



Summary of the Annual Report 2012

The year at a glance

ABOUT THE ANNUAL REPORT SUMMARY



The audited Annual Report is Nelson City Council's key public accountability document. The full Annual Report covers the Council's financial and service performance over the past year. This summary gives you an overview of what was covered in the Annual Report, with the main headlines and information to accurately describe how your Council has performed.

The summary cannot provide a complete understanding of Council's financial and service performance and financial position. For the full account, refer to the Annual Report 2012, which is available online at www.nelsoncitycouncil.co.nz, the Council Customer Service Centre and Nelson Public Libraries. You can also phone 546 0200 to ask for a copy.

The summary financial statements included here were prepared in compliance with Financial Reporting Standard No.43 Summary Financial Statements issued by the Financial Reporting Standards Board of the New Zealand Institute of Chartered Accountants, May 2007. The financial information is shown in New Zealand dollars.

This summary was authorised for issue by the Mayor and Chief Executive on 1 November 2012. The summary financial report was extracted from the Nelson City Council 2011/12 Annual Report, dated 30 October 2012 and was audited by Audit New Zealand, which issued an unmodified opinion dated 30 October 2012.

INDEPENDENT AUDITOR'S REPORT



Audit New Zealand issued an unmodified audit report on this summary on 1 November 2012.

The Audit Report on this summary can be seen on page 12. The report confirmed that, in the auditor's opinion, the information in the summary complies with requirements and fairly and consistently represents the main matters covered in the full annual report. The complete auditor's report is available on request. It can be viewed in Council's customer service centre or online www.nelsoncitycouncil.co.nz

Audit New Zealand also issued an unmodified report on the full annual report, which is included in the annual report document.

From the Mayor

Our city has achieved so much over the past 12 months and notched up some major milestones.

The most anticipated event for the country and our city was Rugby World Cup 2011. The \$1.76m contributed to the local economy by Council to host the event resulted in an economic benefit of \$9.2m in new spending. But more than the economic benefits, I note the benefit of the massive community involvement that was so evident. I'm enormously proud of the community's response and that Nelson was showcased so magnificently on the international stage.

Away from the hoopla is the infrastructure, which is vital to the day to day running of our city. The Bell Island duplicate wastewater pipeline, which takes the pressure off the old pipe running through the precious Waimea Estuary, is now complete. At literally the other end of the pipeline equation is the Maitai duplicate water supply pipeline, which carries the lion's share of water to Nelson. This project to protect and future proof our vital supply is now well underway.

The last year has also seen the long awaited improvement to our public transport with the introduction of NBUS. Also, the launch of the 38 kilometre Dun Mountain Trail has attracted widespread praise. It was being heralded by experts as world class before it even opened and is proving to be a valuable addition to the New Zealand Cycle Trails.

None of these achievements would have been possible without the commitment of Councillors and staff, who deserve my thanks for another year of ensuring Nelson remains a great place to live.



Aldo Miccio
MAYOR OF NELSON

From the Acting Chief Executive

Who could have foreseen the challenges our city and Council have faced over the past year? Events such as the December rain and slips, the signalling of local government reforms, the amalgamation and Māori Ward polls and the resignation of Council's CEO combined to ensure staff have had an eventful and demanding 12 months.

While we continue to recover from the December weather event, it showed me the level of resilience of our residents and capability of our staff. This was not just Civil Defence personnel swinging into action; this was many Council staff across the board, from 24 hour telephone services to Building Inspectors and Parks staff. While unaffected residents enjoyed a family Christmas in 2011, many of our staff continued to work and I am immensely proud of the way they reacted to this event. I acknowledge the impact on their families at what is usually a time of relaxation and family focus.

Despite the challenges, staff turnover is at an all time low and our recorded level of staff engagement continues to climb above national levels. They remain inspired to deliver excellent customer service to our residents and visitors against a backdrop of financial restraint.

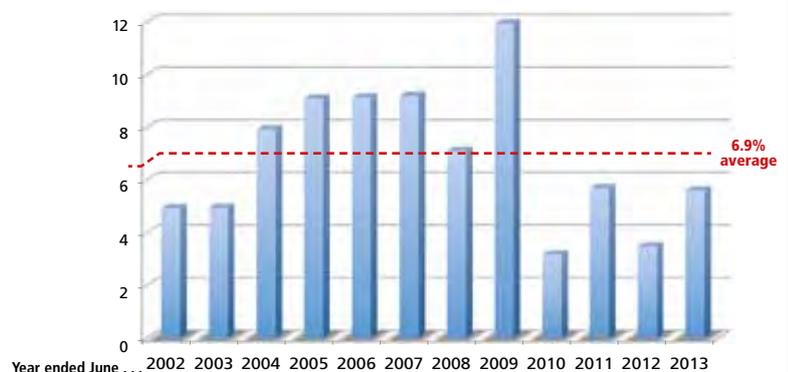
It is no small or easy task running a city. The things we have achieved over the past year show our Councillors and Council staff are focussed on making Nelson a better place. My sincere thanks to you all.

Richard Johnson
ACTING CHIEF EXECUTIVE



We responded to 3,857 requests to investigate noise, dog, pollution, bylaw and livestock complaints and issues

Annual increase in average rates & charges



1. Global financial crisis begins to affect Nelson early 2009

This graph shows the annual percentage increase in average rates and charges over the last decade, including the rate set for the current 2012/13 year. It shows significantly reduced percentages over the past four years mainly in response to the global financial crisis.



About your Council

Nelson City Council has a Mayor and 12 Councillors who employ the Chief Executive. The organisation has 260 staff in 238.8 full time equivalent positions to provide advice, implement Council's decisions and look after its day to day operations. It is a unitary council, one of only six that are both regional and local authorities. The city owns assets with a total value of \$1.25 billion including land, infrastructure and facilities – the comparable amount was \$1.22 billion the year before.

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

How do you think Council has performed over the past year?

