



AGENDA

Ordinary meeting of the

Audit, Risk and Finance Subcommittee

**Tuesday 5 May 2015
Commencing at 1.00pm
Ruma Mārama (Level 2A)
Civic House
110 Trafalgar Street, Nelson**

Membership: Mr John Peters (Chairperson), Her Worship the Mayor Rachel Reese, Councillors Ian Barker and Brian McGurk, and Mr John Murray

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

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)

It is good practice for both Committee members and non-Committee members to declare any interests in items on the agenda. They should withdraw from the table for discussion and voting on any of these items.

5 May 2015

Page No.

1. Apologies

- 1.1 Apologies have been received from Councillor Ian Barker

2. Confirmation of Order of Business**3. Interests**

- 3.1 Updates to the Interests Register
- 3.2 Identify any conflicts of interest in the agenda

4. Public Forum**5. Confirmation of Minutes**

- 5.1 10 March 2015 **7 - 14**

Document number M998

Recommendation

THAT the minutes of the meeting of the Audit, Risk and Finance Subcommittee, held on 10 March 2015, be confirmed as a true and correct record.

**6. Status Report - Audit, Risk and Finance Subcommittee
- 5 May 2015 **15 - 16****

Document number R4175

Recommendation

THAT the Status Report Audit, Risk and Finance Subcommittee 5 May 2015 (R4175) and its attachment (A1324298) be received.

GOVERNANCE

7. Interests Register 17 - 25

Document number R4170

8. Events Resource Consent Charging Regime for RM125012 27 - 30

Document number R4177

Recommendation

THAT the report Events Resource Consent Charging Regime for RM125012 (R4177) be received.

Recommendation to Governance Committee and Council

THAT Council consider the options for the charging regime for the use of Council's Resource Consent RM125012, as detailed in report R4177, and

Either: remove the charge altogether.

Or: increase the charge and apply it only to commercial events.

9. Business Case Approach for 2015/16 Projects 31 - 39

Document number R4183

Recommendation

THAT the report Business Case Approach for 2015/16 Projects (R4183) and its attachment (A1331113) be received.

Recommendation to Governance Committee and Council

THAT projects highlighted yellow in document A1331113 follow a business case approach.

FINANCE

- 10. Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information 40 - 42**

Document number R4168

Recommendation

THAT the report Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information (R4168) be received.

- 11. Corporate Report for the Period Ending 31 March 2015 44 - 65**

Document number R4194

Recommendation

THAT the report Corporate Report for the Period Ending 31 March 2015 (R4194) and attachments (A1342336, A1311288, A1343636, A1340305 and A793514) be received and the variations noted.

Recommendation to Governance Committee and Council

THAT Council note that ongoing costs of approximately \$11,250 pa will need to be included in the Long Term Plan 2015-25 for live streaming of Council meetings.

PUBLIC EXCLUDED BUSINESS

- 12. Exclusion of the Public**

Recommendation

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

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

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Kahurangi Employment Trust - Completion of Liquidation	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

13. Re-admittance of the public

Recommendation

THAT the public be re-admitted to the meeting.

Minutes of a meeting of the Audit, Risk and Finance Subcommittee

**Held in the Council Chamber, Civic House, 110 Trafalgar Street,
Nelson**

On Tuesday, 10 March 2015, commencing at 9.01am

Present: Mr J Peters (Chairperson), Councillors I Barker and B McGurk,
and Mr J Murray

In Attendance: Her Worship the Mayor R Reese, Councillor G Noonan, Chief
Executive (C Hadley), Group Manager Corporate Services (N
Harrison), Manager Operations (S Davies), Manager
Communications (P Shattock), Manager Administration (P
Langley), and Administration Adviser (S McLean)

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

There was no change to the order of business.

3. Interests

There were no updates to the Interests Register, and no interests with
items on the agenda were declared.

It was agreed that the Interests Register would be presented to the next
Audit, Risk and Finance Subcommittee meeting.

4. Public Forum

There was no public forum.

5. Delegations and Terms of Reference

Document number A1297307, agenda page 6 refers.

The Chairperson said the Subcommittee's terms of reference would be
reviewed to ensure they were in line with best practise, and any

proposed changes would be reported to the Governance Committee for consideration.

In response to a question, Group Manager Corporate Services, Ms Harrison, advised that monitoring of capital projects was included in the delegations under monitoring of financial and service performance.

6. Status Report – Audit, Risk and Finance Subcommittee 10 March 2015

Document number A1324298, agenda page 7 refers.

Resolved

THAT the Status Report – Audit, Risk and Finance Subcommittee 10 March 2015 (A1324298) be received.

Barker/Murray

Carried

7. Chairperson's Report

The Chairperson highlighted the important and necessary step of establishing the Audit, Risk and Finance Subcommittee. He said the focus was on improving responsibilities and undertakings in the areas of audit, risk and finance, and he was looking forward to working with officers and the Subcommittee to achieve this.

8. Corporate Report for the Period Ending 31 January 2015

Document number A1313350, agenda pages 8-26 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

In response to concerns about report information not being considered by the Governance Committee, it was confirmed that all councillors receive a copy of Audit, Risk and Finance Subcommittee agendas. The Chief Executive, Clare Hadley, added there was ongoing discussion between group managers and committee chairpersons in regards to financial items and outcomes for each committee.

In response to a question, Ms Harrison advised there were likely to be further savings this financial year, but that some savings highlighted in the report were as a result of timing differences. She added that asset managers would be revising projections in April, in order to inform the final Long Term Plan 2015-25.

In response to a question, Ms Harrison advised that the total shareholder funds increase included a mix of surplus and reserve movements.

Ms Harrison said the transfer of funds to the Unsubsidised Roothing account was required because the Maitai Walkway was not considered to be close enough to the city to be covered in the Inner City Enhancement

account. She said the Maitai Walkway funding had been split into three accounts, with a portion in parks and reserves. Ms Harrison added that the Inner City Enhancement account was mainly funded by parking income.

There was agreement that the Major Projects Status Report was beneficial for the Subcommittee, and it could be further improved by including details of project size and overall timeframes.

In response to a question about projects with budgets in the red category, Manager Operations, Shane Davies, confirmed that those projects would stall if New Zealand Transport Agency (NZTA) funding was not received. The Chief Executive, Clare Hadley, highlighted the high degree of confidence in receiving NZTA funding due to the inclusion of those projects in the Regional Land Transport Plan.

In response to questions, Ms Harrison advised that any funds received from forestry insurance claims were kept within the account that the claim related to. She said that Emissions Trading Scheme (ETS) payments had been made and the price was lower than budgeted and lower priced euro credits were able to be used for the current years liability up to 31 December 2014. It was suggested that the topic of ETS be a matter for a future memo or report to the Subcommittee.

There was a discussion on landfill charges, with concern raised about the percentage increase in these charges.

Senior Asset Engineer – Solid Waste, Johan Thiart, explained that the budget had included material from Buller and the Nelson Waste water treatment plant which did not materialise.

Senior Asset Engineer – Solid Waste, Johan Thiart, spoke about the budgeted 20% dry solids in Nelson North wastewater sludge, and the intention to increase this to 40% dry solids by delaying the carting of dewatered sewage sludge. He advised the decrease in water content would then reduce tonnage costs, resulting in overall savings for Council.

Ms Harrison advised that even if savings from sludge dry solids were taken into account, this would not come close to recovering this year's loss in the landfill account.

Mr Thiart advised that if landfill charges were not increased, the majority of the prior year surpluses in the landfill reserve fund would be used to offset the projected deficit for this year. He added that increasing the fees from May 2015 would still result in the need to use a portion of the prior year's surplus.

It was highlighted that landfill fees were already set to increase in July 2015 to the amount recommended in the report. It was also noted that the higher fee appeared to be at market value.

Mr Thiart advised that the joint landfill agreement with Tasman District Council would not be affected, as the decision called for was only applicable to this financial year.

In response to a question, Ms Harrison confirmed that the landfill account was a closed account.

In response to a comment on replacing water meters, Mr Davies confirmed the process for replacement was already underway.

After discussion on the list of Additional Major Projects which were reported to Council separately, it was agreed that further details would be provided in future so the Subcommittee could understand and assess any potential risks to those projects.

Comments were made on the fixed rate maturity profile. Ms Harrison advised that the figures reflected Council's ability to issue term debt for the past two years. She added the profile also reflected that there had been no increase in short term debt this financial year.

The recommendations were taken separately.

Resolved

THAT the report Corporate Report for the Period Ending 31 January 2015 (A1313350) and its attachments (A1313445, A1314763, A1314760, A1313550, A1313349 and A793514) be received and the variations noted.

Barker/McGurk

Carried

Recommendation to Governance Committee and Council

THAT the landfill charges be increased from \$114 per tonnes (inclusive of GST) to \$121 (inclusive of GST) effective 15 May 2015;

AND THAT landfill users be given two weeks notice of the increase in landfill charges;

McGurk/Murray

Carried

AND THAT approval is given for a transfer of all capital expenditure and debt relating to the Maitai Walkway to be made from the Inner City Enhancement account to the Unsubsidised Roding account in order to properly account for interest and debt in future years.

Barker/McGurk

Carried

9. Letter to the Council on the Audit for the Year Ending 30 June 2014

Document number A1304574, agenda pages 27-37 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

In response to a question, Ms Harrison advised that the indices used in the revaluation of infrastructural assets were being reviewed in response to the comments from Audit.

There was discussion on the reduction in staff numbers and Council's ability to carry out control functions. The Chief Executive, Clare Hadley, advised that staff numbers referenced in the Audit letter included vacancies at the time of audit. She said there had been no significant impact on operations as a result of restructuring, and there was no ongoing concern amongst management in relation to staff numbers.

In response to a question, Mrs Hadley advised that a consultant was assessing the impact to Council of the new health and safety requirements for contractors. She said there would likely be an adjustment to the level of health and safety expertise in the organisation.

Mrs Hadley assured the Subcommittee that Council's health and safety requirements and procedures were extended to contractors and consultants.

It was agreed that the Subcommittee would benefit from a follow up report containing management responses to the points raised in the Audit letter.

Resolved

THAT the report Letter to the Council on the Audit for the Year Ending 30 June 2014 (A1304574) and its attachment (A1297813) be received;

AND THAT a follow up report on points raised in the Letter to the Council on the Audit for the Year Ending 30 June 2014 be prepared for the Audit, Risk and Finance Subcommittee.

Murray/Barker

Carried

Attendance: The meeting adjourned for morning tea from 10.17am to 10.35am.

10. Procurement Policy and Debt Management Process

Document number A1312127, agenda pages 38-50 refer.

Group Manager Corporate Services, Nikki Harrison, presented the report.

It was agreed that the report on Procurement Policy and Debt Management Process should be referred to the Governance Committee as there was value in the Committee receiving and discussing this item.

It was suggested that the Subcommittee would benefit from a report on Council's Debt Management Policy.

Attendance: The meeting adjourned from 11.04am to 11.12am.

Resolved

THAT the report Procurement Policy and Debt Management Process (A1312127) and its attachments (A1293789, A1316053 and A1324271) be referred to the Governance Committee;

AND THAT a report on the debt management policy be brought to the next Audit, Risk and Finance Subcommittee meeting.

Murray/Barker

Carried

11. Liability Management and Investment Policies

Document number A1312122, agenda pages 51-79 refer.

Group Manager, Corporate Services, Nikki Harrison presented the report.

In response to a question, Ms Harrison explained the purpose of forward start swaps and collars. She highlighted that forward start swaps were a mechanism to lengthen the term of a swap portfolio.

It was agreed that the Liability Management Policy (LMP) should include reference to Council not undertaking speculation.

In response to questions, Ms Harrison advised that the measure on equity had been removed from the Specific Borrowing Limits section of the LMP. She said the register of guarantees provided would be presented to the Subcommittee on an annual basis. Ms Harrison advised the Debenture Trustee was Foundation Corporate Trust and detail on this could be included in the LMP.

