

**Notice of the ordinary meeting of the  
Governance and Finance Committee  
*Kōmiti Mana Ārahi, Ahumoni Hoki***

Date:	Thursday 5 December 2019
Time:	9.00a.m.
Location:	Council Chamber, Civic House 110 Trafalgar Street Nelson

## **Agenda**

### ***Rārangi take***

<b>Chair</b>	Cr Rachel Sanson
<b>Deputy Chair</b>	Cr Gaile Noonan
<b>Members</b>	Her Worship the Mayor Rachel Reese
	Cr Yvonne Bowater
	Cr Trudie Brand
	Cr Mel Courtney
	Cr Kate Fulton
	Cr Judene Edgar
	Cr Matt Lawrey
	Cr Brian McGurk
	Cr Rohan O'Neill-Stevens
	Cr Pete Rainey
	Cr Tim Skinner
	John Murray
	John Peters

**Pat Dougherty**  
**Chief Executive**

**Quorum: 8**

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

## ***Governance and Finance Committee - Delegations***

### **Areas of Responsibility:**

- Business, economic development and tourism in Nelson
- Bylaws, within the areas of responsibility
- Communications and Engagement Strategy
- Events Strategy
- Oversight of Forestry matters
- Governance of Nelson City Council Controlled Organisations, Nelson City Council Controlled Trading Organisations, and Council Organisations
- Council's financial performance
- Oversight of Audit and Risk Subcommittee matters
- Property matters, including the management, monitoring of and maximisation of Council's property portfolio
- Rating systems and policies
- Residents' Survey

### **Delegations:**

The committee has all of the responsibilities, powers, functions and duties of Council in relation to governance matters within its areas of responsibility, except where they have been retained by Council, or have been referred to other committees, subcommittees or subordinate decision-making bodies.

The exercise of Council's responsibilities, powers, functions and duties in relation to governance matters includes (but is not limited to):

- Monitoring Council's performance for the committee's areas of responsibility, including legislative responsibilities and compliance requirements
- Developing, approving, monitoring and reviewing policies and plans, including activity management plans and the Financial Strategy
- Reviewing and determining whether a bylaw or amendment, revocation or replacement of a bylaw is appropriate
- Undertaking community engagement, including all steps relating to Special Consultative Procedures or other formal consultation processes
- Approving submissions to external bodies or organisations, and on legislation and regulatory proposals

### **Powers to Recommend to Council:**

In the following situations the committee may consider matters within the areas of responsibility but make recommendations to Council only (in accordance with sections 5.1.3 - 5.1.5 of the Delegations Register):

- Matters that, under the Local Government Act 2002, the operation of law or other legislation, Council is unable to delegate
- The purchase or disposal of land or property relating to the areas of responsibility, other than in accordance with the Long Term Plan or Annual Plan
- Unbudgeted expenditure relating to the areas of responsibility, not included in the Long Term Plan or Annual Plan
- Decisions regarding significant assets

**1. Apologies**

- 1.1 An apology has been received from Her Worship the Mayor

**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**

- 4.1 Nelson Tasman Business Trust - Annual Report 2019

**5. Chairperson's Report****8 - 9**

Document number R13604

Recommendation

***That the Governance and Finance Committee***

***1. Receives the report Chairperson's Report (R13604); and***

***2. Appoints the following Elected Member to a liaison role as follows:***

Organisation/Group	Liaison
Nelson Tasman Business Trust	Judene Edgar

**6. Bishop Suter Trust - strategic presentation**

Julie Catchpole, Suter Director, Craig Potton, Chair and Margaret Soderberg, Trustee, will give a strategic presentation on the Bishop Suter Trust.

**7. Bishop Suter Trust - Statement of Expectation 2020/21**

**10 - 49**

Document number R12557

Recommendation

***That the Governance and Finance Committee***

- 1. Receives the report Bishop Suter Trust - Statement of Expectation 2020/21 (R12557) and its attachment (A2147853); and***
- 2. Approves the general matters to be included in the Bishop Suter Trust Statement of Expectation 2019/20 letter as those identified in paragraphs 4.1 to 4.14 of report R9824 and its attachment (A2147853); and***
- 3. Approves the following specific matters to be included in the Bishop Suter Trust Statement of Expectation letter:***
  - a) Governance succession plan; and***
  - b) Resilience; and***
  - c) Good employer obligations; and***
  - d) Climate Change responsiveness including risk resilience, mitigation and adaption; and***
  - e) Continued development of the relationship with Tasman District Council with a view to increasing funding from that source.***

**8. Events Strategy - implementation update**

**50 - 59**

Document number R10110

Recommendation

***That the Governance and Finance Committee***

- 1. Receives the Events Strategy - implementation update (R10110) and its attachments (A2256992 and A2280154).***



**9. Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019**

**60 - 88**

Document number R12561

Recommendation

***That the Governance and Finance Committee***

- 1. Receives the report Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019 (R12561) and its attachments (A2291818, A2294518, A2285110 and A1160658).***

**CONFIDENTIAL BUSINESS**

**10. Exclusion of the Public**

Recommendation

***That the Governance and Finance Committee***

- 1. Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Roger Taylor and James Donaldson remain after the public has been excluded, for Item 2 of the Public Excluded agenda (Nelson Centre of Musical Arts – External Review of Business Model), as they have knowledge relating to the Nelson Centre of Musical Arts that will assist the meeting.***

Recommendation

***That the Governance and Finance 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>Nelmac Limited - Statement of Expectation 2020/21</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)(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>
<b>2</b>	<b>Nelson Centre of Musical Arts - External Review of Business Model</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)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</li> </ul>
<b>3</b>	<b>Nelson Municipal Band Trust: Reappointment of Trustee</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> </ul>
<b>4</b>	<b>i-SITE Lease at Millers Acre</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)(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,</li> </ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
<b>5</b>	<b>Governance and Finance Committee Confidential Status Report</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)(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>

**Note:**

- **Lunch will be provided.**
- **Youth Councillor Ryan Martyn will be in attendance at this meeting.**

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## **Chairperson's Report**

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

- 1.1 To provide updates to committee members, and to appoint an elected member to a liaison role.

### **2. Recommendation**

***That the Governance and Finance Committee***

- 1. Receives the report Chairperson's Report (R13604); and***
- 2. Appoints the following Elected Member to a liaison role as follows:***

<b>Organisation/Group</b>	<b>Liaison</b>
<b>Nelson Tasman Business Trust</b>	Judene Edgar

### **2. Discussion**

- 2.1 Welcome to the first Governance and Finance Committee meeting of the 2019-2022 triennium. A special welcome to our external appointees, John Murray and John Peters – we're really looking forward to working with you both, and appreciate you sharing your valuable perspective and experience with us. A special welcome also to Youth Councillor Ryan Martyn, joining us today.
- 2.2 As a community and Council, we are facing significant challenges – including housing, climate change, biodiversity, wellbeing, prosperity, and movement across our city and region. As a committee, decisions impacting many of these issues will come across our table. We have an opportunity to lead broad positive outcomes for our community. I am confident that we have great people around the table and the strategic focus to do this.
- 2.3 Early in 2020 we will be reviewing our expectations with the Nelson Regional Development Agency (NRDA). We would normally be receiving

## Item 5: Chairperson's Report

the Statement of Expectation this year, but have delayed this until next year, to be informed by a review. Background to this review follows.

- 2.4 At the Council 2019/20 Annual Plan Deliberations meeting, Council approved a review of the services purchased from the NRDA. The review will be used to inform the next Statement of Expectation and Statement of Intent. The reason for the review is that the 2019/20 Statement of Intent identified that the financial position of the NRDA may not be sustainable in the medium to long term. In November, Council engaged consultants to undertake the requested review and the findings will be reported to the first Governance and Finance Committee meeting in 2020, along with a proposed Statement of Expectation for 2021.

### *Appointment to Liaison Role*

- 2.5 At its meeting on 14 November 2019, Council delegated responsibility the appropriate Committees of Council, to determine Councillor Liaison appointments to external organisations and groups that are within the committees' areas of responsibility, for this triennium.
- 2.6 The Governance and Finance Committee has responsibility for the following appointments:

- 2.6.1 Nelson Tasman Business Trust

**Author: Rachel Sanson, Chairperson**

### **Attachments**

Nil

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## **Bishop Suter Trust - Statement of Expectation 2020/21**

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

- 1.1 To confirm Council's expectations for the Bishop Suter Trust (Trust) for the 2020/21 Statement of Intent.

### **2. Recommendation**

***That the Governance and Finance Committee***

***Receives the report Bishop Suter Trust - Statement of Expectation 2020/21 (R12557) and its attachment (A2147853); and***

***Approves the general matters to be included in the Bishop Suter Trust Statement of Expectation 2019/20 letter as those identified in paragraphs 4.1 to 4.14 of report R9824 and its attachment (A2147853); and***

***Approves the following specific matters to be included in the Bishop Suter Trust Statement of Expectation letter:***

- 1. Governance succession plan; and***
- 2. Resilience; and***
- 3. Good employer obligations; and***
- 4. Climate Change responsiveness including risk resilience, mitigation and adaption; and***
- 5. Continued development of the relationship with Tasman District Council with a view to increasing funding from that source.***

### **3. Background**

- 3.1 The preparation of Statements of Expectation is not required under the Local Government Act. However, it is best practice for the Council to signal to Council Controlled Organisations (CCOs) its expectations for each organisation in the 2020/21 financial year. These expectations can then be considered by the entities to guide their strategic direction and to assist in the development of the Statement of Intent (SOI) for that financial year.
- 3.2 This also means that Council engages with CCOs early and any difference in expectations can be addressed early in the process.
- 3.3 Council officers maintain good relationships with their colleagues at each of these organisations and are ready to assist them in the interpretation of Local Government Act requirements and the preparation of their respective SOIs.
- 3.4 To assist the Committee, the Trust's SOI 2019 is included as attachment 1.

### **4. Discussion**

#### **General expectations to be included in SOIs**

- 4.1 SOIs must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 4.2 SOIs 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. Council Controlled Trading Organisations (CCTOs).
- 4.3 SOIs must fully comply with Schedule 8 of the Local Government Act.
- 4.4 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 4.5 Where the Council makes a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 4.6 Capital expenditure and asset management intentions should be included.
- 4.7 CCOs should use the same information for both managing the business and reporting through to the Council 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.
- 4.8 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

## Item 7: Bishop Suter Trust - Statement of Expectation 2020/21

expected to convey both financial and non-financial information along with trends (past, current and future numbers).

- 4.9 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.
- 4.10 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
- 4.11 Risk management: The SOI should set out clearly how the board is considering and managing risks, including natural hazards and cyberattacks.
- 4.12 Sustainability: The SOI should provide detail how environmental impacts, climate change mitigation and adaption, and outcomes are taken into account in the operation of the CCO.
- 4.13 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.
- 4.13.1 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.
- 4.13.2 However, as a key funder it is still appropriate to set out expectations of Health and Safety management in CCOs/CCTOs.
- 4.13.3 The Council expects the board 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 Health and Safety systems and performance.
- 4.14 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.
- 4.14.1 Council expects this review to be carried out at least once every eighteen months.



## Item 7: Bishop Suter Trust - Statement of Expectation 2020/21

- 4.14.2 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of board members.

### **Specific expectations to be included in the Bishop Suter Trust Statement of Expectation letter**

- 4.15 It is proposed that the following specific expectations be set out in the Statement of Expectation letter to the Trust. It is noted that these are similar to 2019/20, reflecting continuity by Council in the priority it attaches to the following matters:
- 4.15.1 Governance: Include in the SOI a governance succession plan which details how the board will identify and mentor a future Chair of the Trust.
- 4.15.2 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.
- 4.15.3 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.
- 4.15.4 Climate change responsiveness including risk resilience, mitigation and adaption. Describe in the SOI how the Trust intends reducing emissions, minimising waste and responding to climate change events.
- 4.15.5 Development of the relationship with Tasman District Council with a view to increasing funding from that source. Describe work to be undertaken to strengthen the relationship and financial support provided by the Tasman District Council.

## **5. Options**

### 5.1

<b>Option 1: Accept the matters to be included in the Statement of Expectation</b>	
Advantages	<ul style="list-style-type: none"><li>Provides clear and early direction to the board to assist with the preparation of the 2020/21 Statement of Intent</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>None</li></ul>
<b>Option 2: Amend the matters to be included in the Statement of Expectation</b>	

Item 7: Bishop Suter Trust - Statement of Expectation 2020/21

Advantages	<ul style="list-style-type: none"><li>• Provides clear and early direction to the board to assist with the preparation of the 2020/21 Statement of Intent</li></ul>
Risks and Disadvantages	<ul style="list-style-type: none"><li>• None</li></ul>

**Author:** Mark Preston-Thomas, Manager Community Partnerships

**Attachments**

Attachment 1: A2147853 - Bishop Suter Trust - Statement of Intent 2019 - 2024 [↓](#)

<b>Important considerations for decision making</b>
<b>1. Fit with Purpose of Local Government</b>  The Bishop Suter Trust delivers public cultural services to our community. Although not required by the Local Government Act, preparation of Statements of Expectation prior to the SOI/SOCI process is best practice.
<b>2. Consistency with Community Outcomes and Council Policy</b>  The decision aligns with the following outcomes: <ul style="list-style-type: none"><li>• Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement</li><li>• Our communities have access to a range of social, educational and recreational facilities and activities</li></ul> Our communities have opportunities to celebrate and explore their heritage, identity and creativity.
<b>3. Risk</b>  Providing a Statement of Expectation mitigates the low risk that the CCO develops a Statement of Intent which is not aligned with Council's expectations.
<b>4. Financial impact</b>  None
<b>5. Degree of significance and level of engagement</b>  This matter is of low significance because this decision is about setting expectations early in the SOI process and there are other decision points along the way. Engagement will occur with the Trust but is not required with the wider community.
<b>6. Climate Impact</b>  <b>A2270372</b> Climate change responsiveness has been identified by Council as a specific matter of interest in the Statement of Expectation letter.
<b>7. Inclusion of Māori in the decision making process</b>  No engagement with Māori has been undertaken in preparing this report.
<b>8. Delegations</b>  The Governance and Finance Committee has the following delegations to consider the content of the Statement of Expectation:

Item 7: Bishop Suter Trust - Statement of Expectation 2020/21

*Area of Responsibility:*

*Governance of Nelson City Council Controlled Organisations,  
Nelson City Council Controlled Trading Organisations, and Council  
Organisations*

*Delegations:*

*The committee has all of the responsibilities, powers, functions and  
duties of Council in relation to governance matters within its areas  
of responsibility, except where they have been retained by Council,  
or have been referred to other committees, subcommittees or  
subordinate decision-making bodies.*

# THE BISHOP SUTER TRUST

The Suter® | Gallery | Theatre | Gift Shop | Cafe

Te Aratoi o Whakatū

## STATEMENT OF INTENT 2019/2024

THE BISHOP SUTER TRUST

Registered Office:

208 Bridge Street, Nelson 7010

P.O. Box 751, Nelson 7040

[www.thesuter.org.nz](http://www.thesuter.org.nz)

A2147853

**CONTENTS**

<b>1.</b>	<b>The Bishop Suter Trust Statement of Intent 2019-2024</b>	
1.1.	Executive Summary: The Suter, a destination Where Art Matters	3
1.2	Organisational Description	4
<b>2.</b>	<b>Nature and Scope of the activities to be undertaken</b>	<b>5</b>
2.1	Trust's Purpose, Mission & Values	5
2.2	Key priorities	6
2.3	Alignment with NCC and TDC outcomes	10
<b>3.</b>	<b>Objectives, Performance Measures and Targets</b>	<b>12</b>
<b>4.</b>	<b>Operating Framework</b>	<b>14</b>
4.1	Background	14
4.2	Governance, Stakeholders and Staffing	15
<b>5.</b>	<b>Operating Environment</b>	<b>15</b>
<b>6.</b>	<b>Accountability</b>	<b>17</b>
6.1	Information to be provided to the NCC	17
<b>7</b>	<b>Prospective Financial Statements</b>	<b>18</b>
7.1	Introduction	18
7.2	Statement of Significant Assumptions	18
<b>Appendices:</b>		
<b>I.</b>	<b>Financial Budgets</b>	<b>20</b>
	Notes to the 2018-2024 SOI Budgets	24
<b>II.</b>	<b>The Bishop Suter Trust Statement of Accounting Policies</b>	<b>25</b>
i.	Reporting Entity	25
ii.	Basis of preparation	25
iii.	Significant Accounting Policies	26
<b>III.</b>	<b>The Trust's Approach to Governance</b>	<b>31</b>

## 1. The Bishop Suter Trust (BST) Statement of Intent 2019-2024

As a Nelson City Council (NCC), council-controlled organisation (CCO) and in accordance with statutory obligations of Schedule 8 Section 64 of the Local Government Act 2002, and in response to the NCC's Statement of Expectation (SoE) for the BST, this Statement of Intent (Sol) is for the forthcoming financial year 2019/20 and the following four financial years, ending 30 June 2024.