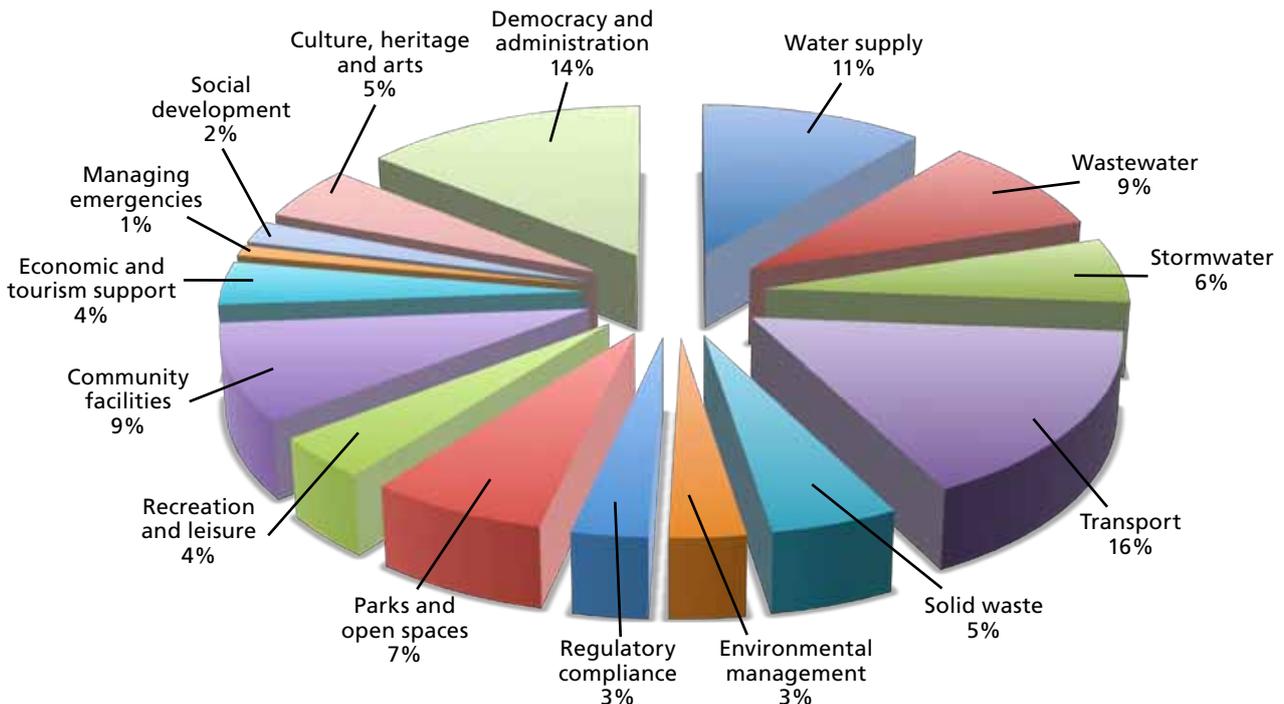
Council gathered feedback over the year through its annual surveys of residents and counter customers. Results of these are included in the Annual Report and the full survey reports are available on the website or on request.



We catered for just over 100,000 visitors, 12 major events and 27 weddings at Founders Heritage Park

WHAT WAS SPENT AND DID WE DO WHAT WE SAID WE WOULD?

Council recorded a surplus, before revaluations, for the year ending 30 June 2012 of \$6.1m, which was \$1.3m under budget. This compares to a surplus of \$15.1m the year before. The significant variances from budget are listed in Note 33 of the Annual Report. The most significant were a \$4m special dividend received from Port Nelson Ltd, offset by a \$2.8m interest rate swaps revaluation, and \$3.2m expenditure, net of NZ Transport Agency subsidy, from the December 2011 rainfall event.



The pie graph shows how much Council spent on its different activities. Council's operating costs – what it actually spent – totalled \$89.9m, compared to \$84.8m that had been estimated at the beginning of the 2011/12 year.



Opening of Anzac Park Waharoa (gateway) to remember 28th Māori Battalion soldiers, 24 September 2011.

WORKING WITH MĀORI

This year, Council built on its commitment to provide for the involvement of Māori in Council decision making. Mechanisms include iwi representation on key advisory committees and the Kotahitanga Hui forum for iwi, mātā waka and Council leaders to discuss strategic issues. Council had hoped to initiate a Māori ward for Nelson to improve representation, which has long been a priority for iwi leaders. A proposal was put to the Nelson Community in May 2012, but the poll result did not support proceeding with the initiative. A section in the Annual Report describes these in more depth and other Council activities over the year, working with Māori and building capacity for Māori to participate in Council decision making.

What Council delivered

The 2011/12 financial year provided more than the usual highlights and challenges for the Nelson City Council, residents and staff. It began with Rugby World Cup 2011 events, bringing Nelson more visitors and economic activity as well as a broader range of events for locals to enjoy. Then, just before the end of 2011, Nelson was hit by a rainfall event that triggered widespread slips and damage to property and infrastructure, the impact of which is still being felt by many.

The Council still managed to deliver a draft Long Term Plan for Nelson outlining its priorities for the next three years and giving the community an opportunity to provide informed feedback on the City's priorities for the next decade. The final adoption of the Nelson Long Term Plan 2012 was delayed from June to 19 July 2012 due to the December 2011 rainfall event.

Despite some significant changes in personnel and changes to the Council committee structure, Council services were maintained and Council met the majority of its targets.

On the financial front, Audit issued an unmodified opinion that Council had complied with generally accepted accounting practice and other requirements. See the full independent Auditor's report in the Annual Report for their opinion. The main financial headlines included:

- Rates made up 56% of Council income – \$53.7m of the total \$96.0m – the rest came from sources such as fees, charges, rent and grants
- The net cost of the December 2011 rainfall event in 2011/12 was \$3.2m, net of NZ Transport Agency subsidy, which was loan funded
- The net surplus before revaluations was \$6.1m, which was \$1.3m under budget
- Debt levels were \$65.3m, compared to \$58.6m in 2010/11. Debt had been budgeted to be \$96.4m, net of deposits. It was significantly less than budget mainly because of delayed capital projectst.

MAKING NELSON A BETTER PLACE – LOOK WHAT WE DID

We have summarised some of the services delivered by the Council over the past year. This is just a sample of what we did – look for more in the full Annual Report.

AND MORE ...

