

# AGENDA

**Ordinary meeting of the**

**Joint Shareholders Committee**

**Tuesday 16 April 2019  
Commencing at 1.30p.m.  
Council Chamber  
Civic House  
110 Trafalgar Street, Nelson**

Membership: His Worship the Mayor of Tasman Richard Kempthorne (Chairperson), Her Worship the Mayor of Nelson Rachel Reese, Nelson City Councillors, Ian Barker, Mel Courtney, Paul Matheson, Gaile Noonan and Tim Skinner; Tasman District Councillors Tim King (Deputy Chairperson), Stuart Bryant, Pete Canton, David Ogilvie and Trevor Tuffnell

Quorum: 6

Guidelines for councillors attending the meeting, who are not members of the Committee, as set out in Standing Order 12.1:

- All councillors, whether or not they are members of the Committee, may attend Committee meetings
- 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

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 room for discussion and voting on any of these items.

**1. Apologies**

Nil

**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 20 November 2018

**6 - 10**

Document number M3917

Recommendation

***That the Joint Shareholders Committee***

- 1. Confirms the minutes of the meeting of the Joint Shareholders Committee, held on 20 November 2018, as a true and correct record.***

**6. Port Nelson Limited half yearly report to 31 December 2018****11 - 16**

Document number R9955

Recommendation

***That the Joint Shareholders Committee***

- 1. Receives the report Port Nelson Limited half yearly report to 31 December 2018 (R9955) and its attachment (A2143970).***

**7. Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22**

**17 - 68**

Document number R9965

Recommendation

***That the Joint Shareholders Committee***

- 1. Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22 (R9965) and its attachments (A2149588, A2149585, A2089336 and A2149583); and***
- 2. Notes the delivery of the Tasman Bays Heritage Trust draft Statement of Intent 2019/2022 (A2149585) as required under the Local Government Act 2002; and***
- 3. Provides the following feedback to the Tasman Bays Heritage Trust Board on its draft Statement of Intent:***
  - Endorses the Tasman Bays Heritage Trust plan to continue to progress a capital works project that will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection; and***
  - Requests the Tasman Bays Heritage Trust to revise its visitation forecasts.***

**8. Nelson Airport Limited half yearly report to 31 December 2018**

**69 - 93**

Document number R9954

Recommendation

***That the Joint Shareholders Committee***

- 1. Receives the report (R10050) and its attachment (A2153339).***



## **PUBLIC EXCLUDED BUSINESS**

### **9. Exclusion of the Public**

Recommendation

#### ***That the Joint Shareholders Committee***

- 1. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Robert Evans, Chief Executive and Simon Orr, Corporate Services Manager, Nelson Airport Ltd, remain after the public has been excluded, for Item 1 of the Public Excluded agenda (Nelson Airport Limited - Draft Statement of Intent 2018-2019), as they have knowledge relating to Nelson Airport Ltd that will assist the meeting.***

Recommendation

#### ***That the Joint Shareholders Committee***

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

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Nelson Airport Limited - Draft Statement of Intent 2019-2020</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li></ul>



## Minutes of a meeting of the Joint Shareholders Committee

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

**On Tuesday 20 November 2018, commencing at 1.33p.m.**

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**Present:** Her Worship the Mayor of Nelson R Reese (Presiding Co-Chairperson), His Worship the Mayor of Tasman R Kempthorne (Co-Chairperson), Nelson City Councillors I Barker, M Courtney, G Noonan, and T Skinner, Tasman District Councillors S Bryant, D Ogilvie and T Tuffnell

**In Attendance:** Chief Executive (P Dougherty), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison) and Governance Adviser (R Terry)

**Apologies:** Councillors P Matheson, P Canton and T King

### 1. Apologies

Resolved JSC/2018/034

***That the Joint Shareholders Committee***

***Receives and accepts an apology from Councillors P Matheson, P Canton and T King.***

Her Worship the Mayor/His Worship the Mayor of Tasman

Carried

### 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.

#### 4. Public Forum

There was no public forum.

#### 5. Confirmation of Minutes

5.1 21 August 2018

Document number M3704, agenda pages 6 - 11 refer.

Resolved JSC/2018/035

***That the Joint Shareholders Committee***

***Confirms the minutes of the meeting of the Joint Shareholders Committee, held on 21 August 2018, as a true and correct record.***

His Worship the Mayor of Tasman/Courtney

Carried

#### 6. Policy review: Joint appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations

Document number R9713, agenda pages 12 - 20 refer.

Group Manager Corporate Services, Nikki Harrison presented the report and answered questions on the reappointment process for an existing director, appointment of new directors, including the selection panel.

After discussion it was noted that the following amendments would be made:

- 4.1. – amend wording to read, 'The co-Chairs of the Joint Shareholders Committee will'.
- 4.1.3. – add to the end of the paragraph, 'if board Chair is unavailable'.
- 5.2 – add to the last sentence, 'Co-Chairs Joint Shareholders Committee'.

Resolved JSC/2018/036

***That the Joint Shareholders Committee***

***Receives the report Policy review: Joint appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (R9713) and its attachment (A2065956); and***

**Approves the amended 2018 Policy for joint appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (A2065956).**

Ogilvie/Noonan

Carried

## **7. Tasman Bays Heritage Trust - Trustee Rotation and Remuneration**

Document number R9773, agenda pages 21 - 24 refer.

Group Manager Community Services Roger Ball presented the report and answered questions on the length of time between appointments, with the committee noting the importance of staggering the appointments where possible.

Resolved JSC/2018/037

***That the Joint Shareholders Committee***

**Receives the report Tasman Bays Heritage Trust - Trustee Rotation and Remuneration (R9773); and**

**Notes the decision of the Tasman Bays Heritage Trust Appointments Committee to reappoint the following Trustees for three year terms ending in November 2021:**

- ***Olivia Hall (Chair)***
- ***Emma Thompson***
- ***Derek Shaw***
- ***Darren Mark***

**Increases the Trustees' remuneration pool for the Tasman Bays Heritage Trust by 1.6% (being the annual Consumer Price Index change to December 2017) to \$64,221 for the 2018/19 financial year.**

His Worship the Mayor of Tasman/Noonan

Carried

## **8. Exclusion of the Public**

Resolved JSC/2018/038

***That the Joint Shareholders Committee***

***Excludes the public 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:***

Ogilvie/Bryant

Carried

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Joint Shareholders Committee Meeting - Public Excluded Minutes - 21 August 2018</b>	<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"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> <li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>

The meeting went into public excluded session at 1.56p.m. and resumed in public session at 1.56p.m.

Please note that as the only business transacted in public excluded was to confirm the minutes, this business has been recorded in the public minutes. In accordance with the Local Government Official Information Meetings Act 1987, no reason for withholding this information from the public exists.

## Confirmation of Minutes

21 August 2018

Document number M3705, agenda pages 3 - 8 refer.

Resolved JSC/2018/039

***That the Joint Shareholders Committee***

***Confirms the minutes of part of the meeting of the Joint Shareholders Committee, held with the public excluded on 21 August 2018, as a true and correct record.***

His Worship the Mayor of Tasman/Courtney

Carried

## 9. Re-admittance of the Public

Resolved JSC/2018/040

***That the Joint Shareholders Committee***

***Re-admits the public to the meeting.***

Her Worship the Mayor/Skinner

Carried

There being no further business the meeting ended at 1.57p.m.

Confirmed as a correct record of proceedings:

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

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**Port Nelson Limited half yearly report to 31 December 2018**

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**1. Purpose of Report**

- 1.1 To receive the half yearly report to 31 December 2018 from Port Nelson Limited.

**2. Recommendation**

***That the Joint Shareholders Committee***

- 1. Receives the report Port Nelson Limited half yearly report to 31 December 2018 (R9955) and its attachment (A2143970).***

**2. Background**

- 2.1 The Port Companies Act 1988 requires delivery of the half year report within two months of the end of the period to the shareholders and the Minister of Transport. This requirement has been met.
- 2.2 The Port Company presented on the six monthly result at the Joint Committee of Nelson City and Tasman District Council held on 26 March 2019 and are therefore not presenting again today.

**3. Discussion**

- 3.1 The half yearly report of Port Nelson for the period ending 31 December 2018 is included as Attachment 1.
- 3.1.1 For the first six months of this financial year Port Nelson reported total revenue of \$32.8 million, up 3% against budget and up 3.2% on the same period last year.
- 3.1.2 Cargo volumes for the first half of the year were ahead of budget with 1.831 million tonnes handled against the budget of 1.649

## Item 6: Port Nelson Limited half yearly report to 31 December 2018

million, and up on the 1.631 million handled at the same time last year.

- 3.1.3 Vessel visits were 399, down on the budget of 432 due principally to the reduction in container vessels calls as a result of the cessation of the Maersk service in August and the temporary withdrawal of the PAD service in September.
- 3.1.4 Net profit after tax (NPAT) of \$5.2 million is 9.2% above budget and 5.4% higher than the same time last year.
- 3.2 The report shows that Port Nelson have largely met its SOI targets for the first six months except for:
  - 3.2.1 Annual ship visits/gross shipping tonnes (as discussed above in 3.1.3)
  - 3.2.2 Lost time injury (LTI) frequency rate of 2.9 versus a budget of less than 1.5 (higher than the same time last year of 2.3).
  - 3.2.3 Capital expenditure programme (and therefore debt to equity ratio) is below budget by \$6.5 million due to the timing variations.
- 3.3 As commented on in the attached six monthly report, there is concern of the impact of the recent fires and the ongoing drought on cargo volumes through the Port over the short and medium term.
- 3.4 The Statement of Corporate Intent for Port Nelson Limited is not due to be received until 31 July 2019 and will be brought to the 20 August 2019 Joint Shareholders Committee meeting.

## 4. Conclusion

- 4.1 Port Nelson has complied with the Port Companies Act 1988 in preparing a half yearly report.

**Author:** Nikki Harrison, Group Manager Corporate Services

## Attachments

Attachment 1: A2143970 - Port Nelson Limited 6 month report to 31 December 2018 [↓](#)



## SHAREHOLDER UPDATE

**To:** Nelson City Council / Tasman District Council

**From:** Phil Lough, Chairman

**Date:** 18<sup>th</sup> February 2019

**Re:** Six Monthly Report to Shareholders

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### PURPOSE OF THE PAPER

To update the shareholders on company performance for the six months ended 31<sup>st</sup> December 2019.

### CARGO



Cargo volumes to the end of December were strong with 1,831,000 tonnes of cargo having been handled, up against the budget figure of 1,649,000 and last year's figure of 1,631,000 for the same period.

Log volumes for the first six months were 27% up on budget as demand from China continued and processed forestry volumes were also ahead of expectations.

### SHIPPING



Vessel visits to the end of December were 399, down on a budget of 432 due principally to the reduction in containers vessels calls because of the cessation of the Maersk service in August and the temporary withdrawal of the PAD service in September.

### STEVEDORING



Stevedoring operations have been busy with the log volumes in both Nelson and Picton putting pressure on labour resources, particularly when coupled with the demand for manning our regular container vessel calls.

### PROPERTY



Purchase of the remaining part of Graham St and part of Rogers St from NCC was approved by the Council in December. Once the notification period has been completed, it is hoped capital works on this area will commence in April to incorporate it into the operational log site.

A2143970

## SHAREHOLDER UPDATE

### HEALTH AND SAFETY



The major focus over recent months has been around our critical risks reviews across our eight key areas. These include traffic interaction, heavy mobile plant and equipment, stored energy, working on or over water, working at heights, worker health, electrical issues and emergency preparedness.

### CAPITAL EXPENDITURE



Two major pieces of capital expenditure were signed off in December, being the ordering of a new tug and the redevelopment of Main Wharf North. The new 70 tonne bollard pull Damen Tug (value approx. \$9 million) will be delivered to Nelson around the end of April. Groundworks for the redevelopment of Main Wharf North (cost around \$21 million) should commence around May / June and take 12-18 months to complete.

### LOOKING FORWARD



The main question in most peoples minds over the next six months will be the effect the recent fires and the ongoing drought will have on cargo volumes, both up to the end of June and beyond.

The amount of forestry lost in the fire is still unclear at this point as well as the age profile of that wood but in the short term at least there will be a rush to export out what fire damaged product can be salvaged.

Ongoing water restrictions in the Tasman region will influence overall fruit size as well as the volume of apples exported and could also affect Kiwifruit volumes as well.

A2143970

## SHAREHOLDER UPDATE

## FINANCIALS

## PROFIT AND LOSS STATEMENT

For the 6 month period ended 31 December 2018

	Actual	Budget	Last Year
<b>REVENUE</b>			
Operations	30,025	29,173	29,166
Property	2,732	2,587	2,586
<b>TOTAL REVENUE</b>	<b>32,757</b>	<b>31,760</b>	<b>31,751</b>
Operating Expenses	24,060	23,594	23,518
<b>RESULTS FROM OPERATING AND PROPERTY ACTIVITIES</b>	<b>8,697</b>	<b>8,166</b>	<b>8,233</b>
Net Finance Costs	1,486	1,547	1,261
<b>PROFIT AFTER FINANCE COSTS</b>	<b>7,211</b>	<b>6,619</b>	<b>6,973</b>
Impairment	0	0	0
<b>NET SURPLUS BEFORE TAXATION</b>	<b>7,211</b>	<b>6,619</b>	<b>6,973</b>
Taxation	2,010	1,858	2,039
<b>NET SURPLUS AFTER TAXATION</b>	<b>5,201</b>	<b>4,761</b>	<b>4,934</b>

## BALANCE SHEET

As at 31 December 2018

	Actual	Budget	Last Year
Current Assets	11,067	9,540	15,032
Current Liabilities	6,639	9,337	11,962
<b>WORKING CAPITAL</b>	<b>4,428</b>	<b>203</b>	<b>3,070</b>
Non-Current Assets	259,332	260,116	247,841
Non-Current Liabilities	76,780	75,250	71,039
<b>TOTAL NET ASSETS</b>	<b>186,980</b>	<b>185,069</b>	<b>179,871</b>
<b>SHAREHOLDER FUNDS</b>			
Issued Capital	6,046	6,046	6,046
Retained Earnings	66,440	64,357	59,123
Asset Revaluation Reserves	116,664	116,350	116,350
Other Reserves	(2,170)	(1,684)	(1,648)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>186,980</b>	<b>185,069</b>	<b>179,871</b>

## STATEMENT OF CASH FLOWS

For the 6 month period ended 31 December 2018

	Actual	Budget	Last Year
<b>FUNDS FROM OPERATING ACTIVITIES</b>			
Net Cash Inflows / (Outflows) from Operating Activities	8,098	5,255	4,957
Net Cash Inflows / (Outflows) from Investing Activities	(10,097)	(7,229)	(10,175)
Net Cash Inflows / (Outflows) from Financing Activities	1,700	1,700	5,450
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>(299)</b>	<b>(274)</b>	<b>233</b>
Opening Cash Balance	350	344	457
<b>CLOSING CASH BALANCE</b>	<b>51</b>	<b>70</b>	<b>690</b>

## PERFORMANCE TARGETS AND OTHER MEASURES

For the 6 month period ended 31 December 2018

	Actual	Budget	Last Year
Shareholder funds to total assets ratio	69%	69%	68%
Return on average shareholder's funds	7%	8%	7%
Return on funds employed	8%	8%	8%
Annual cargo tonnes (t)	1.8M	1.5M	1.6M
Annual ships visits	399	432	463
Gross shipping tonnes (gross registered t)	5.6M	6.1M	6.1M

## SHAREHOLDER UPDATE

STATEMENT OF  
CORPORATE  
INTENTPERFORMANCE TARGETS AND OTHER MEASURES  
For the 6 month period ended 31 December 2018

Objectives	Measure of Performance against Objectives	Actual	Budget	Last Year	2019 Target Full Year
<b>People</b>	Lost Time Injury Frequency Rate	2.87	<1.5	2.34	< 1.5
<b>Financial Results</b>	Shareholders' Funds to Total Assets ratio	69%	69%	68%	68%
	Net Debt to Equity ratio	31%	33%	32%	< 45%
	Dividends Declared	\$1.5M	\$Nil	\$Nil	\$5.5M
	Return on Average Shareholder's Funds	7.5%	7.6%	7.1%	5.9%
	Return on Funds Employed	8.0%	8.1%	7.9%	7.7%
	Revenue	\$32.8M	\$31.7M	\$31.8M	\$63.7M
	Capital Expenditure	\$7.4M	\$13.9M	\$9.5M	\$22.1M
<b>Environment and Community</b>	Incidents Leading to Pollution of Harbour	Nil	Nil	Nil	Nil
	Compliance with all Resource Consent Conditions	100%	100%	100%	100%
	Compliance with NZ Maritime Safety Standards	100%	100%	100%	100%
<b>Customer</b>	Shipping Tonnes	1.8M	1.5M	1.6M	3.5M
	Ships Visits	399	432	463	83
	Gross shipping tonnes (gross registered t)	5.6M	6.1M	6.1M	11.6M

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## **Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22**

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

- 1.1 To receive the half yearly report from the Tasman Bays Heritage Trust (TBHT) (Attachment 1) and to consider the Trust's draft Statement of Intent 2019/2022 (Attachment 2).

### **2. Summary**

- 2.1 TBHT has delivered its six monthly report to December 2018 and a draft Statement of Intent, as required under the Local Government Act 2002.