It was agreed that the first sentence in the New Zealand Local Government Funding Agency section of the LMP needed further clarification.

Her Worship the Mayor highlighted that the use of the dividend stream to reduce rates could be assessed by the Subcommittee in the future.

Concerns were raised that investments in the Marina and camping grounds were not included in the Investment Policy. It was suggested

that several Investment Policies could be created based on different types on investment.

In response to a question, Ms Harrison advised that the miscellaneous loans section in the Investment Policy referred to loans to organisations such as Theatre Royal and Nelson Enterprise Loan Trust. She added that information on these loans would be reported to the Subcommittee on an annual basis.

It was agreed that the Investment Principles section in the Investment Policy would be updated to reflect that any investment would have risk and would be appropriately managed.

Concern was raised about reference to Council holding no investments purely for income earning purposes. It was queried if this reflected current holdings, and if not, if Council's portfolio would be impacted. It was agreed that if any investments held for purely income earning purposes were identified, these would be listed in the Investment Policy.

It was agreed that the first sentence in the New Zealand Local Government Funding Agency section of the Investment Policy needed further clarification.

Resolved

THAT the report Liability Management and Investment Policies (A1312122) and its attachments (A1261456 and A1261457) be received.

Barker/Murray

Carried

Recommendation to Governance Committee and Council

THAT the Liability Management and Investment Policies, with amendments from the Audit, Risk and Finance Subcommittee, be adopted.

Barker/Murray

Carried

12. Proposed Meeting Dates

It was clarified that the Subcommittee could meet in-between set meeting dates should the need arise.

It was noted that a work plan for the Subcommittee may be arranged.

It was suggested that the proposed meeting dates be reviewed to ensure alignment with the adoption of the Annual Report.

Her Worship the Mayor reminded the Subcommittee that any workshops for the Subcommittee would need to be confirmed through the Chairperson's Report.

There being no further business the meeting ended at 11.56am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

**Status Report - Audit, Risk and Finance Subcommittee -
5 May 2015**

1. Purpose of Report

- 1.1 To provide an update on the status of actions requested and pending.

2. Recommendation

THAT the Status Report Audit, Risk and Finance Subcommittee 5 May 2015 (R4175) and its attachment (A1324298) be received.

Shailey McLean
Administration Adviser

Attachments

Attachment 1: Status Report - Audit, Risk and Finance Subcommittee - May 2015

Status Report – Audit, Risk and Finance Subcommittee 5 May 2015

Date of meeting/Item	Action Resolution	Officer	Status
4/12/14 (Governance Committee) Council Risk Register	<i><u>AND THAT</u> a plan for the development of a full risk management framework incorporating this Risk Register be brought to this Committee by the end of this financial year.</i>	Nikki Harrison	5/5/15 To be reported to a future meeting. Underway
10/3/15 Letter to the Council on the Audit for the Year Ending 30 June 2014	<i><u>AND THAT</u> a follow up report on points raised in the Letter to the Council on the Audit for the Year Ending 30 June 2014 be prepared for the Audit, Risk and Finance Subcommittee.</i>	Nikki Harrison	5/5/15 Included in the 5 May Subcommittee Agenda. Complete
10/3/15 Procurement Policy and Debt Management Process	<i><u>AND THAT</u> a report on the debt management policy be brought to the next Audit, Risk and Finance Subcommittee meeting.</i>	Nikki Harrison	5/5/15 To be reported to a future meeting. Underway

Interests Register

Attached for the Subcommittee's information is the Interests Register for Members and Interests Register for the Senior Leadership Team.

This information was requested at the Audit, Risk and Finance Subcommittee meeting on 10 March 2015

Attachments

Attachment 1: Elected Members Interest Register A1006782

Attachment 2: Senior Leadership Team Interests Register A1004272

Members' Interest Register – 2013-2016**Last updated June 2014****Elected Members:**

Member	Last Update	Elected Member Declared Business Interest and value	Spouse/Partner Declared Interest
Her Worship the Mayor Rachel Reese	5 June 2014 <i>(Interests Register received at Council meeting)</i>	Property co-owner 4A Allan Street Shareholder/Director - Rachel Reese Consulting Ltd Shareholder - Wharehunga Forestry 2004 Ltd Beneficiary - TuJaes Trust Minor Shareholder - AMP Ltp Minor Shareholder - Manus Resources Ltd Trustee - Hilda and Auty Harley Trust <u>Council-related appointments</u> Patron - Civic Trust Trustee - Nelson Municipal Band Trustee - Cawthron Trust Board	Property co-owner 4A Allan Street Director/Shareholder - RH Investments Ltd
Councillor Luke Acland	5 June 2014 <i>(Interests Register received at Council meeting)</i>	Property owner 15 Cambria Street	No declared interests
Councillor Ian Barker	5 June 2014 <i>(Interests Register received at Council meeting)</i>	Member – Nelson Residents Association Member – Age Concern Board member – Tahuna Beach Holiday Park Chairman – Guardian of Nightingale Library Trustee – Network Tasman Trust	No declared interests

Councillor Ruth Copeland	5 June 2014 (<i>Interests Register received at Council meeting</i>)	No declared interests	Event Manager - Nelson Arts Festival (2013) \$4,500 per annum Nelson Arts Festival Hireages (2013) \$2,500 Event Manager - Isel in Bloom (October 2013) and Broadgreen Rose Day (November 2013) \$3,000 Event Manager - New Years Eve Event (December 2013) CEL Trafalgar Centre - event preparation and packdown (\$7,500)
Councillor Eric Davy	5 June 2014 (<i>Interests Register received at Council meeting</i>)	No declared interests	No declared interests
Councillor Kate Fulton	5 June 2014 (<i>Interests Register received at Council meeting</i>)	No declared interests	No declared interests
Councillor Matt Lawrey	5 June 2014 (<i>Interests Register received at Council meeting</i>)	Properties (owner): 13/15, 31 and 33 Orsman Cres Contributor - 2013 Nelson Arts Festival 2013 Race Unity Day (MC) 2013 Little Day Out (MC) Contributor - 2014 Nelson Arts Festival 2014 Race Unity Day (MC) Organiser of 'First Responders Parade 2014' - this event received \$575 of NCC Heritage Week Funding.	No declared interests

Councillor Paul Matheson	5 June 2014 (<i>Interests Register received at Council meeting</i>)	NZ Community Trust Nelson Cancer Society NZ Fisheries Museum and Marine Education Centre Trust	No declared interests
Councillor Brian McGurk	18 August 2014	Trustee and beneficiary of BJ and DA McGurk Family Trust	No declared interests
Councillor Gaile Noonan	5 June 2014 (<i>Interests Register received at Council meeting</i>)	Deputy Chair - Big Brothers Big Sisters Nelson Foodbank Volunteer	No declared interests
Councillor Pete Rainey	5 June 2014 (<i>Interests Register received at Council meeting</i>)	Director of Rockquest Promotions Ltd providing events partially funded by proceeds of gaming trusts, as well as having technical production contracts with NCC potentially in excess of \$25,000.00. Approval for this is being sought from the Office of the Auditor General. Artistic Director Opera in the park Trustee - Youth and Community Facilities Trust Trustee - Tawhiri Trust	Sales manager at Media Works Nelson
Councillor Tim Skinner	5 June 2014 (<i>Interests Register received at Council meeting</i>)	No declared interests	No declared interests

Councillor Mike Ward	5 June 2014 (<i>Interests Register received at Council meeting</i>)	Business: Studio (244 Hardy Street), and jewellery sales through Suter Gallery shop Property owner 10 Russell Street	No declared interests
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Externally Appointed Committee Members:

Governance Committee Members	Last Update	Member Declared Business Interest and value	Spouse/Partner Declared Interest
John Murray	Aug 2014	<p>Personal interest in two properties in Nelson City through my family trust. One at 41 Marybank Rd and the other at 72 Trafalgar Street.</p> <p>Various commercial and residential interests in property in the Nelson City boundary. This arises because of various trusteeships held directly and indirectly on behalf of clients of Crowe Horwath.</p> <p>Principal of Crowe Horwath in Nelson. Various relationships with business and property owners which operate in the Nelson City.</p> <p>Trustee of the Saxton Velodrome Trust.</p> <p>Secretary and financial adviser to Te Atiawa O Te Waka a Maui Trust.</p> <p>Director of Te Atiawa Asset Holding Company Limited.</p> <p>Secretary and financial adviser to Ngati Rarua Atiawa Iwi Trust.</p>	
John Peters	July 2014	<p>Co-owner of property at 37 Tresillian Avenue</p> <p>Chairman of the Nelson Tasman Region Hospice Trust</p>	

Planning and Regulatory Committee Members	Last Update	Member Declared Business Interest and value	Spouse/Partner Declared Interest
Glenice Paine			

Members of Joint Committees administered by Nelson City Council:

NRSBU Members	Last Update	Member Declared Business Interest and value	Spouse/Partner Declared Interest
Councillor Michael Higgins (TDC Councillor)	20 June 2014	No declared interests	No declared interests
Councillor Barry Dowler (TDC Councillor)	20 June 2014	No declared interests	No declared interests
Councillor Ruth Copeland (NCC Councillor)	5 June 2014 <i>(Interests Register received at Council meeting)</i>	No declared	Event Manager - Nelson Arts Festival (2013) \$4,500 per annum Nelson Arts Festival Hireages (2013) \$2,500 Event Manager - Isel in Bloom (October 2013) and Broadgreen Rose Day (November 2013) \$3,000 Event Manager - New Years Eve Event (December 2013) CEL Trafalgar Centre - event preparation and packdown (\$7,500)

Derek Shaw (NCC appointee)	29 August 2014	Nikau Press – sole trader Brook Waimarama Sanctuary Trust – Trustee Nelson Environment Centre – Board Chairperson Tasman Regional Sports Event Trust – Trustee Saxton Velodrome Trust – Trustee NZ Masters Athletics Association – Executive member District Licensing Committee – panel member	
Matthew Hippolite (Iwi representative)	16 June 2014	NCC Kotahitanga (Ngati Koata Rep) NCC Compliance and Monitoring Group (Waste Water Overflow RMA Consent compliance) Solid Waste Joint Working Party (NCC & TDC combined Management Strategy) Nelson Biodiversity Forum (Ngati Koata Rep) Waimea Plains Freshwater (Quality) and Land Management Group (Iwi Rep) Tiakina Te Taiao Ltd Board of Directors (Koata Alternate Director) Marlborough District Council Iwi Working Group (Ngati Koata Rep) Ngati Koata Trust – Projects Manager (Employer)	No declared interests
Phillip Wilson (Industry Representative)	20 June 2014	No declared interests	No declared interests

Nelson City Council Senior Leadership Team - Interest Register

Last updated January 2015

Council Officer	Last Updated	Officer's Declared Interest and value	Spouse/Partner Declared Interest
Chief Executive Clare Hadley	21 July 2014	Trustee, Hadley Family Trust	Trustee, Hadley Family Trust
Group Manager Community Services Chris Ward	16 July 2014	No declared interests	Regional Co-ordinator Fostering Kids NZ
Group Manager Infrastructure Alec Louverdis	16 July 2014	No declared interests	No declared interests
Group Manager Strategy and Environment Clare Barton	5 August 2014	No declared interests	No declared interests
Group Manager Corporate Services Nikki Harrison	13 January 2015	Director of Local Government Superannuation Trust (Trustee of Supereasy and Kiwisaver Supereasy)	No declared interests
Senior Strategic Adviser Nicky McDonald	16 July 2014	Trustee Garin College	No declared interests
Kaihautu Geoff Mullen	16 July 2014	No declared interests	No declared interests

Council Officer	Last Updated	Executive Member Declared Interest and value	Spouse/Partner Declared Interest
Senior Legal Adviser Viesturs Altmants	6 August 2014	<ul style="list-style-type: none"> • Director – Cephas Group of Companies • Director – Tinline Properties Limited • Director – Tinline Properties (Canterbury) • Trustee – Cephas Foundation • Trustee – Everawake Ministries Charitable Trust • Trustee – Nelson Charitable Trust • Tinline Properties, Palm Beach, Papamoa • Rootstock Charitable Trust • Associated Churches of Christ of New Zealand Property Trust Board 	No declared interests

Events Resource Consent Charging Regime for RM125012

1. Purpose of Report

- 1.1 To report back on the charging regime for RM125012 as requested by Council on 4 June 2013.