The BST is the governance body for The Suter® Art Gallery Te Aratoi o Whakatū and the purpose of this Statement of Intent, is to promote public accountability and it is intended as a base against which performance can be assessed. The five years' financial forecast is aligned with the BST's 5-year strategic plan objectives and targets, and this Sol identifies the funding required to deliver on those objectives and targets, in addition to responding to the NCC's Letter of Expectation.

The BST's core funding is provided by NCC, and Tasman District Council (TDC) also contributes funding. BST services are provided with a combined Nelson and Tasman regional focus; and align with both Councils' community outcomes as outlined in their respective 2018-2028 LTPs.

### Executive Summary: The Suter®, a destination WHERE ART MATTERS

The Trust's aim is to develop The Suter as a 'must do' attraction, which will become, in its own right, a reason for more domestic and international FIT visitors to choose to visit Nelson, whilst also being a hub for our community.

The Trust's objectives include getting the most out of all aspects of The Suter's facilities, programmes and staff and volunteers expertise and to use this base to take The Suter to the 'next level' by growing the Gallery's reputation nationally, and internationally, well beyond its current standing as the Nelson Tasman region's public gallery.

We intend to grow synergies between our lessees, Nelson Suter Art Society, Friends and supporters, and with other organisations and events in our region.

The Trust's plan focusses on building revenue streams from both existing and future commercial activities to meet a significant proportion of the day-to-day operations, plus funding a share of depreciation on a significantly increased building asset. Sustainability involves a focus on our environmental impact as well ensuring that The Suter is managing its activities as efficiently and effectively as possible within its resourcing.

The stretch in our plan includes an increased drive by the Trust to fundraise, develop sponsorship and collaborations, and encourage benefaction to ensure that The Suter is **the** flagship gallery for the Top of The South and **the** destination **"where art matters"**

Programming in the 2019/20 financial year includes the Suter Biennale Contemporary Art Project, an exhibition project unique to The Suter with national significance. We will also develop special exhibitions of top local artists, where we enhance both their profile and this region's reputation as a rich environment for the arts nationally and internationally. The development and mounting of other significant exhibitions of national and international standing position the Gallery nationally and serve to attract visitors to Nelson.

In addition, we will continue to prudently build the Collection through acquisitions, funded by patronage and benefaction, and through donations of art works. A major goal by 2023 is to acquire an internationally significant work of art as an iconic piece to really put The Suter and Nelson 'on the map' as we know that there are committed art lovers who will travel the world to indulge their passion and The Suter will be their primary reason to come to Nelson.

The removal of all barriers, physical and financial to entry has clearly been key to the number of visitors to The Suter since re-opening in late 2016. The removal of entry fees encourages retail spending in The Suter Shop and NSAS exhibitions, café and theatre patronage, as well as encouraging repeat visitation by the community, crucial to balance out tourism seasonality. This is vital for the sustainability of our and our lessees' commercial viability.

Increasingly The Suter's marketing involves promotion via digital means and social media channels. Positive word of mouth is crucial as is local support through our Friends of The Suter, the structured volunteers' programme, patronage support, special events and collaborative ventures.

The Suter presents an annual programme of changing exhibitions, and these are enhanced with talks, events and activities that encourage the development of art and its appreciation in the community. Learning opportunities are provided for all ages, with an emphasis on providing high quality, structured learning experiences outside the classroom (LEOTC) for school students. The Gallery aims to grow community hands-on learning with after school and adult classes and to explore more community outreach ventures.

## **1.2. Organisational description:**

The Suter® Art Gallery Te Aratoi o Whakatū is governed by the Bishop Suter Trust, incorporated under the Charitable Trusts Act 1957, and is a not-for-profit entity established to deliver a public art gallery service for residents of Nelson and Tasman and visitors to the region. The Bishop Suter Trust has charitable status with the Inland Revenue Department and is registered with the Charities Commission.

The Suter is a council-controlled organisation whereby the NCC has the right to directly appoint 1 or more of the trustees.



Abbreviations used in this document:			
The Suter® Art Gallery	The Suter®	The Bishop Suter Trust	The Trust
Nelson City Council	NCC	Tasman District Council	TDC
Council Controlled Organisation	CCO	Long Term Council Plan	LTP
Nelson Suter Art Society	NSAS	Ko Te Pouaranga	KTP

## 2 Nature and Scope of the Activities to be undertaken

The NCC's expectation is that the activities of The Suter will engage the regional community and provide a service that is of value to that community as both the owners and customers. Further, the NCC expects that the activities of The Suter will support the objectives of the Nelson Tasman Regional Arts Strategy (2007), Arts Policy (July 2010) and Arts Activity Management Plan 2015 – 2025 (2015).

### *The Suter: Where art matters*

**The Trust's purpose** is described by our Maori name Te Aratoi o Whakatū, which can be interpreted as "the pathway of art for the Nelson region"

**Vision:** We will be the gateway to enriching high quality visual arts experiences and a destination for the Nelson and Tasman community and visitors to our region

**Mission:** The Suter® Te Aratoi o Whakatū is where we make art matter, by honouring our artistic heritage and proactively bringing new perspectives to our audiences through programmes of exhibitions, projects and the permanent collection, underpinned by a dedication to informed interpretation, learning opportunities and participation.

**Values:** The following are principles that underpin The Suter®, informing decision making and setting the standard for performance and interactions with our communities of interest.

- Inclusive, respectful & accessible: - Celebrating Aotearoa | New Zealand's cultural heritage of Tangata Whenua and other cultures for all ages and abilities
- Innovative: Apply imaginative approaches to all our activities whilst respecting our long cultural heritage
- Visitor focussed: Responsive and respectful of our visitors' needs
- Dedicated to learning and participation

- Professional: Upholding quality museum practices, underpinned with scholarship
- Making a meaningful contribution to the region, and the country
- Sustainable: Able to make wise use of local authority support, attract additional resources and support for our activities whilst being a responsible 'corporate' citizen

**The activities of The Trust are:**

- Manage and operate The Suter for the benefit of the residents of the Nelson/Tasman region and visitors.
- To promote the study, creation and appreciation of all forms of visual arts.
- To acquire, manage, interpret and preserve the Collection and taonga for the benefit of the residents and future generations of the Nelson/Tasman region and visitors.
- To develop and maintain partnerships for the mutual benefit of The Suter, the community and allied organisations.

**2.2 Key Priorities:**

- 1 To operate a successful visual arts centre and visitor destination**
- 2 To inform and engage the public through the visual arts**
- 3 To collect and preserve, record and communicate our artistic heritage**
- 4 To develop partnerships that sustain The Suter, its programmes, projects and collections**

**2.2.1. To operate a successful visual arts centre and visitor destination**

To be achieved by:

- Optimising the use of The Suter's facilities and resources, in order to achieve its objectives.
- Work in partnership with key stakeholders and other potential funders and supporters to realize objectives.
- Undertaking arts related activities and methods of marketing that will attract and engage the public, increasing visitor numbers.
- Building the capability - people, facilities, funding streams and processes - to ensure resilience, operational sustainability and programme innovation.

- Actively identifying and addressing risks through adaptation, mitigation or elimination including; cyber, climate change, health & safety and to resourcing.

**Resilience and risk mitigation:** A focus for the Trust going forward is ensuring that it has a sustainable asset management and replacement plan, to ensure that the maintenance and renewal of facilities, plant and equipment can be achieved in the future.

The Trust identifies hazards and risks through a health & safety committee and risk register and actively seeks to eliminate or minimise these through interventions, including:

- -Cyber- Maintaining a well-designed Windows based IT network with a strong focus on security; with regular patching, firewall security, monitored server systems and secure regular backups; full separation of WiFi networks and appropriate staff training and practices
- Climate change and effects of extreme weather conditions resulting in flooding or increased fire risk for which the Trust ensures it has a programme of building and grounds maintenance; vigilance with regard to neighbouring environmental risks such as the Queen's Gardens Eel pond water levels and encroaching vegetation
- Health & safety committee; regular review of the hazards register and elimination, minimisation or mitigation of identified hazards. Regular training of staff and volunteers

**Marketing & Promotion:** Is focussed around promoting The Suter as a visitor attraction, a lively destination where art matters and to enhance revenue generation. Increasingly promotion is on-line and via social media channels, in addition to promotion in arts publications and in tourism related media. The plan also takes into account the need to grow visitor segments including from the wider Tasman region and domestic/international visitors

**Communication** with supporters will increasingly be through e-newsletters and social media, in addition to activities /events to both acknowledge and foster benefaction, patronage, membership (Friends and Patrons), volunteering, sponsorships and other supportive relationships.

A key objective is to **build revenue generating opportunities** including venue hire, using the Jane Evans Foyer, The Suter Theatre and other spaces in the complex; retail in The Suter Shop and commissions; classes and other activities and services.

A significant challenge in the new premises is staffing at an appropriate level in order to deliver a level of service commensurate with the expansive facilities, to mitigate risk (e.g. security of the premises, exhibits and collection, health and safety) and to deliver quality visitor experiences. The Suter is open every

day except New Year's Day, Good Friday and Christmas Day, the exhibition galleries from 9.30am-4.30pm. Other aspects of the facilities may be variously in use from 8am – 11.30pm.

## **2.2.2. To inform and engage the public through the visual arts**

### **To be achieved by:**

- Providing a programme of exhibitions that appeal to a variety of audiences, and that present the visual arts in its many forms by local, national and where possible, international artists.

The Suter provides a programme of regularly changing exhibitions and these are mounted in 3 large exhibition galleries, the intimate Contemplation Gallery and in other spaces including the Jane Evans Foyer and outdoors along the Pastorius Waller International Sculpture Walk.<sup>1</sup> In 2019, as part of our exhibition programme, it is intended to mount a Suter Biennale exhibition- an art project exploring a contemporary trend. Other exhibitions will link to regional events including Light Nelson 2020 and the Adam Music Festival, national events such as Tuia Encounters 250, commemorations of the early meeting of Maori and Europeans during James Cook's 1769 and subsequent voyages to New Zealand. As fund raising grows, we will mount special exhibitions of national and international standing.

We will present curated exhibitions of top local artists to foster their development and raise their profile beyond this region, including facilitating these and other Suter generated exhibitions going to other galleries and museums.

Small Suter curated displays will be mounted Tasman District facilities such as the Richmond Library as part of Suter outreach initiatives.

- Encouraging life-long learning by being a respected provider of curriculum relevant learning experiences outside the classroom for the school sector, and provider of visual arts experiences for diverse audiences.

The Suter has a 3-year contract with the Ministry of Education for Provision of Learning Experiences Outside the Classroom (LEOTC) for years 1-13 students of the Nelson/Tasman region which concludes 31<sup>st</sup> December 2021. This assists resourcing a .5 Educator position<sup>2</sup>, and a challenge will be to secure ongoing

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<sup>1</sup> A further gallery space is occupied by the Nelson Suter Art Society (NSAS) who run their own programme of regularly changing exhibitions, the majority of which showcase work by Nelson/Tasman region artists. 2 exhibitions per annum are more comprehensive and involve input from BST staff.

<sup>2</sup> Contract funding level has been at the same level since 2011

resourcing for LEOTC. Our forward planning includes seeking supplementary sponsorship support of our overall educational offerings with an initial target set of \$5,000 for 2019/20.

The Suter delivers after-school programmes through The Suter Kids Club (SKC), MyArtSpace (for teenagers) and is progressively developing further activity-based art classes and art related courses for audiences of various ages and abilities using, in particular, the Mina Arndt Education Room. The potential for providing outreach Suter learning experiences will be investigated.

Illustrated talks, lectures, floor-talks, opening previews, workshops and other events are held to complement and support projects and the exhibitions' programme.

The volunteers are an important part of The Suter's visitor experience, through their welcome and interpretation of exhibits, aspects of the building and The Suter's rich history. Volunteers receive structured training, periodic sessions to introduce new exhibitions and events to acknowledge their contribution to visitor hosting, archives management, enquiries' research, fundraising and other tasks.

### **2.2.3 To collect and preserve, record and communicate our artistic heritage**

To be achieved by:

- Being the recognised custodian of Nelson/Tasman region's artistic heritage by developing the Collection, disseminating information and increasing knowledge of the Collection.
- By profiling aspects of the Collection and Nelson/Tasman regions' artists through exhibitions, loans, public programmes, publications, websites and other means.

Collection development is focussed on **acquiring works that are regionally relevant and nationally significant**, with over-arching collection themes of "dislocation" and the environment guiding acquisition decisions, and with collection growth carefully managed cognizant of resources and of storage capacity. The changing exhibitions and ancillary spaces in The Suter mean that there are some collection works always on display and the collection is 'rotated'.

Work will continue making the collection accessible in other ways on site e.g. through curated data (slide) shows and ultimately from The Suter's website, as resourcing allows.

We will publish<sup>3</sup> our research, arising from both exhibition development and particularly in relation to our collection.

#### **2.2.4 To develop partnerships that sustain** The Suter, its programmes, projects and collections

##### **To be achieved by:**

- Honouring the kaupapa of the Memorandum of Understanding [MoU] with Ko Te Pouāranga.
- Developing partnerships which contribute to the delivery of programmes, development of the Collection, resources and other projects: - in particular the ongoing operational and collection acquisitions' funding<sup>4</sup> of The Suter, but also exhibitions and education.

The Suter is supported through memberships: including The Friends of The Suter and the Legacy Group. We will seek to increase memberships, expand membership categories and will provide activities to engage and acknowledge those who are generous in their support for the Gallery.

- Contributing to the fulfilment of the Nelson Tasman Regional Arts Strategy and Arts Policy by providing leadership in the area of visual arts.

Suter staff and Trustees have expertise that can be called upon to contribute to arts endeavours that enhance Nelson's reputation and achieve economic, cultural and social outcomes.

### **2.3 Alignment with Nelson City Council and TDC Outcomes**

The Suter actively seeks to deliver outcomes that align with the joint community outcomes outlined in the NCC and TDC LTPs 2018-2028 as follows:

<b>Our unique natural environment is healthy and protected</b>	The Suter was built to respect its natural environment setting and features such as the boardwalk and management of storm water run-off are designed to protect flora and fauna, land and water quality. Exhibitions and public programmes can profile environmental issues and the environment is a collection development theme.
<b>Our urban and rural environments are people friendly, well planned and sustainably managed</b>	The Suter is a quality facility built with sustainability and accessibility in mind

<sup>3</sup> On line; as journal articles or as catalogues and other printed materials

<sup>4</sup> All collection purchases are funded through fundraising, bequests and other forms of benefaction

<b>Our infrastructure is efficient, cost effective and meets current and future needs</b>	The Suter is a quality facility built with sustainability and accessibility in mind
<b>Our communities are healthy, safe inclusive and resilient</b>	By providing a welcoming environment that respects our diverse community and visitors to the region; acknowledges and incorporates Maori culture and tikanga; that takes its role as a kaitiaki (caretaker) of our community's taonga (treasures) as a primary responsibility
<b>Our communities have opportunities to celebrate and explore their heritage, identity and creativity</b>	By providing an arts centre in which inspiring art, heritage and cultural activities take place; that generates pride; celebrates our artistic and built heritage and values those things that make Nelson/Tasman special and unique.
<b>Our communities have access to a range of social, educational and recreational facilities and activities</b>	By providing opportunities for social engagement, quality recreational, educational and leisure opportunities for all ages, backgrounds and ability levels.
<b>Our Council provides leadership and fosters partnerships, a regional perspective and community engagement</b>	By demonstrating leadership in the arts community, promoting the development of Nelson arts and being the recognised custodian of Nelson/Tasman region's artistic heritage.
<b>Our region is supported by an innovative and sustainable economy</b>	By encouraging a thriving arts, heritage and cultural community, through employment, exhibitions, promotion of Nelson/Tasman region's arts, and as a destination tourism attraction.