### **3. Recommendation**

#### ***That the Joint Shareholders Committee***

- 1. Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22 (R9965) and its attachments (A2149588, A2149585, A2089336 and A2149583); and***
- 2. Notes the delivery of the Tasman Bays Heritage Trust draft Statement of Intent 2019/2022 (A2149585) as required under the Local Government Act 2002; and***
- 3. Provides the following feedback to the Tasman Bays Heritage Trust Board on its draft Statement of Intent:***
  - Endorses the Tasman Bays Heritage Trust plan to continue to progress a capital works project that will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection; and***

- ***Requests the Tasman Bays Heritage Trust to revise its visitation forecasts.***

#### **4. Background**

- 4.1 Under the Local Government Act, TBHT is required to deliver a draft Statement of Intent (SOI) to the councils on an annual basis no later than 1 March each year.
- 4.2 The councils have an opportunity to provide feedback to the Board of TBHT within two months of this date and the Trust then has until 30 June 2019 to deliver the final SOI to the shareholders.
- 4.3 On 6 November 2018, the Joint Committee resolved:
- Confirms the general expectations including renewable energy generation in clause 6.13 for Statements of Intent/Statements of Corporate Intent set out in paragraphs 6.1 to 6.15 in report R9762.*
- 4.4 Subsequent discussion indicated a desire to add further specific matters as follows:
- 4.4.1 Governance succession plan: include in the SOI a governance succession plan which details how the board will identify and mentor a future Chair of the Trust;
- 4.4.2 Resilience: include in the SOI a risk management plan which details risks/hazards, mitigation strategies, response and recovery plans including in relation to cyber-attacks and natural hazards;
- 4.4.3 Good employer obligations: detail in the SOI how the Trust meets its good employer obligations under the Local Government Act, particularly in relation to fair pay and equal employment opportunities;
- 4.4.4 Climate change: include information about climate change responsiveness, including risk resilience, mitigation and adaptation; and
- 4.4.5 Collections facility: detail plans to progress work to develop a regional collections facility to replace the Isel Park building.
- 4.5 The letter of expectation (Attachment 3) was sent to TBHT in December 2018 outlining the general expectations and specific matters that the councils would like to see addressed in the SOI for the 2019/20 year.
- 4.6 TBHT provided a half yearly report to December 2018 (Attachment 1) and a draft Statement of Intent (Attachment 2) dated 1 March 2019, and received by email on 4 March 2019. Aside from this small delay, this

Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018  
and draft Statement of Intent 2019/22

documentation meets the requirements of the Local Government Act. The Trust also sent a cover letter (Attachment 4) responding to the matters contained in the letter of expectation. The cover letter notes the TBHT is required to have a robust risk management plan; that the Board is updating this plan in light of recent emergency events; and the Board will provide a copy to the Councils. Subject to receipt of the updated risk management plan, the TBHT has responded satisfactorily to the matters contained in the letter of expectation.

- 4.7 The Interim Chair of the Board, Emma Thompson, and Interim CEO, Olivia Hall, will be in attendance at the meeting to present information and to answer questions.

## **5. Discussion**

### **Draft Statement of Intent**

- 5.1 The cover letter (Attachment 4) deals with specific requirements in relation to the letter of expectation.
- 5.2 TBHT has clearly been developing its strategic plan and the SOI sets out the priority work streams for forthcoming years.
- 5.3 Strategic Objective One in the draft SOI (p. 5 of the SOI) describes a project to safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection. The TBHT has previously presented a business case with a preferred location. In response to this, officers from the two councils met with TBHT and requested a peer review, at the councils' expense, of the costings in the business case. The aim of this is to help ensure the cost estimates for the new facility are robust. The outcomes from this peer review were presented by TBHT to the Joint Committee at its meeting on 26 March 2019. Discussions have also been held regarding the implications of asbestos assessments at the Isel facility.
- 5.4 The visitation targets described on p. 11 of the SOI record very positive trends with visitor numbers, with actual visits now exceeding forecasts out to 2021/22. It would seem appropriate to recast the forecast figures in light of the trend.
- 5.5 The TBHT has a loan with each council amounting to \$825,000 per council as at 31 December 2018. The SOI states (p. 23) that the Trust will repay the amount of \$100,000 to each council for a period of four years commencing June 2016. The TBHT says it will review its repayments after this. The Interim CEO, Olivia Hall, has advised officers that the TBHT is "committed to repaying \$100,000 per council in the 2018/2019 year and [has] budgeted for it again in the 2019/2020 year. At this stage the TBHT [has] **not** made a commitment to continue at this level beyond the 2019/2020 year and [has] budgeted it back at the substantive amount of \$50,000 per council per year. This has been reflected in the SOI budget financials".

Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018  
and draft Statement of Intent 2019/22

### Half Yearly Report

- 5.6 TBHT presented information from its half yearly report to the Joint Committee on 26 March 2019.
- 5.7 The half yearly report shows that TBHT is on track to meet the majority of its objectives for the year. Visitor numbers are well up on the comparable period for 2017, at 32,691, and are tracking ahead of the target of 51,805 for the year.
- 5.8 Revenue is slightly ahead of budget as are direct and other expense costs, meaning the operating profit (before depreciation) is close to budget. In response to a question from officers, TBHT explained that increased visitor numbers will not result in additional revenue in the current financial year as there is no paid exhibition planned for 2019/20 (unlike in 2018/19).
- 5.9 The Board had budgeted to run a deficit after depreciation of \$80,184 year to date and is currently tracking at \$99,844 due to higher depreciation. As in previous years, the TBHT does not plan to fully fund for depreciation (as the Councils do not fund TBHT for this). CPI has been estimated at 1.9% and there may some risks with wage inflation being higher. The Board continues to build up cash, with \$778,000 in the bank.
- 5.10 The Trust has engaged in a number of outreach activities across the region and continues to work closely with the region's smaller museums on exhibitions and training.
- 5.11 It is pleasing to note that income from the museum shop is starting to make a more significant contribution to revenue.

## 6. Options

- 6.1 There is no decision to be made on the half yearly report. TBHT has complied with the legislation in preparing and presenting the report to the councils.
- 6.2 In relation to the draft SOI, the Committee can choose to either provide feedback to the Board of TBHT or accept the SOI as the final version (with any minor amendments). If the Committee does submit substantive feedback, then the amended SOI will be brought back to the Committee in August.

Option 1: Provide feedback to the TBHT (recommended option)	
Advantages	<ul style="list-style-type: none"><li>Ensures the Committee's views are reflected in the SOI</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>The SOI will need to come back to the Committee in August</li></ul>



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and draft Statement of Intent 2019/22

Option 2: Accept the SOI as the final version	
Advantages	<ul style="list-style-type: none"><li>• The process can wrap up now and a further report is not required</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• The Committee's views may not be included</li></ul>

## 7. Conclusion

- 7.1 TBHT has not met its statutory timeframes for submission of its half yearly report and draft Statement of Intent, however this appeared to be a technical hitch and is not considered material. The Committee has the ability to accept the draft SOI as it is or to provide feedback to TBHT for inclusion in its final SOI, due by 30 June 2019.

**Author:** Roger Ball, Group Manager Community Services

### Attachments

- Attachment 1: A2149588 - Tasman Bays Heritage Trust - Six Monthly Report to 31 December 2018 - 1Mar2019 [↓](#)
- Attachment 2: A2149585 - Tasman Bays Heritage Trust - Statement of Intent 2019-2022 - 1Mar2019 [↓](#)
- Attachment 3: A2089336 - Letter of Expectation - Tasman Bays Heritage Trust 2019-20 - 11Dec2018 [↓](#)
- Attachment 4: A2149583 - Tasman Bays Heritage Trust - Cover Letter to Statement of Intent and Six-Monthly Report - 1Mar2019 [↓](#)

<p><b>Important considerations for decision making</b></p>
<p><b>1. Fit with Purpose of Local Government</b></p> <p>The preparation of a draft Statement of Intent and delivery of the half yearly report is a requirement of Schedule 8 of the Local Government Act.</p>
<p><b>2. Consistency with Community Outcomes and Council Policy</b></p> <p>The museum contributes to the outcome 'Our communities have opportunities to celebrate and explore their heritage, identity and creativity' and 'Our communities have access to a range of social, educational and recreational facilities and activities'.</p>
<p><b>3. Risk</b></p> <p>There is a low risk that the Statement of Intent does not deliver the outcomes expected by the councils. There is medium risk that expectations of funding for a project to house and care for the Nelson Tasman regional heritage collection may not be realised.</p>
<p><b>4. Financial impact</b></p> <p>The provision of the museum is a budgeted activity for both councils.</p>
<p><b>5. Degree of significance and level of engagement</b></p> <p>This matter is of low significance and no further consultation is proposed.</p>
<p><b>6. Inclusion of Māori in the decision making process</b></p> <p>No engagement with Māori has been undertaken in preparing this report. Iwi are represented on the Trust Board.</p>
<p><b>7. Delegations</b></p> <p>The Joint Shareholders Committee has the following delegations to consider the Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and Draft Statement of Intent 2019/22:</p> <p><i>Areas of Responsibility and Powers to Decide:</i></p> <p><i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of directors' fees.</i></p>



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# TASMAN BAYS HERITAGE TRUST

## Six Monthly Report

1 July 2018 – 31 December 2018

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*Supported by Nelson City Council and Tasman District Council*

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## Introduction

Tasman Bays Heritage Trust, operating as Nelson Provincial Museum, has had another successful six-month period.

As signalled in our Statement of Intent 2018 – 2020, the key strategic priority of the Trust has been to progress securing a new Collections Facility. The current Isel Park Research Facility is at the end of its useful life, with numerous building issues becoming known each quarter requiring increasing financial expenditure just to maintain a very basic status quo. This calendar year alone has uncovered issues with asbestos, roofing, weather-tightness and the ability of our cool-storage to safely protect our photographic negatives in appropriate temperature and humidity.

Following on from the last financial years Working Group (involving representatives of both Councils and the Trust), a Business Case was presented to the Joint Shareholders Committee to progress funding and construction options for the new Collection Facility. The Trust looks forward to progressing this further with our stakeholders over the next six month period.

## Exhibitions

One of the key highlights of this six-month period was the exhibition ‘A Century of Saying Cheese – Heritage Photography Rediscovered’. After the UNESCO recognition of the Tyree Studio Collection in 2017, it was important to share these photographic treasures with the Nelson Tasman community, and this exhibition took a key role in doing this. Visitors responded extremely positively to seeing the regional collection profiled and many historic family connections were sparked, with ancestors identified from the photo wall. It was also extremely popular with schools, who appreciated teaching to local content and enjoyed the unexpected element of digital interactivity and fun within the exhibition.

Another important exhibition was Suffrage 125, which celebrated the pioneering educational achievements of Nelson Tasman women as part of the national commemorations of women gaining the right to vote. Nelson Girls’ College contributed to both the exhibition and to the lively speaker series, where a diverse group of women leaders spoke to often standing room only crowds.

The calendar year finished with a spike in visitation to ‘Life Before the Dinosaurs – Permian Monsters’, our summer blockbuster, which opened on Boxing Day. We are expecting strong visitor numbers in the New Year for both this family attraction and ‘Wildlife Photographer of the Year’, on tour from the Natural History Museum in London, which opens in March.

## Education

Our three Educators, funded by the Ministry of Education through the Learning Experiences Outside the Classroom (LEOTC) programme, have had a busy six months teaching to their

speciality areas delivering programmes across Social History, Natural History and Te Ao Māori (all can be delivered in te reo Māori or English).

Highlights included developing a Taonga Puoro (Māori instruments) programme based on our collection of Richard Nunn's instruments, giving students an opportunity to learn the instruments and to share this knowledge through-out the community. This programme will be more fully developed next year.

We continued to travel to regional schools to deliver programmes upon request.

## Community Engagement

The Museum has once again been busy around the region, from installing temporary exhibitions in Motueka, funding two weeks of technical assistance for the Golden Bay Museum whale articulation, to being heavily involved in planning the Tapawera Armistice commemorations and the Suffrage 125 celebrations. Planning is well underway with Te Tai Ao Komiti to take historic images of tupuna (ancestors) to marae in the rohe, where it is hoped that portraits can both be identified and reconnected with their whānau.

## The Regional Collection

A key focus for the curatorial team has been preparing the collection for relocation, as the Research Facility at Isel Park has come to the end of its useful life. This involves the painstaking task of auditing each collection area and ensuring records are complete and up to date, before items can be individually assessed against our Collection Policy, and packed and crated.

Work has also been ongoing to increase digital access to the regional collection, with over 88% of glass plate negative records now searchable online.

Of concern has been ongoing issues with the Cool Store facility, where some of the region's priceless photographic treasures are kept. It is imperative that these negatives are kept at stable temperature and humidity. External funding will be sought to upgrade this crucial piece of infrastructure.

As mentioned earlier, other building issues have been discovered this calendar year, which continue to put the regional collection at risk.

## Collaboration

It is a continuing pleasure to work with the Suter Art Gallery to support their touring exhibition 'Pale History', with the Museum lending Isaac Coates drawings to Pataka Museum as part of that project.

We have an ongoing collaboration with Richmond Library, which sees us curate a small exhibition for them in August each year. This year's exhibition was on the Suffrage 125 theme.

Photographic display boards have been created for a number of rest homes, giving residents a chance to reconnect with earlier times and providing a way for families and caregivers to meaningfully engage with them.

Records have been shared with Nelson City Council Records and Archives, and the NZ Society of Genealogists Nelson branch. We are again collaborating with NCC and TDC Libraries to co-fund the digitisation of the Nelson Evening Mail 1923 and 1924, and have committed to funding 1925 in the coming year.

### Building improvements

A number of upgrades and maintenance at the Trafalgar Street site have been planned or implemented. New retail shop fittings inside and handrails on the seats outside the Museum have already been installed, with improvements to the building's air conditioning and roof garden planned together with activation of the kerbside space.

### Retail

Our retail area has been significantly increased in terms of product range and amount of stock carried. So far in this financial year we have achieved sales of over \$40,000 against an annual target of \$75,000. We have opened an on-line store this year, well before planned and has received over 1,000 visitors so far with \$2,000 in sales. \$8,000 has been returned to local Nelson Tasman artisans, artists, designers and producers, from whom we source 41% of our stock.

### Funders, Sponsors and Donations

We would like to acknowledge the support of our shareholders Nelson City Council and Tasman District Council for their most generous support of our operations and ongoing care for the regional collection.

The Trust would also like to acknowledge the Ministry of Education, which provides the bulk of the funding for our education programmes, and MBIE for their funding of our fixed-term Collection Technician position (part-time) through Te Ara Mahi.

The Trust is also extremely grateful to all our sponsors, donors and supporters who make our work possible. Total sponsorship secured during the period being reported on is in excess of \$40,000. In particular Bowater Hyundai, Cawthron Institute, Mediaworks, Nelson Pine, Blueberry IT, Nelson City Council and Power Signs.

We are also very grateful for the almost \$2,000 we received in public donations in this period and hundreds of volunteer hours contributed.

## Alignment with Joint Community Outcomes

The Museum is actively aligned with the Joint Community Outcomes of Tasman District Council and Nelson City Council, which both Councils adopted as part of their respective Long Term Plans.

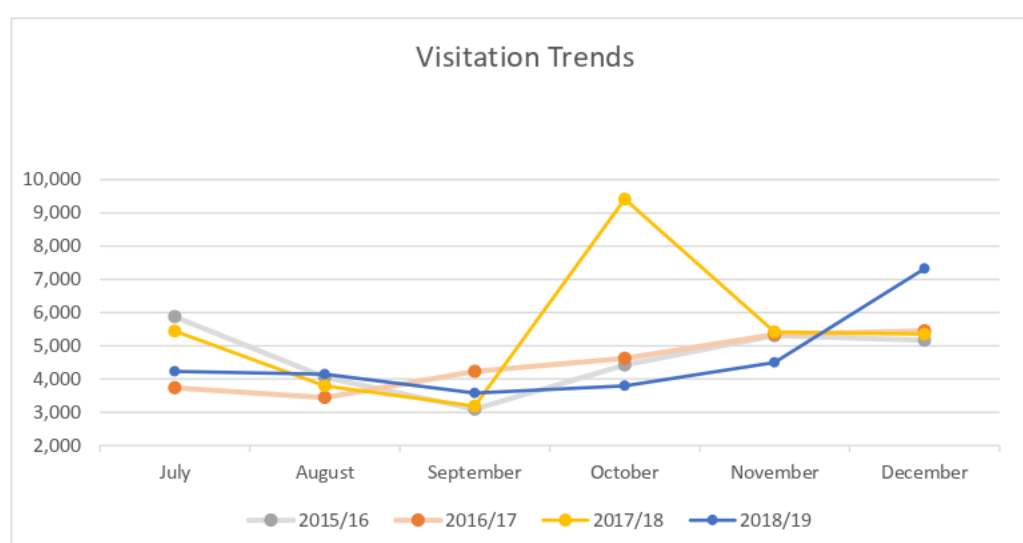
1. Our unique natural environment is healthy and protected	The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, exhibitions and events.
2. Our urban and rural environments are people-friendly, well-planned and sustainably managed	The Museum works to create a welcoming and engaging social space, contributing to the activation of the Upper Trafalgar precinct. We support cultural heritage activities across the region through outreach to district Museums and collaboration with other cultural organisations.
3. Our infrastructure is efficient, cost effective and meets current and future needs	The Capital Works project will ensure that we can provide a fit-for-purpose facility which can care for the Regional Heritage Collection for future generations
4. Our communities are healthy, safe, inclusive and resilient	We provide opportunities for community engagement, life-long learning and co-curated storytelling. Our core activities are free for Nelson Tasman residents.
5. Our communities have opportunities to celebrate and explore their heritage, identity and creativity	Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes at the Museum and in the community, making the region's treasures available for visitors and locals alike.
6. Our communities have access to a range of social, educational and recreational facilities and activities	We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. In the last year we have delivered free-of-charge programmes to almost 8,000 school-aged children, plus tertiary groups, ESL classes, preschoolers, aged communities, special interest groups and the general public.



7. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement	<p>The Museum works with the community to create opportunities for engagement on-site, on-line and in the community.</p> <p>Te Tai Ao Komiti is our iwi advisory committee and we share it with The Suter Art Gallery.</p>
8. Our region is supported by an innovative and sustainable economy	<p>The Museum brings destination traffic to the Upper Trafalgar precinct. New visibility of the foyer, exciting programming, and an attractive retail area has markedly improved the Museum's value proposition.</p> <p>We attract innovative and creative people to work at the Museum and contribute to the regional arts and cultural sector.</p>

## Visitor Numbers

Month	Museum	Ed Child	Ed Adult	Isel	Outreach	2018/19	2017/18	2016/17	2015/16
July	4,054	66	39	30	37	4,226	5,443	3,734	5,873
August	2,695	1,020	240	51	205	4,147	3,797	3,441	4,055
September	2,869	472	135	19	83	3,578	3,185	4,226	3,093
October	3,625	80	12	49	28	3,794	9,416	4,619	4,418
November	3,606	553	85	50	203	4,497	5,419	5,338	5,306
December	6,980	111	19	12	200	7,322	5,348	5,452	5,168
<b>Totals</b>	<b>23,829</b>	<b>2,302</b>	<b>530</b>	<b>211</b>	<b>756</b>	<b>27,564</b>	<b>32,608</b>	<b>26,810</b>	<b>27,913</b>



## Visitation Targets 2016 - 2019

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<i>Visitor numbers forecast in 2015 SOI (excluding constant 5,500 education numbers)</i>	40,000	42,000	45,000			
<i>Revised forecast set in SOI 2016</i>	42,000	44,100	46,305			
<i>Forward target SOI 2017 – 2020 (excluding LEOTC target)</i>				54,500	56,500	59,500
<i>Plus Education target (set by LEOTC contract)</i>	5,500	5,500	5,500	5,500	5,500	5,500
<b>Annual Combined Visitation Target</b>	<b>47,500</b>	<b>49,600</b>	<b>51,805</b>	<b>60,000</b>	<b>62,000</b>	<b>65,000</b>
<b>ACTUAL</b>	<b>51,236</b>	<b>63,107</b>	<b>83,639</b>	<b>27,564</b> 1.7–31.12.18	-	-

## Presentations to the Public

### Bespoke 'Object' Experiences for Public

1	13 July	Curators Talk – Embroidery exhibition	Phillipa Hamilton
2	22 July	Behind the scenes with Nelson Rocks & Mineral Club – with Fossil and Geology Collection	Meredith Rimmer
3	11 August	Nelson Family History Month - Saturday behind the scenes tour and how Museum helps family history researchers	Meredith Rimmer, Helen Pannett
4	13 August	Nelson Historical Society presentation involving objects from the Collection	Meredith Rimmer
5	19 August	Nicki + Taonga Pouro to NMIT NZ Certificate in Te Reo L1 + L2. Used 5 'hue' from Flintoff Collection	Nicki Green
6	27 August	Wakefield School Senior Girls Reading Through History: Sarah Higgins diary	Meredith Rimmer
7	30 August	Taonga Pouro – Marae for Whakatu staff and Brian Flintoff	Nicki Green

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8	21 September	Curators floor talk for Saying Cheese exhibition – Daguerre to Digital – Photographic Technology Over Time. Talking about objects in the exhibition.	Darryl Gallagher
9	5 October	Curators floor talk for Saying Cheese exhibition – Looking Good – Retouching in early photography. Talking about objects in the exhibition.	Darryl Gallagher
10	18-19 October	125th anniversary celebrations St Pauli / German settlers – at Isel to view relevant archives	Helen Pannett
11	23 October	Nelson Cathedral – Suffrage 125th anniversary service. Womens Christian Temperance banner	Meredith Rimmer, Phillipa Hamilton
12	31 October	Memento Mori presentation at Museum, mourning crepe and hair brooches	Jessie Bray Sharpin
13	7 November	Women in History presentation at Museum, objects brought out of storage relating to women	Jessie Bray Sharpin
14	30 October + 9 November	Education programme – ‘Curiosity’. Objects brought out from storage including Victoria automaton doll and Egyptian artefacts.	Meredith Rimmer
15	10 November	attended Wakefield School 175 <sup>th</sup> celebrations with pertinent archives	Helen Pannett
16	21 November	St. Pauli 175 Celebration Committee visit to see Heine Collections	Helen Pannett
17	11 December	Education programme – ‘Curiosity’. Objects brought out from storage including Victoria automaton doll, Weka Chick, and Egyptian artefacts.	Moya Montgomery

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## Financials

### STATEMENT OF COMPREHENSIVE INCOME For the Period 1 July – 31 December 2018

	<b>Actual 2018</b>	<b>Budget 2018</b>	<b>Actual 2017</b>
Revenue	1,053,437	1,033,445	1,105,231
Less Direct Costs	819,905	806,689	678,544
<b>Gross Profit</b>	<b>233,532</b>	<b>226,756</b>	<b>426,687</b>
Less Expenses	152,040	146,091	154,263
<b>Operating Profit</b>	<b>81,492</b>	<b>80,665</b>	<b>272,424</b>
Less Depreciation	181,336	160,850	159,274
<b>Net Surplus / (Deficit) for Period</b>	<b>(99,844)</b>	<b>(80,185)</b>	<b>113,150</b>

### STATEMENT OF FINANCIAL POSITION For the Period 1 July - 31 December 2018

	<b>2018</b>	<b>2017</b>
<b><u>Assets</u></b>		
Cash & Bank	206,219	455,030
Debtors	18,395	529,396
Term Deposit – Tagged Funds	571,927	272,377
Prepayments	26,125	70,885
Stock on Hand	23,173	28,362
Non Current Assets	20,049,146	19,812,777
<b>Total Assets</b>	<b>20,894,985</b>	<b>21,168,827</b>
<b><u>Liabilities</u></b>		
Creditors	74,976	87,892
GST	(6,026)	57,863
Grants Received in Advance	1,244	442,097
Accruals – Annual Leave	67,488	46,928
Term Liabilities	1,174,284	1,245,290
<b>Total Liabilities</b>	<b>1,311,966</b>	<b>1,880,070</b>
<b>Net Assets</b>	<b>19,583,019</b>	<b>19,288,757</b>
<b><u>Equity</u></b>		
Retained Earnings	19,682,863	19,175,607
Current Year Earnings	(99,844)	113,150
<b>Total Equity</b>	<b>19,583,019</b>	<b>19,288,757</b>

**Notation:**

Grants Received in Advance are the Council Operating Grants Invoiced for the 3<sup>rd</sup> Quarter.

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Statement of Intent 2019/22: Attachment 1

STATEMENT OF CASH FLOWS

For the Period 1 July – 31 December 2018

<b>Cash Flows from Operating Activities</b>		
Council Operating Grants	895,817	
Contracts	55,921	
Interest Received	6,710	
Receipts from Other Revenue	90,770	
Payments to Suppliers & Employees	(1,023,808)	
Interest Paid	(0)	
Goods and Services Tax (Net)	1,096	
<b>Net Cash from Operating Activities</b>		<b>26,506</b>
<b>Cash Flows from Investing Activities</b>		
Maturing/Sale of Investments	409,165	
Purchase of Property, Plant and Equipment	(30,432)	
Purchase of Investments (Tagged Funds)	(571,927)	
<b>Net Cash from Investing Activities</b>		<b>(193,194)</b>
<b>Cash Flows from Financing Activities</b>		
Repayment of Borrowings	-	
<b>Net Cash from Financing Activities</b>		<b>-</b>
<b>Net Increase (Decrease) in Cash</b>		<b>(166,688)</b>
Opening Cash Balance at 1 July 2017		372,907
<b>Closing Cash Balance at 31 December 2017</b>		<b>206,219</b>

## Key Performance Indicators (KPIs)

Strategic goal	Achieved through	Measured by (KPI)	Six month status
<b>1. To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage Collection</b>	<ul style="list-style-type: none"> <li>- Robust planning, budgeting and project management</li> <li>- Identifying, canvassing and securing funding sources</li> <li>- Identifying and securing suitable location</li> <li>- Securing support of key stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Project plan including timeline and budget completed by December 2018</li> <li>- Fundraising plan in place by March 2019</li> <li>- Location secured by June 2019</li> <li>- 20% of funding secured by December 2020</li> <li>- Secure support of our Stakeholders by June 2020</li> <li>- Major contractors retained by March 2021</li> </ul>	<ul style="list-style-type: none"> <li>- <u>In progress</u>: Business Case completed including option analysis and recommended option; presented to the August 2018 Joint Shareholders Committee. Further financial analysis is currently being undertaken.</li> <li>- <u>In progress</u>: Work has commenced on a fundraising strategy.</li> </ul>
<b>2. To become a must-see visitor destination and be recognised as integral to the Nelson Tasman experience</b>	<ul style="list-style-type: none"> <li>- Aligning the Museum's brand with the Visitor Experience</li> <li>- Attracting traditionally under-represented visitors</li> <li>- Improving the Regional Gallery experience</li> </ul>	<ul style="list-style-type: none"> <li>- New visual identity and brand assets delivered and implemented by June 2019</li> <li>- Initiate the development of at least one exhibition co-developed with manawhenua iwi by June 2019</li> <li>- Regional Gallery refreshed by June 2020</li> <li>- Concept and business case for Discovery Centre aligned with capital works plan</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Deferred</u>: Rebranding postponed to better align with Collection Store project</li> <li>- <u>In progress</u>: Two initiatives in development: one exhibition about Taonga Puoro (Māori instruments) and one taking Tupuna (Ancestor) portraits to marae</li> <li>- <u>In progress</u>: concept development</li> <li>- <u>In progress</u>: early ideation and concept development underway</li> </ul>

	<ul style="list-style-type: none"> <li>- Developing a hands-on Children's Discovery Centre</li> <li>- Share the internationally significant, UNESCO inscribed Tyree Studio Photographic Collection/ Glass Plate collection with a wide audience</li> <li>- Consolidating and attaining visitation targets</li> <li>- Increasing profiles of local craftspeople and artisans</li> </ul>	<ul style="list-style-type: none"> <li>- Develop a significant exhibition based on the Tyree Collection by December 2018</li> <li>- Make a touring exhibition based on this collection available to the district museums by June 2019</li> <li>- Achieve target visitation of 60,000 across all venues by June 2019</li> <li>- Achieve annual Ministry of Education visitation target of 5,500</li> <li>- An average of 25% of retail products are designed or made in Nelson Tasman over the next three years</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved</u>: 'A Century of Saying Cheese: Heritage Photography Rediscovered' successfully development and delivered</li> <li>- <u>In progress</u>: developing smaller content to offer to district museums</li> <li>- <u>In progress</u>: 27,564 visitors achieved by 31 December 2018</li> <li>- <u>In progress</u>: 2,521 students visited in this period. Ministry of Education annual target (calendar year) achieved.</li> <li>- <u>In progress / achieved</u>: 41% of retail products made or designed in Nelson Tasman as at 31 Dec; \$8,000 paid to local artists between July and Dec 2018</li> </ul>
<b>3. To establish and maintain sustainable funding streams</b>	<ul style="list-style-type: none"> <li>- Securing funding for the capital works project</li> </ul>	<ul style="list-style-type: none"> <li>- 20% of funding secured for the capital works project by December 2020 (preliminary costing \$14 million)</li> <li>- Secure Councils commitment to funding the project in the next review of the Long Term Plan (LTP), 2021</li> <li>- Specialist fund-raising resource secured by December 2018</li> </ul>	<ul style="list-style-type: none"> <li>- <u>In progress</u>: A fundraising strategy is in developed. Initial discussions have been held with the Department of Internal Affairs and Ministry of Culture and Heritage about funding options.</li> <li>- <u>In Progress</u>: NCC funding commitment made in the Long Term Plan (LTP) and noted in</li> </ul>

	<ul style="list-style-type: none"> <li>- Growing operational revenue</li> </ul>	<ul style="list-style-type: none"> <li>- A minimum of \$45,000 raised from sponsorship and grants annually</li> <li>- A minimum of \$20,000 raised in sponsorship for touring exhibitions</li> <li>- Retail sales amount to \$75,000 annually</li> <li>- On-line store in operation by December 2018</li> <li>- LEOTC contract renewed</li> </ul>	<p>the TDC LTP with the intention to confirm</p> <ul style="list-style-type: none"> <li>- <u>In progress</u> Funds Development Advisor role appointed for six months; specialist external resource to be sought</li> <li>- <u>In progress</u>: \$35,400 of in-kind sponsorship secured to date plus \$1,850 of donations (total \$37,250 to 31 Dec 2018).</li> <li>- <u>In progress</u>: In addition to the above, \$5,000 exhibition sponsorship to the upcoming 'Marama   Moon' exhibition has been secured from Cawthron Institute</li> <li>- <u>In progress</u>: \$43,171 achieved in retail sales to 31<sup>st</sup> December 2018</li> <li>- <u>Achieved</u>: Online store opened before deadline, with \$2,033 sales and 1,353 visitors achieved by 31<sup>st</sup> December</li> <li>- <u>Pending</u>: Tender process for LEOTC Social History contracts not yet open</li> </ul>
<b>4. To actively support and collaborate with Nelson Tasman cultural heritage organisations</b>	<ul style="list-style-type: none"> <li>- Providing content and support for Tasman district museums</li> <li>- Providing advice, guidance and mentoring to smaller GLAM</li> </ul>	<ul style="list-style-type: none"> <li>- At least one exhibition toured to district museums annually</li> <li>- Organise hui with district museums to decide priorities for support</li> <li>- Continue organising three regional hui for Nelson Tasman regional museums and galleries annually</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved</u>: toured Appo Hooton exhibition to Motueka Museum</li> <li>- <u>In progress</u>: planning for March hui underway</li> <li>- <u>In progress</u>: as above</li> <li>- <u>In progress</u>: topic in discussion with NSTP</li> </ul>



	<p>(Galleries, Libraries, Archives and Museums) organisations in Nelson Tasman</p> <ul style="list-style-type: none"> <li>- Collaborating with other Nelson Tasman institutions and organisations</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to work with National Services Te Paerangi (NSTP) to host at least one regional workshop per year</li> <li>- Collaborative projects delivered with two Nelson Tasman organisations annually, including at least one district museum in Tasman</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved:</u> Museum contributed to Armistice Day commemorations in Tapawera and Trafalgar St;</li> <li>- Suffrage 125 display at Richmond Library;</li> <li>- funded Museum Preparator Jim Mackay for two weeks to work on whale skeleton articulation for Golden Bay Museum</li> <li>- Collections advice provided to Golden Bay Museum on how to identify, care for, store and digitize a large collection of photographic negatives they have acquired</li> <li>- Isaac Coates drawings loaned to Pataka Museum as part of Suter Art Gallery's 'Pale History' exhibition tour</li> <li>- Suffrage 125 project with National Council of Women, providing research and photographs for regional Suffrage 125 publication</li> <li>- NZ Society Genealogists Nelson branch collaboration with indexing family announcements</li> </ul>
<p><b>5. To continue to develop a strong Collection which is relevant to and valued by Nelson Tasman communities</b></p>	<ul style="list-style-type: none"> <li>- Actively collecting objects which are strongly related to the history and cultural story of Nelson Tasman, as per the Collections Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Acquire objects which have strong connection and relevance to the Nelson Tasman region</li> <li>- Identify objects which no longer fit our Collection policy and offer them to the most appropriate organisation,</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved:</u> 41 new donation lots acquired July-December period</li> <li>- 130 objects accessioned on Vernon database in this period</li> <li>- <u>In progress</u></li> <li>- Publications identified from the Archive Collection for deaccessioning</li> </ul>