Major capital projects that Council began, progressed or completed over the year included:

- Maitai water supply pipeline duplication stage one to provide security of water supply and increased capacity
- The cricket / athletics pavilion at Saxton Oval to provide facilities for these sports codes
- Community housing Orchard Street development with Housing NZ funding
- St Vincent / Jenner Road upgrade to provide safer access and improved amenities
- Seymour Ave road and stormwater upgrade to improve access, amenities and safety
- Iwa Road and stormwater upgrade to improve access, amenities and safety
- Marina large berths to cater for larger boats and yachts
- The marina building to provide improved facilities including toilets, laundry, office and showers
- National cycleway development to attract visitors and cater for increasing numbers of local cyclists
- Cleveland Terrace retaining wall to provide safe access
- Rutherford Park tennis lights to support active sports



GREENHOUSE GAS EMISSIONS

This Council was one of the first to monitor and report on its greenhouse gas emissions, beginning in 2008. Comparisons with the previous year are the most meaningful, as the inventories for both years use the same emission factors.

Overall, Council carbon emissions for 2011/12 increased by 1% to 1,753 tonnes compared to the year before when carbon emissions were calculated at 1,737 tonnes. Vehicle fuel, Civic House heating, domestic travel and paper use were all lower than 2010/11. Electricity use, fuel use at the crematorium and cemetery and trans-Tasman flights were all higher, giving the 1% net increase overall.

Electricity use is the biggest contributor to Nelson City Council's carbon footprint. There was an overall increase in electricity used to supply water to the city. New facilities at Saxton Field meant higher electricity use there, while there was an overall decrease at the Bell Island wastewater treatment facility. Refer to the greenhouse gas emissions chapter in the full Annual Report for more details.

Council's activities over the year – what was done, what wasn't and why

This section gives a snapshot of our work over the past financial year to 30 June 2012. A full account of what we achieved and or did not achieve is in the Annual Report. Council organised its work into 17 activities, with a selection of the headlines from each summarised here.

Water supply

The Maitai duplicate pipeline stage one saw substantial progress over the year – a multi-year project to increase capacity and protect this essential service in the event of natural disasters. The December 2011 rainfall event put the existing water pipeline at risk, but fortunately it remained intact, highlighting how vulnerable our water supply is to such events.

Work was completed on the first stage to upgrade the main trunk water supply pipeline via Princes Drive to improve the connection between the main in Moana Avenue and Port Nelson, increasing capacity and security for the Port's future use.

YOU SAID Residents' satisfaction results are shown in the graph.



Council achieved all but one of its nine water supply targets, the same as last year, for its ordinary operations. There were localised supply issues for a short time following the December 2011 rainfall event. Shortfalls in fire fighting flows for the remaining 1.4% of properties will be addressed through capital spending between 2013 and 2018.



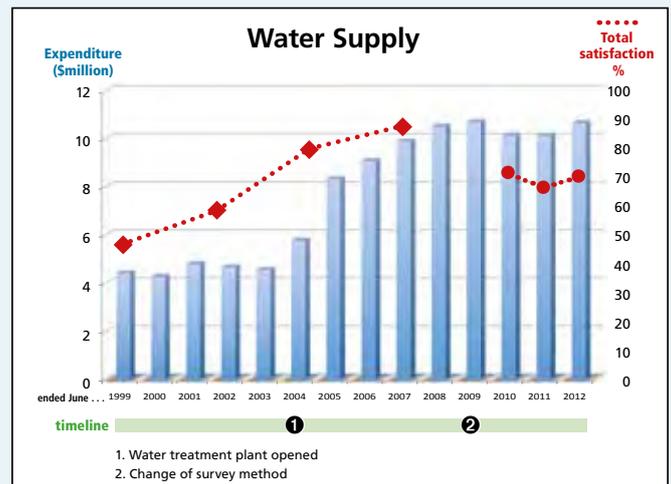
Water supply revenue was \$492,000 under budget as water volumes were less than anticipated due to a wet summer. Financial and development contributions were \$51,000 under budget, as were total expenses by \$182,000.

Capital expenditure was \$1.5m below budget due to delays on the Maitai pipeline project and changed priorities following the December 2011 rainfall event response and recovery.

OPERATING BUDGET: \$10.9m

ACTUAL SPENT: \$10.7m

MAJOR PROJECT: Maitai pipeline duplication \$3.52m



IMPROVED RESIDENT SATISFACTION WITH WATER SUPPLY

The bars on this graph show the total amount spent annually on Council's water supply since 1999, with the most significant increase due to the \$26 million Tantragee Saddle water treatment plant, which was officially opened in August 2004. Before the plant began operating, the Ministry of Health water quality grade was 'Ed' – any grading under Cc is unsatisfactory. After one year of plant operation, it was re-graded to 'Ab', which has been maintained since. The dotted line shows the percentage of residents in annual surveys who said they were satisfied with Council's water supply. There were low levels of satisfaction before the plant opened and much higher satisfaction after 2004. While there was an apparent drop between 2007 and 2010, the survey question was asked in a different way so around 70% is a very good total satisfaction result, approximately equivalent to the 2007 result.

Wastewater

It was a year of both progress and setbacks. The Nelson Regional Sewerage Business Unit received an excellent energy audit for the Bell Island wastewater treatment facility but there were continuing episodes of odours from the Nelson North treatment facility. Council sought independent advice to formulate options to lift pond performance at Nelson North and planned funding for improvements over the next two years. The work programme includes sludge removal and increased aeration of the ponds.

December 2011 rainfall event had a limited impact on the wastewater network, with slips disrupting some pipes and high inflows and infiltration causing pump motor failures. For the rest of the year, Council continued its programme of upgrades and improvements on the network.

YOU SAID Council's Wastewater service had a satisfaction rating of 53%, very close to the previous year on 54%. A relatively low 7% said they were dissatisfied and 2% were very dissatisfied, similar to 2011 results. Most concern centred on Nelson North odours.



As in 2011, Council achieved three of its five targets, falling short on consent breaches due to Nelson North treatment plant odours and contractor responses being 99% of target times.



This account is a consolidation of the Nelson City's sewerage operation plus the city's share of the Nelson Regional Sewerage Scheme. Financial and development contributions were \$136,000 over budget. Other revenue was \$479,000 above budget including trade waste revenue of \$349,000.

Operating expenses were \$246,000 over budget reflecting recovery costs from the December 2011 rainfall event. Interest costs were \$289,000 under budget due to both savings and delays in capital expenditure.