The Suter Trust will periodically meet with NCC and TDC to discuss outcomes, look at future opportunities and resourcing requirements.

### 3. Objectives, Performance Measures and Targets

NOTE: The following chart indicates objectives and goals for The Bishop Suter Trust for three years and the target levels of performance. Targets for future years may need to be adjusted in light of trends that emerge, resourcing and capacity to deliver.

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#### 3.1 GOVERNANCE: Operate a successful visual arts centre and visitor destination:

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- 3.1.1. Provide an arts centre and visitor attraction: **That is open 362 days of the year with a minimum of 140,000 visits per annum to The Suter facilities and with visitor satisfaction ratings of 90% 7+ (out of 10 = excellent). Report six monthly with visitor statistics and response annually.**
- 3.1.2. Ensure that The Suter is well managed and operates within its agreed plans: **Reports, plans and budgets meet set deadlines. The Risk Management Plan is reviewed annually, and mitigation strategies identified are implemented (including cyber security, and response planning for natural hazards and climate change).**
- 3.1.3. Implement a Marketing Plan which focusses on the attracting visitors and developing resourcing for The Suter (refer also 3.4); **Report on progress.**
- 3.1.4. Implement an asset management plan (maintenance and renewals) in relation to the Suter facilities and develop an assets' renewal fund, to be achieved from operational cash surpluses (before depreciation) to fully fund the BST's share of depreciation, over time; **Report on progress annually.**
- 3.1.5. Be a good employer by maintaining good employer policies, procedures and practices and providing a safe and healthy workplace; **Report on observance of policies, health & safety, turnover and related statistics.**

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#### 3.2 VISITOR EXPERIENCE: Inform and engage the public through the visual arts:

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- 3.2.1. Provide a programme of regularly changing exhibitions: **Report 6 monthly on progress.**
- 3.2.2. Develop a forward exhibition programme that is diverse and stimulating, including internally produced and externally sourced exhibitions; **Exhibitions scheduled that meet the needs and interests of a broad audience. Report 6 monthly on progress.**
- 3.2.3. Provide public programmes which enhance appreciation and enjoyment of the visual arts; **A minimum of 30 talks/ events/ activities are held per annum. Report 6 monthly on progress.**
- 3.2.4. Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's programmes and resources; **Target is 3,100 students from 25 schools as per the Ministry of Education (MoE)**



LEOTC Contract Milestones<sup>5</sup> & post visit evaluations indicate 90% satisfaction ratings of “fine” to “great”. At least one Education Advisory Committee meeting held per annum. Structured schools’ education programme delivery target: 5,000 students per annum.

- 3.2.5 Provide out-of-school and other art educational activities; **Minimum 80 SKC and other community learning sessions are delivered per annum.**
- 3.2.6 Provide and manage The Suter Volunteers’ programme: That provides av. >80 hours of contribution per month/ per annum **Report 6 monthly on progress.**

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### **3.3 COLLECTION: Collect and preserve, record and communicate our artistic heritage.**

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- 3.3.1 Develop The Suter’s Collection in accordance with The Suter’s Collection Policy; **All acquisitions and de-accessions comply with the Collection Policy and related procedures. All acquisitions/de-accessions approved by the Trust and reported 6-monthly.**
- 3.3.2 Maintain and develop the Acquisitions Fund & Collection Bequests to allow active collecting to occur; **The acquisitions’ funds meet or exceed budget and all such funds are used for the purposes so designated.**
- 3.3.3 The Collection is stored, handled and exhibited safely and securely: **The Collection is stored/displayed in environmental conditions that are in line with accepted museum practice (including temperature 18-22°C/ relative humidity 50-55%, pest control, archival materials, security and fire monitoring). There are no handling mishaps or other damage occurs to Collection items.**
- 3.3.4 Enhance knowledge of the collection: Collection records are significantly upgraded to increase accessibility and usability, as a part of a long term strategy to provide on-line access to copyright cleared Collection items and to enhance the reputation of the Collection; **Collection records upgraded; items are uploaded to the internet; Loans, reproductions and other collection requests are met; Publishing occurs Progress reported annually.**

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### **3.4 PARTNERSHIPS: Partnerships that sustain The Suter**

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- 3.4.1 Strengthen The Suter’s relationship with Iwi and Maori; **Honour the kaupapa of the Memorandum of Understanding [MoU] with Ko Te Pouāranga; KTP input to programmes and collection development. Report 6 monthly.**
- 3.4.2 Actively engage in collaborative partnerships to support the projects and programmes of The Suter (refer to 3.2.1 and 3.3.2); **Sufficient resources are achieved to support projects.**

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<sup>5</sup> LEOTC statistics count repeat same class visits once only, so actual numbers of students attending Suter Educator programmes at The Suter will be higher than the MoE Contract Milestone targets

- 3.4.3 The Friends of The Suter (FOTS) and Legacy Group are enhanced; **FOTS membership increases, activities and progress on patronage scheme reported 6-monthly.**
- 3.4.4 The Suter contributes to other organisations and initiatives to promote Nelson/Tasman visual arts and heritage and provides leadership in fields of expertise to support the Council's provision of social /cultural wellbeing: **Report on contribution to the implementation of the Regional Arts Strategy, Heritage Strategy, regional museums network and other related initiatives; report on contribution nationally in areas of expertise.**
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## 4. Operating Framework

### 4.1. Background

The history of The Suter goes back to 1895 when Amelia Suter, widow of Bishop Andrew Burn Suter, gave a collection of art works and land to encourage the establishment of an art gallery, as a memorial to her late husband. In 1896 the Bishop Suter Art Gallery Board of Trustees was formed, and a private Act of Parliament passed allowing the transfer and acquisition of property including a parcel of land adjacent to Queen's Gardens, the Matthew Campbell School buildings upon it and establishing a self-perpetuating form of trust.

The Bishop Suter Art Gallery Restructuring Act (2008) repealed The Bishop Suter Art Gallery Trustees Act (1896) and with the new Bishop Suter Trust established, the way was paved for The Suter to become a CCO of the Nelson City Council.

In May 1899 the Frederick de Jersey Clere designed Bishop Suter Memorial Art Gallery opened<sup>6</sup> adjoined to the former Matthew Campbell School building. Later alterations and additions included further gallery spaces, workshop and studio, Theatre, foyer shop and café.

In early 2015 everything bar the Original Gallery and Suter Theatre was demolished to enable new state-of-the-art facilities to be built, designed by Marc Barron of Jerram Tocker + Barron, a Nelson based firm and Warren & Mahoney. The Project was a partnership between the Trust and Nelson City Council and the new Suter Te Aratoi o Whakatū opened to the public on 2 October 2016. Community involvement in The Suter is very evident in the significant financial contributions to the Redevelopment, to the Collection and other projects.

Over 90% of items in The Suter's collection have been donated or acquired through benefaction. Of national significance, the Collection includes historical and contemporary art works and ceramics by New Zealand artists, plus some international works.

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<sup>6</sup> This building is now generally referred to as the Original Gallery, registered as a category II historic place since 2008.

#### 4.2 Governance, stakeholders and staffing

**The Bishop Suter Trust** has been formed by the NCC, as a charitable trust, and incorporated under the Charitable Trust Act (1957) to manage and operate The Suter. As a CCO, the NCC are responsible for appointing the majority of the members of the Board, comprising 7 trustees, including a representative of Ko Te Pouāranga and ex-officio, President of the NSAS. Trustees are appointed for three-year terms.

The Bishop Suter Art Gallery Trust Board has a longstanding relationship with the **Nelson Suter Art Society Inc.**, a voluntary incorporated society which has traditionally occupied part of The Suter premises.

**Friends of The Suter** comprises between 350-450 memberships of which about a third are Life memberships. It is not an incorporated society. Members receive regular e-newsletters and talks, and other events are held to advance Friends' appreciation of art in general as well as support for The Suter. Reciprocal Friends' benefits have been agreed with Christchurch Art Gallery and Auckland Art Gallery.

**The Legacy Group** are patrons of The Suter who contribute to the **5 x 40 Acquisitions Fund / 10 x 10 Acquisitions Fund** or otherwise choose to provide significant support for specific Suter programmes or projects such as The Suter Biennale Contemporary Art Project. They receive regular updates and have involvement in projects, plus events are held especially for them, in recognition of their generosity, interest and support.

**Ko Te Pouāranga** is the name of the group comprising representatives from each of the six recognised manawhenua Iwi organisations of Whakatu, Motueka and Mohua. A Memorandum of Understanding reviewed every 3 years establishes principles of partnership and confirms full, permanent as of right, Maori representation on the Board of The Suter as outlined in the Trust Deed.

**Staffing:** (as at 1 March 2019) The Suter's staffing complement approximates to 7.5 F.T.Es across 7 day weeks; comprising 3 full-time staff and 8 part time. This increases with casuals and contractors to cover venue hire, design, exhibition installation and maintenance. Work is underway to assess additional resources required and expected to be in place for the 2019/20 financial year.

**Volunteers:** A formalised volunteer programme was introduced in August 2016. Volunteers are rostered front-of-house as visitor hosts, assisting with events and activities such as openings and fundraising; conducting visitor surveys; and behind-the-scenes with archives and collection research projects.

## 5. Operating Environment

The following factors are likely to influence The Suter over the next five years:

**Visitor trends:**

In the 2017/18 financial year The Suter experienced a record number of visitors using or visiting some part of the Suter's facilities, 20,000 more than our annual target of 130,000 and 70,000 more than pre-redevelopment annual targets of 80,000. Popular exhibitions, successful film festivals and changes in tourism patterns were some of the contributing factors<sup>7</sup>. This success has motivated the Trust to increase its visitor growth targets in its 5-year plan, to rise 2% annually, from a target of 140,000 in the 2019/20 financial year.

In-house surveying (October '16-November '17) identified that outside region visitor respondents' had increased to 47.5% compared to 40% from pre-redevelopment data. In the peak tourism season (late November-April) travellers to the Nelson region make up 60% or more of The Suter's visitors<sup>8</sup>. We are increasing the profile of The Suter through tourism media, at I-Sites, having a multi-platform website [www.thesuter.org.nz](http://www.thesuter.org.nz), as well as increasing the use of social media.

98% of surveyed customers rated their visit to The Suter as 7 or more out of 10 (as Excellent), with 90.5% rating 8+. This is highly encouraging when matched against the fact that 79% of respondents had visited one of more other galleries or museums over the past year, so were able to make informed and comparative assessments. Of note is that 36% of respondents were first time visitors to The Suter. Surveying also provides valuable insights into what can be improved to make the visitor experience even better.

#### **Collecting:**

The Suter intends to continue developing its collection, by raising funds, investing funds and accepting relevant gifted art works. Well over 90% of The Suter's Collection has been acquired by donation- either of art works or funds, reflecting community input and ownership<sup>9</sup>. A collection of national significance is both a drawcard and a source of local pride.

It is desirable for The Suter to actively collect (i.e. make purchases) if the Gallery is to provide a comprehensive record of the visual arts of Nelson/Tasman, contextualised in relation to developments in New Zealand art. Collecting also includes art works that may be part of the building or able to be displayed outdoors.

Contributors to the Acquisitions Fund will be actively involved in The Suter's collection development and as our acquisitions' programme gains momentum The Suter will continue to enhance our Collection of national significance.

The Trust's philosophy is that the more Collection items are known and recognised, the more they will be sought out and treasured. To that end The Suter prioritises

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<sup>7</sup> Tourists travel patterns were affected by the closure of SH1 and rail link along the Kaikoura coast due to the earthquakes and more people then chose to go south via Nelson/Tasman

<sup>8</sup> From survey responses Dec2017-31 Jan 2018

<sup>9</sup> No NCC or TDC operational grant money is used to purchase art works

requests for loans or reproductions from its collection; and makes an effort to publish either on line or in print featuring highlights of the Collection.

**Resourcing:**

One of The Trust's key endeavours is to build income streams in addition to local government grants. Revenue comes from leases and venue hires, LEOTC Contract and life-long leaning activities, sales (retail and commissions), grants and sponsorships. Additional income is derived from memberships, donations, events/activities and specific fundraising ventures.

Venue hire opportunities include the Theatre, the expansive Jane Evans Foyer, Mina Arndt Education Room and Library/Board Room, used individually, in combinations or in conjunction with our lessees. A retail area is situated in the Foyer and features Suter generated merchandise and hand-crafted work with an emphasis on items made by Nelson/Tasman region's artists; all of which contribute to revenue.

## **6. Accountability**

### **6.1 Information to be provided to Nelson City Council**

#### **Half Yearly**

By 28 February a six-month report covering Statement of Financial Performance and Statement of Financial Position, performance against targets, commentary on activities, cash flow statement, and other such information as the Trustees consider necessary to enable an informed assessment of the Trust's performance during the period being reported.

#### **Annually:**

Within three months of the end of the financial year (i.e. 30 September) the Trustees shall deliver to NCC an annual report which fulfils the requirements of Section 67 of the Local Government Act 2002, prepared to comply with International Financial Reporting Standards and audited financial statements in respect of the financial year, containing the following information as a minimum:

- A Trustees' Report including a summary of the financial results, a review of operations, and a comparison of planned and actual performance in relation to objectives.
- A financial statement disclosing actual and budgeted revenue and expenditure and comparative figures from the previous financial report.
- A statement of financial position as at the financial year end.
- A statement of cash flows.

- An Auditor's Report on the above statements and the measures of performance in relation to objectives.
- Any other matters that NCC and the Trustees agree shall be disclosed as appropriate.

This Annual Report shall be made available for inspection at Council offices.

## 7. Prospective Financial Statements

### 7.1. Introduction:

The Suter's Statement of Intent covers the period 1 July 2019 to 30 June 2024. The financial information contained in the Statement of Intent has been prepared to assist the NCC consider The Suter's planned performance.

The prospective financial statements are based on assumptions as to future events that The Suter may reasonably expect to occur at the time when this information was prepared. Actual results may vary, and this variation may be material.

### 7.2 Statement of Significant Assumptions

The SOI shows that there will be net losses in general funds after depreciation. Accordingly, we need to build revenue to reduce or eliminate these over time. The extent to which we can achieve that will determine the degree to which we need to gain grants or fundraise for future building and major plant renewals.

**7.2.1. Fiscal support from local authorities:** The Suter is a NCC CCO with the NCC's commitment to long term funding support set out in a Memorandum of Understanding. The TDC also provides an annual contribution, and the basis of this commitment is set out in the TDC's LTP, (not annually adjusted for CPI). To the extent the actual money allocated is less or more than that set out, The Suter will need to adjust its activity levels.

**7.2.2. Other revenues:** Other revenues reflect forecast visitor activity levels consistent with historic trends, obligations of lessees and the restrictions.

**7.2.3. Special Purpose Funds** The Suter has historic and ongoing bequests, gifts and contributions that generally have restrictions on use. These funds are shown separately on the balance sheet.

**7.2.4. Operating Expenditure** Operating expenditure is generally forecast to continue at historic levels adjusted for inflation.

**7.2.5. Capital Expenditure** The majority of Capital Expenditure during the period will relate to the ongoing asset renewals programme

**7.2.6. Inflation:** 1.9 % CPI adjustment was applied from the 2018/2019 financial year and the subsequent financial years' projected revenue from the NCC.