	<ul style="list-style-type: none"> <li>- Identifying objects which do not fit our Collections policy</li> <li>- Provide access for our visitors to connect with and study the physical Collection</li> </ul>	<ul style="list-style-type: none"> <li>- whanau or individual for their continued care</li> <li>- Facilitate at least ten tailored experiences annually</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved:</u> (see appendix of object experiences)</li> </ul>
<b>6. To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility</b>	<ul style="list-style-type: none"> <li>- Preparing Collection for relocation</li> </ul>	<ul style="list-style-type: none"> <li>- Audit three Collection storerooms in Isel Storage building ensuring their Collection contents have computerised records and have been inventoried in the last six years (1 January 2012 – current) by June 2019</li> </ul>	<ul style="list-style-type: none"> <li>- <u>In progress:</u> six collection stores partially audited</li> </ul>
<b>7. To improve access to the Museum's Collection using digital technology</b>	<ul style="list-style-type: none"> <li>- Increasing quantity of publicly available records</li> <li>- Improving quality of digital access</li> </ul>	<ul style="list-style-type: none"> <li>- Increase number of Collection object records available online by 15% annually</li> <li>- Increase number of Glass Plate Negative records available online by 15,500 by June 2019</li> <li>- Feasibility study into using Creative Commons licenses completed and considered by June 2019</li> <li>- Implement at least 3 outreach projects in Nelson Tasman region involving digital images from the Collection</li> </ul>	<ul style="list-style-type: none"> <li>- <u>Achieved:</u> 40,042 new Collections Online records created</li> <li>- <u>Achieved :</u> over 39,000 new glass plate negatives added</li> <li>- <u>In progress</u> Discussion paper in progress for TBHT consideration</li> <li>- <u>In progress:</u></li> </ul>

	<ul style="list-style-type: none"> <li>- Utilising new digital storytelling formats on the Museum's digital channels</li> </ul>	<ul style="list-style-type: none"> <li>- Establish at least one additional storytelling format on the Museum's digital channels by June 2019</li> </ul>	<ul style="list-style-type: none"> <li>- Museum taking part in 'Wikipedian at large' programme in June</li> <li>- 'Limelight' photographic projection played in Trafalgar St as part of Nelson Arts Festival and in process of being offered to other regional organisations</li> <li>- <u>In progress</u>: Vlogs and blogs in production for sharing on Museum's Facebook page</li> </ul>
<b>8. To foster a great team culture and be a desirable museum for which to work</b>	<ul style="list-style-type: none"> <li>- Having robust performance and recognition systems in place</li> <li>- Providing a healthy and safe work environment</li> <li>- Fostering a high-performing team</li> </ul>	<ul style="list-style-type: none"> <li>- KPIs set for all staff by September 2018 and assessed annually</li> <li>- Monthly Health and Safety meetings to monitor health and safety of staff and volunteers</li> <li>- Team wellbeing survey for staff and volunteers undertaken annually</li> <li>- Support services provided for employees</li> <li>- Quarterly team-building activities</li> <li>- Professional development plan in place for each staff member annually</li> </ul>	<ul style="list-style-type: none"> <li>- <u>In progress</u>: goal setting meetings held</li> <li>- <u>Achieved</u>: H&amp;S Committee meets monthly and minutes reviewed by TBHT</li> <li>- <u>In progress</u>: survey pending</li> <li>- <u>Achieved</u>: Museum subscribes to Employee Assistance Programme</li> <li>- <u>In progress</u>: four events held, including Volunteer Celebration Lunch; and Experience team celebration after exhibition completion</li> <li>- <u>In progress</u>- training needs identified</li> </ul>



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## TASMAN BAYS HERITAGE TRUST

### Statement of Intent

1 July 2019 – 30 June 2022

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*Supported by Nelson City Council and Tasman District Council*

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## Introduction

This Statement of Intent (SOI) is submitted by the Tasman Bays Heritage Trust ('the Trust'), trading as Nelson Provincial Museum ('the Museum'), a Council Controlled Organisation of Nelson City Council and Tasman District Council ('the Stakeholders'), and in accordance with Section 64 of the Local Government Act 2002, and sets out the intentions and expectations of the Trust for the period 1 July 2019 – 30 June 2022.

In presenting this SOI we wish to thank the Nelson City Council and Tasman District Council for their continued support of Tasman Bays Heritage Trust. We are confident that these plans will enhance the value of the Museum to our communities and add to the vibrancy and attractiveness of the region as a destination for visitors and for those seeking a new place to call home.

## Purpose Statement

To care for, strengthen and make widely accessible the taonga and heritage collections of Nelson Tasman; and to create unforgettable experiences that stimulate awareness, celebrate diversity, excite action and entertain.

## Mission

The Trust operates as Nelson Provincial Museum, the regional museum of Nelson Tasman. The Museum is the repository of material culture and a proponent of local, distinctive intangible culture. It will present regional history, natural history, mātauranga Māori and contemporary narratives in stimulating and provocative ways, by making its collection accessible on-site, on-line and in the community.

- A key strategic intention of the Trust in this period is to establish the Museum as a 'can't miss / must do' repeat destination for local residents, domestic and international visitors by providing exceptional taurima (caring for and entertaining) for all of our audiences, regardless of their culture, language, or abilities;
- We will provide interactive, multi-sensory and playful educational experiences beyond the classroom that speak to the needs of 21<sup>st</sup> century learners of all ages – both lifelong and formal;
- We will contribute to the activation of the upper Trafalgar Street precinct and the heart of the CBD by fulfilling our building's existing potential, including the use of the roof garden, foyer and adjacent kerbside;
- We honour the Museum's commitment to bi-culturalism, collaborating with mana whenua iwi across Nelson Tasman to tell their stories in their own words, and facilitating connection to their Taonga;
- We actively collect, care for, and preserve objects of regional, national and international significance – both historical and contemporary – and create innovative ways of sharing these with the community;

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- We will scope and develop a new, fit-for-purpose Collection facility to enable us to preserve the treasures of the regional Collection for current and future generations;
- We will become more relevant in the lives of the public and our stakeholders by responding to current social, cultural, and environmental challenges and opportunities through our educational offerings, public programming, collecting and exhibitions;
- We will become recognised as a provider of fascinating content and dynamic storytelling with a strong connection to local communities, told through a variety of formats and media including onsite experiences, outreach, and digital channels; and
- We will actively collaborate across the region, sharing our knowledge and expertise to support the aspirations of the district museums.

### Values

The following principles underpin decision-making and set the standard for performance interactions with the Museum's communities:

- To celebrate and respect our region's cultural heritage in respect of Tangata Whenua and Tangata Tiriti, along with Nelson Tasman's diverse multi-cultural mix, both past and present, and to show how this contributes to our distinctive regional identity;
- To be innovative, valuing imaginative approaches and creative solutions;
- To be customer focused: to care for our visitors and be responsive to their needs, embodying the principle of manaakitanga (hospitality) and taurima;
- To act professionally, embodying best museum practice within a context of scholarship and the Museums Aotearoa and ICOM (International Council of Museums) Code of Ethics;
- To be relevant to our community and to actively engage with them;
- To care for and value our people – our staff and volunteers – attracting and retaining a creative and engaged team;
- To be financially sustainable, attracting resources and revenues that will underpin our Purpose, Mission, and related activities;
- To be environmentally sustainable and to model best practice for our communities.

### Activities

Nature and scope of activities to be undertaken:

- To manage and operate the Museum for the benefit of the residents of Nelson Tasman and visitors to the region;
- To strengthen, care for, manage, interpret, preserve and make accessible the Museum's regional heritage collections for the benefit of manawhenua iwi, residents and visitors;

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- To promote understanding and appreciation of the region's rich cultural heritage and natural environments;
- To develop and maintain partnerships that mutually benefit the Museum, the community, and allied organisations;
- To professionally manage and maintain all of the Trust's assets, including the regional heritage Collection.

### Strategic Plan 2019 - 2022

This SOI defines **five strategic objectives** with associated activities and KPIs, which underpin the strategic planning for the next three years. These are largely derived from the priorities and stated objectives of the Trust, combined with the expressed expectations of our two stakeholder Councils:

1. To progress a capital works project that will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection;
2. To be a must-see visitor destination, educational facility and cultural tourist attraction;
  - a) Refresh of the Regional Gallery by 2022,
  - b) To plan for the development of an experiential Children's Discovery Centre;
3. To actively support and collaborate with Nelson Tasman cultural heritage organisations and other community organisations;
4. To continue to develop and care for a strong Regional Collection which is relevant and valued by, and accessible to, our Nelson Tasman communities; and
5. To improve our sustainability performance.

### Strategic Objectives

- 1. To progress a capital works project that will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection**

As first identified in 2004 and in several feasibility studies from 2010 to 2014 (Stuart report 2010, OCTA Associates 2011, Walker Associates Strategic Review 2014), the Research Facility and Collection Store at Isel Park is at the end of its functional life. Subsequent analysis of the Isel Park facility (Opus 2017, Tasman Consulting Engineers 2018) has determined that there is a maximum lifespan of 5 years, meaning the collection needs to be moved by 2023, if not before.

For the Trust to continue to provide adequate care for the regional Collections, including the UNESCO inscribed Tyree Photographic Studio Collection, a new facility is required. At the time of writing, working with a Joint Shareholders Working Group, the Trust has presented a Business Case with option analysis to the Joint Shareholders Committee and is awaiting a response from the shareholder councils.



It is acknowledged that Nelson City Council has allocated \$1.5 million in 2020/2021 and \$1.5 million in 2021/2022 within the 2018 to 2028 Long Term Plan. Tasman District Council indicated in its 2018 to 2028 Long Term Plan that it will revisit the request for capital funding in the 2021 to 2031 Long Term Plan. Assuming funding approval by Tasman District Council, construction of the new facility could commence in 2022.

Another key component of preparing for a new facility is the relocation of the Collection. An estimated 60 per cent of Collection objects in storage (by volume) are currently stored in such a way (unpacked or insufficiently supported) that they are unsafe for movement and transport to a new facility. In the coming years, prior to the completion of the new fit-for-purpose storage facility, additional staff resource will be required to physically prepare the Collection for relocation.

The primary strategic aims of the Trust over the next three-year period are to confirm location, secure council funding, develop a fundraising strategy and commence fundraising, prepare designs, cost the capital works, call for tenders and prepare the Collection for relocation.

## **2. To be a must-see visitor destination, educational facility and cultural tourist attraction**

We will continue to evolve the visitor experience to more closely represent our values and strategic aspirations. Our aim is to be a vibrant, dynamic, and contemporary institution that is relevant to and inclusive of all people in this community – a place for them in the heart of their city. We will continue to be recognised as a provider of interesting content and dynamic storytelling with a strong connection to local communities, told through a variety of formats and media including onsite experiences, an engaging special exhibition programme, educational and outreach programmes, and digital channels.

Over the past three years, visitation and visitor satisfaction has climbed steadily, bringing us in line with other regional museums. Our efforts are now focused on diversifying our audiences by breaking down barriers to visitation by under-represented groups.

*We have two key developmental goals over the next period in order to embed this aim:*

### **2a. Refresh of the Regional Gallery by 2022**

The existing regional gallery is over ten years old and is now becoming out of date. Visitor feedback on the experience is our lowest rating compared to our other offerings. There are non-functional interactives (which can no longer be repaired), poor lighting, confusing narratives and dated colonial interpretations.

The Museum plans a staged redevelopment of the regional gallery by 2022. This will give visitors a highly engaging experience that explores the dynamic nature of the Nelson Tasman region, past and present, and pose leading questions of what the future may bring. Although the region's history is unique, it contains key events that are emblematic of the Aotearoa New Zealand story. The redevelopment will weave these elements into an offering of national significance, enhancing the appeal to both residents and to local and international tourists who have come to enjoy the beauty of the region's natural heritage and its many cultural attractions.

**2b. To plan for an experiential Children's Discovery Centre**

A significant way to ensure diversity of audience and add value to Nelson Tasman families, is with the creation of an interactive, hands-on Discovery Centre. Designed for repeat visitation and learning through play, the centre will contain objects to touch and explore, things to learn and do, things to try and be amazed by. It will complement our already extremely successful formal learning programmes with parent-led interactions, for toddlers through to teenagers.

This is a unique point of difference to the other existing visitor experiences offered in Nelson Tasman, and will be a key attractor to young families. It will be a part of the core free experience for Nelson Tasman residents.

**3. To actively support and collaborate with Nelson Tasman cultural heritage organisations and other community organisations**

As the regional Museum for Nelson Tasman, the Trust aims to continue supporting the Tasman district museums (Golden Bay, Motueka and Murchison) and heritage facilities, such as Willow Bank Heritage Village and Higgins Heritage Park, as well as iwi, marae and community groups. We will do this through support and participation in large community-events similar to the Tapawera Armistice Weekend and the numerous Suffrage 125 events, which occurred across the region in the past calendar year

In recent years this support has taken a variety of forms including expert assistance, free venue hire, mentoring, exhibition loans, event support and internal exhibition development. Our intention is to continue to add cultural, social and economic value across the wider Nelson Tasman region through our outreach programme and by supporting our communities in their endeavours, supporting smaller organisations in their aspirations.

In addition to working with individual organisations to help meet their goals, we also seek to support collaboration and partnerships across the region's galleries, libraries, archive facilities and museums. We provide advice, guidance and mentoring and coordinate regional hui and workshops to help strengthen the sector; loaning objects for exhibit and sharing skills and resources.

We continue to engage with iwi via our Te Tai Ao Komiti, assisting and partnering with iwi on matters of importance to them and their marae.

**4. To continue to develop and care for a strong Regional Collection that is relevant and valued by, and accessible to, our Nelson Tasman communities**

In 2017, the Trust adopted a new Collections Management Policy that focuses our collecting activities firmly on material with strong significance and relevance to the Nelson Tasman communities. Active measures are taken to acquire items for the Collection that represent Nelson Tasman's dynamic contemporary culture. The specific focus on regionally significant items reduces the amount of items acquired to only those directly related to the history and cultural story of Nelson Tasman.

Some items in the current Collection hold little or no historical significance to Nelson Tasman. In the coming three years, a process of moving these objects from the Museum's Collection to more

suitable organisations will be undertaken, in line with quality museum practices and prior to the relocation to the new facility.

In recent years, the Collection has been steadily inventoried and audited to ensure each Collection object is represented on an online database and is easily locatable. This extensive process of assessing, photographing and cataloguing each item will continue.

Caring for the Collection has become increasingly challenging over recent years, with the discovery of asbestos, roofing issues, cool-store malfunctions and ongoing weather-tightness problems at the Isel Park Research Facility. Protection of our Collection – and our staff – during the coming years is of utmost priority.

Through the provision of a new, fit-for-purpose storage facility we aim to physically care for and safeguard the Collection, to ensure our region's important heritage items are preserved for the benefit of the Nelson Tasman region, its residents, visitors and future generations.

#### **5. To improve our sustainability performance**

We will undertake a base line sustainability audit and prepare a programme of continual improvements designed to reduce our carbon emissions, increase our generation and use of renewable energy, reduce our demand for and use of resources, such as water, plastic, and reduce our generation of solid wastes.

When the design brief for the new collection storage facility is prepared we will consider various sustainability requirements with respect to, for example; building design, materials used, the possible incorporation of passive solar features, installation of solar photo voltaic cells and/or solar hot water panels, and the ongoing operational use of resources. There will be the opportunity to consider whether we strive to achieve a particular level of certification under the most pertinent green building certification scheme that is available.

By undertaking this audit and subsequent actions, the museum has the opportunity to demonstrate good organisational citizenship, community leadership, best practice sustainability and to make our contribution to addressing the pressing global challenges of climate change. It would also provide great educational and story-telling opportunities for not only our LEOTC students and accompanying parents, but also the wider community we serve. This objective is a good example of how we can achieve our mission of becoming more relevant to our communities in responding to the environmental and social challenges of climate change through 'walking the talk' and conveying this through our public educational offerings, programmes, outreach and digital channels.