Capital expenditure was well below budget by \$2.9m. Cancellation of the return pipeline water treatment project accounted for \$1.6m and the remaining \$1.3m was from delays in the renewals programme and growth projects, the timing of which was affected by the December 2011 rainfall event.

OPERATING BUDGET: \$9.7m

ACTUAL SPENT: \$9.8m

MAJOR PROJECT:
Bell Island duplicate pipeline \$550,000

Stormwater and flood protection

The December 2011 rainfall event brought a significant volume of new stormwater and flood protection work to clean up and repair damage. Repair work included gravel removal and maintenance, and will continue for several years. Two more pumps were installed at the Neale Park stormwater pump station, design work was completed for the next stage of The Wood stormwater improvements and work continued on upgrading open channels.

YOU SAID The residents' satisfaction rating appeared to be slightly lower at 41% (45% in 2011) within the margin of error of +/-5%. Of the 13% who said they were dissatisfied, comments were location-specific referring to flooding, slips or blocked stormwater drains.



Council achieved all five of its targets this year for ordinary operations outside the December 2011 rainfall event. The contractors' response was 100% within 30 minutes, up from 98% the year before.



Financial and development contributions were \$108,000 over budget, as was operating expenditure by \$1.3 million due to recovery costs from the December 2011 rainfall event.

Capital expenditure was \$334,000 below budget. The stormwater capital programme was affected less than other activities by the December 2011 rainfall event as the emergency highlighted the importance of these assets. There was no single major project over \$500,000 however.

OPERATING BUDGET: \$4.2m ACTUAL SPENT: \$5.5m

Heart of Nelson

Central city enhancement projects that were completed included way-finding signs and a new public art work in Miyazu Park. Design work was completed for the Maitai shared pathway with extensive consultation with adjacent businesses, property owners and interested groups. Enhancement work planned for Montgomery Square did not proceed after High Court action by two adjacent landowners.

There are no specific performance measures or resident survey results for this activity as the projects are delivered through other financial activities, each with relevant targets.



Capital expenditure was \$1m below budget due to delays with many of the projects resulting in a corresponding decrease against budget of loans raised.

OPERATING BUDGET: \$200,000

ACTUAL SPENT: \$147,000



Solid waste management

The declining trend in the amount of waste going to the York Valley landfill continued, with 35% less than the peak in 2005/06. This Council worked with Tasman District Council on a Joint Waste Management and Minimisation Plan and was encouraged by the continued high level of participation in kerbside recycling.

YOU SAID This Council activity was one of two that showed a significant improvement in residents' satisfaction to 62% from 54% the year before. Of the 8% expressing dissatisfaction, most concern was about transfer station fees. Others wanted even more done to encourage recycling.

 Council again achieved three of the four targets for solid waste, the same as in 2011. The shortfall was again in green waste diversion, and is due mainly to a target that did not anticipate the effect of commercial green waste operations.



Operating expenditure was \$299,000 over budget due to the revaluation of closure costs of the York Valley landfill.

OPERATING BUDGET: \$3.2m

ACTUAL SPENT: \$3.5m

Environmental management

Air quality continued to improve, with only two exceedences of the national standard over the winter of 2012. Council won two Green Ribbon awards in recognition of its work to improve our air quality. It also won a best practice award from the NZ Planning Institute for the Port Noise project.

The quality of our natural waterways remained degraded in many areas and will be the focus of Council efforts to improve fresh and marine water quality. A Stoke Streams Rescue project began with funding from the Ministry for the Environment.

YOU SAID This complex Council activity again ranked relatively low for resident satisfaction on 42%, up from 37% in 2011. Even so, dissatisfaction ratings were low at 9%. Of the remainder, 10% said they did not know and a very high 40% said they were neither satisfied nor dissatisfied. These results suggest that many residents do not fully understand Council's role in environmental management, rather than that they have concerns about Council performance in this area.

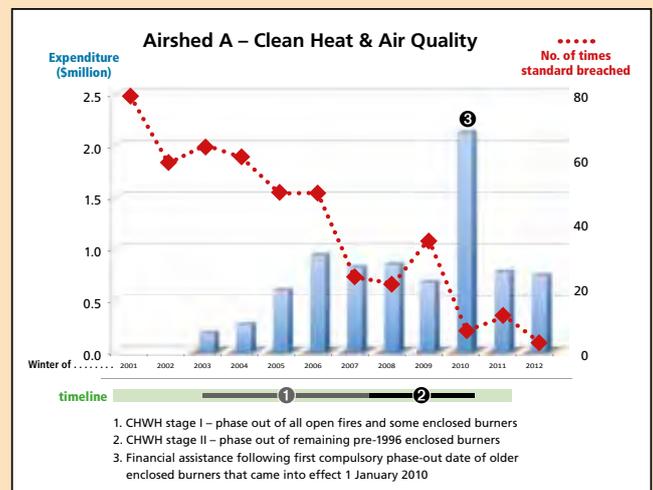
 As in 2011, Council achieved five of the twelve targets set for environmental management. Results fell below targets for Clean Heat Warm Home installations, plan changes, swimming water quality, stream health, residents' satisfaction levels and greenhouse gas emission reductions.

 Operating expenditure was \$1.9m under, due to slower than expected uptake of Solar Saver and Clean Heat Warm Homes schemes. Expenditure for resource consents and building services was under budget, reflecting reduced staff availability due to the December 2011 rainfall event.

Interest was over budget by \$133,000 relating to the Clean Heat Warm Homes and Solar Saver schemes. The budget figures for 2011/12 were incorrect when published.

OPERATING BUDGET: \$4.5m

ACTUAL SPENT: \$2.7m



INVESTMENT TO CLEAR THE AIR

The bars on this graph shows the investment Council has put into improving air quality since the monitoring programme began in 2001. The programme included a new Air Quality Plan, promotions, a ban on open fires and funding for the Clean Heat Warm Homes scheme to help homeowners to replace old enclosed burners with cleaner alternatives. The dotted line shows the number of 'exceedences', which are the number of times each winter when the maximum air pollutant standard was breached. The target is set at 50 micrograms (µg) of PM₁₀ – the very small smoke particles that cause health problems when breathed in – per cubic metre of air. The Council has to achieve not more than three breaches of the national standard per winter by 2016 and one by 2020.