**7.2.7. Trustees' Estimate of Trust Value:** The Trustees estimate that the opening balance of funds in the annual accounts will represent the value of the Trust. The Trustees will advise NCC on an annual basis if they believe the value to differ materially from this state. The audited opening equity at 9 August 2008 is \$9,593,656<sup>10</sup>.

**7.2.8. Heritage Assets:** This is represented by the Collection. Additions to the Collection will be recorded at either purchase price or market valuation for donated art works. The Collection is not regarded as a realisable financial asset and valuation is carried out for the purposes of insurance and compliance with NZ IFRS.

**7.2.9. Dividend Policy:** It is important to note that the shareholders of the Trust do not expect, nor anticipate, the Trust to pay dividends in the usual commercial manner. However, the Trust anticipates, through appropriate performance measures, to review annually the non-financial dividend which will be returned to our wider regional community.

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<sup>10</sup> This is the date when The Bishop Suter Trust assumed responsibility for governance of The Suter Art Gallery

## Appendix I: Financial Budgets

The Bishop Suter Trust  
Business Plan 2018 to 2024

	Actual YE 30 Jun 2017	Actual YE 30 Jun 2018	Plan YE 30 Jun 2019 1.90%	Plan YE 30 Jun 2020 1.90%	Plan YE 30 Jun 2021 1.90%	Plan YE 30 Jun 2022 1.90%	Plan YE 30 Jun 2023 1.90%	Plan YE 30 Jun 2024 1.90%
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Statement of Comprehensive Income</b>								
<b>Income</b>								
<b>General Funds</b>								
<b>Non-exchange Revenue</b>								
Donations & Sponsorships	6,255	7,879	30,000	32,600	33,219	33,851	34,494	35,149
Donations and sponsorship - Exhibitions			40,000	70,000	110,000	110,000	110,000	110,000
<b>Grants</b>								
NCC - Operating	502,141	565,000	575,735	586,674	597,821	609,179	620,754	632,548
NCC - Operating - additional funding approved			80,000	81,520	83,069	84,647	86,255	87,894
NCC - Depreciation	170,430	228,270	229,112	229,423	229,741	230,064	230,394	230,730
NCC - Capital, maintenance		0	20,000	20,380	20,767	21,162	21,564	21,974
TDC	87,813	87,813	87,813	87,813	87,813	87,813	87,813	87,813
Total non-exchange Revenue	766,639	888,962	1,062,660	1,108,410	1,162,430	1,176,716	1,191,274	1,206,108
<b>Exchange Revenue</b>								
Investments	7,684	8,270	5,000	5,000	5,000	5,000	5,000	5,000
Exhibitions	4,217	11,686	5,000	5,095	5,192	5,291	5,392	5,494
Life Long Learning	50,930	67,613	67,991	70,600	70,600	70,600	70,600	70,600
Education Sponsorship		0	0	10,000	10,000	10,000	10,000	10,000
Visitor Services & Marketing	118,298	155,456	140,000	142,660	145,371	148,133	150,948	153,816
Rent and outgoings recovery	74,932	123,267	119,000	121,261	123,565	125,913	128,305	130,743
Other Income	62,146	103	1,000	1,000	1,000	1,000	1,000	1,000
Total Exchange Revenue	318,207	366,395	337,991	355,616	360,728	365,937	371,245	376,653
Total Income General Funds	1,084,846	1,255,357	1,400,651	1,464,026	1,523,158	1,542,653	1,562,519	1,582,761
<b>Special Purpose Funds - Exchange Revenue</b>								
<b>Redevelopment &amp; Capital Funds</b>								
Public fund raising	528,988	750						
Interest earned	12,256	1,276						
MCH, NZLGB and other funders	958,942							
<b>Maintenance and Depreciation Funds</b>								
Interest earned				22,500	22,500	22,500	22,500	22,500
Unrealised Market Adjustments								
<b>Cuthbertson Fund</b>								
Interest and dividends earned	12,621	14,453	11,800	11,800	11,800	11,800	11,800	11,800
Cuthbertson Fund unrealised market adjustment	24,879	26,404						
<b>Burton Fund</b>								
Interest earned	3,237	3,144	4,600	4,600	4,600	4,600	4,600	4,600
<b>Acquisitions Fund</b>								
Donations received	80,624	80,393	120,000	150,000	200,000	200,000	1,200,000	0
Interest earned	23	84	1,000	1,500	2,000	2,000	2,000	2,000
Total Special Purpose Funds Income	1,621,570	128,504	137,400	190,400	240,900	240,900	1,240,900	40,900
<b>Other Non-exchange Revenue</b>								
Donated Collection Items at Valuation	185,674	85,905	10,000	10,000	10,000	10,000	10,000	10,000
Total Other Income	185,674	85,905	10,000	10,000	10,000	10,000	10,000	10,000
Total Revenue	2,892,090	1,467,766	1,548,051	1,664,426	1,774,058	1,793,553	2,813,419	1,633,661

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## Appendix I: Financial Budgets continued

The Bishop Suter Trust  
Business Plan 2018 to 2024

	Actual YE 30 Jun 2017	Actual YE 30 Jun 2018	Plan YE 30 Jun 2019 1.90%	Plan YE 30 Jun 2020 1.90%	Plan YE 30 Jun 2021 1.90%	Plan YE 30 Jun 2022 1.90%	Plan YE 30 Jun 2023 1.90%	Plan YE 30 Jun 2024 1.90%
Cpi	\$	\$	\$	\$	\$	\$	\$	\$

## Statement of Comprehensive Income Cont'd

Expenses								
General Funds								
Personnel Costs	430,158	444,144	592,792	604,055	615,532	627,227	639,144	651,288
Audit	14,688	14,603	16,419	16,731	17,049	17,373	17,703	18,039
Administration	152,210	108,599	117,925	120,166	122,449	124,776	127,147	129,563
Governance	51,447	55,530	51,308	52,282	53,275	54,287	55,318	56,369
Exhibitions	46,624	65,929	116,962	159,184	162,208	165,290	168,431	171,631
Life Long Learning	2,821	6,483	4,030	4,107	4,185	4,265	4,346	4,429
Visitor Services	75,239	62,696	76,592	78,047	79,530	81,041	82,581	84,151
Collection	4,288	33,380	10,262	10,457	10,656	10,858	11,064	11,274
Facilities	53,785	147,110	161,618	164,689	167,818	171,007	174,256	177,567
Deferred maintenance and redevelopment planning	6,560	7,826						
Operating Costs	839,131	946,300	1,147,908	1,209,718	1,232,702	1,256,124	1,279,991	1,304,313
EBITDA (before redevelopment costs)	2,052,959	521,466	400,144	454,708	541,356	537,429	1,533,427	329,348
Depreciation and Loss on sale								
Depreciation Landscaping	16,034	22,926	22,926	22,926	22,926	22,926	22,926	22,926
Depreciation Buildings	135,842	377,679	377,679	377,679	377,679	377,679	377,679	377,679
Depreciations Plant and Equipment	188,204	55,935	57,618	58,241	58,876	59,523	60,182	60,854
Depreciation and Loss on sale	349,042	456,540	458,223	458,846	459,481	460,128	460,787	461,459
Total Expenses before Redevelopment	1,188,173	1,402,840	1,606,131	1,668,565	1,692,184	1,716,253	1,740,779	1,765,772
Redevelopment Fund Costs	474,153	37,671	15,000					
Total Expenses	1,662,326	1,440,511	1,621,131	1,668,565	1,692,184	1,716,253	1,740,779	1,765,772
Earnings after Depreciation and Redevelopment	1,229,764	27,255	(73,080)	(4,138)	81,874	77,300	1,072,640	(132,111)
Net Surplus								
General Funds	(158,577)	(147,574)	(225,480)	(224,918)	(189,793)	(194,761)	(199,824)	(204,985)
Maintenance Fund				42,880	43,267	43,662	44,064	44,474
Redevelopment Fund	1,026,033	(35,645)	5,000					
Cuthbertson Fund	37,500	40,857	11,800	11,800	11,800	11,800	11,800	11,800
Burton Fund	3,237	3,144	4,600	4,600	4,600	4,600	4,600	4,600
Acquisitions Fund	266,321	166,382	131,000	161,500	212,000	212,000	1,212,000	12,000
Other Funds	55,250	91						
	1,229,764	27,255	(73,080)	(4,138)	81,874	77,300	1,072,640	(132,111)
Statements of Changes in Equity								
Total Changes in Equity								
Opening Equity	13,420,552	14,650,316	14,677,571	14,604,491	14,600,353	14,682,227	14,759,527	15,832,167
Nelson City Council Equity subscription	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Surplus/(deficit) for the period	1,229,764	27,255	(73,080)	(4,138)	81,874	77,300	1,072,640	(132,111)
Closing Equity	20,650,316	20,677,571	20,604,491	20,600,353	20,682,227	20,759,527	21,832,167	21,700,056

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## Appendix I: Financial Budgets continued

The Bishop Suter Trust Business Plan 2018 to 2024		Actual YE 30 Jun 2017	Actual YE 30 Jun 2018	Plan YE 30 Jun 2019	Plan YE 30 Jun 2020	Plan YE 30 Jun 2021	Plan YE 30 Jun 2022	Plan YE 30 Jun 2023	Plan YE 30 Jun 2024
				1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
		\$	\$	\$	\$	\$	\$	\$	\$
<b>The Bishop Suter Trust</b>									
<b>Statement of Financial Position</b>									
<b>Assets</b>									
<b>Current Assets</b>									
Cash and Cash equivalents		440,124	637,523	514,073	248,216	278,735	304,430	325,206	340,973
Cash on hand		500	546	546	546	546	546	546	546
NCC Depreciation Fund		170,430	398,700	627,812	857,235	1,086,976	1,317,040	1,547,433	1,778,163
Bank Deposit Acquisition Fund		0	0	31,000	32,500	34,500	36,500	38,500	40,500
Receivables		19,267	25,563	26,049	26,544	27,048	27,562	28,086	28,619
Accrued Interest Burton Fund		133	114	114	114	114	114	114	114
Accrued Interest Redevelopment Fund		70	68	68	68	68	68	68	68
Operations Term Deposit		283,962	0	0	0	0	0	0	0
Other Current Assets		30,544	39,934	39,934	39,934	39,934	39,934	39,934	39,934
GST receivable		0	0	0	0	0	0	0	0
<b>Total Current Assets</b>		<b>945,030</b>	<b>1,102,448</b>	<b>1,239,595</b>	<b>1,205,157</b>	<b>1,467,920</b>	<b>1,728,194</b>	<b>1,979,888</b>	<b>2,228,919</b>
<b>Specific Purpose Investments</b>									
Cuthbertson Investments		399,460	427,317	439,117	450,917	462,717	474,517	486,317	498,117
Burton Fund Investments		89,623	92,743	97,343	101,943	106,543	111,143	115,743	120,343
Maintenance and Depreciation Funds					522,500	565,767	609,429	653,493	697,966
Redevelopment Investments		262,732	198,572	218,572	60	60	60	60	60
<b>Total Specific Purpose Investments</b>		<b>751,815</b>	<b>718,632</b>	<b>755,032</b>	<b>1,075,420</b>	<b>1,135,087</b>	<b>1,195,149</b>	<b>1,255,613</b>	<b>1,316,486</b>
<b>Non Current Assets</b>									
<b>Collection</b>									
Opening Balance		7,387,048	7,650,344	7,803,284	7,903,284	8,063,284	8,273,284	8,483,284	9,693,284
<b>Additions from accumulated reserves</b>									
Donated		263,296	152,940	10,000	10,000	10,000	10,000	10,000	10,000
Ex Cuthbertson		0	0	0	0	0	0	0	0
Ex Burton		0	0	0	0	0	0	0	0
Ex Acquisitions		0	0	90,000	150,000	200,000	200,000	1,200,000	0
<b>Total Collection Assets</b>		<b>7,650,344</b>	<b>7,803,284</b>	<b>7,903,284</b>	<b>8,063,284</b>	<b>8,273,284</b>	<b>8,483,284</b>	<b>9,693,284</b>	<b>9,703,284</b>
<b>Property Plant and Equipment</b>									
Land		442,000	442,000	442,000	442,000	442,000	442,000	442,001	442,002
Landscaping		456,369	459,249	459,249	459,249	459,249	459,249	459,249	459,249
Depreciation Landscaping		(16,394)	(39,320)	(62,248)	(65,172)	(108,006)	(131,024)	(153,950)	(176,876)
Work in Progress		12,464	4,130	4,130	4,130	4,130	4,130	4,130	4,130
Buildings and fitout		1,103,209	10,743,319	10,798,422	10,798,422	10,798,422	10,798,422	10,798,422	10,798,422
Additions / Redevelopment		9,640,110	55,103	0	0	0	0	0	0
Depreciation Buildings		(459,040)	(836,719)	(1,214,398)	(1,592,077)	(1,969,756)	(2,347,435)	(2,725,114)	(3,102,793)
Plant & Equipment		116,932	543,497	588,309	598,499	608,883	619,464	630,246	641,233
Additions		426,565	44,812	10,190	10,384	10,581	10,782	10,987	11,196
Depreciation Plant and Equipment		(86,761)	(136,050)	(193,668)	(251,910)	(310,786)	(370,309)	(430,492)	(491,346)
<b>Property Plant and Equipment</b>		<b>11,635,454</b>	<b>11,280,021</b>	<b>10,831,988</b>	<b>10,383,525</b>	<b>9,934,625</b>	<b>9,485,279</b>	<b>9,035,479</b>	<b>8,585,217</b>
<b>Total Assets</b>		<b>20,982,643</b>	<b>20,904,385</b>	<b>20,735,272</b>	<b>18,446,809</b>	<b>18,207,909</b>	<b>17,968,563</b>	<b>18,728,764</b>	<b>18,288,501</b>
<b>Liabilities</b>									
<b>Current Liabilities</b>									
GST Payable		7,213	11,247	11,461	11,678	11,900	12,126	12,357	12,592
Payables from exchange transactions		186,393	72,698	74,079	75,487	76,921	78,383	79,872	81,389
Employee Entitlements		33,241	36,676	36,676	36,676	36,676	36,676	36,676	36,676
Redevelopment accruals and retentions		0	0	0	0	0	0	0	0
Other Liability		0	0	0	0	0	0	0	0
Income In Advance		1,835	3,192	3,192	3,192	3,192	3,192	3,192	3,192
<b>Total Current Liabilities</b>		<b>228,682</b>	<b>123,813</b>	<b>125,408</b>	<b>127,033</b>	<b>128,600</b>	<b>130,379</b>	<b>132,100</b>	<b>133,853</b>
<b>Long Term Liabilities</b>									
NSAS Loan		103,645	103,003	0	0	0	0	0	0
<b>Total Long Term Liabilities</b>		<b>103,645</b>	<b>103,003</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>		<b>332,327</b>	<b>226,816</b>	<b>125,408</b>	<b>127,033</b>	<b>128,600</b>	<b>130,379</b>	<b>132,100</b>	<b>133,853</b>
<b>Net Assets</b>		<b>20,650,316</b>	<b>20,677,569</b>	<b>20,609,864</b>	<b>18,319,776</b>	<b>18,079,309</b>	<b>17,838,184</b>	<b>18,596,664</b>	<b>18,154,648</b>
<b>The Bishop Suter Trust Equity</b>									
<b>Capital &amp; Reserves</b>									
General Purpose Funds		7,589,266	7,441,692	7,216,212	6,709,866	6,520,072	6,325,310	6,125,484	5,920,498
Nelson City Council		6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,001	6,000,002
Redevelopment Fund		4,868,912	4,833,267	4,838,267	4,619,695	4,619,695	4,619,695	4,619,695	4,619,695
Maintenance Fund				0	542,880	586,147	629,809	673,873	718,346
Cuthbertson Fund		482,338	523,194	534,995	546,795	558,595	570,395	582,195	593,995
Burton Fund		156,619	159,762	164,383	168,963	173,583	178,163	182,763	187,363
Other Funds		55,250	48,341	48,341	48,341	48,341	48,341	48,341	48,341
Acquisitions Fund		1,497,931	1,671,313	1,802,313	1,963,813	2,175,813	2,387,813	2,599,813	2,811,813
<b>Total Trust Equity</b>		<b>20,650,316</b>	<b>20,677,569</b>	<b>20,609,864</b>	<b>20,600,353</b>	<b>20,682,226</b>	<b>20,759,527</b>	<b>21,832,165</b>	<b>21,700,054</b>