2. Delegations

- 2.1 The Audit, Risk and Finance Subcommittee has delegated responsibility for management of financial risk and monitoring Council's financial and service performance.

3. Recommendation

THAT the report Events Resource Consent Charging Regime for RM125012 (R4177) be received.

Recommendation to Governance Committee and Council

THAT Council consider the options for the charging regime for the use of Council's Resource Consent RM125012, as detailed in report R4177, and

Either: remove the charge altogether.

Or: increase the charge and apply it only to commercial events.

4. Background

- 4.1 In 2012/13 Council obtained two resource consents for amplified sound where noise levels breach specified rules in the Nelson Resource Management Plan. Resource consent RM115245, also referred to as the 'global consent', allows for amplified sound in parks under certain conditions and is not limited to the number of events. Resource consent RM125012 allows for a specific number of special events, at set noise limits, at nominated venues, on limited occasions per year. Where events fall outside these consents, separate applications must be made.

- 4.2 After a lengthy process, the cost of obtaining these Resource Consents was substantially higher than budgeted which resulted in an overspend of around \$150,000. On 4 June 2013, Council considered options for obtaining a return on investment made on Resource Consent RM125012. It was resolved:

THAT the Council confirm that the consents (RM115245 and RM125012) are a Council investment;

AND THAT a fee of \$250 be charged for special events, where the event will be using the Council's Resource Consent RM125012 and Site Noise Management Plans;

AND THAT this charging regime be reviewed and reported back to the Audit, Risk and Finance Committee in 12 months.

5. Discussion

- 5.1 Applications for the use of amplified sound and the subsequent use of RM125012 are received through Council's Parks and Facilities Business Unit. Records show that since obtaining the consent, three events have been approved through this process and fallen under the charging regime for RM125012, resulting in income of \$750. These events were community events; Bikefest Carnivelo, Carols on the Green and Jazz in the Park. Other than these events the main use of the consent is for Council run events.
- 5.2 For the initial investment of over \$150,000, the return of \$750 over 18 months is not a substantial amount. The income generated does not outweigh the cost of administration to charge the fee, so to continue with the current charging regime is not a justifiable return on investment.
- 5.3 The investment made into these resource consents has allowed a compliance framework to be set. Compliance with consented noise levels of events has improved significantly and feedback from the community has been positive in this regard. Environmental Inspections Limited report a significant decrease in the number of complaints received and monitoring has shown compliance. The Events Noise Management Group (set up in 2013 as an interface between Council as consent holder and members of the community) meet quarterly in relation to resource consents RM115245 & RM125012. At the December 2014 meeting, it was noted that compliance around noise has significantly improved since Council invested in these resource consents.
- 5.4 It is worth noting that the cost of applying for a separate resource consent for an event would be well in excess of \$250. Where events are able to use Council's resource consent RM125012 this saves a significant amount of time and associated costs and comes with the provision of relevant Site Noise Management Plans. Some events that did not fit the criteria of resource consent RM125012 have had to apply for their own

consent, such as the Royal NZ Pipe Band Championships being held at Trafalgar Park in March 2015.

6. Options

- 6.1 There are a number of options to consider for the future use and charging regime for resource consent RM125012 as outlined below.

Option 1 Maintain status quo

- 6.2 Maintain status quo and continue with the current charging regime of \$250 for the use of the consent. With this option, the cost to administer the charge is greater than the amount of income generated and the extent of the return on investment is limited. The charge also creates a barrier to community events.

Option 2 Increase charge

- 6.3 Increase the amount charged to \$500 for commercial events only (ticketed events). This option would justify the administration cost of charging the fee. This would still be a reasonable cost for commercial events to pay as well as saving time and costs associated with lodging a separate application. With this option, community events would not be charged a fee, allowing them to operate viably, without the added barrier of a noise consent fee.

Option 3 Remove charge

- 6.4 Remove the charge altogether, accepting the initial investment as a sunk cost. Most events under the consent to date have been community events and there is not likely to be a substantial return on investment. Removing the charge would allow events to operate under the consent without the added barrier of the cost and process to obtain a consent, while ensuring compliance, which is what the initial investment was made for. This would support events to add vibrancy to Nelson.

7. Alignment with relevant Council policy

- 7.1 The Resource Consents are required for compliance with the Nelson Resource Management Plan.

8. Assessment of Significance against the Council's Significance and Engagement Policy

- 8.1 This is not a significant decision in terms of Council's Significance and Engagement Policy.

9. Consultation

- 9.1 No specific consultation has taken place in regards to this report.

10. Inclusion of Māori in the decision making process

- 10.1 Maori have not been specifically consulted in regards to this report.

11. Conclusion

- 11.1 After Council obtained Resource Consents for amplified sound at events on Council parks and reserves, and a limited number of special events, a charging regime was introduced to assist in obtaining a return on investment. Due to the associated administration costs and low return on investment to date, Council needs to decide whether to remove the charge altogether, or increase the charge to \$500 for commercial events only.

Shanine Hermsen
Manager Community Partnerships

Attachments

Nil

Business Case Approach for 2015/16 Projects

1. Purpose of Report

- 1.1 To decide which 2015/16 capital funded infrastructure projects will follow a business case approach.

2. Delegations

- 2.1 This is a matter for the Audit Risk and Finance Subcommittee as it has responsibility to recommend to Governance Committee in the areas of risk management and internal control, and monitoring of Council's financial and service performance.

3. Recommendation

THAT the report Business Case Approach for 2015/16 Projects (R4183) and its attachments (A1331113) be received.

Recommendation to Governance Committee and Council

THAT projects highlighted yellow in document A1331113 follow a business case approach.

4. Background

- 4.1 In 2014, the Chief Executive commissioned an external review of decisions and actions relating to the southern extension of the Trafalgar Centre. The review was conducted by Alan Bickers, of Jayal Enterprises Ltd. The final report to Council carried a recommendation that "for every significant capital project NCC should consider a policy requiring the preparation and approval of a business case". After receiving that report, Council resolved on 5 June 2014:

AND THAT Council note the business case approach to projects, as set out in the Independent Review of the Southern End, Trafalgar Centre, will be reviewed and incorporated into management practices for use in significant Council projects;

AND THAT through the Long Term Plan/Annual Plan development, Council will give consideration to the projects that will follow a business case approach.

- 4.2 Management practices that incorporate the business case approach are being implemented. As part of this, officers have selected a number of projects from the draft Long Term Plan 2015/25, for which Nelson City Council management will adopt a business case approach. This selection is based on a range of factors, such as level of capital investment is \$250,000 or more , level of risk, and level of perceived public interest. In the first instance, initial business cases will be collated for these projects. These projects are highlighted yellow in Attachment 1.
- 4.3 The initial business cases will describe:
- the known problem, or opportunity;
 - the preferred or agreed solution for addressing the problem or opportunity, noting alternative options;
 - the estimated lifetime costs for the project and it's deliverables;
 - the expected outcomes and benefits that will result from the project;
 - the key known risks that could impact on the project deliverables or outcomes.

5. Discussion

- 5.1 Projects have been included in the draft Long Term Plan 2015/25, based on advice from officers and as discussed through the draft Asset Management Plans 2015/25, and Council workshops for the Long Term Plan 2015/25.
- 5.2 A selection of projects that will follow a business case approach is presented for consideration by the Audit Risk and Finance Subcommittee. The list of capital funded infrastructure projects in the draft Long Term Plan 2015/25 with a total year 1 to 3 budget of \$250,000 or more is included in Attachment 1, with the selected projects highlighted yellow.

6. Options

- 6.1 The Audit Risk and Finance Committee recommend to the Governance Committee that the projects highlighted yellow in Attachment 1 are the selected projects that will follow a business case approach.
- 6.2 The Audit Risk and Finance Committee recommend to the Governance Committee an amended selection of projects that will follow a business case approach.

7. Alignment with relevant Council policy

- 7.1 This matter is not in contradiction to any Council policy or strategic document.
- 7.2 The recommendation is unlikely to be inconsistent with any other previous Council decision.
- 7.3 The costs associated with the recommendation are staff time, and are accommodated within existing budget.

8. Assessment of Significance against the Council's Significance and Engagement Policy

- 8.1 This matter is not significant in terms of Council's Significance and Engagement Policy.

9. Consultation

- 9.1 The public have not been consulted on this matter.

10. Inclusion of Māori in the decision making process

- 10.1 Maori have not been consulted on this matter.

11. Conclusion

- 11.1 Following a business case approach for selected projects fulfils the Council resolution from 5 June 2014.

Arlene Akhlaq
Senior Projects Adviser

Attachments

Attachment 1: A1331113 - Capital Funded Projects included in Year 1 of the draft Long Term Plan 2015-25 - April 2015

	A	B	C	D	O	P	Q	R
6	activity	project name	Project Definition	Project ID	15/16	16/17	17/18	Y1-3Total
7	Corporate	EQ Prone Building Remediation	Physical work to bring buildings up to standard required	2582	500,000	513,050	526,595	1,539,645
8		Civic House Capital Programme	Funding for new assests and building modifications	1198	180,000	389,918	242,234	812,152
9		Strategic Land Purchases	Options for strategic land purchases for consideration (approval by Council resolution)		3,166,500	2,328,634	1,855,986	7,351,120
10		Civic House Veranda renewal	Investigation of options regarding and repairs or replacement of existing veranda at Civic House	1192	350,000	-	-	350,000
11		Civic House Renewal Programme	Renewal work and modifications	1199	110,000	112,871	52,660	275,531
12								
13	Parks & Active recreation	Trafalgar Centre Reopening	Undertake strengthening work to facilitate reopening of the Trafalgar Centre	1832	9,534,253	-	-	9,534,253
16		Rutherford/Trafalgar Park Development	Beginning of development in line with Rutherford Park development plan	1548	1,900,000	307,830	526,595	2,734,425
17		General Reserves land purchase programme	Purchase of land for Parks and Reserves	1354	635,634	410,440	579,255	1,625,329
18		Marina Hardstand	Provide adequate public hardstand at the Marina	1769	-	1,539,150	-	1,539,150
19		Modellers Pond Solution	Improve water quality and amenity of pond	1379	1,000,000	-	-	1,000,000
20		Neighbourhood parks upgrade program	Murphy Reserve redevelopment	1063	100,000	410,440	105,319	615,759
21		Rutherford playground	Provision of a play space near the Maitai shared path	2294	60,000	554,094	-	614,094
22		Water sports building at Marina	Sea sports facility to house a range of water users	2142	-	51,305	526,595	577,900
23		Renewal Saxton hockey turf	Replacement hockey water turf	2156	-	-	526,595	526,595
24		Nayland remodelling	Nayland pool remodelling	2284	152,640	184,698	157,979	495,317
25		Swimming Pools Renewal Prgm	Nayland Pipe Renewals	2285	101,171	123,308	226,194	450,673
26		Horticulture Parks Renewal Prgm	New & Renewal of minor furniture/sign items within Horticultural Parks.	1729	56,000	252,420	58,979	367,399
27		Replacement of benched seats	Flat floor seating renewal for Trafalgar Centre.	2271	-	359,135	-	359,135

