/18
To provide increased outreach and support for regional museums and cultural heritage organisations continued...		
	In attendance were staff / representatives from: <ul style="list-style-type: none"> - Higgins Heritage Park - Marlborough Museum - Motueka Museum - NCC Heritage team - Nelson Provincial Museum - Ngati Kuia - World of Wearable Art 	
Continue to work with National Services Te Paerangi to host at least two regional workshops per year.	National Services Te Paerangi Iwi Liaison Advisor hui with Te Tai Ao Komiti on 6 December 2017	Partially achieved
Continue to support the Nelson Historical Society by funding the James Jenkin Lecture and other events during the year	Staff researched and wrote one article for the NHS journal 2017 ('A Change Indeed Awaited Me' by Jessie Bray-Sharpin, Social History Curator) and presented a lecture to the Society's monthly meeting (Darryl Gallagher, Photographic Curator, 12 March 2018). Note the James Jenkin Lecture is biennial and was not held in 2017	Achieved
Continue to support Brook Waimarama Sanctuary by providing support for educational programmes	Educational programmes delivered in partnership with Brook Waimarama Sanctuary at BWS and in the community. Halo Project art installation by Paul Forrest was commissioned by and hosted at the Museum to raise funds and profile of BWS.	Achieved
To review the Collection, Acquisitions and Deaccessions Policy across all Collection areas		
New Collections, Acquisitions and Deaccession Policy adopted by July 2017.	Fully revised Policy adopted Sept 2017. Focusses collecting activity on objects with strong historical and/or contemporary significance and relevance to the Nelson and Tasman regions.	Achieved
Recommendations regarding the Trust's paper-based collection provided to stakeholders by December 2017.	Recommendations made to Joint Shareholders Working Group on the future of the Research Facility on 21 March 2018	Achieved (Delayed)
Implement a strong and varied Visitor Experience programme		
Deliver a schedule of diverse, engaging long-term exhibitions and events.	Exhibitions delivered: <ul style="list-style-type: none"> • Da Vinci Robots & Machines • Bugs! Our Backyard Heroes • The Halo Project: A Voice for the Birds • Untitled: Voices of the Unheard (a community art project about youth suicide) • He Hono Tangatae Kore e Motu (in association with Wakatū Incorporation) • National Geographic: 50 Greatest Photos 	Achieved
Two segmental refreshments of our Regional Gallery achieved by June 2018	One refreshment installed December 2017, commemorating the 375th anniversary of Abel Tasman's arrival in NZ and the 75th Anniversary of the establishment of Abel Tasman National Park. Second refreshment delayed by prolonged recruitment for Experience Leader role.	Partially achieved



Measure	Comment 2017/18	Result 2017/18
Implement a strong and varied Visitor Experience programme continued...		
Four off-site exhibitions displayed throughout the region in the 2017/18 FY.	Exhibitions displayed at Murchison Museum, Tapawera, Richmond Library, Elma Turner Library, and Motueka Museum	Achieved
Improve on results of last year's audience engagement survey.	Visitor satisfaction increased from 86% in 2017 to 97% in 2018. Neutral ratings decreased from 9% to 2% with Dissatisfied constant at 1%	Achieved
Develop and disseminate a variety of digital content in new media, including Vlogs, podcasts and live broadcast.	The Museum has been developing new formats to deliver digital content online and onsite for the upcoming <i>A Century of Saying Cheese</i> exhibition. This includes	Achieved
	A social media chatbot that visitors can freely converse with on their own smart devices and learn about life in historical Nelson.	
	A touchscreen application that harnesses Artificial Intelligence and Machine Learning to use a visitor's facial features to search for people in the Museum's digitised glass plate photography collection and bringing up the closest match: a twin from history.	
	A digital content strategy is in development which will include new digital storytelling formats that will be surfaced on the Museum's website and social media to help profile the collection and the work that is happening 'behind the scenes'.	
Achieve target visitation of 46,305 to the Museum, with a target of 51,805 across all venues	Total visitation of 83,639, made up of: <ul style="list-style-type: none"> • Museum visits 72,919 • Education students 7,626 • Education adults 1,634 • Research Facility visitors 318 • Community Outreach 1,142 	Achieved
Achieve annual Ministry of Education visitation target of 5,500	7,626 student visits achieved	Achieved
Increase target visitation across digital channels by 10%.	Visitors to NPM website & Collections Online (1.7.2017 – 30.6.2018) <ul style="list-style-type: none"> - Nelson Museum Website: 25% increase in visitation / traffic - Collections Online website: 65% increase in visitation / traffic - Visitors from Nelson region up by 50% - Visitors from Tasman region up by 75% • Facebook <ul style="list-style-type: none"> - Facebook likes increased by 60% - Facebook followers increased by 60% 	Achieved
To be a good employer		
All wages raised to Living Wage for current staff on 1 July 2017.	All staff earning under the Living Wage had their hourly rate raised to that level as of 1 July 2017	Achieved