## Appendix I: Financial Budgets continued

The Bishop Suter Trust  
Business Plan 2018 to 2024

	Actual YE 30 Jun 2017	Actual YE 30 Jun 2018	Plan YE 30 Jun 2019 1.90%	Plan YE 30 Jun 2020 1.90%	Plan YE 30 Jun 2021 1.90%	Plan YE 30 Jun 2022 1.90%	Plan YE 30 Jun 2023 1.90%	Plan YE 30 Jun 2024 1.90%
Cpi	\$	\$	\$	\$	\$	\$	\$	\$
<b>The Bishop Suter Trust</b>								
<b>Statement Of Cash Flows</b>								
<b>CashFlows from operating Activities</b>								
Sales of Good and Services	244,171	353,291	298,726	305,039	310,146	315,350	320,651	326,054
Grants and Donations	1,192,848	741,835	1,206,655	1,293,330	1,396,963	1,410,854	2,425,010	1,239,434
Interest and Dividends	46,969	27,339	22,400	22,900	23,400	23,400	23,400	23,400
Payments to Suppliers	(730,422)	(624,713)	(568,734)	(604,256)	(615,736)	(627,436)	(639,358)	(651,507)
Payment to Employees	(420,973)	(440,709)	(592,792)	(604,055)	(615,532)	(627,227)	(639,144)	(651,288)
Net GST	133,884	1,053						
Net Cash flows from Operating Activities	466,477	58,096	366,255	412,958	499,240	494,941	1,490,558	286,093
<b>Cash Flows from Investing Activities</b>								
Proceeds from sale of Financial Assets	2,426,569	59,587						
Purchase of Property Plant and Equipment	(2,626,527)	(112,054)	(10,190)	(10,384)	(10,581)	(10,782)	(10,988)	(11,197)
Purchase of Collection Assets	(80,622)	(92,146)	(100,000)	(160,000)	(210,000)	(210,000)	(1,210,000)	(10,000)
Purchase of Investments	(283,962)	283,962	(276,512)	(508,431)	(248,141)	(248,464)	(248,794)	(249,130)
Net Cash flow from Investing Activities	(564,542)	139,349	(386,702)	(678,815)	(468,722)	(469,246)	(1,469,782)	(270,327)
<b>Cash flows from Financing Activities</b>								
Repayment of Borrowings	(15,938)		(103,003)					
Net cash flow from Financing Activities	(15,938)	0	(103,003)	0	0	0	0	0
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>	<b>(114,003)</b>	<b>197,445</b>	<b>(123,450)</b>	<b>(265,857)</b>	<b>30,518</b>	<b>25,695</b>	<b>20,776</b>	<b>15,767</b>
<b>Cash and cash equivalents at beginning of Period</b>	<b>554,627</b>	<b>440,624</b>	<b>638,069</b>	<b>514,619</b>	<b>248,762</b>	<b>279,281</b>	<b>304,976</b>	<b>325,752</b>
<b>Cash and Cash equivalents at end of Period</b>	<b>440,624</b>	<b>638,069</b>	<b>514,619</b>	<b>248,762</b>	<b>279,281</b>	<b>304,976</b>	<b>325,752</b>	<b>341,519</b>

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**Notes to the 2019-2024 SOI Budgets:**

- The budgets clearly separate activities between Operating and Special Purpose Funds which have independent and tagged purposes; these are:
  - Cuthbertson Fund – a historic bequest whose capital is invested, and growth tagged to purchase and care for collections items.
  - Burton Fund – a historic bequest whose capital is invested, and growth tagged to purchase collections items.
  - 5 x 40 & 10x10 Acquisitions Fund – Specific funds sought and held in trust to purchase collection items.
  - Redevelopment Fund – This was the specific purpose fund raising that enabled The Suter to implement a Redevelopment Plan and Project which physically commenced 12 January 2015, opened on 1 October 2016 with the warranty period concluding 1 October 2017. Upon completion of the Redevelopment Project the balance of the Fund was transferred into an asset maintenance Fund.
- Asset Maintenance Fund: This fund has been established to provide for asset maintenance and renewal guided by the 25-year Asset Management and Maintenance Plan commissioned by the Trust upon completion of the Project. This Plan informs planning, funding and decisions that will ensure the redeveloped premises and related plant and equipment are properly maintained consistent with the provisions of the *Redevelopment Project Heads of Agreement* between The Suter and NCC and the Annex thereto.

## **Appendix II: The Bishop Suter Trust Statement of Accounting Policies**

### **Statement of significant accounting policies**

#### **i. REPORTING ENTITY**

The Bishop Suter Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 2005 on 5 April 2008 and is domiciled in New Zealand. The Trust is controlled by Nelson City Council as a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees

The primary objective of the Trust is to provide the people of Nelson and visitors to the region access to our cultural heritage and to the many forms of contemporary cultural expression. This means communicating the diverse ideas and experiences that art offers to the widest possible audience by the presentation of quality visual arts programmes and by developing and caring for the permanent collection.

Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

#### **ii. BASIS OF PREPARATION**

##### **Compliance**

The financial statements of the Trust will be prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

Financial statements will be prepared in accordance with NZ GAAP and comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

##### **Measurement base**

The financial statements will be prepared on a historical cost basis.

##### **Functional and presentation currency**

The financial statements will be presented in New Zealand dollars and all values rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

##### **Changes in accounting policies**

No changes in accounting policies are anticipated. In the event there are, they will be disclosed.

### **iii. SIGNIFICANT ACCOUNTING POLICIES**

#### **Revenue**

Revenue is measured at the fair value of consideration received.

#### **Grants**

Grants received from Nelson City Council and Tasman District Council are the primary sources of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the Trust's Trust Deed. The Trust also receives grants from bodies such as Creative New Zealand, and these grants have restrictions on their use.

Council, government and non-government grants are recognized as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### **Other revenue**

Products held for sale are recognized when a product is sold to the customer.

Where art works are donated in the Trust for nil consideration, the fair value of the work is recognised as income.

Interest income is recognized on receipt.

Volunteer services received are not recognized as revenue or expenditure as the Trust is unable to reliably measure the fair value of the services received.

#### **Advertising costs**

Advertising costs are expensed when the related service has been rendered.

#### **Borrowing costs**

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

#### **Income Tax**

The Trust has been granted Charitable status by the Inland Revenue Department, and therefore is exempt from income tax.

### **Leases**

- Finance Leases

The Trust has no finance leases.

- Operating leases

The Trust has 3 leases with other parties; these leases cover the Trust's Theatre, the Café and a special lease arrangement with NSAS. The income received from the leases is recorded as income on receipt.

There are no incentives attached to the leases.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of 3 months or less.

### **Debtors and other receivables**

Debtors and other receivables are usually paid within a month. Other than operational grants, debtors are not significant.

### **Inventories**

Inventories are held at the lower of cost or net realisable value. Any Trust published inventory remaining after 2 years is written off.

### **Investments**

Investments are shown at actual or realisable value.

### **Property, plant and equipment**

Land and buildings were re-valued for the Trust's opening balance. Plant and equipment were brought on at book value, i.e. cost less accumulated depreciation.

### **Additions**

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

In most instances, an item of property, plant and equipment is recognized at cost. When an asset is acquired at no cost, or for a nominal cost, it is recognized at fair value when control over the asset is obtained.

### **Disposals**

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are recognized in the statement of financial performance.

#### **Subsequent costs**

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

#### **Depreciation**

Depreciation is provided on a straight-line basis on all property plant and equipment at rates that will write-off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	50 years (2%)
Improvements	20 years (5%)
Furniture and fittings	16 years (6.25%)
Computer equipment	5 years (20%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

#### **Intangible assets**

Software acquisition:

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

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

Costs associated with the development and maintenance of the Trust's website are recognized as an expense when incurred because the website is primarily promoting the Trust's services.

Staff training costs are recognized as an expense when incurred.

#### **Amortisation**

Computer software licences are amortised on a straight-line basis over their estimated useful life of 5 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortization charge for each period is recognized in the Statement of Financial Position.



### **Impairment of property, plant and equipment and intangible assets**

Property, plant and equipment are reviewed for impairment at each balance date. When impairment is recognised, the recoverable value of the asset is estimated, an impairment loss is recognised and the carrying value of the asset is reduced to its recoverable amount.

Impairment loss is recognised in the statement of financial performance.

### **Collection**

The opening balance of the Collection is the deemed cost at market valuation at the commencement of the Trust. Items purchased for the Collection are recorded at cost. Items donated to the Collection are valued at the time of acquisition and recorded at valuation.

In accordance with IFRS, the Trust will apply an impairment test to the Collection each year.

The Collection is not depreciated.

### **Creditors and other payables**

Creditors and other payables are measured at fair value.

### **Employee entitlements**

Short term entitlements

Entitlements that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include annual leave and holiday pay earned to, but not yet taken at balance date.

### **Good and Service Tax (GST)**

All items on the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognized as part of the related asset or expense.

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

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

### **Budget figures**

The budget figures are those approved by the Trustees at the beginning of the year in the Statement of Intent. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Trust for the preparation of the financial statements.

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

The Trust has made a number of estimates and assumptions in the preparations of the financial forecasts.

- that Council funding will be consistent with the Memorandum of Understanding and Community Plans
- A consistent level of donations has been assumed
- Commercial revenue is based on visitor numbers and historical performance
- Expenditure costs have both an historical and an actual (if known) base

### **Critical judgement in applying the Trust's accounting policies**

The Trustees must exercise their judgement when recognizing grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

## **Appendix III: The Trust's Approach to Governance**

### **Governance Principles**

The Trust operates to the Principles and Guidelines for Corporate Governance in New Zealand, published by the Securities Commission New Zealand;

- Trustees should observe and foster high ethical standards.
- There should be a balance of independence, skills, knowledge, experience, and perspectives among Trustees so that the Board works effectively.
- The Board should use committees where this would enhance its effectiveness in key areas while retaining board responsibility.
- The Board should demand integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.
- The remuneration of Trustees and executives should be transparent, fair, and reasonable.
- The Board should regularly verify that the entity has appropriate processes that identify and manage potential and relevant risks.
- The Board should ensure the quality and independence of the external audit process.
- The Board should foster constructive relationships with NCC that encourage them to engage with the entity.
- The Board should respect the interests of stakeholders within the context of the entity's ownership type and its fundamental purpose.

### **The Role of The Trust Board**

- Ensuring that the Trust operates in accordance with its Deed of Trust.
- Ensuring that the Trust meets its objectives as defined in this Statement of Intent.
- Ensuring the Trust complies with all its lawful obligations.
- Ensuring the NCC are kept well informed on all relevant issues and that there are "no surprises" on matters likely to cause community or political concern.
- Making any decisions as to policy that are not the preserve of general management and day-to-day administration.
- Employing the Gallery Director (including entering into a performance management agreement, reviewing performance and setting remuneration).

A2147853

- Ensuring sound financial management of The Trust.

#### **Composition of The Board**

- The Board is made up of 6 non-executive Trustees.
- Trustees are appointed by resolution of Council in accordance with the Trust Deed of The Bishop Suter Trust, the Council's policy for the appointment of Trustees and cognisant of the balance of competencies that shall include financial stewardship, expertise and knowledge in art matters and issues, education, tourism, regional development, promotion, iwi perspectives and cultural awareness<sup>11</sup>.
- Ideally the BST should have a split of members who have business, marketing, human resources, legal and financial skills and those who have significant understanding of art, fundraising skills and networks, both local and national including in terms of patronage. There is a need under the BST's 5 Year Plan to strengthen fundraising and patronage aspects as a subcommittee.
- The Trustees appoint a Chairperson at the first meeting after the AGM.

#### **Board Remuneration**

- The NCC will set total remuneration for the Board. The Board will from time to time determine their remuneration and apportionment of this allocation cognisant of The Trust's financial position.

#### **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 and insurance of the heritage assets.
- The Board shall ensure that the Trust has procedures in place to achieve compliance with all applicable legislation.
- The Board will complete a risk review annually and identify mitigations of those risks. Cyber security and environment risks form part of the evaluation
- The Chair of the Audit & Risk Sub-committee also sits on the Executive Health & Safety Committee as a Board representative. Minutes of meetings are distributed to all Trustees
- The Board shall complete a regular 25-year property maintenance & renewal plan.

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<sup>11</sup> Section 13 clauses C; 2 & 3 The Bishop Suter Trust Deed of Trust

**Guidance and Resources Provided to Board Members.**

Sound financial management and systems that provide reports to the Board as follows:

- Statement of financial performance for the preceding month, year to date and year end projections.
- Statement of financial position at the preceding month end.
- Statement of cash flow for the preceding month and monthly update on expected year end position.
- Gallery Director's report addressing issues related to the Trust's performance against objectives (financial and non-financial).
- The Board will ensure that relevant training opportunities are made available to Trustees.
- Due to the nature of the Trust's trading activities and emphasis on growing these, a "Commercial in Confidence" segment forms part of the Trust Board's meetings' agendas to review trends and assess growth opportunities in trading revenue.

**Board and management Succession Planning**

- With a small staff it is not possible to have succession planning for all key positions e.g. Director, Curator or Educator, as there are limited opportunities for internal promotion.
- Trustee succession relies on identification of competency needs prior to trustee rotation/ replacement; and ensuring that there is cover during Trustee change (which may involve short duration extension of term(s) to provide transition support to an incoming trustee(s))

**Board Performance Review**

- A performance review is undertaken every 18 months, with the most recent one completed in November 2017.
- Initiatives arising from this include:
  - a benchmarking project to assess The Suter against a number of other regional galleries
  - improved Board transparency with upgraded reporting on trading activities e.g. shop sales and venue hire.
  - improving the performance appraisal systems
  - the need to focus on a Board development programme

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## **Events Strategy - implementation update**

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

- 1.1 To provide an update on the implementation of the Events Strategy and event funding for the period 1 July 2018 to 30 June 2019 and, to provide an overview of other events funded or supported by Council.

### **2. Recommendation**

***That the Governance and Finance Committee***

- 1. Receives the Events Strategy - implementation update (R10110) and its attachments (A2256992 and A2280154).***

### **3. Discussion**

- 3.1 Council adopted the Events Strategy in May 2018. The vision set out in the Strategy is *"Events that strengthen the region and its identity, stimulate a prosperous, vibrant and engaged community and deliver value at the right time."*
- 3.2 The Strategy requires officers to report to Council twice a year on the implementation of the Strategy including event funding, event evaluation and opportunities to improve the clarity and value of Council services to events. This is the first report and covers the period 1 July 2018 to 30 June 2019. The report due earlier this calendar year was not completed due to staff changes on the Events Development Committee (EDC) and has been rolled into this 12 month report.

#### **Implementation of the Strategy**

- 3.3 Since the adoption of the Strategy, the Community Events Advisory Group consisting of the Chairs of the Community Services and Sports and Recreation Committees has been established. The Group provides input as required to the EDC to ensure the wider Council work programme and knowledge about community views are understood and taken into account in funding decisions on community events. The Group has met twice since the Strategy was adopted.

## Item 8: Events Strategy - implementation update

- 3.4 The Events Fund is managed by the Nelson Regional Development Agency with input from Council through the Events Development Committee. The Events Development Committee, which comprises Council officers and NRDA staff, meets monthly to evaluate and if appropriate, approve applications and make decisions on funding.
- 3.5 The NRDA provides an event coordination and development role, including providing a single point of contact for all event funding applications and enquiries, event coordination, development and marketing. In relation to areas of Council responsibility, event organisers are directed to Council's Events Team which assists with consenting, traffic plans etc.
- 3.6 Since adoption of the Strategy, the application process has been streamlined and simplified through the creation of a suite of documentation and guidance which is available on the NRDA's website.