We launched NBus 5 March 2012

Transport

The increased NBus service began in March this year responding to residents' call for more public transport, particularly for commuters. There were fewer road casualties and the programme of school travel plans was extended to those on Nayland Road. Work on the Queens Road upgrade began and will continue into 2012/13. Some traffic studies were delayed, including one to improve cycle access between the central city and the start of the Dun Mountain trail.

The December 2011 rainfall event affected some of the city's roads, including Cable Bay Road and the state highway along Rocks Road. All but one end of Poynters Crescent were re-opened by October 2012. Work on the pedestrian island on Rocks Road was deferred following the rainfall event.

YOU SAID Transport showed the largest increase in residents' satisfaction ratings, lifting from 40% in 2011 to 57% in 2012, a remarkable improvement given satisfaction was only 22% in 2010. Dissatisfaction ratings also improved, with 12% reporting they were dissatisfied and 4% very dissatisfied. Concerns centred on requests for improved bus services, better maintenance of roads and footpaths and improved cycle safety.

 Council did not achieve three of its seven transport targets, the same number as in 2011. Key shortfalls were in the proportion of commuters using public transport, household proximity to bus routes, and levels of residents' satisfaction. The public transport network is to be reviewed in early 2013, in part to address these issues.

 Financial and development contributions were \$133,000 less than budget. Interest costs were \$258,000 over, as reduced funding was required

due to the timing of capital expenditure. Operating expenditure was \$1.9m above budget, mainly due to the rainfall event. \$882,000 of retired assets, as mentioned in the Annual Report on page 62 Note 33.

Capital expenditure was \$2.2m below budget, of which \$758,000 was due to the Waimea/Motueka Street intersection project being delayed in line with NZTA funding priorities. The renewals program was below budget by \$385,000 and the minor improvements programme was \$455,000 below budget. This meant a decrease against budget in loans raised of \$1.7m.

OPERATING BUDGET: \$13.9m

ACTUAL SPENT: \$15.8m

MAJOR PROJECTS:
Road resurfacing \$1.381m, St Vincent/Jenner Road \$608,000 and Locking Street \$703,000

Regulatory compliance: consents, licences and public health

The year did not go as planned for the Council's building unit as staff responded in the aftermath of the Christchurch earthquakes and the December 2011 rainfall event in Nelson. A programme began to monitor and inform households about swimming pool fencing. Fewer resource consents were issued in 2011/12 (322 non-notified and 10 notified) than the previous year (424 and 14 respectively).

There was progress towards updating the Harbour Safety Bylaw, with consultation closing in March 2012 and hearings held in May 2012.

YOU SAID This was the lowest rated Council activity, with 30% satisfaction down from 40% in 2011. Dissatisfaction levels were 20%, but neither and don't know scores were also relatively high at 41% and 8% respectively. Concerns included the time and cost of consents and dog control issues. There was a three to one split between those wanting more dog control and those wanting less. Council will continue to work on improving its customer service and processing consents promptly.

 Five of twelve targets were met in 2012, as in the previous year. Most shortfalls were again in the implementation of the Earthquake Prone Building

Policy, some consent processing times and some complaint response times. Consent processing times showed continuing improvement compared to the year before and were closer to targets, in some cases within 1-3% of statutory timeframes.

 Other revenue was \$523,000 below budget due to the impact of the December 2011 rainfall event on consent numbers. Operating expenses were under budget by \$71,000.

OPERATING BUDGET: \$5.04m

ACTUAL SPENT: \$4.97m

Parks and open spaces

The upgraded Dun Mountain Trail opened in November 2011, which is hoped to become another major draw card for visitors to Nelson as well as local mountain bikers. In order to secure access to the Trail, Council purchased 97 ha of land on Fringed Hill. The cricket/athletics pavilion at Saxton Field also officially opened in November 2011. Planting continued at Tahunanui Reserve and in other reserves around Nelson.

YOU SAID This was again the highest rated activity for resident satisfaction, on 83%. It had very low dissatisfaction levels of 1% and 15 % said they were neither satisfied nor dissatisfied. Only eight people who were surveyed expressed dissatisfaction, mainly because they wanted even more parks and green space, rather than any concerns about Council's performance in this area.



As in 2011, three of six targets were met. Shortfalls were in having neighbourhood parks close to all homes, play facilities within 800m of all homes in urban Nelson and a monitoring programme is yet to be implemented to protect biodiversity.



Other revenue was \$92,000 over budget partly due to an unbudgeted \$43,000 contribution from Tasman District Council for Saxton Field operating

costs. Operating expenses were \$183,000 under budget due to the December 2011 rainfall event.

Capital expenditure was \$4.6m below budget, mainly in neighbourhood parks due to \$2.3m of land purchases made in the Democracy and Administration activity rather than Parks and \$700,000 from delays in other land purchases. \$1.2m was under spent on play facilities following project delays and \$566,000 under spent on the Wakefield Quay project after it was spread over two years due to resource constraints. Therefore the loans raised were \$2.6m below budget and transfers from the financial and development contributions reserve were \$2.5m below budget.

OPERATING BUDGET: \$7.1m

ACTUAL SPENT: \$6.6m

MAJOR PROJECTS: Land purchase/general reserve \$828,000 and Wakefield Quay \$448,000



We hosted 140,000 visits at Riverside and Nayland pools

Recreation and leisure

Design work for the upgrade of the northern end of the Trafalgar Centre was completed and work will begin in 2012/13. Natureland Zoo faces an uncertain future with Orana Wildlife Trust ceasing its management. Council is to look for other potential operators in 2012/13.

A full programme of recreation events was delivered across Nelson for children and adults.

YOU SAID Satisfaction results continued to lift with 78%, up from 68% in 2011, although the reasons for the higher rating are not known. Dissatisfaction was very low, at 2%, with no obvious themes requiring improved performance by Council. There was some concern about the cost of facilities such as those at Saxton Field and the Trafalgar Centre.



Neither of the two targets was achieved for Council's recreation and leisure activity. Declining numbers visited Natureland Zoo. Trafalgar Centre results reflected the desired shift away from sports training and events, towards entertainment, commercial and expo

events, but event bookings dropped in 2012 due to the economic downturn and limited promotion of the venue ahead of upgrade work. Once the northern end upgrade is complete, promotion of the Trafalgar Centre for events is planned to increase.