Table continued >



Measure	Comment 2017/18	Result 2017/18
To be a good employer continued...		
Implement team satisfaction survey for staff and volunteers by December 2017.	Staff satisfaction survey implemented June 2018	Achieved (delayed)

For the full summary of performance, see TBHT's Annual Report 2017/18.

FINANCIAL PERFORMANCE – TASMAN BAYS HERITAGE TRUST

	2018 (\$000)	2017 (\$000)
Revenue	2,199	2,056
Expenses	2,197	1,893
Net surplus before taxation	2	163
Revaluation	506	0
Equity brought forward	19,175	19,012
Equity carried forward	19,683	19,175

THE BISHOP SUTER TRUST (Suter Gallery)

Council established the Bishop Suter Trust in 2008 as a Council Controlled Organisation to run the Suter Art Gallery. Its first Statement of Intent was adopted in June 2009. The art gallery is also part of the learning experiences outside the classroom programme for schools. It is current Council policy to retain the Suter Gallery as a Council Controlled Organisation managed by the Bishop Suter Trust.

The Suter has been operating in its new redeveloped Suter Art Gallery at its historic Bridge Street site since it was completed in 2016/17.

PERFORMANCE TARGETS – THE BISHOP SUTER TRUST

As set out in the table below, TBST has achieved, 75% of the performance measures as set out in its statement of intent. Remaining measures are ongoing (13%) and not achieved (8%).

Measure/target	Comment 2017/18	Result 2017/18
3.1 GOVERNANCE: Operate a successful visual arts centre and visitor destination:		
3.1.1 Successfully complete The Suter® Art Gallery Redevelopment Project in partnership with NCC; <ul style="list-style-type: none"> Ensure that the overall Project design/ costs remain within the \$12 million budgeted and that The Suter is completed to plan, budget and timeframe: 	The Project design costs remain within budget	Achieved