### **Funding**

- 3.7 The Events Fund is a contestable fund with two components, one to support events which grow Nelson's economy (economic events) and one for events that foster community wellbeing and social outcomes (community events).
- 3.8 The total 2018/19 Council budget for event funding was \$398,211. This was made up of \$348,211 for economic events and \$50,000 for community events. Every second year the fund reduces by \$50,000, to fund the larger Light Nelson festival (funding is \$50,000 and \$100,000 in alternate years).
- 3.9 During 2018/19, \$178,650 of funding was committed for a total of 19 events (10 economic and 9 community), of this \$127,750 was approved for economic events and \$50,900 for community events.
- 3.10 The total amounts spent during the same period (which include multi-year funding commitments) are \$424,991 on economic events and \$46,500 on community events.
- 3.11 The closing balance of the Events Funds at 30 June 2019 was \$109,509 overdrawn (economic), compared to an expected overdraft of \$206,838. The Community Fund underspent by \$1,650 in its first year. Community Fund underspends are not carried forward.
- 3.12 The Events Fund (economic) is expected to remain overdrawn for the next two financial years. The balance was previously expected to return to a positive balance in 2020/21. However, as part of the Annual Plan process Council approved an overdraft limit of up to \$150,000 (at 30 June 2021) to allow underwriting for the Enduro World Series. The overdraft is now proposed to be repaid by 30 June 2022.

### **Achievement against Strategy objectives**

- 3.13 The objectives of the Strategy are:

## Item 8: Events Strategy - implementation update

- 3.13.1 Measurable economic outcomes for Nelson City
  - 3.13.2 Promotion of wellbeing and cohesion of the local community
  - 3.13.3 A rich events calendar which maximises opportunities throughout the year
  - 3.13.4 An events programme that attracts visitors to Nelson and gives the local community a sense of pride in being 'Nelsonian'
  - 3.13.5 A healthy partnership between the events sector, the community and Nelson City Council
- 3.14 There has been good achievement of economic outcomes from the year's activity. Of the economic events funded in 2018/19, the economic impact assessments ranged from 8:1 – 276:1. This provided an average return on investment in excess of 20:1. The Strategy set a target rate of return from the economic part of the Events Fund of 10:1, which looks rather conservative in light of these results. However, as this is the first year of the new Strategy it is recommended that performance is tracked over 2019/20 before considering any change to the target.
- 3.15 The community portion of the fund was fully subscribed in 2018/19 at the initial level of funding of \$50,000 with funding for 9 events approved. In the 2019/20 year that funding has increased to \$75,000. Given that funding for community events was uncertain in the period following the Long Term Plan 2015/25 (when the Community Assistance Fund was modified to only accept community development projects) officers believe it is worth doing some work to publicise the new funding opportunity through existing networks.
- 3.16 The period 2018/19 saw many successful community events supported by the fund such as Race Unity Day, Isel Twilight Market, Santa comes to Nelson and Fashion Revolution Day – Swap 'til You Drop. These events have brought the community together to celebrate and foster connection. Race Unity Day, following so soon after the Christchurch shootings, was notable for the opportunity it provided residents to show their support for an inclusive community that welcomed and supported people of all backgrounds and religions.
- 3.17 Attachment 1 shows the events calendar is delivering a reasonably varied offering with a predominance of sports and music/arts events. It is likely that some sectors of the community are more aware of the Fund and the support available. Again, publicising the opportunity through community networks may see a greater diversity of events coming forward.
- 3.18 In order to maximise opportunities throughout the year, events that are scheduled during the off-peak season are encouraged. Seasonality and timing of events is one of the criteria against which applications for funding are assessed. Events primarily delivering economic benefit should increase the number of visitors attracted to Nelson during the 'off season' period from 1 March to 30 November. Community events can receive support during any period but preference is given to events that add



## Item 8: Events Strategy - implementation update

vitality and interest to the city during the 'off season'. It is expected that community events timed during Nelson's high season will have larger audiences available and more opportunities to be self-sufficient, and therefore ratepayer support is less necessary.

- 3.19 All events are also assessed for their strategic alignment with the regional identity framework and with relevant Council policy. It was pleasing to see some real efforts to comply with this. The Isel Twilight Market has developed a reusable plate station to cut down on waste. Race Unity Day partnered with Zero Waste and with the help of volunteers managed to divert 76% percent of its waste away from landfill by encouraging recycling and a BYO system for plates, cutlery and cups.
- 3.20 The streamlined application process, the single point of contact and the clear working relationship between NRDA and Council, have been improvements resulting from the new Events Strategy. There has been an effort to provide certainty to events with a number of multi-year funding arrangements entered into.

### **Event evaluation**

- 3.21 Event evaluation is undertaken using information provided in the organiser's post-event reports to the NRDA. This is used to assess the success of the events and is taken into account in any future funding applications.
- 3.22 The NRDA noted in early January 2019 that there was a low return rate for post-event reports. Subsequently a post-event report template has been developed and provided to all event organisers, including for 2018/19 events. The development of the template and follow-up with organisers has resulted in only two post-events returns not being completed. These related to two community events that were held before the template was developed. The public attendance for both of these were difficult to measure. Consideration of future applications will consider the timely lodging of previous post-event reports.

### **Sponsor acknowledgement**

- 3.23 Another area that could be improved is the visibility of Council sponsorship at events and in marketing material so that it is clear to the community which events are supported by Council. Firming up requirements in funding agreements with event organisers should improve the consistency of acknowledgement.

## **4. Events supported by Council, but not through the Events Fund**

- 4.1 This report is predominantly focused on the Events Fund activities. However, Council also supports a wide range of events outside of this Fund, both financially and, through staff and elected members' time. These events include environmental, youth, sporting and cultural events.

## Item 8: Events Strategy - implementation update

4.2 Attachment two includes a list of events supported directly by Council, and is attached to demonstrate the wide range of events which contribute towards Council's Community Outcomes. The more significant events supported by Council in 2018/19 included:

4.2.1 Nelson Arts Festival (note the majority of the work for this festival is now undertaken by a trust with Council providing some staff time and funding)

4.2.2 The Summer Festival

4.2.3 The Heritage Festival

4.2.4 Baydreams concert

4.2.5 Sporting Events, including One Day International Cricket and Netball

4.2.6 Environmental workshops and community plantings

4.2.7 ANZAC Day

4.2.8 Various Youth Events throughout the city

Council's cash contribution towards these events was approximately \$1 million in 2018/19, with \$570,000 of this the Nelson Arts Festival. The Nelson Arts Festival services are reviewed as part of the annual Statement of Intent process for the Nelson Festivals Trust.

### **Conclusion**

The 2018/19 year has been a very successful one for the new Events Strategy with excellent returns for investment in economic events and an almost fully spent community events budget. As is to be expected in the first year of implementation there are a number of areas where improvements are needed and these are in hand. Future updates to Council should be able to provide a more detailed analysis as improved post-event reporting is embedded.

**Author:** Mark Tregurtha, Manager Strategy

### **Attachments**

Attachment 1: A2256992 - Schedule of event funding approved and spent in 2018/19 [↓](#)

Attachment 2: A2280154 - List of events 2018/19 - excluding the events fund [↓](#)

## Item 8: Events Strategy - implementation update

## Event Funding 2018/2019 - economic events

A2256992

Date of Event	Event	Date of Approval	Approved in 2018/19	Spend in 2018/2019	Attendees (out of region estimated)	Economic Impact Assessment/ Return on investment
30 April - 4 May 2018	Nelson Festival of Golf 2018	2017/18		7,061		
1 March 2018	Nelson Beer Week & MarchFest 2018	2017/18		5,000		
19 -24 August 2018	Super Club Netball	2017		65,000	4000 (300/7.5%)	1:12
31 August - 2 September 2018	Art Expo Nelson 2018	22/02/2018		11,000	4000 (400/10%)	1:23
8 September 2018	All Blacks v Argentina Rugby Test	2017		150,000	21,404 (10,059/47%)	1:26
3 November 2018	New Zealand Cider Festival 2019	22/02/2018		23,680	2,600 (1,950/75%)	1:26
31 January - 9 February 2019	Adam Chamber Music Festival	2017		36,500	2886 ( 1847/64%, 20% from overseas)	1.88
2 March 2019	Interislander Big Tahuna Ocean Swim Series	22/02/2018		30,000	620 + 1,750 = 2,370 supporters (434/70% of entrants or 18% of all attendees)	1:14
8 January 2019	Black Caps v Sri Lanka International Cricket ODI	4/12/2018	22,000	22,000	4,401	1:74
16 - 21 February 2019	Flying Dutchman World Champs	6/11/2018	5,000	5,000	400 (150/37.5%, of 50 from overseas)	1:276
2 - 10 March 2019	Nelson Beer Week & MarchFest 2019	25/09/2018	42,000	42,000	3600 (1800/50%)	1:24
16 March 2019	Wairua Warrior	19/02/2019	5,000	5,000	580 (313/54%)	1:8
24 March 2019	Good Oil Mainland Tactix Netball	25/09/2018	22,500	7,500	926 (222/24%)	1:36
29 April - 3 May 2019	Nelson Festival of Golf 2019	25/09/2018	8,000	8,000	240 (204)	1:10
25 - 26 May 2019	Nelson Marlborough West Coast Brass Band Association Regional Contest	19/02/2019	2,250	2,250	322 (200)	1:33
31 May - 3 June 2019	Ceol Aneas Traditional Irish Music Festival	26/03/2019	5,000	5,000	300	1:10
6 - 8 September 2019	Art Expo Nelson 2019	26/03/2019	11,000		4,000	1:25
26 - 28 October 2019	Aorere Enduro	18/06/2019	5,000		240 competitors	1:47
			127,750	424,991		

## Event Funding 2018/2019 - community events

A2256992

Date of Event	Event	Date of Approval	Approved in 2018/19	Spend in 2018/2019	Attendees (out of region estimated)	Economic Impact Assessment/ Return on investment
October to April 2019	Isel Market	27/07/2018	3,000	3,000	2,500pw (28 weeks) (200/8%)	
28 October 2018	Nelson Street Hop	25/09/2018	6,000	6,000	5,000 (100/2%)	
10 - 21 December 2018	Santa comes to Nelson City	4/12/2018	5,000	5,000	500 (10/2%)	
2 - 5 January 2019	Nelson Jazz Festival	25/09/2018	8,000	8,000	7,035 (1618/23%)	
24 March 2019	Race Unity Day	25/09/2018	15,000	15,000	5,000	
4 May 2019	Fashion Revolution Day – Swap ‘til You Drop	26/03/2019	2,500	2,500	374 (N/A)	1:7
29 May - 1 June 2019	The Witches of Eastwick	21/05/2019	1,000	1,000	1260 (7/1%)	1:54
30 August 2019 - 19 June 2020	Kiwi Silent Disco	18/06/2019	5,000	4,000	150 per event	1:10
28 September 2018	NZ Male Voice Choir Anniversary Gala	21/05/2019	5,400	2,000	450	1:21
			50,900	46,500		

## Item 8: Events Strategy - implementation update: Attachment 2

Events supported by Council 1 July 2018 - 30 June 2019

Event description	Date of event	Form of support Financial/staff time/both	Group
Branford Park Community Planting	Jul-18	Ran the event	Environmental Management
Groom Creek Opening Event	Sep-18	Ran the event	Environmental Management
Community Spotlighting Event	Oct-18	Ran the event	Environmental Management
Community Seminar - Trees in Productive Landscapes	Nov-19	Ran the event	Environmental Management
Community Workshops x 3 - Land Environment Planning	Mar-19 and Apr-19	Ran the events	Environmental Management
Paremata Flats Community Planting	May-19	Ran the event	Environmental Management
Manu Hikoi Wakapuaka Catchment	May-19	Ran the event	Environmental Management
Community get-together to support land environment plans - Cable Bay Adventure Park	Jun-19	Ran the event	Environmental Management
Septura Residency	Apr-19	Financial and staff time	Community Services
Youth Leadership Forum	May-19	Ran the event	Community Services
Womens Suffrage March Reenactment	Jul-18	Financial - Histrionics banners	Community Services
Heritage Festival Event Host Workshop	Oct-18	Ran the event	Community Services
WW1 Armistice Commemorations	Nov-18	Ran the event - top of Trafalgar St	Community Services
Heritage Festival Event Host Festival Launch	Apr-19	Ran the event	Community Services
Nelson Heritage Festival	Apr-19	Financial and staff time	Community Services
NCMA 125 Years anniversary Celebrations	Jun-19	Paid grant for organiser, band, and refreshments, booked 1903 square	Community Services
ANZAC Day Events- Dawn and Stoke Services	Apr-19	Grant to RSA to run events	Community Services
Winter Central City Arts Activations	Jun-19	Contract with Arts Council Nelson to provide	Community Services
Histrionics Red Plague Historic show	Jul-19	Grant agreement with Histrionics to fund marketing	Community Services
International Kai Festival	Feb-19	Run in conjunction with Whakatu Marae, staff time	Community Services
Heritage Fair	Apr-19	Ran the event	Community Services
Founders Annual Book Fair	Jun-19	Ran the event	Community Services
Park After Dark	Jul-18	Ran the event	Community Services
Youth Event # 1 - Frigate Night	Oct-19	Financial - Event Contractor	Community Services
Youth Event # 2 - Tahuna Rocks # 1 (part of Tahuna Summer Sounds)	Jan-19	Financial - Event Contractor	Community Services
Youth Event # 3 - Tahuna Rocks # 2 (part of Tahuna Summer Sounds)	Jan-19	Financial - Event Contractor	Community Services
Youth Event # 4 - Young and Inspired	May-19	Financial - Event Contractor	Community Services
Youth Event # 5 - Expressions	Mar-19	Financial - Event Contractor	Community Services
Youth Event # 6 - Laugh Nelson	May-19	Financial - Event Contractor	Community Services
Youth Event # 7 - Rock the City	Jun-19	Financial - Event Contractor	Community Services
Summer Event - Lantern Celebration	Dec-18	Financial - Event Contractor	Community Services
Summer Event - New Year's Eve Countdown	Dec-19	Financial - Event Contractor	Community Services
Summer Event - Teddy Bears' Picnic	Jan-19	Financial - Event Contractor	Community Services
Summer Event - Movies Al Fresco	Jan-19	Financial - Event Contractor	Community Services
Summer Event - Beach Beats (part of Tahuna Summer Sounds)	Jan-19	Financial - Event Contractor	Community Services
Summer Event - Beach Beats (part of Tahuna Summer Sounds)	Jan-19	Financial - Event Contractor	Community Services
Summer Event - Buskers Festival	Feb-19	Financial - Event Contractor	Community Services
Nelson Christmas Lunch	Dec-18	Financial and staff time	Community Services
Bay Dreams 2019	Jan-19	Staff time	Community Services
Nelson Arts Festival	Oct-18	Staff time	Community Services
Greenmeadows Open Day	Jun-19	Staff time	Community Services
Eelco Boswijk Awards	Jun-19	Financial and staff time	Community Services
Bishops Ordination	Aug-19	Financial and staff time	Community Services
Community Vigil following Christchurch attack	Feb-19	Staff time	Community Services
Race Unity Day	Feb-19	Staff time	Community Services
Summer of Street Art	Summer	Staff time	Community Services
International Cricket ODI	Jan-19	Financial and staff time	Community Services
Home and Garden Show	Sep-18	Staff time	Community Services
Giants Games x 8	Apr to Jun-19	Staff time	Community Services
Aviation NZ Gala Dinner	Jul-18	Staff time	Community Services
Port Nelson Conference	Aug-18	Staff time	Community Services
Netball NZ Tournament	Aug-18	Staff time	Community Services
CLM Awards dinner	Sep-18	Staff time	Community Services
Brewers Guild of NZ Conference	Sep-18	Staff time	Community Services
Cawthron Science Fair	Sep-18	Staff time	Community Services
Perioperative Nurses Conference	Oct-18	Staff time	Community Services
Chamber of Commerce Business Awards	Nov-18	Staff time	Community Services
Institute of Directors Conference	Nov-18	Staff time	Community Services
Blindspott Concert	Dec-18	Staff time	Community Services
Nelson Antique Show	Jan-19	Staff time	Community Services
The Hollies Concert	Feb-19	Financial and staff time	Community Services
John Butler Trio Concert	Mar-19	Financial and staff time	Community Services
Bryan Adams - Pre Concert	Mar-19	Financial and staff time	Community Services
ANZ Champs - Tactix vs Mystics	Mar-19	Staff time	Community Services
Angus and Julia Stone	Mar-19	Financial and staff time	Community Services
Lunch with the Prime Minister	May-19	Staff time	Community Services
ShowQuest	May-19	Staff time	Community Services

A2280154

## Item 8: Events Strategy - implementation update: Attachment 2

Events supported by Council 1 July 2018 - 30 June 2019

Event description	Date of event	Form of support Financial/staff time/both	Group
Pink Floyd Experience	May-19	Staff time	Community Services
NZ Institute of Architects Conference	May-19	Staff time	Community Services
All Blacks vs Pumas	Sep-18	Financial and staff time	Community Services
Bay Dreams 2019	Jan-19	Staff time	Community Services
International Cricket ODI	Jan-19	Staff time	Community Services
Bloom	Oct-19	Financial and staff time - Event Contractor	Community Services
La Vie en Rose	Feb-19	Financial and staff time - Event Contractor	Community Services
Textile Kids x 8 Broadgreen	School holidays	Financial and staff time	Community Services
School Holiday programme at Isel	Dec-18 and Apr-19	Financial and staff time	Community Services
Heritage Festival events (Broadgreen and Isel)	Apr-19	Financial and staff time	Community Services
Open Days at Broadgreen x 3	School holidays	Financial and staff time	Community Services

A2280154

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## **Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019**

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

- 1.1 To inform the Committee of the financial and non-financial results for the first quarter for the activities under its delegated authority.
- 1.2 To highlight any material variations.