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Key Performance Indicators (KPIs)

Strategic goal	Achieved through	Measured by (KPI)
<b>1.</b>  <b>To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection</b>	<ul style="list-style-type: none"> <li>- Robust planning, budgeting and project management</li> <li>- Identifying, canvassing and securing funding sources</li> <li>- Identifying and securing a suitable location</li> <li>- Securing support of key stakeholders and the community</li> </ul>	<ul style="list-style-type: none"> <li>- Project plan including timeline and budget completed by December 2019</li> <li>- Fundraising plan in place by December 2019</li> <li>- Location confirmed by July 2019</li> <li>- 20% of funding secured by December 2020</li> <li>- Financial support of both Stakeholders confirmed by end June 2021</li> <li>- Major contractors retained by March 2022</li> <li>- Resourcing plan for relocation of Collection items developed by December 2019</li> </ul>
<b>2.</b>  <b>To be a must-see, visitor destination, educational facility and cultural tourism attraction</b>	<ul style="list-style-type: none"> <li>- Breaking down visitation barriers</li> <li>- Consolidating and attaining visitation targets</li> <li>- Provide a high quality customer service and visitor experience</li> <li>- Provide a high quality educational service</li> </ul>	<ul style="list-style-type: none"> <li>- Co-create an iwi led exhibition or event every year</li> <li>- Enhance accessibility for and engagement with special needs and under-represented visitors</li> <li>- Achieve total target visitation of 62,000 across all venues by June 2020 (refer table below)</li> <li>- Achieve annual Ministry of Education visitation target of 5,500</li> <li>- Twice yearly customer surveys with rating at least 85% satisfaction</li> <li>- LEOTC evaluation satisfaction levels at least 90%</li> <li>- LEOTC contract renewed</li> </ul>
<b>2a.</b>  <b>Refreshing the Regional Gallery experience</b>	<ul style="list-style-type: none"> <li>- A refreshed and up to date Regional Gallery experience</li> </ul>	<ul style="list-style-type: none"> <li>- Business case and concept description completed by December 2019</li> <li>- Concept development and an implementation plan complete by June 2020</li> <li>- Funding strategy complete by June 2020</li> <li>- Development design complete by December 2020</li> <li>- Installation implemented over completed by December 2022</li> </ul>

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<p><b>2b.</b></p> <p><b>To plan for a hands-on Children's Discovery Centre</b></p>	<ul style="list-style-type: none"> <li>- Plan for a hands-on Children's Discovery Centre</li> </ul>	<ul style="list-style-type: none"> <li>- Concept development / concept design complete by June 2021</li> <li>- Funding strategy in place by December 2021</li> </ul>
<p><b>3.</b></p> <p><b>To actively support and collaborate with Nelson Tasman cultural heritage organisations</b></p>	<ul style="list-style-type: none"> <li>- Providing content and support for Tasman district museums</li> <li>- Providing advice, guidance and mentoring to smaller galleries, libraries, archives and museums within Nelson Tasman</li> <li>- Collaborating with other Nelson Tasman institutions and organisations</li> </ul>	<ul style="list-style-type: none"> <li>- At least one exhibition toured to district museums annually</li> <li>- Continue organising regional hui for Nelson Tasman regional museums and heritage organisations annually</li> <li>- Continue to work with National Services Te Paerangi to host at least one regional workshop per year</li> <li>- Collaborative projects delivered with two Nelson Tasman organisations annually, including at least one district museum in Tasman</li> <li>- At least three outreach projects delivered throughout Nelson Tasman annually</li> </ul>
<p><b>4.</b></p> <p><b>To continue to develop and provide appropriate care for a strong Collection which is relevant and valued by, and accessible to, Nelson Tasman communities</b></p>	<ul style="list-style-type: none"> <li>- Collecting objects that are strongly related to the history and cultural story of Nelson Tasman, as per the Collections Policy</li> <li>- Identifying objects which that do not fit our Collections policy</li> <li>- Provide access for our visitors to connect with and study the physical Collection</li> <li>- Prepare collection for relocation</li> <li>- Provide digital access to collection records</li> </ul>	<ul style="list-style-type: none"> <li>- Acquire objects that have strong connection and relevance to the Nelson Tasman region</li> <li>- Identify objects that no longer fit our Collection Policy and offer them to the most appropriate organisation, whanau or individual for their continued care</li> <li>- Facilitate at least ten tailored experiences annually</li> <li>- Answer all research enquiries within two weeks</li> <li>- Audit the furniture collection and ensure all records are complete and up to date by December 2020</li> <li>- Add 3,000 records to Collections Online by 30 June 2019</li> </ul>
<p><b>5.</b></p> <p><b>To improve our sustainability performance.</b></p>	<ul style="list-style-type: none"> <li>- Undertaking a baseline sustainability audit</li> <li>- Preparation of a sustainability improvement programme</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability audit completed by December 2019</li> <li>- Sustainability improvement programme complete by December 2020</li> <li>- Annual reporting on actions undertaken and their effectiveness</li> <li>- Review of the improvement programme in 2020</li> </ul>

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	- Commencing actions to improve sustainability performance	
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Visitation Targets

Visitation Targets	Forecast			Actual		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
<i>Museum visitors</i>	40,000	44,100	46,305	50,466	55,194	76,013
<i>LEOTC visitors (target set by LEOTC contract)</i>	5,500	5,500	5,500	6,270	7,913	7,626
<b>Total Visitors</b>	<b>45,500</b>	<b>49,600</b>	<b>51,805</b>	<b>56,736</b>	<b>63,107</b>	<b>83,639</b>

Visitation Targets	Forecast			
	2018/19	2019/20	2020/21	2021/2022
<i>Museum visitors</i>	54,500	56,500	59,500	62,000
<i>Plus Education target (set by LEOTC contract)</i>	5,500	5,500	5,500	5,500
<b>Annual Combined Visitation Target</b>	<b>60,000</b>	<b>62,000</b>	<b>65,000</b>	<b>67,500</b>

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### Alignment with Joint Community Outcomes

The Museum is actively aligned with the Joint Community Outcomes of Tasman District Council and Nelson City Council, which both Councils adopted as part of their respective Long Term Plans.

1. Our unique natural environment is healthy, protected and sustainably managed	<p>The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, exhibitions and events.</p> <p>We are implementing internal measures for sustainability.</p>
2. Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed	<p>The Museum works to create a welcoming and engaging social space, contributing to the activation of the Upper Trafalgar precinct. We support cultural heritage activities across the region through outreach to district museums, galleries, libraries and historic and heritage facilities and organisations.</p>
3. Our infrastructure is efficient, cost effective and meets current and future needs	<p>The Archive, Research and Collections capital works project will ensure that we can provide an appropriate facility that provides the most cost-effective long-term solution for the care of our regional heritage Collection for future generations.</p>
4. Our communities are healthy, safe, inclusive and resilient	<p>We provide opportunities for community engagement, life-long learning and co-curated storytelling. Our core activities are free for Nelson Tasman residents to access and our programming will increasingly cater to the bi-cultural and multicultural diversity of the region.</p>
5. Our communities have opportunities to celebrate and explore their heritage, identity and creativity	<p>Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes both at the Museum and in the community, making the region's treasures available for visitors and locals alike. We are focused on ensuring engagement across the region as well as increasingly catering to a broader demographic.</p>
6. Our communities have access to a range of social, cultural, educational and recreational facilities and activities	<p>We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. In the last year we have delivered free-of-charge programmes to almost 8,000 school-aged children, plus tertiary groups, ESL classes, preschoolers, aged communities, special interest groups and the general public. Our new Night at the Museum holiday programme was fully subscribed, and on demand, we put on an additional session.</p>

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7. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement	The Museum works with the community to create opportunities for engagement on-site, on-line and in the community. We provide leadership and guidance within and across the sector, to support the activities of local museums and heritage parks, heritage houses, historic organisations, galleries and libraries.
8. Our region is supported by an innovative and sustainable economy	<p>As the most visited cultural tourism attraction in the region, the Museum supports and complements the region's tourist offerings. New visibility of the foyer, exciting programming, and an attractive retail area has markedly improved the Museum's value proposition and helps bring destination traffic to the Upper Trafalgar precinct.</p> <p>We attract innovative and creative people to work at the Museum and contribute to the regional arts and cultural sector.</p>



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## Financials

### Projected Statement of Financial Performance

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
<i>Reserve Bank CPI - 31 December</i>	<i>Act. CPI @ 0.1%</i>	<i>Act. CPI @ 1.9%</i>	<i>Est. CPI @ 1.9%</i>	<i>Est. CPI @ 1.9%</i>
<b>Revenue</b>				
Operating Grant – TDC	859,360	875,688	892,326	909,280
Operating Grant – NCC	859,360	875,688	892,326	909,280
Addnl Op Grant – NCC	72,613	73,992	75,398	76,861
<b>Total Councils</b>	<b>1,791,333</b>	<b>1,825,368</b>	<b>1,860,050</b>	<b>1,895,391</b>
LEOTC Contract (Fixed)	82,190	82,190	82,190	82,190
Project Grants	65,000	20,000	20,380	20,767
Other	221,722	218,431	225,581	226,810
<b>Total Revenue</b>	<b>2,160,245</b>	<b>2,145,989</b>	<b>2,185,201</b>	<b>2,225,158</b>
<b>Expenditure</b>				
Staffing	1,054,218	1,056,607	1,076,683	1,097,140
Education Contractors	88,005	88,707	90,392	92,110
Property	171,878	171,494	172,269	173,557
Other	208,000	201,700	205,532	209,437
<b>Total Direct Costs</b>	<b>1,522,101</b>	<b>1,518,508</b>	<b>1,544,876</b>	<b>1,572,244</b>
<b>Gross Surplus</b>	<b>638,144</b>	<b>627,481</b>	<b>640,324</b>	<b>652,914</b>
Overheads	244,355	241,285	245,869	250,541
Interest Costs – Councils	54,616	54,616	55,654	56,711
Trustee Fees	63,166	64,366	65,589	66,835
<b>Total Expenses</b>	<b>362,137</b>	<b>360,267</b>	<b>367,112</b>	<b>374,087</b>
<b>Operating Surplus</b>	<b>276,007</b>	<b>267,214</b>	<b>273,212</b>	<b>278,827</b>
Less Depreciation	321,704	369,563	376,585	383,740
<b>Net Surplus/ (Deficit)</b>	<b>(45,697)</b>	<b>(102,349)</b>	<b>(103,373)</b>	<b>(104,913)</b>
Less fair value adjustments and depreciation increase	8,919	125	1,050	567

#### 2019-2020 NOTATIONS TO BUDGET

- 31 Dec 2018 CPI rate of 1.9%. The total funding from Councils is for operational costs (including trustee fees).
- Other Revenue includes admissions, donations, sales, interest and retail rental.
- The 2019/2020 budget includes estimated capital expenditure of \$40,000.

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5. The Trust is applying for external funding for capital projects. These projects won't proceed unless funding is secured.
6. Deprecation is increased to reflect land and building asset lives as per the 2018 revaluation, \$47,859
7. The net fair value adjustment for Council Loans is based on repayments to each Council of \$100,000 for 3 years commencing June 2016.
8. Without the Council fair value adjustment, and additional depreciation the 2019/20 result would be a surplus of \$125 (future years a surplus of \$1,050 and \$567 respectively).

Projected Statement of Financial Position

	<u>2017-2018</u>	<u>2018-19</u>	<u>2019-2020</u>	<u>2020-21</u>	<u>2021-22</u>
	Actual	Actual @ 31/12/18			
<b>Assets</b>					
Cash & Bank	372,906	206,218	348,048	348,841	344,380
Accounts Receivable	13,544	18,395	45,000	45,000	45,000
Prepayments	2,422	26,125	2,500	2,500	2,500
Stock on Hand	19,508	23,173	30,000	30,000	30,000
Investments	409,165	571,927	511,927	750,000	1,000,000
Non Current Assets	20,200,049	20,049,146	19,719,583	19,382,997	19,039,257
<b>Total Assets</b>	<b>21,017,594</b>	<b>20,894,984</b>	<b>20,657,057</b>	<b>20,559,338</b>	<b>20,461,137</b>
<b>Liabilities</b>					
Creditors	72,391	74,974	75,000	75,000	75,000
GST	(7,418)	(6,026)	5,000	5,000	5,000
Accruals –Holiday Pay	94,229	67,488	67,488	67,488	67,488
Grants Received in Advance	1,245	1,245	-	-	-
Loan ex NCC/TDC	1,174,284	1,174,284	1,028,900	1,034,554	1,041,265
<b>Total Liabilities</b>	<b>1,334,731</b>	<b>1,311,965</b>	<b>1,176,388</b>	<b>1,182,042</b>	<b>1,188,753</b>
<b>Net Assets</b>	<b>19,682,863</b>	<b>19,583,019</b>	<b>19,480,669</b>	<b>19,377,296</b>	<b>19,272,384</b>
<b>Equity</b>					
Retained Earnings	19,681,142	19,682,863	19,583,019	19,480,669	19,377,296
Current Year Earnings	1,721	(99,844)	(102,350)	(103,373)	(104,913)
<b>Total Equity</b>	<b>19,682,863</b>	<b>19,583,019</b>	<b>19,480,669</b>	<b>19,377,296</b>	<b>19,272,384</b>

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Projected Statement of Cashflows

	<u>2017-2018</u>	<u>2018-19</u> Actual @ 31/12/18	<u>2019-20</u>	<u>2020-21</u>	<u>2021-202</u>
<b>ROM OPERATING ACTIVITIES</b>					
Council Operating Grants	1,778,408	895,817	1,825,368	1,860,050	1,895,391
Contracts	119,672	55,921	82,190	82,190	82,190
Interest Received	13,877	6,710	15,000	15,285	15,575
Receipts from Other Revenue	294,627	90,770	223,431	227,676	232,002
Payments to Suppliers & Employees	(1,743,566)	(1,023,808)	(1,824,159)	(1,856,335)	(1,889,619)
Goods and Services Tax (Net)	(4,186)	1,096	-	-	-
<b>Net Cash from Operating Activities</b>	<b>458,832</b>	<b>26,506</b>	<b>321,830</b>	<b>328,866</b>	<b>335,539</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Maturing/Sale of Investments	417,271	409,165	460,000	511,927	600,000
Purchase of Assets	(70,727)	(30,432)	(40,000)	(40,000)	(40,000)
Purchase of Investments	(409,165)	(571,927)	(400,000)	(750,000)	(850,000)
	(62,621)	(193,194)	20,000	(278,073)	(290,000)
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>					
Repayment of Borrowings	(200,000)	-	(200,000)	(50,000)	(50,000)
	(200,000)	-	(200,000)	(50,000)	(50,000)
<b>Net Increase (Decrease) in Cash</b>	<b>196,211</b>	<b>(166,688)</b>	<b>141,830</b>	<b>793</b>	<b>(4,461)</b>
Opening Cash Balance	176,695	372,906	206,218	348,048	348,841
Closing Cash Balance	372,906	206,218	348,048	348,841	344,380

## Additional Information

### Governance Statement

#### Structure, Function and Obligations of the Board:

#### The Role of the Board

- To set policy
- Ensuring the Trust meets its objectives approved in the Deed of Trust, Statement of Intent and Memorandum of Understanding with the two Council Stakeholders
- Ensuring the Trust complies with all its lawful obligations
- Ensuring sound financial management of the Trust
- Ensuring the Stakeholders are kept well informed on all relevant issues, and that there are no surprises on matters likely to cause community or political concern
- Encouraging the Stakeholders to take an active and positive role in ensuring that the Museum meets its objectives and continues to aim for sustainable growth within the community
- Employing the Chief Executive (including entering into a performance management agreement, reviewing performance and setting remuneration)

#### Composition of the Board

- The Board is made up of no more than seven, nor less than five, non-executive Trustees
- The appointment, rotation and removal of Trustees shall be in accordance with the procedures defined in the Deed of Trust and the Council's policy and procedure for the joint appointment of directors/trustees of Council Controlled Organisations and Council Controlled Trading Organisations

#### Guidance and Resources Provided to Board Members

#### Resources available to Board members to carry out their duties:

- Sound financial management systems that provide Board reports as follows:
  - o Statement of Cash Flow for the preceding quarter and forecast for next quarter
  - o Schedule of Fixed Assets for the preceding quarter and year to date
  - o Chief Executive's report addressing issues related to the Trust and Museum performance against objectives (financial and non-financial, including health and safety)
- The Board will ensure that relevant training opportunities and an induction kit are made available to Trustees

#### Code of Conduct:

- All Board members shall observe the Governance Charter, 2008
- All Board members will be required to comply with the New Zealand Institute of Directors "Code of Proper Practice for Directors"

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- All Board members will apply their best endeavours to ensure the Trust achieves the financial, cultural, social and environmental objectives defined in Section 2 of this document
- All Board members will apply their best endeavours to ensure the Trust complies with the requirements of its Deed of Trust, Memorandum of Understanding and the statutory compliance of the annual Statement of Intent and Strategic Plan
- All Board members will apply their best endeavours to ensure the Trust complies with the Museums Aotearoa Code of Ethics
- Board members are expected to devote the time, diligence, effort and commitment to allow the Board to achieve its objectives
- Board members will undertake a review of their performance every 18 months and work towards rectifying any issues identified

### Significant Policies in Place for Accountability

The Board shall ensure the Trust complies with the reporting requirements of the Local Government Act, the Trust Deed and those outlined in Section 7 of this document.

### Risk Management Policies

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Trust, and in particular public liability insurance
- The Board shall ensure that the Trust has systems in place to achieve compliance with the Health & Safety in Employment Act 1992 and subsequent amendments
- The Board shall review appropriate security measures to safeguard assets (cash, Collection, archives) and staff handling of such assets
- The Chief Executive maintains a full Risk Register for all Museum operations. The Trust Audit & Risk reviews the full document quarterly, and newly identified or significant risks are reported to the full Board monthly

### Remuneration

- Trustees may with the prior approval of both Councils, and in accordance with the Terms of the Deed of Trust, resolve to pay themselves an annual remuneration

### Nature and Scope of Activities

The objects for which the Trust is established are detailed in the Deed of Trust:

- To manage and operate the Museum in accordance with the Strategic Plan, to manage the Trust's assets and facilities, and acquire and manage the Collections, including research collections of archives, library and photographs, and to operate them for the benefit of the residents of the region and the public generally, in accordance with the Strategic Plan
- To recognise the special nature of the history of the region and the role of Tangata Whenua as kaitiaki of taonga Māori and their special contribution to the heritage and identity of Te Tau Ihu
- To support the strategic direction and policies of Nelson City Council and Tasman District Council in relation to cultural heritage issues and to enhance the special character of the

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region by protecting and celebrating its heritage and promoting it as a destination for cultural tourism (in association with NRDA - Nelson Regional Development Agency)

- To foster support from a wide network including employees, volunteers, iwi, life associates, ratepayers and residents, educational providers, domestic and international visitors, heritage and other interest groups, corporate sponsors, private donors and supporters, philanthropic / funding agencies, Museums Aotearoa and departments of the New Zealand government
- To foster effective participation with the community on heritage matters
- To develop exhibition programmes and education policies for the Trust facilities and Museum services, with a view to maximising public utilisation of these facilities and services at TA445 in Nelson City and the Research Facility at Isel Park
- To provide services that relate to the education of the residents of the Nelson and Tasman region, the rohe of Te Tau Ihu, and the wider community generally, relating to the region's past history and heritage issues and to the present time via exhibitions, our website and direct and electronic access to Collections
- To collaborate with other museums and facilities within the region to maximise community input into heritage issues
- To develop and maintain partnership programmes with other museums
- To consult with and seek input from the community generally by whatever manner the Trustees deem appropriate to enable the services provided by the Trust and the Museum to be in accordance with the wishes of the community
- To retain Acquisition, Deaccession, Exhibition and Collection Policies for the Trust
- To provide all financial, administration, marketing, technology and other services required for the Trust facilities
- To acquire land and other assets where such land or other assets can be used in conjunction with the Trust facilities or to promote the aims and objectives of the Trust
- To ensure that all facilities are managed effectively
- To comply with all relevant legislation and regulations and, where practicable, observe and support all international conventions and treaties as they relate to museums and items held by museums
- To protect and manage for the benefit of the Museum all intellectual property, including trademarks, copyright and any reproduction rights

Generally, to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects and aims of the Trust set out above.