Operating expenditure was \$247,000 under budget reflecting savings in the swimming pools contract pricing and \$58,000 less than expected for the Natureland Zoo grant.

OPERATING BUDGET: \$4.1m

ACTUAL SPENT: \$3.9m



We had 583,839 library visitors, held 148,977 items in the collections, issued 914,067 items and hosted 166,746 online customers' user sessions

Community facilities

The major upgrade of the Orchard Street community houses in Stoke was completed with \$1.17m of Housing NZ funding. Council also completed the new building in Nelson marina, which included showers, laundry, a common room and a manager's office.

YOU SAID Council maintained high resident satisfaction on 76%, significantly higher than 62% in 2010 during the Performing Arts and Conference Centre consultation. Resident satisfaction was low, at 3% and 21% were neither satisfied nor dissatisfied. Of the few who commented, most concern was about the condition of public toilets.



As in 2011, three of the four targets were achieved. Council did not achieve community housing at no cost to rates.



Other revenue was \$535,000 over budget, due to the Housing NZ grant for the Orchard Street flats refurbishment. Capital expenditure was \$459,000

below budget after delays in capital works at Saxton Field, offset by an overspend of \$182,000 on the Orchard St development. This led to a decrease of \$947,000 in net loans raised.

OPERATING BUDGET: \$8.0m

ACTUAL SPENT: \$8.6m

MAJOR PROJECTS: Marina large berths \$495,000 Orchard Street community housing \$803,000 Saxton Field cricket/athletics pavilion \$1.326m and Saxton Field new entrance \$457,000

Economic and tourism support

The Rugby World Cup 2011 had a significant impact on the regional economy and tourism sector with an estimated \$9.2m boost in regional Gross Domestic Product, a measure of economic activity.

The Council-controlled Regional Economic Development Agency (EDA) and Nelson Tasman Tourism both delivered a range of objectives to support economic development on behalf of the Council, including Events Strategy funding distributed by the EDA for eight events with economic potential.

YOU SAID This Council activity maintained 44% satisfaction levels, again with a relatively high 13% who said they did not know and another 33% who said they were neither satisfied nor dissatisfied. These results suggest a lack of knowledge of Council's responsibilities in economic development, rather than dissatisfaction.



Of the two targets, one was achieved and the other on resident satisfaction was not able to be compared to the target because of a change in survey methodology; the same result as in 2011.



Other revenue and other expenditure were both over budget due to recording the gross income and expenditure for the Rugby World Cup 2011 rather than the net amounts as budgeted.

OPERATING BUDGET: \$2.8m

ACTUAL SPENT: \$3.6m

Managing emergencies and natural hazards

The December 2011 rainfall event triggered the first Declared Civil Defence Emergency since 1990. Council staff were involved in the Emergency Operations Centre and Recovery Centre until March 2012.

The CDEM group plan was signed off and Ecofest provided civil defence information to 6,000 people. Potential Welfare Centres were also better resourced with emergency power capability.

YOU SAID The December 2011 emergency impacted on results, with most residents seeing Council's performance positively and showing increased understanding of the importance of Council's civil defence role. Satisfaction lifted by the largest amount of any activity in 2012, from 43% in 2011 to 64%; a 21 percentage point increase. 'Don't know' responses dropped from 24% in 2011 to only 8% in 2012, and dissatisfaction was only 4%.



Only one of the nine targets was not achieved; the establishment of an Emergency Operations Centre. Funding was provided for this to be initiated in 2012/13.



Managing Emergencies and Natural Hazards was \$108,000 under budget as the issue of a capital grant to Civil Defence of \$150,000 for new premises was delayed.

OPERATING BUDGET: \$607,000

ACTUAL SPENT: \$492,000

Social development

Council maintained its programme of work on youth and employment initiatives, supported Street Ambassadors and Settlement Support and distributed \$485,000 in Community Assistance grants and contracts.

YOU SAID This area of Council's work ranked second lowest for satisfaction on 36% because of the high proportion of 'don't know' or neither satisfied nor dissatisfied responses. Dissatisfaction is relatively low at 7%, again suggesting a lack of general knowledge about this Council role.



Council again achieved its one target for social development by implementing the Social Wellbeing Policy.



Results were close to budget; there were no significant variances to report.

OPERATING BUDGET: \$1.4m

ACTUAL SPENT: \$1.5m



Culture, heritage and arts

Public art works were installed beside QE II Drive and in the Saxton Creek spillway. Council ran 70 festivals and community events, while Founders Heritage Park welcomed just over 100,000 visitors.

YOU SAID Surveyed residents rated these Council activities highly on 65% satisfaction, maintaining an improvement since the 49% rating in 2010. Dissatisfaction was low, at 7%.



All three targets were achieved, as in 2011.



Operating expenses were \$332,000 above budget mainly due to the capital grant for the Bishop Suter Art Gallery redevelopment costs being under budget due to delays in the project. There were no other significant variances.

OPERATING BUDGET: \$5m

ACTUAL SPENT: \$4.7m

Democracy and administration

Council administered two polls; one on the amalgamation proposal and the second on a proposed Māori ward. The earthquake-prone building policy was implemented, which initiated assessments of six Council-owned buildings and the Riverside Pool façade.

Approximately half of Council's performance indicators for the whole organisation were achieved. Targets were not achieved for operating expenditure, capital expenditure, customer perceptions of counter staff contact and some staff survey results. Residents' perception of overall Council performance was up significantly to 62% from 51% in 2011.

YOU SAID This Council activity is assessed differently in surveys, looking at consultation and communication in more detail rather than the financial activity as a whole, much of which is financial management. Four out of five respondents were satisfied with Council's customer service. Almost one third were not satisfied with opportunities for feedback and, of that group, 26% said they felt Council did not listen.



As in 2011, two of the four targets were not achieved. The Memorandum of Understanding with local iwi is yet to be signed and some of the Council-controlled organisations' reporting requirements were not met.



Other revenue was above budget by \$2.8m, mainly due to the Nelson Port Ltd special dividend of \$4m and the Nelson Airport Ltd late declaration of the 2011 dividend of \$235,000 offset by internal interest being below budget by \$1.6m.