### **2. Recommendation**

***That the Governance and Finance Committee***

- 1. Receives the report Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019 (R12561) and its attachments (A2291818, A2294518, A2285110 and A1160658).***

### **3. Background**

- 3.1 Quarterly reports on performance are being provided to each Committee on the performance and delivery of projects and areas within their responsibility.
- 3.2 The financial reporting focuses on the three month performance (1 July to 30 September 2019) compared with the year-to-date (YTD) approved capital and operating budgets.
- 3.3 Unless otherwise indicated, all information is against approved operating budgets, which is 2019/20 Annual Plan, plus any carry forwards, plus or minus any other additions or changes as approved by the Committee or Council.



Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

- 3.4 Due to changes to the structure of committees made at the start of the 2019 triennium, this Committee has taken on the majority of the financial delegation of the former Audit Risk and Finance Subcommittee.
- 3.5 The body of this report is split into two sections to reflect this. The first section (section 4) will report on Council activities within the Committee's delegations for the quarter, and the second section (section 5) covers Council's overall financial performance. The whole of Council project health summary reporting falls under the 'risk' category and goes to the Audit and Risk Sub-committee.

#### 4. Governance Activities

##### 4.1 Key developments for the three months to 30 September 2019

- 4.2 At the 4 June 2019 Annual Plan 2019/20 Deliberations meeting Council resolved to undertake a review of the Nelson Regional Development Agency services be undertaken prior to the next Statement of Expectation. This review is underway and will be reported to the next Governance Committee meeting.

##### 4.3 Financial Results

- 4.4 Financial information is shown in the charts below, with an explanation following.
- 4.5 Profit and Loss by Activity

<b>Economic</b>	<b>YTD Actuals</b>	<b>YTD Operating Budget 2019/20</b>	<b>YTD Variance</b>	<b>Total Operating Budget 2019/20</b>	<b>Total Annual Plan Budget 2019/20</b>
<b>Income</b>					
Rates Income	(439)	(439)	0	(1,755)	(1,755)
Other Income	0	(75)	75	(300)	0
	<b>(439)</b>	<b>(514)</b>	<b>75</b>	<b>(2,055)</b>	<b>(1,755)</b>
<b>Expenses</b>					
Staff Operating Expenditure	15	2	13	7	7
Base Expenditure	329	323	6	1,243	897
Unprogrammed Expenses	0	0	0	0	0
Programmed Expenses	143	339	(196)	826	826
Finance Expenses	4	6	(2)	25	25
Depreciation	0	0	0	0	0
	<b>491</b>	<b>670</b>	<b>(179)</b>	<b>2,101</b>	<b>1,755</b>
<b>(Surplus)/Deficit</b>	<b>52</b>	<b>156</b>	<b>(104)</b>	<b>46</b>	<b>0</b>

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

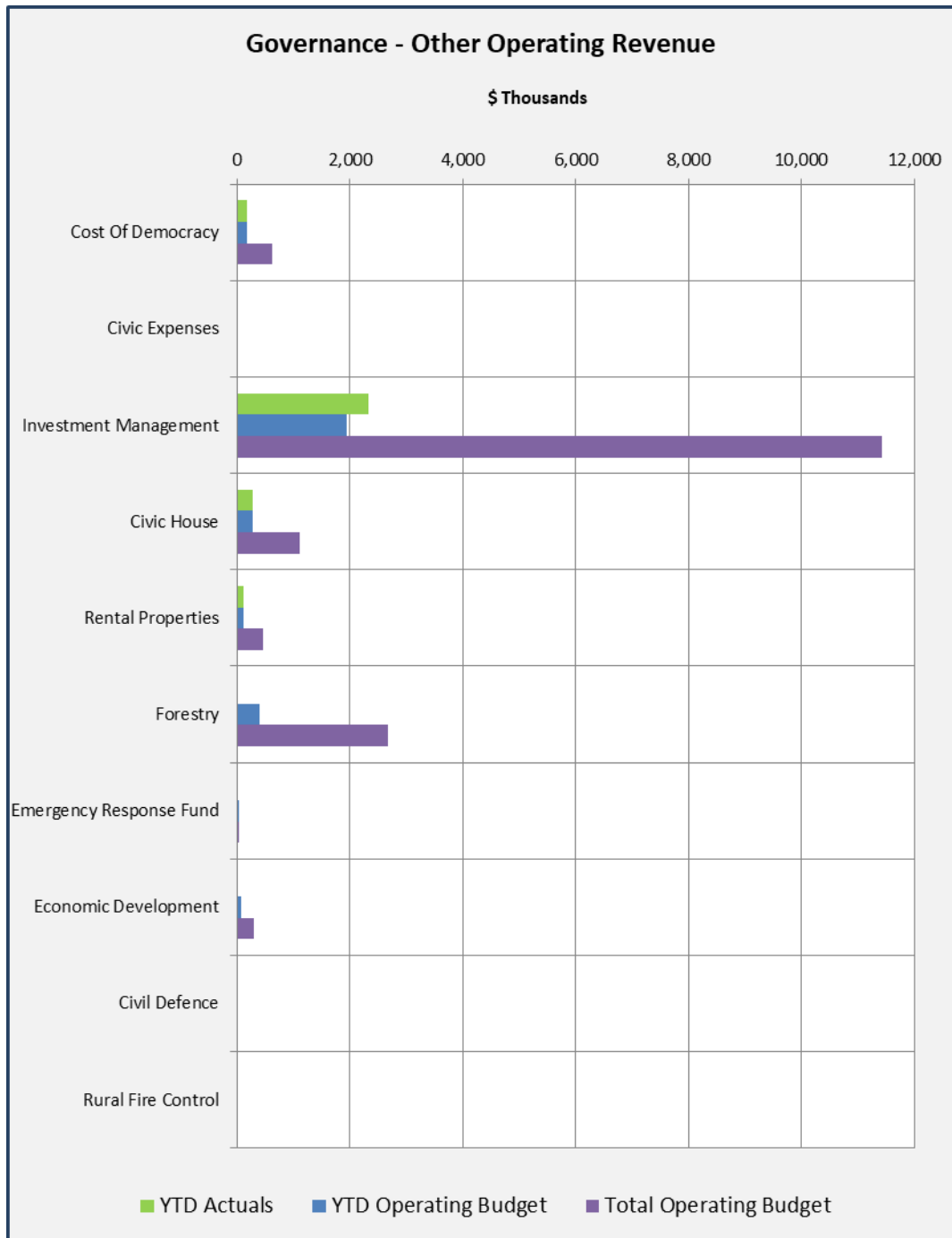
<b>Corporate</b>	<b>YTD Actuals</b>	<b>YTD Operating Budget 2019/20</b>	<b>YTD Variance</b>	<b>Total Operating Budget 2019/20</b>	<b>Total Annual Plan Budget 2019/20</b>
<b>Income</b>					
Rates Income	(609)	(607)	(2)	(2,430)	(2,430)
Other Income	(2,917)	(3,015)	98	(16,465)	(16,464)
<b>Total Income</b>	<b>(3,526)</b>	<b>(3,622)</b>	<b>96</b>	<b>(18,895)</b>	<b>(18,894)</b>
<b>Expenses</b>					
Staff Operating Expenditure	2,056	1,709	347	6,851	6,793
Base Expenditure	985	1,184	(199)	4,091	4,111
Unprogrammed Expenses	54	19	35	578	578
Programmed Expenses	25	50	(25)	308	246
Finance Expenses	1,350	1,285	65	4,756	4,756
Depreciation	218	470	(252)	1,879	1,879
<b>Total Expenses</b>	<b>4,688</b>	<b>4,717</b>	<b>(29)</b>	<b>18,463</b>	<b>18,363</b>
<b>(Surplus)/Deficit</b>	<b>1,162</b>	<b>1,095</b>	<b>67</b>	<b>(432)</b>	<b>(531)</b>

4.5.1 Notes to Profit and Loss by Activity:

- The "Total Operating Budget" differs from the "Total Annual Plan Budget" in that it includes carry forwards and reallocations made after the final approval of the Annual Plan.
- Base Expenditure is expenditure that happens year after year, for example yearly contracts or operating expenses.
- Programmed Expenditure is planned, or there is a specific programme of works. For example, painting a building.
- Unprogrammed Expenditure is reactive or unplanned in nature, for example responding to a weather event. Budgets are included as provisions for these expenses which are unknown.

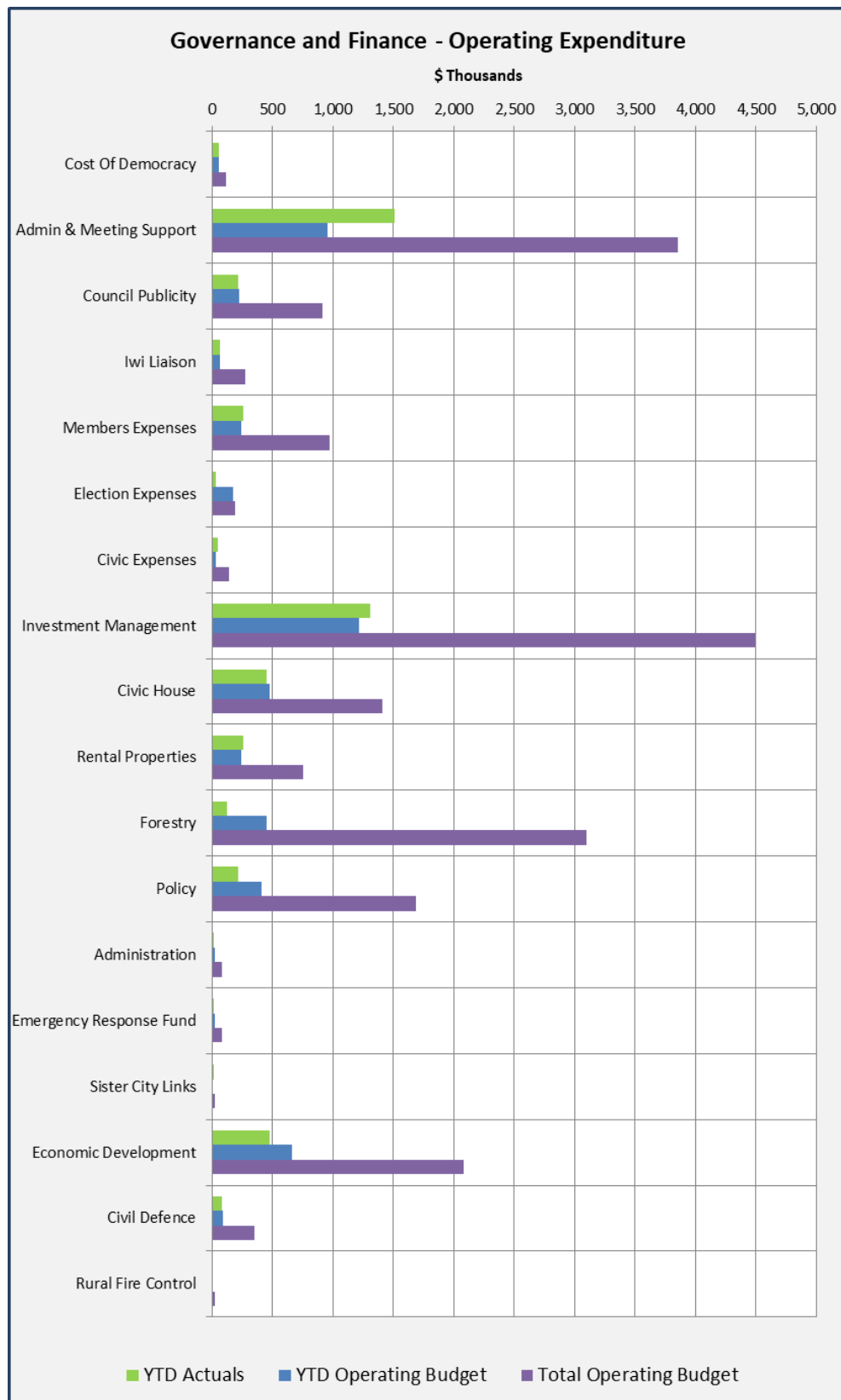
Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

4.6 Other Operating Revenue (excluding rates income)



Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

4.7 Operating Expenditure



4.8 Staff costs are overall ahead of budget by \$351,000 across Governance. Staff costs include all expenditure relating directly to the employment of

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

staff, as well as some overheads which are allocated to cost centres on the same basis as staff time.

- 4.9 The staff cost variance in Governance is driving the trend across council for the first quarter. For all of council, staff costs are to date ahead of budget by \$353,000. This includes operating staff costs ahead by \$509,000 and capital staff costs behind by \$156,000. It is noted that operating staff cost overspends are largely allocated to Governance cost centres.
- 4.10 Major variances in staff expenditure across council include wages (\$70,000 over budget), temporary staff (\$67,000 over budget), contractors (\$83,000 over budget) and depreciation (\$78,000 under budget). These overspends total \$142,000 for the quarter.
- 4.11 Other staff expenditure variances relate to the timing of the actual expenditure not aligning with the budget. This includes insurance (\$101,000 ahead of budget), ACC (\$32,000 ahead of budget), computer software (\$95,000 ahead of budget) and professional advice (\$40,000 ahead of budget). These timing variances total \$230,000, and are expected to reduce as the year progresses.
- 4.12 Individual variances in the cost centres are noted below where significant. In each case, these variances may be the result of actuals occurring in a different cost centre than budgeted, timing, or cost variances (overspends or underspends).
- 4.13 **Cost of Democracy income is less than budget by \$14,000.** Petroleum tax and penalty on rates receipts are behind budget by \$11,000 and \$3,000 respectively.
- 4.14 **Administration and Meeting Support expenditure is greater than budget by \$547,000.** Staff costs are ahead of budget by \$546,000. Staff costs are discussed in detail above. However it is noted that staff cost overspends are largely being allocated to this cost centre. The staff allocation model is currently being reviewed.
- 4.15 **Council Publicity expenditure is less than budget by \$11,000.** Staff costs are behind budget by \$11,000.
- 4.16 **Members' Expenses are greater than budget by \$13,000.** Staff costs are ahead of budget by \$6,000. Members' fees are ahead of budget by \$5,000.
- 4.17 **Election Expense income is less than budget by \$18,000.** This is due to timing.
- 4.18 **Election Expense expenditure is less than budget by \$144,000.** The cost of providing election services is less than budget by \$142,000 due to timing.