Measure/target	Comment 2017/18	Result 2017/18
3.1 GOVERNANCE: Operate a successful visual arts centre and visitor destination: continued...		
<p>3.1.2 Provide an arts centre and visitor attraction:</p> <ul style="list-style-type: none"> That is open 362 days of the year with a minimum of 110,000 visits to The Suter® facilities; Report six monthly with visitor statistics and response: 	<p>The Suter was open to the public 362 days. (Closed as advertised: Christmas day, New Year's Day and Good Friday)</p> <p>There were 154,432* recorded on-site visits, a 51% increase on 2016/17</p> <p>*Statistics for The Suter are best estimates only and for example, do not include visitors accessing the Suter Café and then the galleries via the Sculpture Walk, or all Theatre patrons.</p>	Achieved
<p>3.1.3 Ensure that the Suter is well managed and operates within its agreed plans:</p> <ul style="list-style-type: none"> Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually and mitigation strategies identified are implemented. 		Achieved
<p>3.1.4 Develop and implement a Marketing Plan which focusses on attracting visitors and developing resourcing for The Suter® (see also 3.4);</p> <ul style="list-style-type: none"> report on progress 	<p>Marketing includes P.R.; channels such as www.thesuter.org.nz, Facebook, Instagram and Twitter to promote The Suter and 'what's-on'; art media advertising; tourism channels and Nelson App. Depending on the time of year tourists made up between 50- 73% of visitor, according to survey results</p>	Achieved
<p>3.1.5 Develop an asset management plan in relation to the new Suter facilities;</p> <ul style="list-style-type: none"> report on progress 	<p>Opus are contracted to assist with building management.</p>	Achieved
<p>3.1.6 Be a good employer by maintaining good employer policies and practices;</p> <ul style="list-style-type: none"> Report on observance of policies, health & safety, turnover and related statistics. 	<p>Staffing; three staff resigned, Team Leader Shop, Customer Services Officer and Weekend Customer Service. Four casual venue host staff hired and one casual community educator.</p> <p>Health & Safety: Health & Safety committee met quarterly. Agenda item at weekly staff meetings and BST meetings. Comprehensive Hazards Register prepared. Biannual Emergency evacuation drills undertaken.</p> <p>October 2017: A serious accident involving a contractor occurred on site, resulting in his death. This is subject to a Workplace NZ investigation and the site of the accident has remained off-limits.</p>	Achieved
3.2 VISITOR EXPERIENCE: Engage, educate and entertain the regional community and visitors through visual arts' programmes: Exhibitions and Life- long learning opportunities:		
<p>3.2.1 Provide a programme of regularly changing exhibitions:</p> <ul style="list-style-type: none"> Report six monthly on progress 	<p>See appendices of TBST's Annual Report for exhibitions: These include 18 developed/ curated by The Suter, of which 8 featured collection works; four were touring shows and two NSAS spring and autumn exhibitions.</p>	Achieved

Table continued >



Measure/target	Comment 2017/18	Result 2017/18
3.2 VISITOR EXPERIENCE: Engage, educate and entertain the regional community and visitors through visual arts' programmes: Exhibitions and Life- long learning opportunities: continued...		
	A display is ongoing at Nelson Airport. There are four sculptures displayed on the Pastorius Waller International Sculpture Walk	
<p>3.2.2 Develop a forward exhibition programme that is diverse and stimulating, including internally produced and externally sourced exhibitions:</p> <ul style="list-style-type: none"> Exhibitions scheduled that meet the needs and interests of a broad audience. Report 6 monthly on progress. 	A programme of exhibitions has been planned in detail for 2018/19 and a broader plan goes out to 2020	Achieved
<p>3.2.3 Provide public programmes which enhance appreciation and enjoyment of the visual arts;</p> <ul style="list-style-type: none"> A minimum of 30 talks/ events/ activities are held per annum. 	See appendices of TBST's Annual Report 2017/18 for details. Includes eight openings, 26 Thursday talks, 16 artist floor-talks, films and events, six invite only events and 12 training sessions / previews for volunteers, two workshops and one annual meeting	Achieved
<p>3.2.4 Provide learning experiences for regional school students that support their NZ curriculum studies based on the Suter's programmes and resources;</p> <ul style="list-style-type: none"> Target is 3,100 students from 25 schools as per the Ministry of Education LEOTC Contract Milestones & post visit evaluations indicate 90% satisfaction ratings of "fine" to "great". At least one Education Advisory committee meeting held per annum. 	<p>Educator has led 218 classes, 5,727 students with 1,549 helpers – note this is The Suter's reporting year not LEOTC which corresponds with the school (calendar) year, and are the actual figures for Educator – led sessions and participants. 34 schools have used programmes, plus Homeschoolers. In Ministry of Education LEOTC reporting, the same class visiting twice during a year is counted once only.</p> <p>Two Education Advisory committee meeting held. Satisfaction ratings achieved.</p> <p>One visit by NZCER (monitoring agency for the Ministry of Education)</p>	Achieved
<p>3.2.5 Provide out-of-school art educational activities;</p> <ul style="list-style-type: none"> Minimum 50 sessions of Suter Kids Club are delivered per annum: 	181 Suter Kids Club (SKC) sessions held; four sessions per week of SKC and one per week of MyArtSpace for teenagers during school terms	Achieved
<p>3.2.6 Develop and provide other life-long learning opportunities including The Suter Volunteers' programme:</p> <ul style="list-style-type: none"> Report 6 monthly on progress: 	<p>Adult art classes initiated in 2018 including Art for Absolute Beginners. 37 sessions two per week during school terms</p> <p>Volunteers programme: Number of volunteers active at any one time varies; hours contributed weekly is between 38 and 45. 12 Sneak Peeks, volunteers training and get togethers held.</p>	Achieved