### Accounting Policies

The reporting entity is Tasman Bays Heritage Trust. The financial year is from 1 July until 30 June.

The Trust reports financially under the new Accounting Standards Framework implemented by the Financial Accounting External Reporting Board to effect changes enacted by the new Financial Reporting Act 2013. For Financial Reporting purposes the Trust is a "Not-For-Profit Public Benefit Entity". The Trust reports under the Tier 3 PBE Accounting Standards. All transactions in the financial statements are reported using the accrual basis of accounting.

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The Trust has elected to opt up to Tier 2 PBE Accounting Standard for PBE IPSAS 17 Property, Plant and Equipment so that it can revalue its assets to fair value, and opt up to PBE IPSAS 29 and PBE IPSAS 30 to enable Council loans to be recognised at their fair value.

The Trust notes that the 2018/2019 financial year is the second year where expenditure is expected to exceed \$2,000,000. If this occurs The Trust will be required to apply to Tier 2 PBE Accounting Standards from the 2019/2020 financial year.

The Trust reports internally on a monthly accounting cycle with actuals for the Statement of Financial Performance and Statement of Financial Position being presented to Management and the Board monthly. Progress against budgets and forecasts is regularly monitored internally and reported against.

The Accounting policies are those set out in the Trust's Annual Report.

### Measurement Base

The financial accounting policies which materially affect the measurement of financial performance and financial position will be applied.

### Goods and Services Tax

The financial statements will be prepared so that all components are stated exclusive of Goods and Services Tax.

### Fixed Assets

Tasman Bays Heritage Trust has the following classes of assets:

- Land, Buildings and Improvements
- Plant and Equipment
- Exhibition Fit Outs – permanent gallery
- Office Furniture and Fittings
- Collections

All fixed assets acquired from the Nelson Provincial Museum [NPM] in 2000-01 were recorded at their previous book value. Subsequent additions are recorded at cost. Collection assets donated to, or acquired by, the Trust are recorded and are not subject to depreciation. Items with a value greater than \$500 are approved prior to accession and where practicable a value is assigned based on research.

### Depreciation

The Trust adheres to its Depreciation Policy. Each asset group has been assigned an appropriate depreciation rate calculated to allocate asset costs over their estimated life.

Land and Buildings are assessed on Fair Value. A new schedule was adopted in 2009-10. Buildings are valued for Audit and Insurance purposes biennially.

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### Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, accounts receivable, accounts payable and loans.

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

All financial instruments are recognised in the Statement of Financial Position.

### Employee Entitlements

Provision is made in respect of the Trust's liability for annual leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

### Audit and Risk Management Committee

This Board sub-committee was established in 2008-09 to consider all financial and accounting information and to identify and assist in the management of the risk framework and performance targets.

### Annual Objectives

As detailed in the Strategic Plan document.

- Governance, Financial and Strategic Performance Objectives set by the Board
- Service Performance Objectives developed by the CEO with senior staff

### Governance Obligations

- Operate within the annual budget at all times
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga Māori
- Maintain the Research Library and catalogue and care for the NPM collection at Isel Park
- Prioritise strategies that contribute towards sustainable growth and future certainty
- Open the Nelson city facility at TA445 to the public for 363 days per year
- Operate within the annual budget at all times
- Care for the NPM Collection in accordance with Museum standards and legal requirements

### Reporting to Stakeholders

Financial reports will be provided to stakeholders in accordance with statutory compliance.

### **Draft Statement of Intent (SOI)**

The Trust will begin development of the SOI by 30 November in each year. No later than 28 February in each year, the Trust will deliver to the Stakeholders a DRAFT Statement of Intent [SOI], Strategic Plan and Budgets that fulfil the requirements of LGA 2002 (Section 64).



## Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22: Attachment 2

### Completion of Statement of Intent (SOI)

The Stakeholders' comments on the draft are to be received no later than 30 April. After due consideration, the Trustees will deliver to the stakeholders a Final SOI for the Stakeholders' approval, on or before 30 June each year. Performance objectives and Proposed budget (year 1) and Indicative budgets (years 2 and 3) are included with the Draft and Final SOI.

### Half Year Report

After the end of the half year (31 December) of the financial year the Trust will deliver to the Stakeholders a brief un-audited report containing the following information in respect of the period under review (due no later than 28 February).

- Statement of financial performance disclosing actual and budgeted revenue and expenditure (P&L) and comparative figures from previous half year report
- Statement of financial position at the end of the period
- Statement of cash flow
- A Trust commentary on the results for the period, including progress against objectives in the Statement of Intent and the Strategic Plan. An outlook for the second half year, with reference to any significant factors that are likely to have an effect on performance

### Annual Report

The Trustees shall deliver to the Stakeholders an annual report which fulfils the statutory requirements of LGA 2002 (Section 67) and prepared to comply with NZ International Financial Reporting Standards (IFRS) and audited financial statements in respect of the financial year containing at least the following information:

- A report including a summary of the financial results, a review of operations and comparison of performance in relation to objectives in the Statement of Intent and the Strategic Plan
- Statement of financial performance disclosing actual and budgeted revenue and expenditure and comparative figures from previous annual reports
- Statement of financial position at the end of the year
- Statement of cash flows
- Auditor's report on the above statements and the measure of performance in relation to the declared objectives
- The annual report is to be available for public inspection (on the NPM website)

The non-financial part and the draft financials will be delivered to TDC and NCC Councils on or before 5 August 2017. Finalised financials will be delivered on or before 19 August 2017.

### Procedure for Acquisition of Other Interests

If the Trustees believe that Tasman Bays Heritage Trust should invest in or otherwise acquire any interests in any other organisation or property, they will obtain the approval of both stakeholding Councils. This will require a resolution passed by each Council.

## Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft Statement of Intent 2019/22: Attachment 2

### Funding from Local Authorities

An annual funding contribution shall be made to the Trust as an operational grant, in accordance with the funding agreement in the Memorandum of Understanding. This grant and other Council funding such as Trustee fees or special funds will be clearly identified by the Trust in the SOI budgets. In addition to the base funding Tasman District Council makes storage space available at Whakatu Estate in a lease arrangement [at an estimated value of over \$65,000 pa] and Nelson City Council has made a grant of \$70,552 pa available for work on the Collection Inventory project. The confirmation of funding requires the approval of each Council by resolution. Council provisions for the Trust will be disclosed in each Council's ten-year Long Term Plan [LTP], annual plans and annual reports. The Trust will submit all funding requests to the two Councils in accordance with due process.

### Estimate of the Trusts Value

The net asset worth of the Trust at 30 June 2016 was \$19,012,323. The Museum Collection was valued at \$15,316,700 with an effective date of 28 August 2015. This was carried out by independent valuers Dunbar Sloane. Significant donations are examined by independent valuers and are noted in the annual accounts.

The most recent valuation of land and buildings was performed by independent registered valuer I McKeage of Telfer Young (Nelson) Ltd. The Isel property was valued at \$413,000 (a drop of \$220,000 from the 2015 valuation) while the TA445 land and buildings was valued at \$9,220,000 (a rise of \$64,000 in the same period). The effective date of this valuation was 30 June 2018.

The Trust has entered into a loan arrangement with the Nelson City Council and Tasman District Council for their respective loans. The Trust will repay the amount of \$100,000 to each Council commencing June 2016 for a period of four years. After the four-year period, the Trust will review its repayments. As the loans are at nil interest these are discounted to their fair value upon receipt.

### Dividend Policy

As a non-profit charitable trust the Councils are stakeholders rather than shareholders. There is no issue of shares and no mechanism for dividends. However, the Trust anticipates, through delivery of performance objectives, that an annual, non-financial dividend will be returned to our wider community through a contribution to the social and cultural wellbeing of the region.

### Insurance

On behalf of the Trustees, Tasman Bays Heritage Trust will purchase Trustees' indemnity insurance. The Trustees will in return sign a declaration that such insurance is fair, as required by the Companies Act 1993. The Trust will ensure that appropriate insurance is maintained on all inwards loans, buildings owned by the Trust, and in particular public liability insurance.



11 December 2018

Tasman Bays Heritage Trust  
Board of Trustees  
Attn: Chairperson Olivia Hall  
PO Box 853  
Nelson 7040

Dear Olivia

#### **LETTER OF EXPECTATION**

This Letter of Expectation is intended to inform the Tasman Bays Heritage Trust Board of the Councils' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2019/20. In clarifying our expectations early, we expect that the passage through to acceptance by both Councils will be more efficient and effective.

#### **Statement of Intent 2019/20**

The Tasman District and Nelson City Councils expect that all their Council Controlled Organisations (CCOs) will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail a SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the company, providing a clear and succinct understanding of the company's purpose, the goods and services it delivers and what success looks like. In line with the Local Government Act 2002, the Councils are particularly interested in efficiency and effectiveness.

The SOIs must meet the requirements set out in the Local Government Act. Your staff are likely to be familiar with the CCO provisions of this Act.

Both Councils wish to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case the person assigned is Roger Ball. Roger is available to your team to assist throughout the process.

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The general expectations for all CCOs are as follows:

- 1.1 SOIs/SOCI must include a complete set of summary prospective financial statements for at least 3 years (preferably 5 years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 1.2 SOIs/SOCIs should disclose measures like Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e. CCTOs.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act. SOCI's must comply with both the related Act e.g. the Port Companies Act and though not a legal requirement, desirably Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.
- 1.4 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 1.5 Dividends are to be disclosed along with the dividend pay-out policies, where applicable. Where dividends are not increasing over time, then an explanation should be provided e.g. increased capital expenditure; the need to reinvest in the business.
- 1.6 Where the councils make a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 1.7 Capital expenditure and asset management intentions should be included.
- 1.8 CCOs should use the same information for both managing the business and reporting through to the shareholders i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
  - Strategic context
  - Specifying and presentation of the outcomes framework
  - Main measures and targets, outcomes and objectives
  - Linking the strategy outputs performance together.

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- 1.12 Risk management - Shareholders would like to understand better in the SOI how the Boards are considering and managing risks, including natural hazards and climate change.
- 1.13 Sustainability – Shareholders would like to understand better in the SOI how the Boards are addressing sustainability including carbon emissions, waste minimisation and renewable energy generation.
- 1.14 Health and Safety - Given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for Council to set out its expectations in relation to Health and Safety in the CCOs/CCTOs.
  - 1.14.1 Under Section 44 (3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.
  - 1.14.2 However as shareholders it is still appropriate to set out expectations of Health and Safety management in CCOs/CCTOs.
  - 1.14.3 Shareholders expect the Boards of the jointly held CCTOs/CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review H&S systems and performance.
- 1.15 Governance performance - In order to aid Council when making decisions on director/trustee remuneration and appointments, the Board should undertake regular evaluation of its own performance.
  - 1.15.1 Council expects these review to be carried out at least once every eighteen months.
  - 1.15.2 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of Board members.
- 1.16 The specific expectations in relation to Tasman Bays Heritage Trust are:
  - 1.16.1 Governance succession plan: include in the SOI a governance succession plan which details how the board will identify and mentor a future Chair of the Trust;
  - 1.16.2 Resilience: include in the SOI a risk management plan which details risks/hazards, mitigation strategies, response and recovery plans including in relation to cyber-attacks and natural hazards;
  - 1.16.3 Good employer obligations: detail in the SOI how the Trust meets its good employer obligations under the Local Government Act, particularly in relation to fair pay and equal employment opportunities;
  - 1.16.4 Climate change: include information about climate change responsiveness, including risk resilience, mitigation and adaption; and

Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft  
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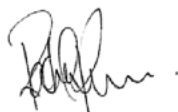
1.16.5 Collections facility: detail plans to progress work to develop a regional collections facility to replace the Isel Park building.

It is noted that there is a high level of engagement with TBHT on the subject of future storage options for the Museum collection, and the Councils look forward to continuing these discussions.

If you have any queries, please contact Roger Ball on (03) 545 8729 / roger.ball@ncc.govt.nz in the first instance.

Please note that you will be notified of Council meeting dates for 2019 as soon as these have been confirmed.

Yours sincerely



Rachel Reese JP  
**Mayor of Nelson**



Richard Kempthorne  
**Mayor of Tasman**

cc Lucinda Blackley-Jimson, CEO, Nelson Provincial Museum

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1 March 2019

Nelson City Council  
Attention: Mayor of Nelson  
Rachel Reese

Tasman District Council  
Attention: Mayor of Tasman  
Richard Kempthorne

Dear Rachel and Richard

Thank you for the Letter of Expectation dated 11 December 2018. This letter is in response to that and accompanies the submission of our draft Statement of Intent (SOI) 2016-2017 as well as our Six-Monthly Report.

**Statement of Intent 2019-2020**

We have taken on board the recommendation that our SOI should be more than a compliance document and we aim for best practice.

We believe that we have addressed the general expectations outlined in the letter, however we would like to respond to the expectations specific to TBHT:

- Governance Succession Plan: at TBHT we are lucky enough to have a relatively young Board Chair and Deputy Board Chair. During the period of time when our CEO is on maternity leave, our Board Chair has moved into the position of CEO for a period of five months, and the Deputy Chair has moved into the role of Chair. The Deputy Chair role has also been filled during this period by another Trustee who could also ably Chair the Board if required. Therefore, due to the experience that the Deputy Chair is gaining in the role of Chair, another Trustee taking on Deputy Chair responsibilities, TBHT have succession activity happening to ensure the TBHT has two Trustees who are capable and experienced at Chairing the Board if required.
- Resilience: we have a robust risk management plan that was a key focus of work for us in 2017. Due to the recent fires, we are currently updating it to reflect the new risks apparent due to draught and fires. We will send you an updated version of this following our Audit and Risk Committee meeting on 13 March 2019.

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enquires@museumnp.org.nz | [www.nelsonmuseum.co.nz](http://www.nelsonmuseum.co.nz)

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Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2018 and draft  
Statement of Intent 2019/22: Attachment 4

- Climate change: our risk register includes information about our activity and response to climate change, as per above, this will be submitted to Council after 13 March 2019.
- Collections facility: please find included within our SOI and Six-Month report information relating to the regional collections facility to replace the Isel Research Facility

We hope that the information contained within our SOI and Six-Month report meets your expectations. If you require further information, please do not hesitate to contact myself, or our Interim Chair Emma Thompson.

Kind regards



Olivia Hall  
Interim CEO  
Tasman Bays Heritage Trust  
Ph. 021 02539048  
Em. olivia.a.hall@gmail.com

cc Roger Ball, Nelson City Council  
cc Mike Drummond, Tasman District Council

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**Nelson Airport Limited half yearly report to 31 December 2018**

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**1. Recommendation**

***That the Joint Shareholders Committee***

***Receives the report Nelson Airport Limited half yearly report to 31 December 2018 (R9954) and its attachment (A2153339).***

**Author: Mike Drummond, Corporate Services Manager, Tasman District Council**

**Attachments**

Attachment 1: A2153339 - Nelson Airport Ltd half yearly report to Dec 2018 [↓](#)

**NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2018)**

**Information Only - No Decision Required**

**Report To:** Joint Shareholders Committee  
**Meeting Date:** 16 April 2019  
**Report Author:** Mike Drummond, Corporate Services Manager  
**Report Number:**

**1 Summary**

- 1.1 The Nelson Airport Ltd interim financial report for the six month period ended 31 December 2018 is attached. The Board presented to the Joint Committee of the Tasman District and Nelson City Councils' meeting on 26 March 2018. Included in the presentation was commentary on the half year performance of the Company.
- 1.2 Total revenue and earnings before interest, tax, depreciation and amortisation (EBITDA), are ahead of budget. The lower than budgeted net profit after tax relates primarily to the unbudgeted movement in the value of interest rate swaps.
- 1.3 The directors' report covers key performance matters including the terminal redevelopment and operational matters.
- 1.4 Health, safety and wellbeing continues to be a high priority with particular focus on operations and construction activities. There were no incidents in the period to December 2018 that resulted in a Lost Time Injury. Additional resources and focus has resulted in a lowering of bird-strike rates. A regular CAA compliance audit was carried out in the six months to December 2018 with no reportable findings.

**2 Draft Resolution**

**That the Joint Shareholders Committee receives the Nelson Airport Ltd - Half Yearly Report (December 2018) report.**

### **3 Purpose of the Report**

- 3.1 To receive the half yearly report to 31 December 2018 from Nelson Airport Ltd. (Attachment 1).