*Only yellow highlighted cells are relevant

	A	B	C	D	O	P	Q	R
6	activity	project name	Project Definition	Project ID	15/16	16/17	17/18	Y1-3Total
28	Parks & Active recreation	Esplanade & Foreshore Planting Prgm	Revegetation of Esplanade & Foreshore Reserves not currently in desirable vegetation, includes Tahunanui beach	1052	100,000	102,610	105,319	307,929
29		Sports Parks access/carparks	Renewal of car parks, access ways as per condition assessment report	1603	85,000	87,219	89,521	261,740
30		Saxton Creek Upgrade	Upgrade stream channel and associated culverts, walkways and planting, recreation pond enhancements (noted as 2 projects rows 30 and 63)	2689	-	256,525	-	256,525
31								
32	Social	Stoke sports & community facility	New sports and community facility in Stoke - Construction Year 2	1175	1,000,000	4,617,450	-	5,617,450
33		Suter redevelopment	Upgrade of Gallery	1606	2,403,288	-	-	2,403,288
34		Elma Turner Library extension	Consents and planning following Elma Turner investigation	2226	-	205,220	308,585	513,805
35		Millers Acre toilet	Increase toilet facilities available at Millers Acre	2002	32,205	359,135	-	391,340
36		Community Housing Renewals	Renewal work for community housing	1486	100,000	102,610	105,319	307,929
37								
38	Transport	Sealed road resurfacing	Renewal of existing sealed carriageway surfaces. Needed to protect underlying road structure	1540	1,326,000	1,360,609	1,396,530	4,083,139
39		Rocks Road cycling and walking project	Investigation of walking and cycling options for Rocks Road	2213	390,000	307,830	2,432,869	3,130,699
41		Roading Minor Improvement Programme	(funding line only, to fund projects with a total cost of less than \$300,000. Budget allocated to projects once priorities defined)	1525	650,000	666,965	684,574	2,001,539
42		Traffic services renewals	Renewal of traffic signal controllers, and update obsolete communications equipment	1541	405,000	436,585	385,429	1,227,014
43		Bridge/retaining walls renewals	Renewal of bridge and retaining wall structures. Needed to halt active failure of retaining walls and ensure bridges on routes to essential assets are at an appropriate seismic standard	1537	450,768	377,268	334,329	1,162,365
44		Renewals footpaths	Renewal of existing sealed footpath surfaces. Needed to ensure surfaces are safe and level of service is appropriate for pedestrians	1494	300,000	309,677	319,760	929,437

*Only yellow highlighted cells are relevant

	A	B	C	D	O	P	Q	R
6	activity	project name	Project Definition	Project ID	15/16	16/17	17/18	Y1-3Total
45	Transport	Tahunanui cycle network	Provide improved level of service and safety for cyclists in the Tahunanui area	2333	100,000	266,786	526,595	893,381
46		Sealed road pavement rehabilitation	General pavement rehabilitation with sites to be confirmed, to address surface failures that cannot be solved with patching or reseal		3,166,500	2,328,634	1,855,986	7,351,120
47		Halifax (Maitai to Milton Street)	New stormwater pipe as part of wide Wood area storm water upgrade	2075	10,000	51,305	631,914	693,219
48		Todd Bush Rd upgrade	Roading renewal with footpath to improve pedestrian safety and level of service	2193	600,000	-	-	600,000
49		CBD Enhancements	General inner city enhancements with priority to be decided by Councillors	3000	50,000	256,525	263,298	569,823
50		On and off street parking meters	Renewal of on-street parking meters which are past their design life	1484	-	-	494,999	494,999
51		New Footpaths	New footpaths to fill gaps in the existing pedestrian network, to ensure surfaces are safe and level of service is appropriate for pedestrians	2798	50,000	205,220	210,638	465,858
52		Parking Strategy Implementation	Actions from the Draft Parking Strategy: improve guide signage, review mobility space locations, monitor cycle parking demand and respond, motorhome parking in the CBD, carpooling trial and investigate graduated parking charges for long term users	2518	270,000	123,132	-	393,132
53		Drainage renewals	Renewal of kerb and channel and other road related drainage, needed to ensure pavement structure remains dry	1538	100,000	103,226	106,587	309,813
54								
55	Wastewater	Neale Park PS upgrade	Redevelopment and upgrade of Neale Park Sewer pump station.	1187	250,000	3,078,300	3,159,570	6,487,870
56		Corder Park Pump Station upgrade	Construction of new pump station at Corder Park including a section of Atawhai rising main replacement. Replaces existing pump station and delays the need to replace sections of Atawhai rising main	1920	2,700,000	-	-	2,700,000
57		Wastewater pipe renewals	Renewal of sewer pipes throughout city. Old earthenware pipes replaced	1564	300,000	538,703	552,925	1,391,628
58		Renewals pump stations	Reconditioning and renewal of 6 pumps	1502	130,000	133,393	136,915	400,308
59		Awatea Place	First stage of project to construct new sewer pump station at Awatea Place, subsequent stages of rising and trunk main construction to allow decommissioning of both Parkers Road pump stations	1716	-	307,830	52,660	360,490
60		Ngawhatu Valley sewer trunk main	Stage 1 upgrade existing reticulation between Ngawhatu and Main Road Stoke to allow for future development in the upper Ngawhatu Valley. Stage 2 from Main Road Stoke to Songer St pump station	1190	335,000	-	-	335,000

*Only yellow highlighted cells are relevant

	A	B	C	D	O	P	Q	R
					15/16	16/17	17/18	Y1-3Total
6	activity	project name	Project Definition	Project ID				
61	Wastewater	Hampton St East- Little Go Stream	Upgrade capacity	2100	250,000	-	-	250,000
62								
63	Stormwater & Flood Protection	Saxton Creek Upgrade	Upgrade stream channel and associated culverts, walkways and planting, recreation pond enhancements (noted as 2 projects rows 30 and 63)	2689	2,000,000	2,052,200	1,579,785	5,631,985
64		Hampden St East - Little Go Stream - Stage 2	Waimea Road pipeline section with sewer and water renewal, and complete re-surfacing	2865	4,000,000	718,270	-	4,718,270
65		York Stream Channel upgrade	Install large diameter storm water pipe from Caltex at Bishopdale to Stream in Tipahi Strett	1100	750,000	769,575	526,595	2,046,170
66		St Vincent/Hastings St Culvert	Storm water renewal, due to chloride corrosion of box culvert walls from tidal flows	2090	100,000	153,915	1,579,785	1,833,700
67		Orphanage Stream upgrade	Investigate options for increasing capacity of bridges and culverts plus channel break out points from Ngawhatu Valley to Whakatu Drive	2688	250,000	153,915	789,893	1,193,808
68		Halifax (Maitai to Milton Street)	New stormwater pipe as part of wide Wood area storm water upgrade	2075	50,000	25,653	895,212	970,865
69		Railway Reserve - Saxton Rd West - Dryden Street	Install stormwater to connect historical subdivisions that discharged direct to railway reserve; development contributions previously collected	2958	80,000	769,575	-	849,575
70		Wastney Terrace stormwater (pvt drain prgm)	Upgrade of the public stormwater system to serve the future development potential (Harris sub-division on Sunnybank Rise, plus Atawhai Syndicate and Gourdie sub-divisions below)	2473	800,000	-	-	800,000
71		Inventory of Urban Streams	Set up models of streams to confirm flood capacity and support future works	2103	600,000	-	-	600,000
72		Whakatu Drive (Storage World)	Upgrade stormwater pipe under Whakatu Drive adjacent Storage World, flooding occurred in April 2013	2866	50,000	51,305	526,595	627,900
73		Nile Street East	Upgrade section of undersized pipeline from outlet in Maitai to Nile St East, flooding occurred in 2011	2624	50,000	513,050	-	563,050
74		Flood mitigation	Construction of gravel traps and upgrading intake structures in Poormans and Orphanage Streams	2657	150,000	153,915	157,979	461,894
75		Vanguard Street Stormwater	Review of capacity of St Vincent Street and Vanguard Streets stormwater and secondary flow paths. Bottom end of the York Stream review. Part of the Nelson Central investigation and upgrade	2861	50,000	51,305	315,957	417,262

*Only yellow highlighted cells are relevant

	A	B	C	D	O	P	Q	R
6	activity	project name	Project Definition	Project ID	15/16	16/17	17/18	Y1-3Total
76	Stormwater & Flood Protection	Rutherford Stage 1 - Girls College detention	Investigate potential to use Nelson College for Girls Playing field as detention pond for Little Go Stream, to take pressure off Rutherford Street box culvert	2850	80,000	51,305	263,298	394,603
77		Maire Stream - Stage 1	Stage 1 improve channel design adjacent stormwater pipe outlet, which was damaged in 2014 due to rain event	1182	50,000	51,305	263,298	364,603
78		Brook Stream fish passage	Investigate potential for adding layer of flat rock to base of concrete section of Brook Stream to improve fish passage	1387	50,000	51,305	263,298	364,603
79		Fifeshire Crescent	Review section of stormwater pipe 1 to 17 Fifeshire Crescent, and upgrade as necessary	2823	50,000	51,305	263,298	364,603
80		Brook Stream Outlet low flow	Construct a low flow channel immediately downstream of Nile Street bridge. Adjacent energy dissipation/gravel pool. Will aid ongoing gravel removal by keeping flow away from pool	2963	50,000	51,305	263,298	364,603
81		Tahuna Slope Risk Area	Review of utilites in the slope risk overlay. Address areas without stormwater and fix utilities that may introduce water into the slope failure zone	2855	100,000	102,610	105,319	307,929
82		Montcalm/Arrow/Washington Valley/Hastings Street	Investigate stormwater overflows and located property flooding throughout the valley. Links to stormwater box culvert in St Vincent Street	2054	150,000	153,915	-	303,915
83		Maitai upgrade & enhancement	Upgrade the flow capacity of the Maitai river in urban sections	1178	100,000	102,610	105,319	307,929
84		Public/private drains	Funding line only - budget will be allocated to projects as prioritised	1060	100,000	102,610	105,319	307,929
85								
86	Water Supply	Maitai Pipeline (water treatment plant to Westbrook Terrace)	Construction scheduled 2015/2017	2130	2,100,000	2,052,200	-	4,152,200
87		Water Pipe renewal Prgm	Funding line - individual projects to be prioritised	1461	544,000	814,723	836,233	2,194,956
88		New membrane (Train 5)	Adding new train (#5) at the Water Treatment Plant	2555	1,000,000	-	1,053,190	2,053,190
90		Residential Meters renewal Prgm	Trial of remote sensing meters in conjunction with NTL to renew existing residential meters throughout the city to avoid misreading errors	2128	100,000	102,610	526,595	729,205
91		Maitai Resource consent renewal	Investigation of freshwater issues in Maitai river in advance of applying for consent for abstraction in 2016	2139	200,000	205,220	210,638	615,858
92		Water Loss Reduction Programme	Address 30% un-accounted for water. Critical part of new resource consent applications	2803	200,000	205,220	210,638	615,858

*Only yellow highlighted cells are relevant

	A	B	C	D	O	P	Q	R
6	activity	project name	Project Definition	Project ID	15/16	16/17	17/18	Y1-3Total
93	Water Supply	Roding Resource Consent Renewal	Investigation of freshwater issues in Roding river in advance of applying for consent for abstraction in 2016	2136	200,000	205,220	210,638	615,858
94		Water Treatment Plant Renewals	Required to ensure ongoing functionality of treatment plant	2951	246,000	143,654	216,957	606,611
95		Hampton St East- Little Go Stream	Upgrade capacity	2100	500,000	-	-	500,000
96		Capital: Atawhai No.2 Reservoir	Identify and secure site for future reservoir for Atawhai area. Mix of growth and level of service	2314	87,000	102,610	300,159	489,769
97		Backflow Prevention Pgrm	installation of backflow prevention to commercial/industrial properties connected to NCC water supply	1168	150,000	153,915	157,979	461,894
98		Commercial meter renewals programme	Renew commercial water meters and install more accurate low-flow meters; lined to backflow prevention	1491	150,000	153,915	157,979	461,894
99		Fire Flow Upgrades	Upgrade to piping and fire hydrants in isolated areas of the city to comply with NZ Fire Service code of practice	2131	100,000	102,610	210,638	413,248
100		Pump Stations - Renewals	Water pump stations renewal programme for pumps and fittings	2811	-	277,047	73,683	350,730
101		Seismic Risk Upgrades	Works to secure water network from earthquake impacts. First stage is reservoirs and syphons	2806	100,000	102,610	105,319	307,929
102		Water loss reduction areas establishment	Integral part of water loss reduction. Establishes metered areas in the network to find those with high leakage rates, to prioritise repair works	2802	50,000	102,610	105,319	257,929
103								

*Only yellow highlighted cells are relevant

Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information

1. Purpose of Report

- 1.1 To provide further detail on the Audit NZ letter to the Council on the audit for the year ending 30 June 2014.