Measure/target	Comment 2017/18	Result 2017/18
3.3 COLLECTION: Collect and preserve, record and communicate our artistic heritage.		
<p>3.3.1 Develop The Suter®'s Collection in accordance with The Suter's Collection Policy;</p> <ul style="list-style-type: none"> All acquisitions and de-accessions comply with the Collection Policy and related procedures. All acquisitions/de-accessions approved by the Trust and reported 6 monthly. 	<p>33 gifts and three purchases: Refer Appendices of The Suter's Annual Report for more information</p>	Achieved
<p>3.3.2 Maintain and develop the Acquisitions Fund & Collection Bequests to allow active collecting to occur;</p> <ul style="list-style-type: none"> The acquisitions' funds meet or exceed budget and all such funds are used for the purposes so designated. 	<p>The 10x10 Acquisitions Fund has become the 5x40 Acquisitions Fund and the Legacy Group initiated. A substantial donation was received allowing the purchase of Andrew Drummond's kinetic sculpture Ramarama. Some 10x10 and 5x40 donations received plus donations received with Friends subscriptions.</p>	Achieved
<p>3.3.3 The Collection is stored, handled and exhibited safely and securely:</p> <ul style="list-style-type: none"> The Collection is stored in environmental conditions that are in line with accepted museum practice (including temperature 18-22°C/ relative humidity 50-55%, pest control, archival materials, security and fire monitoring). There are no handling mishaps or other damage occurs to collection items 	<p>No handling mishaps. Temperature and RH are now consistent and in line with accepted Museum standards</p>	Achieved
<p>3.3.4 Collection records are significantly upgraded to increase accessibility and usability, as a part of a long term strategy to provide on-line access to the collection and to enhance the reputation of the significance of the collection;</p> <ul style="list-style-type: none"> Collection items are uploaded to the internet site NZ Museums on line; Loan and other collection requests are met; Progress reported six monthly 	<p>Copyright holders' records continue to be updated and displayed artworks have been re-imaged and all new acquisitions photographed to publication standard.</p>	Achieved
	<p>No further records have been uploaded to NZ Museums on line, however new Suter website directly links to NZ Museums on line</p>	Achieved
	<p>Loan requests met for an exchange with Christchurch's Physics Room; Ronnie van Hout work Sick Child II to Buxton Art Museum, Melbourne, Laura Herford The Little Emigrant for an exhibition at Christchurch Art Gallery. Image of this painting uses in Christchurch Art Gallery Bulletin, website and other publicity for their exhibition</p>	Achieved
<p>3.3.5 Initiate collection related research projects, involving community groups, to enhance knowledge about the Collection and engage the community directly with the Collection. Advance subject indexing of the Collection. Disseminate knowledge of the collection:</p> <ul style="list-style-type: none"> Collection related items in media; research toward a further publication of Collection highlights. 	<p>Work continues on improving collection records, artist files and exhibition history records. Important archival material continues to be identified and appropriately re-housed. Volunteers have assisted with these projects as well as improving and indexing other Suter archives.</p>	Ongoing