Operating expenses were \$2.7m under budget including \$2.7m from interest rate swap revaluation. Unbudgeted expenditure of \$932,000 due to response costs for the December 2011 rainfall event, offset by savings of \$194,000 in Community Relations, \$173,000 in insurance and rent and a large number of less significant savings in other areas. Interest was \$924,000 over budget due to delays in capital projects and lower interest rates.

Capital expenditure was \$1.7m above budget mainly due to a strategic property purchase of \$2.3m, offset by \$306,000 savings in Civic House capital works, \$112,000 savings due to a delay in updating major Council signs while awaiting the outcome of the amalgamation poll and \$335,000 under spent on the Information Technology programme.

OPERATING BUDGET: \$13.4m

ACTUAL SPENT: \$15.3m

MAJOR PROJECT: Strategic land purchases \$2.337m

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

INDEPENDENT AUDITOR'S REPORT

To the readers of Nelson City Council and group's summary of the annual report for the year ended 30 June 2012

We have audited the summary of the annual report (the summary) as set out on pages 1 to 16, which was derived from the audited statements in the annual report of the Nelson City Council (the City Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 30 October 2012.

The summary comprises:

- the summary balance sheet as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and other explanatory information; and
- the summary of the City Council and group's nonfinancial performance information and summaries of other information contained in its annual report.

OPINION

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

BASIS OF OPINION

The audit was conducted in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 30 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the City Council and group.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor of the annual report, issuing an auditor's report to the Council's bond trustees, and auditing the long term plan, we have no relationship with or interests in the City Council or any of its subsidiaries.

Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
1 November 2012



What did *not* go to plan

Not everything that was included in the Annual Plan for 2011/12 could be achieved as expected. This summary briefly highlights some of the work that was not completed or did not happen as planned and the reasons why. Other shortfalls are explained in the full Annual Report, including:

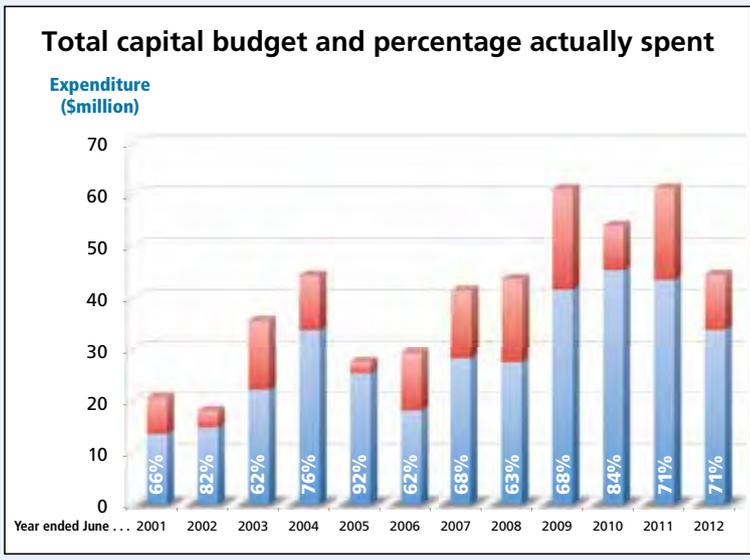
- A planned skate park in Stoke was delayed following consultation
- Montgomery Square improvements and the Gambling Policy process were delayed after Court action
- Some capital expenditure was under spent, as explained in more detail in Note 33 of the Annual Report.

CAPITAL SPENDING



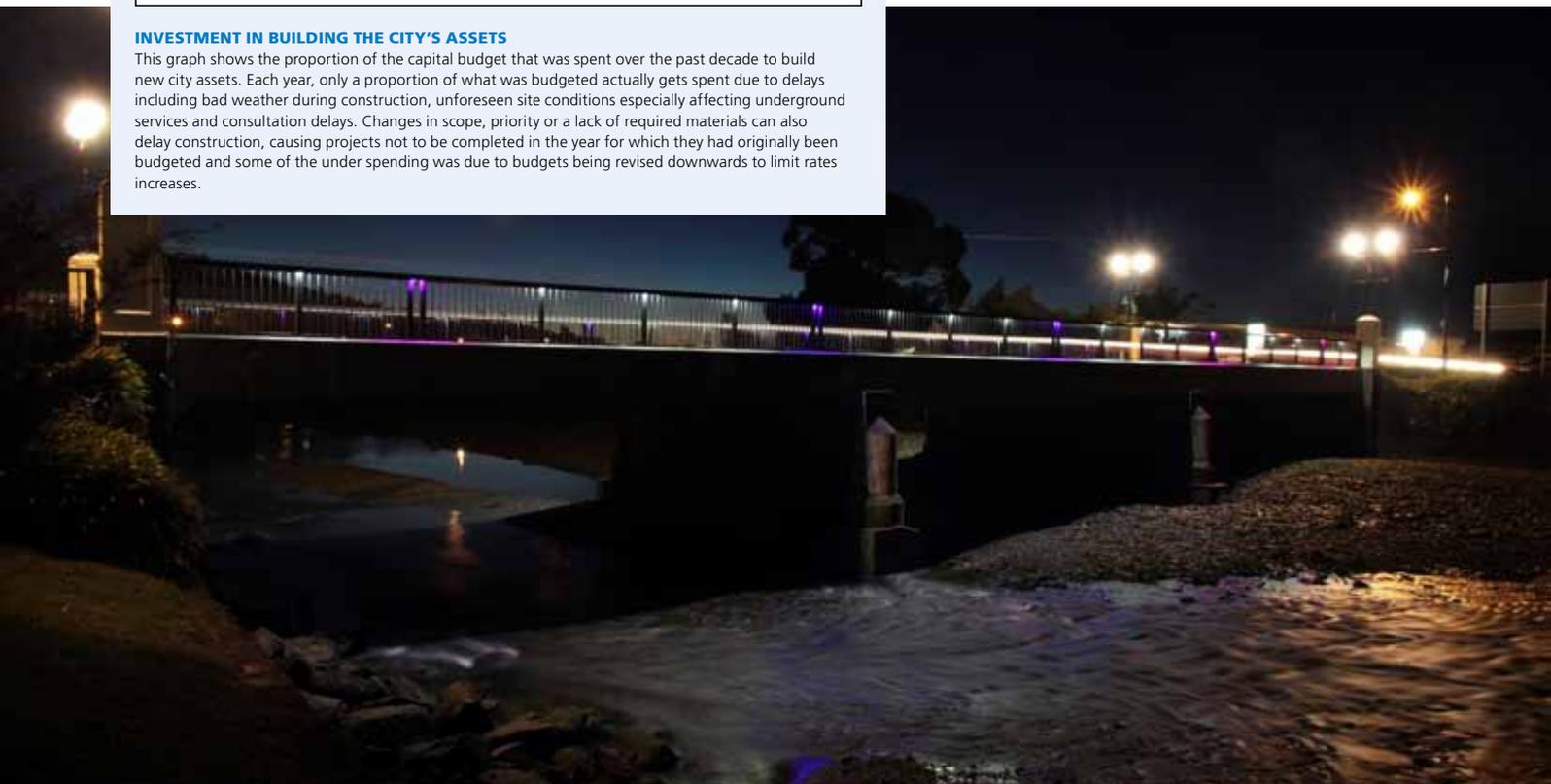
We delivered enough high quality water to fill Riverside Pool 24 times a day on average – around 8,715 times over the year