2. Delegations

- 2.1 The Audit, Risk and Finance Subcommittee have responsibility for the audit of Council's Annual Report and annual accounts.

3. Recommendation

THAT the report Letter to the Council on the Audit for the Year Ending 30 June 2014 - Further Information (R4168) be received.

4. Background

- 4.1 At the Audit, Risk and Finance Subcommittee meeting on 10 March 2015, members asked for further detail on some of the comments Audit NZ made in its letter to Council on the Audit for the year ending 30 June 2014.

5. Discussion

- 5.1 Further detail on each of the areas in the letter to Council is provided below.

Rates setting process

- 5.2 Audit NZ comment:

We encourage the City Council to have a legal review of its rates setting process each year. We believe this is particularly important when the City Council introduces a new rate, or when changes occur to the underlying legislation (either the Local Government Act 2002 or the Local Government (Rating) Act 2002). This would provide a useful check that the City Council continues to comply with what are complex pieces of legislation.

- 5.3 Nelson City Council will continue to engage Simpson Grierson annually to review the Funding Impact Statement prior to Annual Plan/LTP consultation and again to review the rates resolution later in the process prior to the resolution being passed.

Organisational restructuring

- 5.4 Audit NZ comment:

The City Council's staff levels have dropped significantly because of this restructuring. Staff numbers decreased in the year by 37 to 220. We will continue to monitor the impact, if any, of this large staffing reduction on the control environment and also whether there is any significant impact on the City Council's operations, as reflected in the levels of service reported in the 2014/15 annual report.

- 5.5 The significant reduction in this period was as a result of incomplete recruitment for new roles. Staffing levels have increased slightly since 30 June 2014.

Revaluation of infrastructure assets

- 5.6 Audit NZ comment:

For 2015, we recommend that the City Council review its processes as to how it prepares the valuation. If a valuation is to be undertaken, we recommend a full, compliant valuation be performed. If the City council believes it is not cost effective to undertake full revaluations every year we suggest that the City Council includes more specific cost information on unit rates and updates asset quantity information in the infrastructural asset revaluation.

- 5.7 It is not cost effective to undertake a full revaluation every year but we will review our processes around indexing.

Public sector concerns

- 5.8 Audit NZ comment:

We followed up our previous recommendations in relation to credit card expenditure and identified that tax receipts had not been retained in relation to several items of credit card expenditure. We discuss this matter further in our supplementary report to management.

- 5.9 Credit cards are now being administered at a more senior level in Finance. We have reminded the administrator that if there is no invoice, then the card holder would be liable for the expense, unless there are exceptional circumstances. The credit card policy is circulated regularly to credit card holders to remind them of their obligations.

Shared services

- 5.10 Audit NZ comment:

This is an area that the City Council is looking to develop and is continuing to consider options in this area. These are mainly in relation to working with other Councils in the north of the South Island.

- 5.11 Management is interested in pursuing shared services opportunities as they arise.

Changes to the accounting standards framework for public benefit entities (PBEs)

- 5.12 Audit NZ comment:

The transition to the new standards is imminent. The City Council is responsible for being ready to apply the new accounting standards and prepare compliant financial statements. We expect the City Council to be prepared for us to audit the transition as part of next year's audit to ensure that we can efficiently carry out our audit of financial statements prepared using the new accounting standards.

- 5.13 Matters of categorisation/presentation of financial statements have already been dealt with. Potential issues relating to consolidation and disclosure are currently being worked through. Publication of OAG model accounts will assist. Anticipate full compliance prior to audit arrival.

6. Options

- 6.1 That the committee note the matters raised in this report.

7. Alignment with relevant Council policy

- 7.1 This recommendation is not inconsistent with any previous Council decision.

8. Assessment of Significance against the Council's Significance and Engagement Policy

- 8.1 This is not a significant decision.

9. Consultation

- 9.1 No consultation has occurred in preparation of this report.

10. Inclusion of Māori in the decision making process

- 10.1 No consultation with Maori has occurred in preparation of this report.

Nikki Harrison
Group Manager Corporate Services

Attachments

Nil

Corporate Report for the Period Ending 31 March 2015

1. Purpose of Report

- 1.1 To inform the members of the Audit Risk and Finance Committee on the financial results of activities for the 9 months ending 31 March 2015 compared to the first projection, completed as part of the draft Long-Term Plan 2015-2025 (LTP), and to highlight and explain any material variations.

2. Delegations

- 2.1 The Audit Risk and Finance Committee has oversight of the management of financial risk and makes recommendations to the Governance Committee and to Council.

3. Recommendation

THAT the report Corporate Report for the Period Ending 31 March 2015 (R4194) and attachments (A1342336, A1311288, A1343636, A1340305 and A793514) be received and the variations noted.

Recommendation to Governance Committee

THAT Council note that ongoing costs of approximately \$11,250 pa will need to be included in the Long Term Plan 2015-25 for live streaming of Council meetings.

4. Background

- 4.1 The report focuses on the 9 month performance compared with the year to date projection. Budgets/projections for operating income and expenditure are phased evenly through the year, whereas capital expenditure budgets/projections are phased to occur mainly in the second half of the year.
- 4.2 Projections (forecasts) were completed as part of the work informing the draft LTP, and updated projections will be complete by the end of April.

We would expect variances against the updated projections to be diminished.

4.3 Some definitions of terms used within this report:

- Operating income – all income other than rates including metered water, grants, fees, rentals, and recoveries;
- Rates – includes the general rate, wastewater, stormwater and flood protection rates, and targeted rates for Solar Saver;
- Staff costs – salaries plus overheads such as training, super, professional fees and office accommodation expenses;
- Depreciation – includes all depreciation, and any losses on asset disposal/retirement;
- Interest – includes debt interest, bank fees, interest rate swap margins, treasury and rating agency fees.

5. Discussion

- 5.1 The report focuses on performance to date compared with the year to date projections. More detailed financials by sub-activity are in Attachment 1.
- 5.2 For the 9 months ending 31 March 2015, the activity surplus/deficits are \$4.5 million favourable to projection.
- 5.3 Revenue and expenditure variances are discussed by activity.
- 5.4 Staff expenses are \$877,000 better than budgeted. \$204,000 of this variance is related to savings in advertising and marketing costs in the HR Business Unit, office administration costs such as photocopying and postage, and various consultancy costs. The remainder is salary cost savings resulting mainly from vacancies.

NCC variance to projection to 31 March 2015

Activity	Year to Date Variance to Projection					
	Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
Corporate	(984,596)	(876)	(379,438)	(371,950)	(179,875)	(52,456)
Parks & Active Recreation	(894,769)	152,126	(180,783)	(1,034,196)	167,931	152
Social	(373,518)	(198,234)	(63,433)	(99,225)	(24,015)	11,389
Economic	(202,393)	(320,988)	139,803	(21,208)	0	0
Transport	(297,086)	(222)	(49,512)	(398,942)	(33,532)	185,123
Environmental Management	(610,197)	683,630	(155,728)	(1,069,109)	(793)	(68,198)
Wastewater	73,381	252,922	(25,730)	(203,703)	(117,407)	167,300
Stormwater	(12,671)	(5,000)	(124,154)	11,929	(61,823)	166,377
Water Supply	(655,674)	57,337	(31,453)	(321,759)	(19,076)	(340,723)
Flood Protection	(498,623)	0	(5,078)	(354,434)	(137,631)	(1,481)
Total	(4,456,146)	620,695	(875,505)	(3,862,598)	(406,221)	67,483

Corporate

- 5.5 The Corporate activity is \$985,000 better than projection due to:
- 5.5.1 Revenue – One thousand dollars better than projection. Unbudgeted interest income from Nelson Region Sewerage Business Unit (NRSBU) for the Nelson City Council (NCC) share of debt is \$342,000 year to date (transferred quarterly), offset by unbudgeted interest expenditure for the loans now held by NCC. Council has received a \$500,000 special dividend from Port Nelson which has been used to repay debt. This has been included in the projection, but timing differences generate a \$125,000 positive variance year to date. The Forestry insurance claim has been settled as projected at \$242,000, generating a \$60,000 positive timing difference. Income in the Disaster Recovery Fund is \$375,000 under projection due to timing of further insurance claims. Internal interest is \$214,000 under projection reflecting the timing of capital expenditure.
- 5.5.2 Expenses – staff \$379,000 better than projection. The distribution of staff time over the organisation differs from anticipated and the savings in this activity are mainly in the Policy and Administration and Meeting support sub-activities.
- 5.5.3 Expenses – other \$372,000 better than projection as the contingency has not yet been called on (\$112,500) and Civic House expenditure is under projection (\$183,000) largely related to the budget sitting in this activity for property condition assessments which as yet has little expenditure recorded against it (timing). There is a saving in cleaning and maintenance in Civic House of \$44,000 as a result of the new contract which has realised better rates. The budget for post earthquake inspections (reactive budget), year to date \$34,000, currently has no expenditure recorded against it.
- 5.5.4 This also includes unbudgeted expenditure of \$16,000 for external support for the Chief Executive's Employment Committee. \$10,000 was initially approved by Council, \$6,000 is additional.

Parks and Active Recreation

- 5.6 The Parks and Active Recreation activity is \$895,000 better than projection due to:
- 5.6.1 Revenue - \$152,000 worse than projection due to timing of income expected from the Golf Course (\$71,000) and Tasman District Council's contribution for the running of Saxton Stadium (\$65,000).
- 5.6.2 Expenses – staff - \$181,000 better than projection. The distribution of staff time over the organisation differs from anticipated and there are savings across this activity but particularly in Community Programmes, Esplanade and Foreshore Reserves, Sports Parks and Recreation Liaison.
- 5.6.3 Expenses – other - \$1 million better than projection. Regional Community Facilities is \$131,000 over projection as the second grant to the Brook Waimarama Sanctuary Fence has been paid in full (\$524,000 -

timing). Offsetting this, the budgeted grant to Tasman District Council for the velodrome at Saxton Field has not been made, resulting in an underspend of \$620,000 year to date (see major projects status report). There is an underspend of \$224,000 year to date in other maintenance categories; in particular no expenditure has yet been made for the Marina maintenance dredging consent/plan (\$156,000 – see projects update). A year to date overspend of \$112,000 in Sports Parks programmed maintenance is offset by underspends in other programmed maintenance budgets. Year to date there is a saving of \$66,000 in consultancy costs (timing) relating to facilities policies and \$45,000 saving as the Tahuna Erosion study has not yet been invoiced (timing).

- 5.6.4 An agreement has been reached to share costs 50:50 between Brook Waimarama Sanctuary Trust & NCC to install a temporary path for cyclists and pedestrian access on the Dun Trail, following the slip. Nelmac have been employed and the work was completed 24 April. Officers are working on other, longer term issues with the Trust in accordance with the Trust's consent. The cost of this work will be no more than \$5,000.