Table continued >



Measure/target	Comment 2017/18	Result 2017/18
3.3 COLLECTION: Collect and preserve, record and communicate our artistic heritage. continued...		
<ul style="list-style-type: none"> Participate in compiling the Nelson 'craft' story as a contribution to a NZ craft history project administered by Auckland Museum; Progress reported six monthly 	Nelson craft story project: however an aspect researched as part of The Cornish Connection exhibition The Auckland Museum Craft in Aotearoa/ New Zealand project reactivated	Not achieved
3.4 PARTNERSHIPS: Partnerships that sustain The Suter®		
<p>3.4.1 Strengthen The Suter's relationship with Iwi and Maori;</p> <ul style="list-style-type: none"> Honour the kaupapa of the MoU with Ko Te Poua-ranga; KTP input to programmes and collection development. Report 6 monthly 	<p>Nga Iwi support for events and ceremonies, including in particular Sally Burton's Pale History exhibition</p> <p>The Pou in the foyer represent Iwi with relief carved kowhaiwhai designs and Kaitiaki Manu (birds) selected by each Iwi. Iwi involved in on going care of the Pou</p> <p>The Memorandum of Understanding reviewed- in preparation for re- signing in August 2018</p>	Achieved
<p>3.4.2 Actively engage in collaborative partnerships to support the programmes of The Suter (refer to 3.2.1 and 3.3.2):</p> <ul style="list-style-type: none"> Sufficient resources are achieved to support projects. 	In kind support for exhibition openings, hospitality & for Sally Burton's Pale History exhibition publication.	Ongoing
<p>3.4.3 The Friends of The Suter (FOTS) and Legacy Group are enhanced:</p> <ul style="list-style-type: none"> FOTS membership increases, activities and progress on patronage scheme reported six monthly 	<p>Friends of the Suter memberships: 468 at end of June 2018, compared to 509 at end of June 2017 and 455 at the end of June 2016.</p> <p>The Suter changed from a fixed year membership during 2017/18. The Legacy Group was established and three events held for patrons.</p>	Not Achieved
<p>3.4.4 The Suter contributes to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage and provides leadership in fields of expertise to support the Council's provision of cultural wellbeing:</p> <ul style="list-style-type: none"> Report on contribution to the implementation of the Regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives; report on contribution nationally in areas of expertise 	<p>Director participated in the Arts Panel; The Suter's Educator Esther McNaughton had a paper accepted for an international educators' conference in Korea; Suter's Curator received an Asia NZ Foundation travel scholarship. Director and Curator contributed to NMIT arts and media; Director on NMIT Arts Advisory committee; Curator involved in Light Nelson 2018</p>	Ongoing

For the full summary of performance, see The Bishop Suter's Annual Report 2017/18.



FINANCIAL PERFORMANCE – THE BISHOP SUTER TRUST

	2018 (\$000)	2017 (\$000)
Revenue	1,468	2,892
Expenses	1,441	1,662
Net surplus before taxation	27	1,230
Equity brought forward	20,650	19,420
Equity carried forward	20,677	20,650

OTHER COUNCIL CONTROLLED ORGANISATIONS

The City of Nelson Civic Trust is a Council Controlled Organisation. Council agreed in March 2017 to continue an exemption⁶ for the City of Nelson Civic Trust, meaning it is exempt from reporting requirements. Therefore, reporting for the Trust is not included in this Annual Report.

The Nelson Municipal Band Trust is a Council Controlled Organisation. Council agreed in October 2017 to approve an exemption⁷ for the Nelson Municipal Band Trust, meaning it is exempt from reporting requirements. Therefore, reporting for the Trust is not included in this Annual Report.

⁶ 23 March 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.

⁷ 26 October 2017 – exempt for the purposes of s6(4)(i) of the Local Government Act 2002, in accordance with s7(3) and s7(6) of the Act and after considering the matters in s7(5) of the Act.





Founders Heritage Park
Nelson City Council



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COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays except Thursdays (open 9am to 5pm on Thursdays).

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Telephone 546 0200 (24 hour, 7 day service).
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WEBSITE AND EMAIL

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CORRESPONDENCE

Address written correspondence to Council to:

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

ATTEND A MEETING

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

PUBLIC FORUMS

There is a public forum at the beginning of most ordinary Council and Committee meetings where five minutes will be available for members of the public to speak to Council, or 10 minutes if speaking on behalf of an organisation. Book a time before the meeting by contacting a Council Governance Adviser on 546 0200.

PETITIONS

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



Nelson City Council
te kaunihera o whakatū

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PHOTOS

Many of the beautiful Nelson images in this publication were kindly provided by Dom Channon, Phillip Rollo and Tim Cuff.