Total capital budget and percentage actually spent



INVESTMENT IN BUILDING THE CITY'S ASSETS

This graph shows the proportion of the capital budget that was spent over the past decade to build new city assets. Each year, only a proportion of what was budgeted actually gets spent due to delays including bad weather during construction, unforeseen site conditions especially affecting underground services and consultation delays. Changes in scope, priority or a lack of required materials can also delay construction, causing projects not to be completed in the year for which they had originally been budgeted and some of the under spending was due to budgets being revised downwards to limit rates increases.



Summary of financial performance for the year ended 30 June 2012

The Council's full financial statements have been prepared in accordance with NZ GAAP. The Council has designated itself as a public benefit entity.

SOME DEFINITIONS:

The Statement of **Comprehensive Income** shows operating revenue and expenditure and Council's surplus for the year.

The Statement of **Changes in Equity** shows Council's opening and closing equity or for the year, the remaining value of its assets after subtracting any liabilities.

The **Balance Sheet** shows Council's total assets and liabilities as at the end of the financial year on 30 June 2012.

The Statement of **Cashflows** shows the sources and uses of funds over the year – where the cash has come from and where it was spent.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Council			Group	
	Actual 2012	Estimate 2012	Actual 2011	Actual 2012	Actual 2011
	\$000	\$000	\$000	\$000	\$000
Total Operating Revenue	95,942	92,278	91,374	95,373	93,869
Total operating expenditure *	89,814	84,837	76,248	94,333	79,908
Surplus/(deficit) before tax	6,128	7,441	15,126	1,040	13,961
Share of Associates surplus/(deficit)	0	0	0	6,129	3,922
Less taxation	(8)	0	8	(383)	(301)
Net Surplus	6,136	7,441	15,118	6,786	17,582
Gains/(Losses) on property revaluation	24,619	24,830	27,255	24,619	27,255
Share of Associates revalued movements	0	0	0	(540)	243
Total Comprehensive Income	30,755	32,271	42,373	30,865	45,080

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

Equity at start of year	1,145,673	1,128,553	1,103,300	1,218,812	1,173,732
Total Comprehensive Income	30,755	32,271	42,373	30,865	45,080
Equity at end of year	1,176,428	1,160,824	1,145,673	1,249,677	1,218,812

BALANCE SHEET AS AT 30 JUNE 2012

	Council			Group	
	Actual 2012	Estimate 2012	Actual 2011	Actual 2012	Actual 2011
	\$000	\$000	\$000	\$000	\$000
Current assets	14,724	16,538	14,361	18,045	17,547
Non-current assets	1,247,065	1,262,658	1,208,280	1,318,444	1,279,737
Total assets	1,261,789	1,279,196	1,222,641	1,336,489	1,297,284
Current liabilities	54,638	27,291	26,275	55,899	27,529
Non-current liabilities	30,723	91,081	50,693	30,913	50,943
Total liabilities	85,361	118,372	76,968	86,812	78,472
Total net assets	1,176,428	1,160,824	1,145,673	1,249,677	1,218,812
Equity					
Retained earnings	331,034	318,292	324,956	360,078	352,802
Other reserves	845,394	842,532	820,717	889,599	866,010
Total equity	1,176,428	1,160,824	1,145,673	1,249,677	1,218,812

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2012

Cashflows from operating activities	28,659	20,439	26,018	29,714	27,394
Cashflow from investing activities	(33,241)	(43,891)	(35,776)	(34,466)	(36,900)
Cashflows from financing activities	6,659	18,983	7,182	6,602	7,382
Net increase/(decrease) in cash held	2,077	(4,469)	(2,576)	1,850	(2,124)
Plus opening cash balance	(74)	7,357	2,502	1,520	3,644
Closing balance	2,003	2,888	(74)	3,370	1,520
Represented by:					
Cash and cash equivalents	2,413	2,888	98	3,780	1,692
Bank overdraft	(410)	0	(172)	(410)	(172)
	2,003	2,888	(74)	3,370	1,520
* includes finance costs of:	4,006	4,094	3,509	4,009	3,515

THE REASON FOR IT ALL – MAKING NELSON A BETTER PLACE

Everything Council did was with an eye on Nelson's long term goals – all aimed to make Nelson an even better place that we can be proud to call home. What Council did over the year toward achieving these goals is explained in more depth in the full Annual Report. Our community outcomes were:

Healthy land, sea, air and water – we protect the natural environment

People-friendly places – we build healthy, accessible and attractive places and live in a sustainable region

A strong economy – we all benefit from a sustainable, innovative and diversified economy

Kind, healthy people – we are part of a welcoming, safe, inclusive and healthy community

A fun, creative culture – we are proud of our creative local culture and regional identity

Good leadership – our leaders are proactive, innovative and inclusive.

Council-controlled organisations

The Council Group includes the following Council-controlled organisations, including the Port Company and Council controlled trading organisations. Some are co-owned with Tasman District Council. The financial and performance results for all of these are included in the full Annual Report. Most CCO financial and performance targets were met.

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



*We distributed
25 issues to over
19,000 households*



Get in touch with Council

- **Online** www.nelsoncitycouncil.co.nz
- **Call** 03 546 0200
- **Visit** Civic House corner Trafalgar and Halifax Streets
- **Write** PO Box 645, Nelson