### **4 Background and Discussion**

- 4.1 The six monthly report for the period ended 31 December 2018 is attached as part of this report. The report was received within the timeframe set in the Local Government Act 2002 and the Company's Statement of Intent (SOI). The report meets the requirements set out in the SOI.
- 4.2 The directors' report, included as part of the half yearly report, covers the key matters affecting the Company for the half year, including:
- Health, safety and wellbeing continues to be a high priority with particular focus on operations and construction activities. There were no incidents in the period to December 2018 that resulted in a Lost Time Injury. Additional resources and focus over the last two years has resulted in a lowering of bird-strike rates. Security infrastructure has been enhanced with risk management learnings and increased levels of security awareness and reporting. A regular CAA compliance audit was carried out in the six months to December 2018 with no reportable findings.
  - Stage A of the terminal redevelopment is now completed with a seamless transition from the old terminal to the new on 9 October 2018. Stage A also included new retail, food and beverage offerings and a temporary more spacious Air NZ regional lounge.
  - Stage B is well underway, with 90% of all civil works completed around roading, car parking and signage. The final completion for the entire project is expected to be in October 2019.
  - November and December 2018 saw a slowdown of the strong growth in airline passengers and financial performance generated over the previous three years. This was partly influenced by global issues such as Brexit uncertainty and a softening in demand from China and the US, who are traditionally strong international tourism markets. These important inbound tourism markets for the Nelson Tasman region are having some negative impact on the airport's passenger growth. In addition airline travel has been affected by a slowdown in growth of the wider domestic GDP.
  - Passenger numbers increased by 2% in the six months to December 2018, with minimal change to airline capacity.
  - Plans for the apron and taxiway upgrade were completed in December 2018 and a \$3.6m upgrade project will commence in early 2019.
  - Following a Compliance Order being issued, the foam used in fire appliances is now compliant with Environmental Protection Agency requirements.

A2153339

- The business is building its resources and expertise in the areas of commercial property development and finance to assist with managing future development strategies.
  - Commercial revenues from property, advertising and ground transport performed well in line with the modest passenger growth.
  - The airport has signed a formal letter of engagement with Air NZ to form a close working alliance on destination marketing for the region.
  - Key sponsorships have assisted with developing and expanding the company's brand and community story.
  - Continual improvement of the culture and wellbeing is evidenced by a robust personal development programme being put in place for all staff, and training and development opportunities that were well received by staff.
  - The company has joined the Tourism Industry Association Sustainability Commitment, which aims to see every NZ tourism business committed to sustainability by 2025.
- 4.3 The report also includes achievements and progress against the performance measures set out in the Statement of Intent.

## **5 Policy / Legal Requirements / Plan**

- 5.1 In accordance with the Nelson Airport Ltd Statement of Intent, the Directors are to deliver a half yearly report to the shareholders, within two months of the period end.
- 5.2 The Local Government Act 2002 section 66 also requires:
- A CCO to deliver a half yearly report to shareholders within two months of the end of the first half of each financial year.
  - That report must include the information required to be included by the SOI.
- 5.3 The Joint Shareholders Committee has delegated authority for all matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, the appointment of directors and setting of director's fees.

## **6 Attachments**

1. Nelson Airport Ltd Final Interim Report Dec 2018



A2153339

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*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## Directors' Report

For the Six Months Ended 31 December 2018

	Actual	Budget	Result
Total Revenues	\$5.57m	\$5.54m	Up 0.5%
EBITDA	\$3.24m	\$3.06m	Up 5.6%
Net Profit before Tax	\$1.85m	-\$284.8k	See note page 5
Passenger Numbers	537,714	548,505	Down 2%

- *Versus budget as at December 2018*

### Health, Safety & Risk

Health and Safety continues to be a high priority with awareness and focus on operations and construction activity. Monthly forums have been established and are attended by a Board Director. The key risks of the business are reviewed on a monthly basis and all risks are reviewed in detail on an annual basis.

There were no incidents in the period to December 2018 that resulted in a Lost Time Injury. A continued lowering in bird-strike rates reflects additional resources and focus applied to this area over the last two years.

Security infrastructure continues to be enhanced in line with risk management learnings and increased levels of security awareness and reporting. Passenger and bag screening technology has been designed into the new terminal layout and we are keeping up to date with changes in the security environment.

Regular CAA compliance audits are carried out with one occurring in the six months to December 2018 with no reportable findings.

### Terminal Redevelopment

On 5 October 2018 Stage A of the terminal was handed over to The Company, blessed by local Iwi and a Kohatu touch stone was placed. On 9 October after a seamless transition from the old terminal, the new terminal opened for business for Air New Zealand and Jetstar operations. Stage A also includes new retail, food and beverage offerings and, although still temporary, a more spacious Air New Zealand Regional Lounge. The smaller airlines such as Sounds Air, Originair and Golden Bay Air continue to operate from Airport House until the final completion of the terminal. The feedback from stakeholders, tenants and customers has been overwhelmingly positive and everyone involved should feel immensely proud.

Stage B is well underway with piling completed and floor slabs under construction. 90% of all civil works have been completed around roading, car parking and signage. The final completion for the entire project is expected to be in October 2019.

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## Operations

In the last two months of the period under review we saw the first signs of a slowdown of the strong growth in airline passengers and financial performance generated over the previous three years. In part this was due to impacts from uncertainty around Brexit, China and the US which has seen a softening in demand from these traditionally strong international tourism markets. These important inbound tourism markets for the Nelson Tasman region are having some negative impact on the airport's passenger growth. In addition, there has been the slowdown in growth of the wider domestic GDP and airline travel is not immune.

Passengers for the six months to December 2018 were 537,714 compared to 525,550 for the same period in the prior year, a 2% increase. This was on the back of minimal change to airline capacity which delivered 661,688 seats for the period against 662,300 for the prior period. A slight increase in passenger numbers with no material change to capacity has meant a positive impact on aircraft load factors which the airlines will benefit from.

Plans for the apron and taxiway upgrade were completed in December 2018, and a \$3,600,000 upgrade project will commence in early 2019. These upgrades are critical infrastructure projects for ongoing safe and compliant operations.

The Company successfully managed its way through the Compliance Order in relation to PFOS firefighting foams. The fire appliances were cleaned out and replaced with compliant foam by December 2018 and have been returned to service all with Environmental Protection Agency approval.

With the development of the terminal and parking infrastructure projects nearing completion, the business has actively built up its resources and expertise in the areas of commercial property development and finance to help manage future development strategies. A new Property Officer and an Accounts Officer have been employed to assist management in these areas.

Commercial revenues from property, advertising and ground transport performed well in line with the modest passenger growth, although these will soften if passenger demand continues to slow down.

The airport works closely with the Nelson Regional Development Agency and our airline partners. We have signed a formal letter of engagement with Air New Zealand to form a close working alliance on destination marketing for the region. These relationships continue to prosper and underpin the airport's ability to understand and influence tourism demand in the Nelson Tasman region.

Sponsorships with Abel Tasman Cycle Challenge, Tasman Mako, Lift off Abel Tasman, Nelson Marlborough Rescue Helicopter and the Hospice have assisted in developing and expanding the airport's brand and community story. Along with the opening of the first stage of the terminal these relationships have proven to be a positive influence on the business.

Continual improvement of the culture and wellbeing is evidenced by a robust personal development programme in place, and training and development opportunities for all staff being well received. Staff participated in several community projects including the first ever Company Charity Golf Day and promote health and fitness benefits amongst each other to encourage participation.

As the company embarks on a sustainability programme for the future, we have joined the Tourism Industry Association Sustainability Commitment, which aims to see every New Zealand tourism business committed to sustainability by 2025. The Tourism Sustainability Commitment aims to ensure economic, environmental and social sustainability is a genuine ethical underpinning of our industry.

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### Variation on Budget Figures

Revenue, at \$5,569,268, is slightly above forecast, with below forecast revenue from Aeronautical Charges and Retail Revenue offset by higher than expected earnings from Ground Transport and Property Revenue.

Operating costs were budgeted to be \$5,250,322, but actual costs for the year to date were \$2,779,547. The key reasons for this significant variance were:

- Loss on Disposal of Fixed Assets from decommissioning of the old airport terminal and surrounding infrastructure were conservatively estimated to be \$2 million. The actual loss on disposal has been calculated to be \$134,731.
- Depreciation for the six months to December was estimated to be \$1,342,200, with actual depreciation for the period being \$968,261. The new terminals' commission date was one month later than initially forecast, and the detailed analysis of the stage one terminal costs calculated depreciation at a lower rate than what was initially approximated.

Actual financial costs were \$285,266, consisting entirely in the movement of the value in interest rate swaps which Nelson Airport is treating as unhedged. Forecast interest rates for upcoming years are now lower than in the past, which has led to an increase in the fee that Nelson Airport would have to pay to buy out of the contract in place for the interest rate swaps.

  
Paul Steere  
Chair  
Catherine Taylor  
Deputy Chair

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

**SERVICE PERFORMANCE REPORT**

For the 6 Months Ended 31 December 2018

**STRATEGIES, OBJECTIVES & KEY PERFORMANCE INDICATORS**

The Company has developed six strategic areas to improve business performance and encourage growth. These strategies are underpinned by a series of activities and key performance indicators.

**1. Infrastructure**

**Objective:** Timely investment in high quality and efficient infrastructure that supports airlines and key stakeholders.

Activity	FY19 KPI's	Result
Complete Stage A of new terminal and complete ground transport infrastructure	Stage A construction activities completed	Stage A terminal completed Oct 2018. 90% of ground transport infrastructure forecast to be completed by March 2019.
Complete new apron layout designs	Apron works progressed	Design and tender process complete. Contract let and works commenced.
Stage B construction well advanced	Stage B proposed completion late 2019	Stage B construction was underway at 31 <sup>st</sup> December 2018 and is forecast to be well advanced at 30 <sup>th</sup> June 2019, towards final completion in October 2019.

**2. People**

**Objective:** Putting people at the heart of our business.

Activity	FY19 KPI's	Result
Continuous improvement in staff engagement, support and well-being programmes	Staff are engaged, and talent is attracted for growth roles	Several jobs recently advertised have had positive responses from the market. No issues around staff engagement have arisen via the comprehensive Personal Development Plan process. Several in-house initiatives underway to support well-being of staff.
Develop a public relations strategy to ensure that all marketing, branding, and communications activities are aligned with the strategic objectives.	Community feels informed and engaged	NAL actively engages with the local community via several media platforms. Shareholder feedback on community engagement from the Annual Shareholders' Meeting was positive.
Continuous improvement health, safety and risk management leadership and reporting.	No LTI's	No lost-time injuries have occurred this year to date.

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### 3. Sustainability

**Objective:** Having a policy that reflects our commitment to sustainable practices in everything we do.

Activity	FY19 KPI's	Result
Research best practice airport sustainability programmes	Board approved Sustainability Policy	Research completed and NAL is currently engaging with expert advisors to assist in designing a meaningful sustainability policy and programme.
Ensure new infrastructure design supports growth of new technologies to contribute to greater sustainability	Sustainable features of the new terminal well promoted and understood	NAL has messaged the sustainable features of the new terminal in both internal and external communications as well as architect magazines nationally and internationally.
Engage all airport stakeholders, and align sustainable policies	Stakeholders aligned with sustainable policy (i.e. retail waste)	The effective alignment of stakeholders will be one of the criteria for the sustainability policy.

### 4. Financial

**Objective:** Manage financial performance to achieve forecasts and compliance.

Activity	FY19 KPI's	Result
Manage financial performance to achieve targets as set out in the Statement of Intent.	Operational EBITDA \$7m	Operational EBITDA is forecast to be \$7m at 30 <sup>th</sup> June 2019.
Timely and accurate financial reports to comply with the relevant statutory requirements.	Unqualified audit report	NAL continues to work at, and maintain, it's clean record of unqualified audit reports in recent years.
Real dividend growth	Dividend \$800k	The ordinary dividend for the 2018/19 year is forecast to be \$800k.

Note that the financial targets included in the tables above are consistent with the Prospective Summary Financial Statements provided in this document.

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## 5. Customers

**Objective:** Keeping customers at the core and building relationships that enhance the experience and business performance.

Activity	FY19 KPI's	Result
Identify future aviation business development opportunities for new routes and additional frequency on both existing and new airline customers.	1.1m passengers	Passenger targets are proving challenging. Four out of the six months to December 2018 have been below budget. August 2018 saw a new record for passengers for a 12-month period – 1,066k passengers. Several initiatives to increase passenger levels continue.
Create a clear customer experience vision and strategy	Customer strategy completed	Management has completed a workshop and is developing this towards completion by June 2019.
Highlight our economic value in the region, we are a reputable corporate entity, "partnering proudly not apologetically"	Economic impact research report commissioned and completed	NAL has engaged a research company to complete an independent economic impact research report and is currently awaiting the draft report.

## 6. Risk and Compliance

**Objective:** Risks managed, and best practice guidelines followed.

Activity	FY19 KPI's	Result
Prepare a Safety Management System in accordance with new CAA rules.	Implement a compliant Safety Management System	An implementation plan for NAL's compliant Safety Management System has been approved by CAA and is currently being executed. Full implementation is scheduled for completion and CAA audit by August 2020.
PFOS Management Plan approved by EPA and works completed to replace PFOS foam	Plan and resources in place to meet Compliance Order obligations	PFOS Management Plan approved by EPA, resources committed, and work completed.
Prepare a - Sustainability Policy that sets out our environmental obligations and targets for resources, and supporting long-term ecological balance	Policy completed and integrated and solar farm strategy completed	NAL is currently engaging with expert advisors with a view to obtaining some assistance in designing a meaningful sustainability policy. A solar farm strategy will be formulated in terms of the completed sustainability policy.

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**Condensed Statement of Comprehensive Income**

For the Six Months Ended 31 December 2018

	Note	Budget (\$)	Dec 2018 (\$)	Dec 2017 (\$)
Revenue	2	5,541,509	5,569,268	4,949,392
Operating costs	3	5,250,322	2,779,547	1,938,672
Administration expenses	3	578,185	661,183	559,949
		<u>5,828,507</u>	<u>3,440,730</u>	<u>2,498,623</u>
<b>Operating Profit</b>		<b>(286,998)</b>	<b>2,128,538</b>	<b>2,450,770</b>
Interest Revenue		7,200	7,314	13,990
Finance Costs	3	(5,000)	(285,266)	(5,030)
<b>Net Financing Income</b>		<b>2,200</b>	<b>(277,951)</b>	<b>8,960</b>
		<u>(284,798)</u>	<u>1,850,587</u>	<u>2,459,730</u>
<b>Profit before Tax</b>		<b>(284,798)</b>	<b>1,850,587</b>	<b>2,459,730</b>
Income tax expense	11	44,380	544,887	617,415
<b>Profit after Tax</b>		<b>(329,178)</b>	<b>1,305,700</b>	<b>1,842,315</b>
<b>Other Comprehensive Income</b>				
Gain on asset revaluation		-	-	-
Tax on asset revaluation		-	-	-
<b>Total Comprehensive Income</b>		<b>(329,178)</b>	<b>1,305,700</b>	<b>1,842,315</b>

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

## Condensed Statement of Changes in Equity

For the Six Months Ended 31 December 2018

	Note	Dec 2018 (\$)	Dec 2017 (\$)
Opening Retained Earnings		15,194,697	11,885,069
Total Profit for the Year		1,305,700	1,842,315
Distributions to Equity Holders	7	(750,000)	-
Retained Earnings as at Year End		15,750,397	13,727,384
Opening Asset Revaluation Reserve		47,692,427	38,043,443
Gain on Asset Revaluation		-	-
Asset Revaluation as at Year End		47,692,427	38,043,443
Share Capital		2,400,000	2,400,000
Closing Equity as at Year End		65,842,824	54,170,827

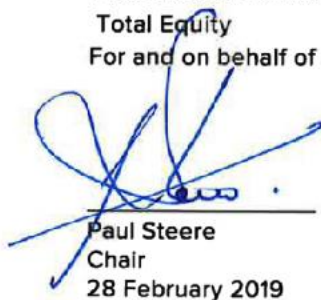
*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

**Condensed Statement of Financial Position**

As at 31 December 2018

	Note	Dec 2018 (\$)	Jun 2018 (\$)
<b>Assets</b>			
<b>Current Assets</b>			
Trade and Other Receivables		1,009,110	1,161,098
Cash and Cash Equivalents		626,782	532,459
<b>Total Current Assets</b>		<b>1,635,892</b>	<b>1,693,557</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment	5	94,283,804	86,051,595
Intangible Assets		258,381	38,763
<b>Total Non Current Assets</b>		<b>94,542,185</b>	<b>86,090,358</b>
<b>Total Assets</b>		<b>96,178,077</b>	<b>87,783,915</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		2,445,361	3,709,771
Derivative Financial Liabilities	12	173,224	157,907
Current Income Tax Liability		(115,499)	432,371
Employee Entitlements		146,925	166,205
<b>Total Current Liabilities</b>		<b>2,650,011</b>	<b>4,466,253</b>
<b>Non Current Liabilities</b>			
Deferred Tax	11	5,776,508	5,791,751
Derivative Financial Liabilities	12	433,734	163,787
Interest Bearing Loans	13	21,475,000	12,075,000
<b>Total Non Current Liabilities</b>		<b>27,685,242</b>	<b>18,030,537</b>
<b>Total Liabilities</b>		<b>30,335,253</b>	<b>22,496,791</b>
<b>Net Assets</b>		<b>65,842,824</b>	<b>65,287,124</b>
<b>Equity</b>			
Issued Share Capital		2,400,000	2,400,000
Retained Earnings		15,750,397	15,194,697
Asset Revaluation Reserve		47,692,427	47,692,427
<b>Total Equity</b>		<b>65,842,824</b>	<b>65,287,124</b>

For and on behalf of the Board



Paul Steere  
Chair  
28 February 2019



Catherine Taylor  
Deputy Chair

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

**Condensed Statement of Cash Flows**

For the Six Months Ended 31 December 2018

	Note	Dec 2018 (\$)	Dec 2017 (\$)
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from airport users		5,149,336	4,425,164
Interest received		19,539	26,215
		<u>5,168,875</u>	<u>4,451,379</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(2,509,706)	(1,610,234)
Interest paid		-	(5,030)
Income tax paid		(1,108,000)	(1,152,372)
Net GST Movement		373,679	(222,392)
		<u>(3,244,027)</u>	<u>(2,990,027)</u>
<b>Net Cash Flows from Operating Activities</b>	4	<u>1,924,848</u>	<u>1,461,352</u>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was disbursed to:</i>			
Purchase of property, plant & equipment		(10,251,953)	(6,688,416)
Purchase of Intangible Assets		(228,572)	-
		<u>(10,480,525)</u>	<u>(6,688,416)</u>
<b>Net Cash Flow from Investing Activities</b>		<u>(10,480,525)</u>	<u>(6,688,416)</u>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
Increase in term loans		9,400,000	3,275,000
		<u>9,400,000</u>	<u>3,275,000</u>
<i>Cash was disbursed to:</i>			
Dividends paid	7	(750,000)	-
		<u>(750,000)</u>	<u>-</u>
<b>Net Cash Flow from Financing Activities</b>		<u>8,650,000</u>	<u>3,275,000</u>
Net increase/(decrease) in cash and cash equivalents		94,323	(1,952,064)
Opening cash and cash equivalents		532,459	2,599,075
Closing cash and cash equivalents		<u>626,782</u>	<u>647,011</u>

The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements



## Notes to the Condensed Financial Statements

For the 6 Months Ended 31 December 2018

### 1. Statement of Accounting Policies

#### REPORTING ENTITY

Nelson Airport Limited is an Airport Company pursuant to Section 3 of the Airport Authorities Act 1996 and is a Council Controlled Trading Organisation under Section 6 of the Local Government Act 2002. Nelson Airport Limited is registered under the Companies Act 1993.