Social

- 5.7 The Social activity is \$374,000 better than projection due to:
 - 5.7.1 Revenue - \$198,000 better than projection. Income related to the Arts Festival is \$222,000 ahead of projection year to date (timing) and \$144,000 ahead of full year projection. The Founders Book Fair proceeds (year to date \$94,000 projection) will not come in until the end of the financial year (timing). Rental for the Tahuna Motor Camp is \$49,000 over projection year to date after the invoicing of the 2013/14 residual rent wash-up. Community Housing income is \$40,000 less than projected, offset by decreased expenditure.
 - 5.7.2 Expenses – other - \$99,000 better than projection. Arts Festival \$108,000 over projection year to date (timing), offset by income. Maintenance costs are \$135,000 underspent year to date across a large range of activities, including for the demolition of the Highland Pipe Band building which has not yet occurred but scheduled to take place by June 2015. Base operating expenses are less than projected by \$119,000 over a range of items including electricity, water and cleaning costs.

Economic

- 5.8 The Economic activity is \$204,000 better than projection due to:
 - 5.8.1 Revenue - \$321,000 better than projection. The Cricket World Cup (CWC) cost recovery is now largely complete (producing a timing variance) and more than anticipated. Extra expenditures not originally in the budget have been recovered.
 - 5.8.2 Expenses – staff - \$140,000 more than budgeted, almost entirely in the Cricket World Cup sub-activity. This is a budgeting issue as the number

of staff hours required was within the 4,000 allowed as part of \$900,000 expenditure cap in the contract.

- 5.8.3 Expenses – other - \$21,000 better than projection. The Economic Development expenditure is under projection by \$313,000. There is no spending to date in the EDA economic development fund, business incubator, facilities marketing and economic impact assessment. Expenses relating to the CWC are now largely complete, producing a timing effect of expenditure being \$292,000 more than projection.

Transport

- 5.9 The Transport activity is \$297,000 better than projection due to:
- 5.9.1 Revenue – overall equates with the projection year to date, however changes in the projection of operating income in this activity (in car parking and unsubsidised roading recoveries) have resulted in an increased charge to rates of \$344,000.
- 5.9.2 Expenses – other - \$398,000 better than projection, mainly in unsubsidised roading. The most significant underspends in that activity are:
- Base maintenance (\$136,000) including street and sump cleaning and footpath maintenance, expected to be spent over Autumn;
 - \$146,000 underspent year to date in recovery works from the 2011 emergency event relating to Days Track. A carryover may be required;
 - No expenditure year to date for the southern arterial corridor management plan (\$73,000 - this was work in connection with the Nelson Plan and has been delayed until the findings of the Southern Arterial Investigation – Annesbrook Drive roundabout to QEII Drive roundabout (run by NZTA) are known.
- 5.9.3 Depreciation - \$185,000 worse than projection. The 2013/14 revaluation of infrastructure assets at \$93 million was significantly more than expected when the 2014/15 annual plan was calculated. The increase in the asset base is generating increased depreciation charges.

Environmental Management

- 5.10 This activity includes Civil Defence and Rural Fire activities, Consents and Compliance, Environmental Programmes, and Solid Waste activities. The Environmental Management activity is \$610,000 better than projection due to:
- 5.10.1 Revenue - \$684,000 worse than projection. Landfill fees are \$452,000 less than projection and \$294,000 less than year to date March last year as a result of the delay in sludge disposal from the wastewater treatment plant and waste from Buller District. Internal income in the solid waste group is \$163,000 less than projection and is offset in expenses.

Resource consents job sales are \$100,000 greater than projection, and building services job sales are \$52,000 less than projection. Food premises license fees are currently \$71,000 under projection with most of the income for that subactivity being invoiced in the last quarter of the financial year (timing). \$91,000 year to date income projected for the Clean Heat Warm Homes programme is part of an end of year adjustment (timing).

- 5.10.2 Expenses – staff - \$156,000 better than projection. This is mainly in Building Services which has until now carried two vacancies, and which has not been charged staff time from the Resource Consents team to the extent anticipated.
- 5.10.3 Expenses – other - \$1.1 million better than projection. Weather Tight Homes expenditure shows \$213,000 less than projection year to date. Monitoring the Environment is \$207,000 under projection as this sub activity contains a large number of programmes (timing). Landfill expenditure is \$334,000 under projection reflecting no expenditure yet for Emissions Trading Scheme (ETS) levies and lower internal charges than anticipated from other solid waste sub-activities. Other sub activities in Solid Waste show year to date savings of \$132,000, mainly in Waste Minimisation. Expenditure relating to the Nelson Plan is also under projection by \$163,000 but is expected to catch up by the end of the financial year.

Wastewater

- 5.11 The Wastewater activity is \$73,000 worse than projection due to:
 - 5.11.1 Revenue - \$253,000 less than projected, related to the NRSBU investment return. The distribution from NRSBU is less than budgeted as input volumes from all five customers are less than anticipated. This will largely correct at year end when additional charges will be made.
 - 5.11.2 Expenses – other - \$204,000 less than projection mainly due to lower charges than expected from the Regional Sewage Business Unit.
 - 5.11.3 Depreciation - \$167,000 more than projection – resulting from the 2013/14 revaluation of infrastructure assets, see 5.8.3.

Stormwater

- 5.12 The Stormwater activity is \$13,000 better than projection due to:
 - 5.12.1 Expenses – staff - \$124,000 better than projection. The distribution of staff time over the organisation differs from anticipated.
 - 5.12.2 Depreciation - \$129,000 more than projection – resulting from the 2013/14 revaluation of infrastructure assets, see 5.8.3.

Water

- 5.13 The Water activity is \$656,000 better than projection due to:

- 5.13.1 Revenue – \$57,000 worse than projection. An accrual has been processed pending residential invoicing for the summer months.
- 5.13.2 Expenses – other - \$322,000 better than projection relates to year to date underspend against maintenance budgets, mainly in headworks maintenance where the activity is concentrated in the second half of the year, and in reactive budgets.
- 5.13.3 Depreciation - \$341,000 better than projection. The replacement valuation for the water membranes at the water treatment plant have halved and their expected useful lives increased, generating an expected depreciation saving against projection of \$438,000 in the current financial year. This saving has been reflected in the LTP.

Flood Protection

- 5.14 The Flood Protection activity is \$499,000 better than projection.
- 5.14.1 Expenses – other - \$354,000 better than projection. This is year to date underspend against maintenance budgets, including \$325,000 relating to emergency recovery works (timing). There has been only minor expenditure year to date for these works (identified from the December 2011 Rainfall Event) as the resource consents have yet to be granted. Works may extend into the next financial year. Reactive maintenance is also underspent.

Capital Expenditure

- 5.15 Capital expenditure to 31 March 2015 was \$19.1 million, \$6.6 million (26%) below projection. Details are included in Attachments 2 to 5.

Balance Sheet

- 5.16 Rates debtors are a credit balance reflecting direct debits received from ratepayers in advance of the upcoming rates invoices.
- 5.16.1 The increase in trade debtors is as a result of invoicing for the Cricket World Cup, and the movement in the GST receivable balance (which varies significantly due to quarterly rates invoicing).
- 5.16.2 The reduction in the Debtors and accruals balance is as a result of re-categorising the \$8 million advance to NRSBU as a term asset.

6. Projects Update

- 6.1 Please see Attachments 4 and 5 for progress reports on Council's major projects.

Live Video Streaming for the Council Chamber

- 6.2 The Council approved that provision of \$15,000 be made in the Annual Plan 2014/15 to provide for video links to Council meetings if feasible. A Business Case has been approved by the IT Steering Committee to

purchase a solution from Tandem Studios who provide live streaming solutions for NZ Parliament, Wellington City Council, Christchurch City Council, Taupo District Council and Hawkes Bay Regional Council. This solution has upfront costs of \$14,800 and ongoing annual costs of \$11,250 which will need to be provided for through the Long Term Plan.

7. Alignment with relevant Council policy

- 7.1 The finance report is prepared comparing current year performance against the first projection for the draft LTP.

8. Assessment of Significance against the Council's Significance and Engagement Policy

- 8.1 There are no significant decisions.

9. Consultation

- 9.1 No consultation is required.

10. Inclusion of Māori in the decision making process

- 10.1 No consultation is required.

Nikki Harrison
Group Manager Corporate Services

Attachments

- Attachment 1: A1342336 - NCC Summary Performance
Attachment 2: A1342336 - Capital expenditure graph
Attachment 3: A1342336 - Capital expenditure by activity
Attachment 4: A1311288 - Major projects status report – delivery at risk
Attachment 5: A1311288 - Major projects status report – on track
Attachment 6: A1343636 - Balance Sheet
Attachment 7: A1340305 - Interest Rate Position Report
Attachment 8: A793514 - Debtors Report

NCC variance to projection to 31 March 2015

Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
Corporate	Cost Of Democracy	(4,455)	(956)	(3)	5,504	0	(9,000)
	Admin & Meeting Support	(380,083)	951	(318,725)	(62,309)	0	0
	Council Publicity	99,308	0	131,278	(33,945)	(12)	1,986
	Members Expenses	(36,200)	(355)	(12,144)	(24,105)	0	403
	Election Expenses	(2,814)	0	(2,998)	184	0	0
	Civic Expenses	(11,447)	(695)	1,030	(11,782)	0	0
	Contingency	(112,496)	0	4	(112,500)	0	0
	Investment Management	(284,970)	(218,585)	3,995	4,515	(74,894)	0
	Civic House	(176,573)	1,008	2,493	(182,935)	(16,377)	19,238
	Rental Properties	(39,241)	(58,305)	44,108	(30,465)	2,412	3,010
	Forestry	(105,079)	(96,033)	(2,267)	5,465	(12,191)	(54)
	Subdivisions (W/Bluff & Ridgeway)	(70,330)	(2,907)	(2,332)	(579)	(64,512)	0
	Policy	(220,918)	0	(223,881)	2,962	0	0
	Administration	(5,776)	0	0	68,041	(5,776)	(68,041)
	Emergency Response Fund	366,477	375,000	3	0	(8,526)	0
Corporate Total		(984,596)	(876)	(379,438)	(371,950)	(179,875)	(52,456)
Parks & Active Recreation	Horticulture Parks	(63,872)	419	(14,376)	(46,567)	(492)	(2,857)
	Neighbourhood Parks	(49,841)	4,424	(7,288)	(39,052)	(4,454)	(3,471)
	Park Trees	(17,423)	(870)	(397)	(16,156)	0	0
	Conservation Reserves	18,057	11,302	3,506	4,699	(607)	(843)
	Landscape Reserves	52,224	(9,581)	(1,585)	66,379	(2,143)	(847)
	Esplanade & Foreshore Reserves	(241,076)	(48,128)	(35,907)	(135,381)	(16,704)	(4,956)
	Heritage,Landscape,Local Trees	(3,107)	0	(12,562)	9,456	0	0
	Walkways	8,399	(75)	10,535	242	0	(2,303)
	Sports Parks	164,498	32,969	(14,090)	35,466	111,336	(1,184)
	Recreation Planning	6,214	(365)	(7,502)	14,080	0	0
	Natureland	12,777	(10)	(2,999)	16,250	(464)	0
	Trafalgar Centre	105,422	0	(2,982)	26,531	84,550	(2,677)
	Saxton Field Stadium	48,292	65,278	(11,509)	(41,839)	9,423	26,938
	Saxton Oval Pavilion	(24,834)	(4,539)	(1,430)	(19,492)	(297)	925
	Golf Course	23,063	71,257	(2,653)	(43,732)	0	(1,809)

new attach 1Opex detail

Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
	Pools	(72,705)	25,049	(14,861)	(92,414)	(2,069)	11,591
	Community Programmes	(33,266)	(969)	(44,561)	12,264	0	0
	Recreation Liaison	(18,807)	0	(24,509)	5,702	0	0
	Play Facilities	(27,022)	0	(6,408)	(8,011)	(298)	(12,305)
	Marina	(227,672)	(32,257)	(12,545)	(178,165)	(4,706)	0
	Saxton Field Capital Works	(646,980)	38,221	7,480	(670,081)	(16,549)	(6,050)
	Regional Community Facilities	92,888	0	15,861	65,623	11,405	0
Parks & Active Recreation Total		(894,769)	152,126	(180,783)	(1,034,196)	167,931	152
Social	Managing Heritage And Arts	(42,123)	(3,070)	(5,988)	(29,464)	(1,269)	(2,332)
	Museum	13,683	0	143	17,324	(3,785)	0
	Suter Gallery	(39,411)	0	(24,045)	5,002	(20,368)	0
	Isel House	(9,801)	158	(6,433)	(3,546)	0	21
	Melrose House	(938)	(50)	703	(10,862)	3,220	6,051
	Broadgreen House	61,701	(1,797)	66,595	(3,242)	(313)	458
	Founders Park	4,001	40,784	(65,599)	24,631	2,750	1,435
	Historic Cemeteries	(21,109)	(9,823)	3,248	(7,334)	0	(7,201)
	Heritage Incentives	(36,300)	0	(5,000)	(31,299)	0	0
	Festivals	(45,546)	(222,704)	30,066	147,092	0	0
	Street Decorations	15,860	0	2,126	13,734	0	0
	School Of Music	30,188	0	21,444	8,705	38	0
	Theatre Royal	28,705	0	(5)	28,785	(76)	0
	Nelson Library	(12,850)	9,620	(11,612)	(27,609)	(2,632)	19,382
	Stoke Library	(81,245)	1,193	(73,344)	(8,064)	0	(1,031)
	Nightingale Memorial Library	(22,379)	(1,041)	(17,268)	(3,517)	0	(553)
	Marsden Valley Cemetery	(88,670)	(23,267)	(11,459)	(39,279)	(562)	(14,104)
	Crematorium	(1,727)	(3,556)	(10,801)	12,732	(125)	22
	Toilets (Free)	(31,097)	(230)	(1,599)	(35,292)	(505)	6,530
	Toilets (Charge)	(24,575)	(1,292)	1,602	(24,859)	(25)	(1)
	Stoke Hall	(40,645)	(1,526)	(7,093)	(32,021)	(5)	0
	Maitai Club	(21,041)	(9)	(4,977)	(16,004)	(51)	0
	Community Properties	(38,676)	4,515	8,872	(53,591)	(198)	1,727
	Wakapuaka Recreation Centre	(8,946)	280	(5,689)	(3,537)	0	()
	Trafalgar St Hall	(5,272)	207	1,980	(7,456)	(3)	0

new attach 1Opex detail

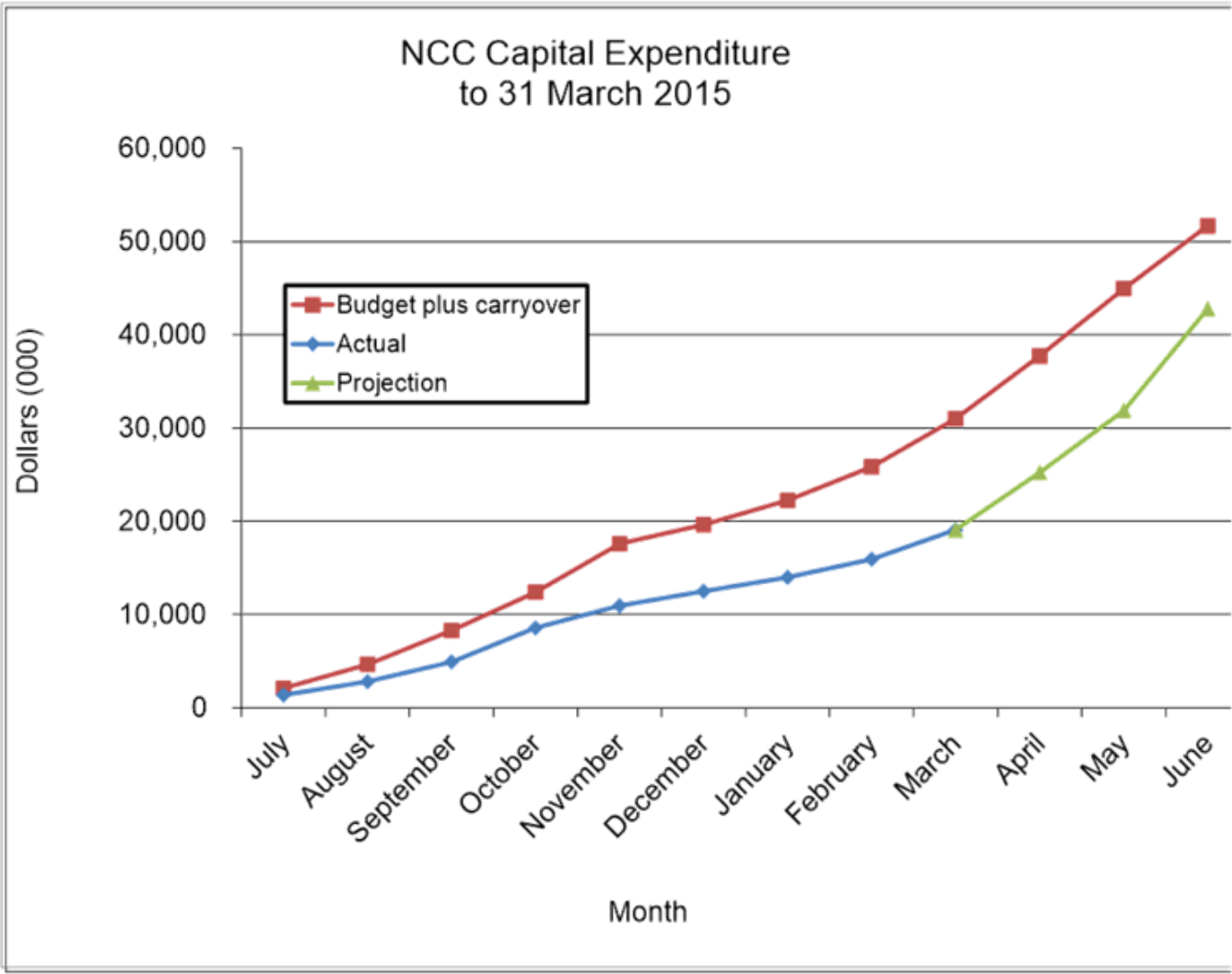
11. Corporate Report for the Period Ending 31 March 2015 - Attachment 1 - A1342336 - NCC Summary Performance

Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
	Motor Camp Tahuna	(63,480)	(28,956)	47	(28,923)	0	(5,648)
	Maitai Camp	(7,933)	11,662	(9,250)	(9,664)	(344)	(337)
	Brook Camp	92,345	16,096	64,921	6,288	104	4,937
	Community Housing	54,045	40,348	5,731	5,722	0	2,244
	Employment Assistance	(14,848)	(2,500)	(8,217)	(3,921)	0	(210)
	Community Liaison: Development	(44,502)	(23,276)	(7,733)	(13,493)	0	0
	Community Liaison: Grants (Ca)	29,070	0	5,200	23,737	132	0
Social Total		(373,518)	(198,234)	(63,433)	(99,225)	(24,015)	11,389
Economic	Sister City Links	340	0	707	(367)	0	0
	Economic Development	(310,351)	0	2,457	(312,807)	0	0
	Tourism Nelson	4	0	4	0	0	0
	Cricket World Cup	107,613	(320,988)	136,636	291,966	0	0
Economic Total		(202,394)	(320,988)	139,803	(21,208)	0	0
Transport	Subsidised Roothing	(53,105)	33,160	(91,723)	(4,200)	9,659	0
	Unsubsidised Roothing	(86,454)	77,326	59,764	(392,438)	(29,967)	198,861
	Roothing Properties	(8,444)	(4,630)	(1,598)	(1,681)	(533)	(2)
	Parking Regulation	(22,302)	(5,471)	(9,431)	(7,404)	0	4
	Car Parking	(78,224)	(74,732)	(24,615)	20,233	9,165	(8,276)
	Millers Acre Centre	(40,421)	(33,817)	3,158	11,718	(21,733)	251
	Public Transport	5,723	(3,004)	8,777	5,789	(123)	(5,716)
	Total Mobility	(13,857)	10,945	6,155	(30,957)	0	0
Transport Total		(297,086)	(222)	(49,512)	(398,942)	(33,532)	185,123
Environmental Management	Civil Defence	(1,453)	0	(1,446)	0	(6)	()
	Rural Fire Control	7,026	(10,607)	676	18,737	1	(1,781)
	Monitoring The Environment	(128,003)	0	78,508	(206,607)	(41)	137
	Developing Resource Mgt Plan	(199,208)	(666)	(28,225)	(170,317)	0	0
	Environmental Advocacy/Advice	74,741	(12,807)	74,655	12,892	0	0
	Pest Management	(13,616)	0	(4)	(13,612)	0	0
	Clean Heat Warm Homes	85,938	91,254	(3)	(1,006)	(4,307)	0
	Solar Saver	3,983	0	(3)	426	3,560	0
	Dog Control	(1,333)	(1,752)	(3,981)	4,397	0	3
	Animal Control	1,912	782	(2)	1,132	0	0
	Liquor Licencing	(14,106)	(17,565)	1,655	1,804	0	0

new attach 1Opex detail




Activity	Subactivity	Year to Date Variance to Projection					
		Surplus (Better)/ Worse	Revenue (Better)/ Worse	Expenses - Staff	Expenses - other	Expenses - Interest	Expenses - Depr
	Food Premises	70,766	70,787	0	(21)	0	0
	Public Counter Land & General	(39,506)	(29,972)	(10,569)	1,035	0	0
	Building Services	(188,681)	51,137	(211,822)	(18,609)	0	(9,386)
	Harbour Safety	(1,082)	(588)	(1,755)	(800)	0	2,061
	Pollution Response	936	1,942	670	(1,675)	0	0
	Resource Consents	(113,154)	(105,563)	10,615	(18,206)	0	0
	Enforcing Bylaws	(4,123)	(1,103)	(3,002)	(18)	0	0
	Whrs Claims	(234,952)	0	(22,167)	(212,785)	0	0
	Waste Minimisation	2	125,789	(54,619)	(71,169)	0	0
	Transfer Station	4	38,861	9,996	(44,331)	0	(4,522)
	Landfill	83,413	462,155	9,769	(333,801)	0	(54,710)
	Joint Landfill	297	0	297	0	0	0
	Green Waste	1	7,668	(1,090)	(6,577)	0	0
	Recycling	(1)	13,878	(3,881)	(9,998)	0	0
Environmental Management Total		(610,197)	683,630	(155,728)	(1,069,109)	(793)	(68,198)
Wastewater	Wastewater	73,381	252,922	(25,730)	(203,703)	(117,407)	167,300
Wastewater Total		73,381	252,922	(25,730)	(203,703)	(117,407)	167,300
Stormwater	Stormwater	(12,671)	(5,000)	(124,154)	11,929	(61,823)	166,377
Stormwater Total		(12,671)	(5,000)	(124,154)	11,929	(61,823)	166,377
Water Supply	Water Supply	(655,674)	57,337	(31,453)	(321,759)	(19,076)	(340,723)
Water Supply Total		(655,674)	57,337	(31,453)	(321,759)	(19,076)	(340,723)
Flood Protection	Flood Protection	(498,623)	0	(5,078)	(354,434)	(137,631)	(1,481)
Flood Protection Total		(498,623)	0	(5,078)	(354,434)	(137,631)	(1,481)
Total		(4,456,146)	620,695	(875,505)	(3,862,598)	(406,221)	67,483



















new attach 1Opex detail



Capital Expenditure				
Total Council - by Activity				
Activity	Actual YTD	Projection	Variance YTD	Full Year
	\$(000)	YTD		Projection
		\$(000)	\$(000)	\$(000)
Corporate	715	1,239	-524	2,065
Parks & Active Recreation	2,956	3,437	-481	5,728
Social	1,922	2,674	-752	4,457
Economic	0	0	0	0
Transport	6,605	7,123	-518	11,872
Environmental Management	1,002	927	76	1,544
Wastewater	2,326	4,134	-1,808	6,890
Stormwater	995	1,718	-724	2,864
Water Supply	1,753	2,269	-516	3,782
Flood Protection	795	2,150	-1,355	3,583
	<u>19,069</u>	<u>25,671</u>	<u>-6,602</u>	<u>42,785</u>
Vested Assets	1,500	1,500	0	3,000
Nelson Regional Sewerage BU	172	180	-8	359
	<u>20,741</u>	<u>27,350</u>	<u>-6,609</u>	<u>46,144</u>

Major Projects Status Report - Delivery at Risk




-  Green = on track against baseline, no major issues or risks. >90% confident in delivery against plan.
 Yellow = moderate issues &/or risks exist but are manageable. 50 to 90% confident in delivery against plan.
 Red = high or extreme issues &/or risks requiring corrective action(s). Less than 50% confident in delivery against plan.