Nelson Airport Limited operates and manages the Nelson Regional Airport. The major activities are the provision of facilities for aircraft landing and servicing, the airline processing of passengers and freight to and from the aircraft.

Nelson Airport Limited is jointly controlled by both Tasman District Council (50%) and Nelson City Council (50%). Neither of these entities has the ultimate control over Nelson Airport Limited.

The unaudited interim financial statements for Nelson Airport Limited are for the six months ended 31 December 2018.

#### BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993, Financial Reporting Act 1993 and financial reporting standards adopted by Chartered Accountants Australia and New Zealand.

The interim financial statements are presented in New Zealand dollars. The interim financial statements are prepared on an historical cost basis with the exception of property, plant and equipment which is measured at fair value.

- a. The unaudited interim financial statements have been prepared in accordance with the New Zealand Equivalents to International Accounting Standard No. 34 (Interim Financial Reporting) and should be read in conjunction with the previous annual report.
- b. There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the previous annual report. To ensure consistency with the current period, comparative figures have been restated where appropriate.

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*

**2. Revenue**

	Budget \$	Dec 2018 (\$)	Dec 2017 (\$)
Aeronautical Charges	3,235,298	3,093,147	2,723,329
Ground Transport Revenues	1,419,000	1,554,013	1,385,920
Retail Revenue	163,478	120,697	103,042
Advertising Revenue	65,333	79,304	81,643
Property Revenues	658,400	721,868	655,326
Sundry Income	-	239	132
	<u>5,541,509</u>	<u>5,569,268</u>	<u>4,949,392</u>

**3. Expenses****a) Operating Costs**

	Budget \$	Dec 2018 (\$)	Dec 2017 (\$)
Depreciation	1,342,400	968,261	701,265
Amortisation of Intangible Assets	7,600	8,954	4,445
Employee Entitlements	728,820	751,372	567,926
Other Operating Expenses	1,171,501	916,228	664,769
Loss on Disposal of Assets	2,000,000	134,731	267
	<u>5,250,322</u>	<u>2,779,547</u>	<u>1,938,672</u>

**b) Administration Costs**

	Budget \$	Dec 2018 (\$)	Dec 2017 (\$)
Auditors Remuneration	20,764	18,246	19,731
Directors' Fees	69,000	66,030	60,439
Other Administration Expenses	488,421	576,907	479,779
	<u>578,185</u>	<u>661,183</u>	<u>559,949</u>

**c) Finance Costs**

	Budget \$	Dec 2018 (\$)	Dec 2017 (\$)
Interest Expense	5,000	-	5,030
Movement in Unhedged Derivative Financial Liability	-	285,266	-
	<u>5,000</u>	<u>285,266</u>	<u>5,030</u>

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#### 4. Reconciliation of comprehensive income to net cash flow from operating activities

	Dec 2018 (\$)	Dec 2017 (\$)
Comprehensive Income to 31 December	1,305,700	1,842,315
<i>Add/(less) non cash and non operating items:</i>		
(Gain)/Loss on Disposal of assets	134,731	267
Depreciation and Amortisation	977,215	705,710
Movement in deferred taxation	(15,243)	(180,795)
Movement in derivative financial instrument	285,265	-
<i>Movement in working capital:</i>		
(Increase)/Decrease in receivables	(407,704)	(512,002)
Increase/(Decrease) in current tax payable	(547,870)	(354,162)
Increase/(Decrease) in payables	192,755	(39,981)
Net cash flows from operating activities	<u>1,924,848</u>	<u>1,461,352</u>

#### 5. Property, Plant & Equipment

31 December 2018	Land & Improvements (\$)	Buildings (\$)	Airfield Infrastructure (\$)	Landside Infrastructure (\$)	Equipment (\$)	Fixtures & Fittings (\$)	Capital Work In Progress (\$)	Total (\$)
<b>Cost or Valuation</b>								
Balance as at 1 July 2018	32,652,000	8,471,572	16,190,000	13,071,671	519,523	252,977	16,638,484	87,796,227
Reclassification	-	21,913,393	74,696	(880,387)	-	134,311	(21,466,284)	(224,272)
Additions	-	-	-	5,320	25,263	576	9,528,314	9,559,473
Disposals	-	(38,304)	-	(35,302)	(187,614)	(135,334)	-	(396,554)
<b>Balance at 31 December 2018</b>	<b>32,652,000</b>	<b>30,346,661</b>	<b>16,264,695</b>	<b>12,161,302</b>	<b>357,172</b>	<b>252,530</b>	<b>4,700,514</b>	<b>96,734,874</b>
<b>Accumulated Depreciation and Impairment Losses</b>								
Balance as at 1 July 2018	-	26,593	-	1,200,816	336,521	180,702	-	1,744,631
Depreciation	-	341,131	427,284	173,821	16,877	9,148	-	968,261
Disposals	-	-	-	(27,386)	(124,992)	(109,445)	-	(261,823)
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>367,724</b>	<b>427,284</b>	<b>1,347,251</b>	<b>228,406</b>	<b>80,405</b>	<b>-</b>	<b>2,451,069</b>
<b>Net Book Value at 31 December 2018</b>	<b>32,652,000</b>	<b>29,978,937</b>	<b>15,837,411</b>	<b>10,814,051</b>	<b>128,766</b>	<b>172,125</b>	<b>4,700,514</b>	<b>94,283,804</b>

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30 June 2018	Land & Improvements (\$)	Buildings (\$)	Airfield Infrastructure (\$)	Landside Infrastructure (\$)	Equipment (\$)	Fixtures & Fittings (\$)	Capital Work In Progress (\$)	Total (\$)
<b>Cost or Valuation</b>								
Balance as at 1 July 2017	26,064,466	10,720,753	16,830,299	5,327,634	570,815	297,480	5,346,466	65,157,913
Reclassification	-	-	-	7,647,114	-	-	(7,647,114)	-
Additions	-	2,001,439	66,866	96,923	25,902	13,629	18,939,132	21,143,891
Movement in Asset Revaluation	6,587,534	(4,250,620)	(707,165)	-	-	-	-	1,629,749
Disposals	-	-	-	-	(77,194)	(58,132)	-	(135,326)
<b>Balance at 30 June 2018</b>	<b>32,652,000</b>	<b>8,471,572</b>	<b>16,190,000</b>	<b>13,071,671</b>	<b>519,523</b>	<b>252,977</b>	<b>16,638,484</b>	<b>87,796,227</b>
<b>Accumulated Depreciation and Impairment Losses</b>								
Balance as at 1 July 2017	-	4,799,311	3,315,430	961,978	361,516	218,400	-	9,656,634
Depreciation	-	401,105	718,721	238,838	45,466	13,231	-	1,417,361
Impairment	-	1,825	-	-	-	-	-	1,825
Disposals	-	-	-	-	(70,461)	(50,929)	-	(121,390)
Movement in Asset Revaluation	-	(5,175,648)	(4,034,151)	-	-	-	-	(9,209,799)
<b>Balance at 30 June 2018</b>	<b>-</b>	<b>26,593</b>	<b>-</b>	<b>1,200,816</b>	<b>336,521</b>	<b>180,702</b>	<b>-</b>	<b>1,744,631</b>
<b>Net Book Value at 30 June 2018</b>	<b>32,652,000</b>	<b>8,444,979</b>	<b>16,190,000</b>	<b>11,870,855</b>	<b>183,002</b>	<b>72,275</b>	<b>16,638,484</b>	<b>86,051,595</b>

### Valuation

Residential land was last valued as at 30 June 2018 by Duke & Cooke in accordance with the 2009 Australia and New Zealand Valuation Property Standards; the 2017 International Valuation Standards (fair value \$1,432,000).

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. Nelson Airport Limited has a renewable 60 year lease over this land at a peppercorn rental.

The leasehold interest in airport land was last valued as at 30 June 2018 by Seagar & Partners (Auckland) Limited in accordance with 2017 International Valuation Standards (fair value \$31,220,000).

All buildings (with the exception of Airport House, which was purchased during the June 2018 year, and stage one of the new terminal, which was commissioned in October 2018) were last valued as at 30 June 2018 by Duke & Cooke Limited in accordance with the 2009 Australia and New Zealand Valuation Property Standards; the 2017 International Valuation Standards (fair value \$6,430,000).

The commissioned stage one development of the new terminal has been initially recognised at total costs incurred on the terminal development project September 2018 – the date that the terminal became operational. The Board have assessed that they will be unable to obtain a reliable fair value estimate of the terminal until after its completion, and it is intended a valuation will be obtained after the final stage of the terminal development is complete.

Airfield Infrastructure was last valued as at 30 June 2018 by Opus International Consultants Limited in accordance with International Valuation Standards (fair value \$16,190,000).

Landside Infrastructure was last valued as at 30 June 2015 by Opus International Consultants Limited in accordance with International Valuation Standards (fair value \$4,228,000). Due to the development projects in progress at balance date, the Board have been unable to obtain a reliable fair value estimate of the landside infrastructure at 31 December 2018. An updated valuation will be obtained once the development has been completed.

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## **6. Transactions with Related Parties**

### **Transactions with Shareholders**

The Company is jointly owned by Nelson City Council (NCC) (50%) and Tasman District Council (TDC) (50%).

The Company paid rates and maintenance costs to the NCC amounting to \$244,079 (2017:\$240,402) and the balance included as owing in trade payables as at 31 December 2018 is \$25,671 (2017: \$24,759).

The Company is liable to pay a peppercorn rent to the Nelson City Council in respect of aerodrome reserve land.

### **Transactions with entities owned by Shareholders**

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$39,564 (2017: \$36,190) and the balance included as owing in trade payables as at 31 December 2018 was \$6,944 (2017: \$6,338).

Nelson Regional Development Agency Limited (formerly Tourism Nelson Tasman Limited) is 100% owned by Nelson City Council. Nelson Airport Limited paid for tourism marketing services from Tourism Nelson Tasman Limited of \$17,423 (2017: \$46,000), and received Nil (2017: \$207) for advertising revenue. The balance included as owing in trade payables as at 31 December 2018 was \$8,625 (2017: \$17,250).

### **Transactions with entities related to key management personnel**

Nelson Airport Limited received \$230 (2017: Nil) from the Life Flight Trust, in which Catherine Taylor is a Trustee, and \$115 is included as owing in trade payables as at 31 December 2018 (2017: Nil).

With the exception of a peppercorn rent in relation to the aerodrome land all related party transactions are at arms-length and were charged on normal terms and conditions and outstanding accounts are payable on normal trading terms. No related debts have been written off or provided for as doubtful. All related party balances are unsecured.

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**7. Distribution to shareholders**

On 25 July 2018, a year end dividend of \$750,000 was declared. This was paid to shareholders on 30 July 2018. (2018: No dividend was declared during the year ending 30 June 2018).

**8. Contingencies**

There are no material contingent liabilities at 31 December 2018.

**9. Subsequent Events**

There were no subsequent events post 31 December 2018.

**10. Capital Commitments**

Nelson Airport Limited has \$11,407,000 of capital commitments for Terminal and Landside Development contracted for as at 31 December 2018.

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**11. Income Tax****Components of Income Tax Expense**

	Dec 2018 6 Months	Dec 2017 6 Months
Current Tax Expense	560,130	798,210
Deferred Tax Expense	(15,243)	(180,795)
	<u>544,887</u>	<u>617,415</u>

**Relationship between Tax Expense and Accounting Profit**

	Dec 2018 6 Months	Dec 2017 6 Months
Operating Profit Before Taxation	<u>1,850,587</u>	<u>2,459,730</u>
Prima Facie Tax @ 28%	518,164	688,724
Adjustment for Timing & Taxation Differences	38,379	109,486
Adjustment for Permanent Differences	3,587	-
Adjustments for Deferred Tax	(77,788)	(51,619)
Adjustments for Deferred Tax - Property, Plant & Equipment	<u>62,545</u>	<u>(129,176)</u>
Income Tax Expense	<u>544,887</u>	<u>617,415</u>

**Deferred Tax**

	Dec 2018 6 Months	Dec 2017 6 Months
<b>Property, Plant and Equipment</b>		
Opening Balance	(5,912,556)	(4,896,198)
Charged to Profit & Loss	(62,545)	129,176
Charged to Other Comprehensive Income	-	-
Closing Balance	<u>(5,975,101)</u>	<u>(4,767,022)</u>
<b>Employee Entitlements</b>		
Opening Balance	25,804	(8,186)
Charged to Profit & Loss	<u>(2,895)</u>	<u>29,865</u>
Closing Balance	<u>22,909</u>	<u>21,679</u>
<b>Other Provisions</b>		
Opening Balance	95,001	(17,224)
Charged to Profit & Loss	<u>80,683</u>	<u>21,754</u>
Closing Balance	<u>175,684</u>	<u>4,530</u>
<b>Total</b>	<u>(5,776,508)</u>	<u>(4,740,813)</u>

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**12. Derivative Financial Instruments**

	Dec 2018 (\$)	Jun 2018 (\$)
<b>Derivative Financial Liabilities</b>		
Interest Rate Swaps		
Current Portion	173,224	157,907
Non-Current Portion	433,734	163,787
	<u>606,958</u>	<u>321,694</u>

Nelson Airport Limited uses derivative instruments to hedge exposure to interest rate risks arising from financing activities. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

**13. Interest Bearing Loans**

	Dec 2018 (\$)	Jun 2018 (\$)
<b>Repayable as follows:</b>		
<b>Secured Loans</b>		
Less Than 1 Year	-	-
Between 1 and 5 Years	21,475,000	12,075,000
	<u>21,475,000</u>	<u>12,075,000</u>

Nelson Airport Limited has arranged for a line of credit with Westpac to finance the construction of the new terminal. This loan is secured by a general security agreement over assets and undertakings of Nelson Airport Limited. The total line of credit with Westpac is \$40 million, to be made available and drawn down when required over the period of construction of the new terminal and landside infrastructure.

The interest rate applying at balance date to the loan was 3.35%. (June 2018: 3.35%).

**14. Approval of interim financial statements**

The interim financial statements were approved by the board of directors on 28 February 2019.

*The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements*



## Directory

### Directors

Paul Steere (Chair)  
Catherine Taylor (Deputy Chair)  
Matthew Clarke  
Matthew McDonald  
Mark Greening

### Registered Office

Nelson Airport Management Offices  
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Nelson

Telephone

03-547-3199

Email

[office@nelsonairport.co.nz](mailto:office@nelsonairport.co.nz)

### Senior Management Team

Chief Executive

Robert Evans

Business Development and Marketing

Sally Russ

Commercial

Stephen Batt

Corporate Services

Simon Orr

Operations and Assets

David Scott

### Auditor

Audit New Zealand on behalf of the Auditor-General

### Accountant

Johnston Associates Chartered Accountants Limited

### Bankers

Westpac Banking Corporation

### Lawyer

Ford Sumner Lawyers

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