Status vs current year plan							
Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
Saxton Creek upgrade	Upgrade stream channel and associated culverts, walkways and planting	Detailed Design complete	May-15				Plan Change 18 resolved. NCC working with TDC to combine contracts, Stages 1 & 3 on track. Stage 2 could be delayed due to ongoing landowner consultation.
Maitai shared path (Collingwood St to Nile St)	widening existing path to allow shared use	Construction finished on-site	May-15				Council workshop on 28 April. Scope to be reviewed. NZTA funding still has to be approved.
Bishopdale to the Ridgeway shared path	Procure and construct shared path-to tie in with sewer upgrade	Construction start on-site	Apr-15				Work has commenced on site. Construction will extend into next financial year due to delays in confirming NZTA funding. Carry over required.
Whakatu Drive / Beatson Road	Widen path at Roundabout pinch point	Construction start on-site	Apr-15				Work has commenced on site. Construction will extend into next financial year due to delays in confirming NZTA funding. Carry over required.
Beatson Road Sewer Renewal	Upgrade of sewer main in Beatson Road, to be combined with new cycleway construction.	Construction start on-site	Apr-15				This project is linked with the Wakatu Drive / Beatson Road project for delivery efficiency. Construction may extend into next financial year due to delays in confirming NZTA funding.
Orphanage Stream upgrade	Investigate options for increasing capacity of bridges and culverts plus channel break out points from Ngawhata Valley to Whakatu Drive	Procurement complete	Oct-15				The scope, timing and cost of this project will be affected by resource consent conditions and awaiting iwi response to this project. Some works to be completed next financial year. Carry over likely.

Major Projects Status Report - Delivery at Risk

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
York Valley Landfill weighbridge	weighbridge for vehicles entering the landfill	Construction finished on-site	Jun-15				Initial procurement phase resulted in no tenders being received. To be readvertised for tender.
The Brook Area Cycling and Walking Improvements	Upgrade cycle connections, link to Tasman st upgrade (nile-bronte)	Construction finished on-site	May-15				Council workshop on 28 April. Scope to be reviewed.
Stanley/Beachville stormwater	Upgrade stormwater discharge to Nelson end of Stanley Cresc.	Construction start on-site	Jul-15				Land easement issue could lead to changed route and thus change in scope, cost and timeframes.
Bridge St enhancement	Enhance urban environment through lighting, seating and landscape aesthetics. Work includes under veranda lighting along Bridge St and lighting along Alma and Fiddler Lane.	Construction start on-site	Jun-15				Council have agreed way forward. Scope has been defined. Timing at risk due to lead in time for materials.
Railway Reserve to CBD cycleway via St Vincent (Stage II)	Two way separated cycle lanes St Vincent Street from Gloucester St to Haven Rd, east side (coordinated with reseal & SW). Copenhagen Style cycle lanes. Connects to shared path across Anzac Park and refuge on Halifax Street by Saltwater Bridge.	Construction finished on-site	Jun-15				Council workshop on 28 April. Scope to be reviewed.
Rocks Rd cycling and walking project	Development of walking and cycling solution along Rocks Road.	Steering group meeting - date tbc depending on OPUS work completion on second option 2015	Apr-15				
Flood mitigation - Gravel Traps & Intake Structures	Construction of gravel traps and upgrading intake structures in Poormans and Orphanage Streams	Detailed Design complete	Apr-15				Significant delays due to issues surrounding resource consents.

Major Projects Status Report - Delivery at Risk

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Time	Budget	Scope/ Benefits	Issues & Risks Reasons
St. Vincent to CBD cycle connection	Existing footpath north side Gloucester Street, as shared path and improved crossing facilities at roundabouts, including slowing speeds at St Vincent Street roundabout.	Funding to be confirmed	Apr-15				Council workshop on 28 April. Scope to be reviewed.
Saxton Cycle Track (Regional Velodrome)	Design and build a 330m outdoor cycling velodrome. TDC Leading.	Tenders to be evaluated	Apr-15				Velodrome Trust yet to confirm availability of their share of the funding.
Marina maintenance dredging	Dredging of Marina in accordance with port dredging Resource Consent	Construction start on site	Oct-16				Funding spans two financial years. Dredging to be undertaken in 15/16 financial year to coincide with Port Nelson dredging program.

Major Projects Status Report - On Track

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Project Health
Corder Park sewer pump station upgrade	Construction of new pump station at Corder Park including a section of Atawhai rising main replacement. Replaces existing PS and pushes out need to replace sections of Atawhai rising main.	Construction finished on-site	Mar-16	●
Suter upgrade	Upgrade of Gallery	Construction finished on-site	Apr-16	●
Arapiki Trunk / Express Sewer (Stage 2&3)	Redirection of Arapiki sewer catchment flows to Songer St pump station to avoid issues with Quarantine Rd pump station. Nayland Road to Ridgeway link stages.	Complete Construction	May-15	●
WTP membranes - New train	Adding new train (#5)	Construction start on-site	Apr-15	●
Tasman St upgrade(Nile to Bronte)	Road upgrade and Stormwater Upgrade, in conjunction with Manuka Street Intersection Upgrade and Brook walk/cycle connections (1222)	Construction finished on-site	Jun-15	●
York Valley Road extension	Extension of access road	Construction finished on-site	Apr-15	●
Salt Water Creek/Haven Rd Culvert	Design & build new concrete box culvert adjacent to Anzac Park.	Construction finished on-site	Apr-15	●
Ngawhatu Valley Sewer Trunk Main	Upgrade existing reticulation between Ngawhatu and Main Road Stoke to allow for future development in the upper Ngawhatu Valley	Construction finished on-site	Jul-15	●

Major Projects Status Report - On Track

Project/ Programme Name	Project Definition	Next Milestone	Milestone expected completion	Project Health
Trafalgar Centre Reopening	Investigate options & implement measures to allow reopening & safe public use of the Centre	Detailed Design complete	Jun-15	●
Earthquake Prone Buildings Remediation	Physical work to bring buildings up to standard required. This is a funding line and budget will be allocated to projects once identified. Current project include Founders duncan House/ Granary and Melrose House	Work on-site ends for Melrose	May-15	●
NSOM upgrade	Strengthen auditorium, finalise and implement refurbishment brief	Detailed Design complete	Sep-15	●
Modellers Pond Solution	Improve Water quality and amenity of pond.	Construction finished on-site	May-16	●
Greenmeadows Redevelopment	New sports and community facility in Stoke	Report to Community Services for concept approval	Jul-15	●
Completed Projects				
Maitai Walkway (Akerston St to Traf St)	upgrade of walkway along Maitai from Traf St to Akersten			
Cable Bay Rd Recovery	Work required to reinstate road to required service level post Dec-2011 emergency event			

Nelson City Council

Abbreviated Balance Sheet

		31/03/2015	28/02/2015	30/06/2014
Current Assets				
Bank Deposits	Cash and Bank	34,299	831,206	251,853
	Investments	0	3,900,000	0
Amounts due from customers.	Rates Debtors	(1,619,767)	15,622	242,652
	Trade Debtors	9,995,160	7,674,789	11,065,794
	Debtors and Accruals	2,324,854	10,388,696	905,367
		<u>10,734,545</u>	<u>22,810,313</u>	<u>12,465,666</u>
Current Liabilities				
Cash Book Balance	Bank Overdraft	(87,475)	0	0
Amounts owed to suppliers.	Creditors	(10,233,254)	(10,094,068)	(15,062,273)
	Commercial paper	(9,905,905)	(9,904,926)	(29,730,802)
Term Loans to be paid in 12 months	Current Portion of Term Liabilities	0	0	0
		<u>(20,226,634)</u>	<u>(19,998,994)</u>	<u>(44,793,075)</u>
	Net Working Capital	(9,492,089)	2,811,319	(32,327,409)
Non Current Assets				
Shares in Subsidiaries etc	Investments	27,178,766	27,227,498	27,560,115
	NRSBU Term Advance	8,000,000	0	0
Total value, net of depreciation of all	Fixed Assets	<u>1,316,762,194</u>	<u>1,315,657,632</u>	<u>1,317,869,256</u>
		<u>1,351,940,960</u>	<u>1,342,885,130</u>	<u>1,345,429,371</u>
Non Current Liabilities				
	Term borrowings	(60,386,016)	(60,286,016)	(33,536,016)
Money borrowed that requires payment after 12 months	Other Term Liabilities	(1,628,442)	(1,618,538)	(1,557,261)
		<u>(62,014,458)</u>	<u>(61,904,554)</u>	<u>(35,093,277)</u>
		<u>1,280,434,413</u>	<u>1,283,791,895</u>	<u>1,278,008,684</u>
Shareholder Funds				
	Ratepayers Equity	354,982,337	358,401,835	352,654,845
	Reserves	<u>925,452,075</u>	<u>925,390,060</u>	<u>925,353,839</u>
		<u>1,280,434,413</u>	<u>1,283,791,895</u>	<u>1,278,008,684</u>

Balance Sheet March 2015 After BR Rev Jnl (A1343636)

Nelson City Council Interest Rate Position			
12 Month Forecast Core Debt:	100.0	31-Mar-15	
Policy Limits	55% - 90%		
Overall Fixed:Floating Mix	80%		
Policy Compliance	Y		
Liquidity Ratio:	110%		
Actual	135%		
Policy Compliance	Y		
Fixed Rate Maturity Profile:			
Years	1 - 3 years	3 - 5 years	5 years plus
Policy Limits	15% - 60%	15% - 60%	15% - 60%
Actual Hedging	18%	28%	55%
Policy Compliance	Y	Y	Y
Funding Maturity Profile:			
Years	0 - 3 years	3 - 5 years	5 years plus
Policy Limits	15% - 60%	15% - 60%	10% - 40%
Actual Hedging	37%	32%	31%
Policy Compliance	Y	Y	Y
Weighted Average Duration:			
Funding	4 Years		
Fixed Rate Portfolio (swaps and fixed rate loans)	5.41 Years		
Weighted average fixed rate on current borrower swaps*:			
Swap Portfolio	4.43%	* Note: non-active forward starts are not included.	
Counterparty Credit Risk (Interest Rate Risk Mgmt Instruments and investments)			
Policy Credit Limit (NZ\$) per NZ Registered Bank (Interest rate risk management)		\$	10,000,000
Policy Credit Limit (NZ\$) per NZ Registered Bank (Investments)		\$	10,000,000
Policy Credit Limit (NZ\$) per NZ Registered Bank (Total maximum per counterparty)		\$	20,000,000
	Credit Exposure (Swaps) (\$m)	Credit Exposure (Investments) (\$m)	Compliance
WPC	6.29	0.00	Y
ANZ	7.02	0.00	Y
ASB	0.00	0.00	Y
BNZ	0.46	0.00	Y
Kiwibank	0.00	0.00	Y
CBA	0.00	0.00	Y

Specific borrowing limits		
Net interest expense on external debt as a percentage of total revenue to be less than 15%	2.56%	Y
Net interest expense on external debt (secured by rates) as a percentage of rates revenue to be less than 20%	4.09%	Y
Net external debt (secured by rates) as a percentage of total revenue to be less than 150%	70%	Y
Net external debt (secured by rates) as a percentage of equity to be less than 20%	5%	Y