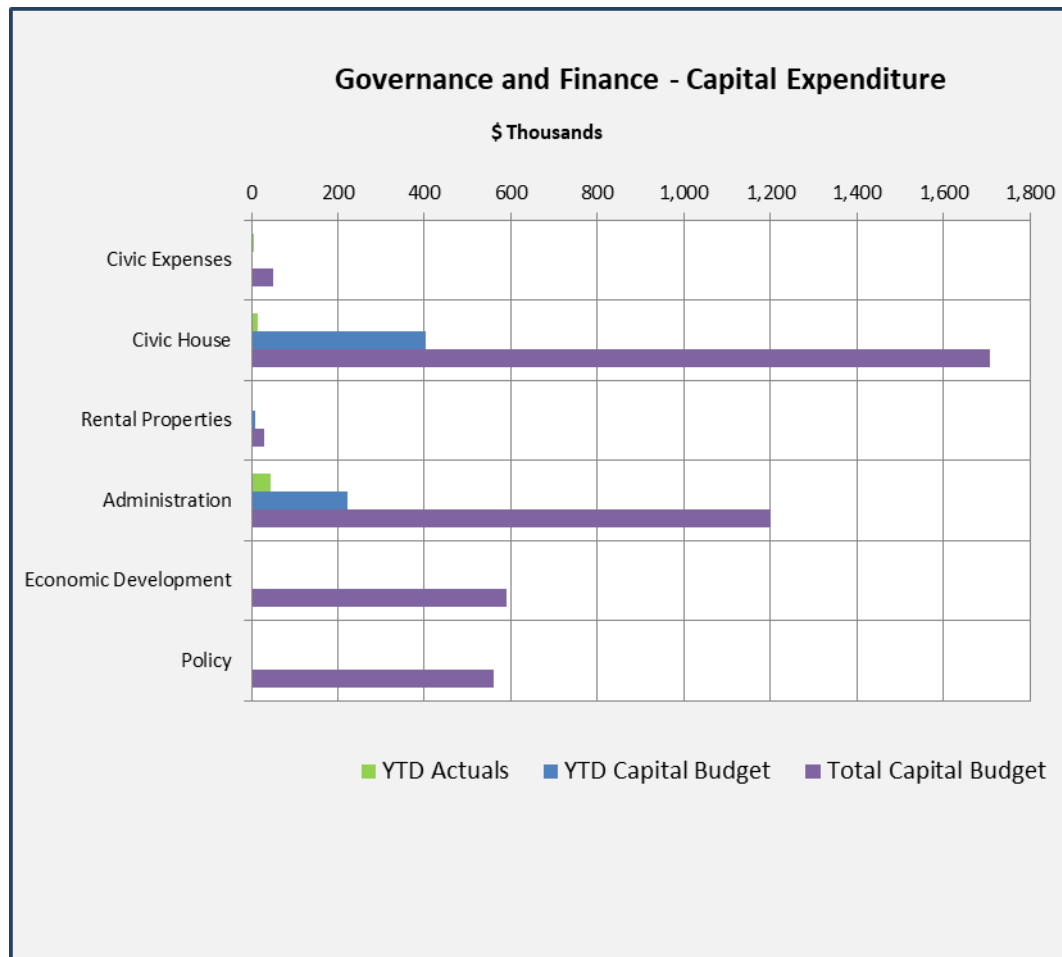
Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

- 4.19 **Civic Expenses are greater than budget by \$15,000.** This is the result of various timing differences, including Nelson City Brass (\$8,000 ahead), ANZAC Day commemorations (\$12,000 ahead) and Santa Parade (\$5,000 behind).
- 4.20 **Investment Management income is greater than budget by \$374,000.** A special dividend of \$400,000 was received in September from Port Nelson. Council policy is to use special dividends to repay debt. External interest is ahead of budget by \$41,000 and is offset by expenditure. **Investment Management expenditure is greater than budget by \$90,000.** External interest expense is ahead of budget due to the pre-funding of debt, and is partially offset by income.
- 4.21 **Civic House expenditure is less than budget by \$24,000.** Depreciation is under budget by \$28,000. Reactive maintenance is over budget by \$4,000. It is anticipated that this item will be overspent for the full year, as insufficient funds have been budgeted to cover reactive works.
- 4.22 **Rental Property expenditure is greater than budget by \$18,000.** Unbudgeted expenditure of \$28,000 has been incurred for the Neale Park landfill gas issue. Asbestos testing and assessment costs are behind budget by \$8,000 due to timing.
- 4.23 **Forestry income is less than budget by \$402,000.** This variance relates to timing of the Maitai Forest harvest and is partially offset in expenditure. **Forestry expenditure is less than budget by \$330,000.** Maitai Forest harvest costs are behind budget by \$330,000 as the harvest has not yet started.
- 4.24 **Policy expenditure is less than budget by \$193,000.** Staff costs are behind budget by \$189,000. This provides a partial offset to staff costs recorded in Admin and Meeting Support.
- 4.25 **Emergency Response Fund income is less than budget by \$36,000.** The insurance activity contribution is under budget.
- 4.26 **Sister City Links expenditure is greater than budget by \$7,000.** Each city link is ahead of budget, including Miyazu (\$2,000), Huangshi (\$2,000) and Yang Jiang (\$3,000).
- 4.27 **Economic Development income is less than budget by \$75,000.** This is a timing variance relating to Tasman District Council contribution to the Nelson Economic Development Agency. **Economic Development expenditure is less than budget by \$186,000.** Staff costs are ahead of budget by \$14,000. Various items are behind budget due to timing, including regional promotion (\$25,000), events contestable fund (\$167,000), and special economic projects (\$15,000).
- 4.28 **Terms used:** *Ahead/behind* – this indicates that the variance is due to timing, or that it is not yet known whether the variance will continue for the full year. *Over/under* – this indicates that a budget has been overspent or underspent, and that it is likely there is an actual cost saving or overrun.

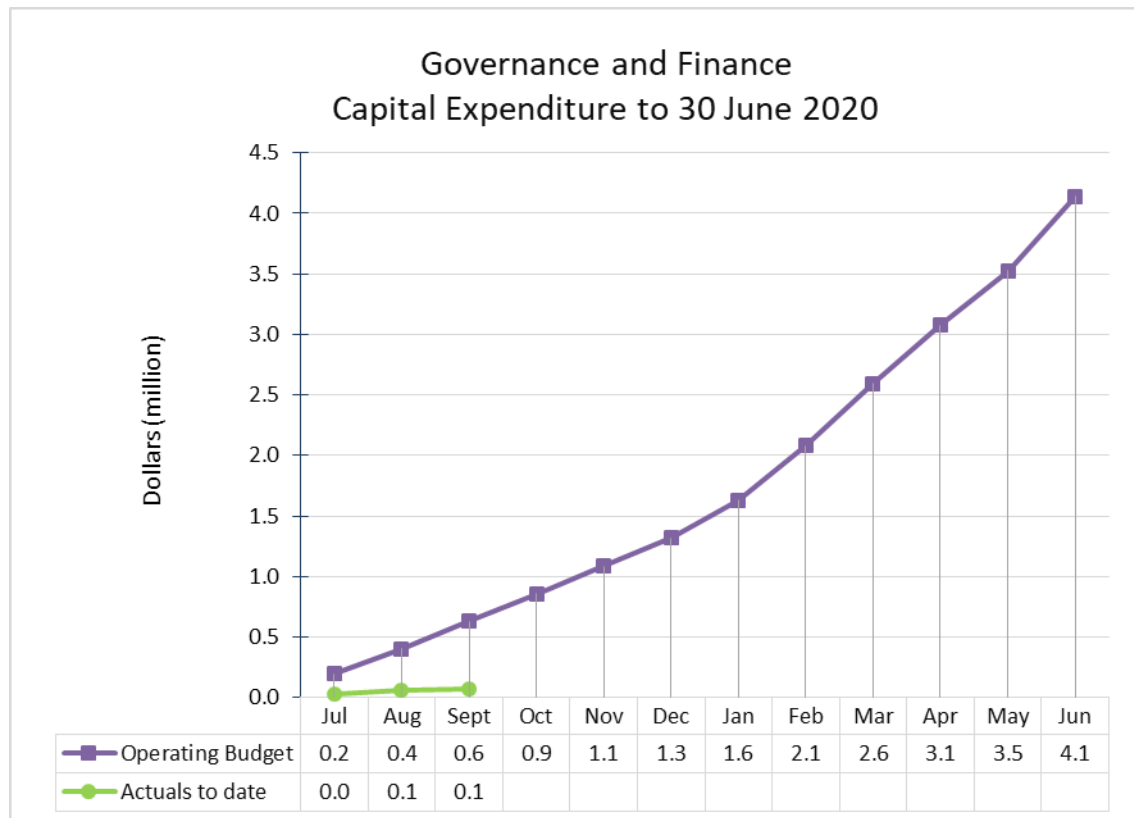
Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

These should be made clear by the commentary. *Less/greater* – these header terms are used to describe the total variance to budget for a cost centre and account type.

4.29 Capital Expenditure (including staff time, excluding vested assets)



Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019



4.30 All capital projects, within the Governance delegation, with a budget greater than \$250k in this financial year have a project sheet in Attachment 1 of this report.

#### 4.31 Commentary on Capital Projects

4.32 There are three capital projects, within the Governance delegation, that are included as part of the quarterly reporting. All of these are have a budget over \$250k for 2019/20.

4.33 Project status is analysed based on three factors; quality, time, and budget. From the consideration of these three factors the project is summarised as being on track (green), some issues/risks (yellow), or major issues/risks (red). Projects that are within 5% of their budget are considered to be on track in regards to the budget factor.

4.34 Of those capital projects attached, all are related to Civic House improvements and are red as they are on hold.

#### 4.35 Project Reports – Operational

4.36 There is one non-capital project within the Governance delegation that is included as part of the quarterly reporting. This project, the 2020/21 Annual Plan, has been selected for quarterly reporting as it makes an important contribution to Council's work programme. The summary is included in Attachment 1.



#### 4.37 Key Performance Measures

4.38 As part of the development of the Long Term Plan 2018-28, Council approved levels of service, performance measures and targets for each activity. There are ten performance measures within the Governance Committee's delegations.

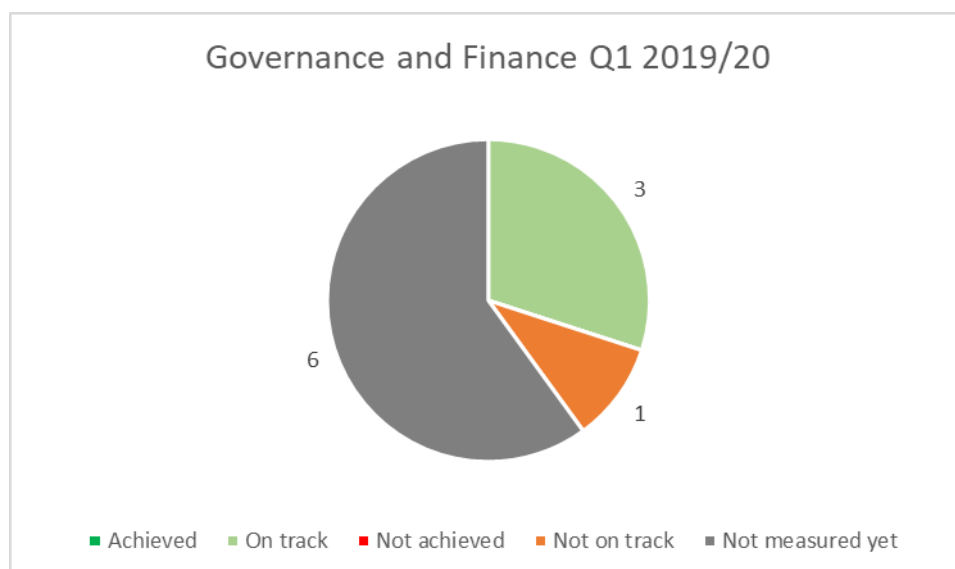
4.39 Final results for each measure will be reported on through the Annual Report 2019/20, however this report includes an indication of progress for those measures where an assessment of current performance is available at this stage.

4.40 A number of performance measures cannot be reported on until the end of the financial year, accordingly the scale to report on the performance measures is as follows:

- On track
- Not on track
- Achieved
- Not achieved
- Not measured yet

4.41 Attachment 2 lists all performance measures within the Governance delegation, their status, and commentary for the quarter.

#### 4.42 Quarterly Review of Performance Measures



4.43 Of the ten Governance performance measures, three were 'on track' and one 'not on track' at the close of quarter one 2019/20. The measure that is 'not on track' concerns staffing of Emergency Operations Centre management and group roles (see Attachment 2).

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

- 4.44 Six measures cannot yet be reported on and the results are listed as 'not measured yet'. Five measures that relate to economic performance have this status, as the report from contractor Infometrics containing the relevant data for that period is due on 22 November 2019, after the writing of this quarterly report. The sixth measure is waiting on the delivery of the six-monthly Council Controlled Organisation reports, which are due in December 2019.

## 5. Financial Performance – Whole of Council

### 5.1 Profit and Loss

<b>Nelson City Council Total</b>	<b>YTD Actuals</b>	<b>YTD Operating Budget 2019/20</b>	<b>YTD Variance</b>	<b>Total Operating Budget 2019/20</b>	<b>Total Annual Plan Budget 2019/20</b>
<b>Income</b>					
Rates Income	(17,266)	(17,248)	(18)	(68,996)	(68,996)
Other Income	(10,938)	(10,426)	(512)	(51,965)	(52,081)
	<b>(28,204)</b>	<b>(27,674)</b>	<b>(530)</b>	<b>(120,961)</b>	<b>(121,077)</b>
<b>Expenses</b>					
Staff Operating Expenditure	7,260	6,751	509	27,120	26,892
Base Expenditure	12,253	12,217	36	42,779	42,702
Unprogrammed Expenses	1,222	1,090	132	4,907	4,790
Programmed Expenses	2,633	3,389	(756)	12,683	12,601
Finance Expenses	3,068	3,048	20	11,815	11,815
Depreciation	6,087	6,459	(372)	25,789	25,789
	<b>32,523</b>	<b>32,954</b>	<b>(431)</b>	<b>125,093</b>	<b>124,589</b>
<b>(Surplus)/Deficit</b>	<b>4,319</b>	<b>5,280</b>	<b>(961)</b>	<b>4,132</b>	<b>3,512</b>

- 5.2 For the three months ending 30 September 2019, the activity surplus/deficits are \$961,000 favourable to budget.

- 5.3 The most significant variances to budget are set out below. These will be reported to the relevant Committees.

### 5.4 Income

- 5.4.1 Dividends are ahead of budget by \$410,000 reflecting the unbudgeted special dividend of \$400,000 declared by Port Nelson Limited in September 2019.

- 5.4.2 Forestry harvesting income is behind budget by \$402,000 due to delayed harvesting in the Maitai Forest. Expenditure is also behind budget (\$330,000) largely for the same reason.

- 5.4.3 Unbudgeted income of \$100,000 has been received from the Ministry of Business, Innovation and Employment (MBIE) for responsible camping initiatives.

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

5.4.4 Commercial water income is greater than budget by \$69,000 based on usage.

5.4.5 Saxton Field income is greater than budget by \$113,000. Tasman District Council recoveries are ahead due to timing; income was received earlier than budgeted.

5.5 Expenses

5.5.1 There are numerous variances in **staff operating expenditure** in the activities:

- Total staff operating costs are over budget by \$353,000, Opex staff and overhead costs are over budget by \$509,000 and capex staff and overheads are under budget by \$156,000.
- Major variances in staff expenditure across council include wages (\$70,000 over budget), temporary staff (\$67,000 over budget), contractors (\$83,000 over budget) and depreciation (\$78,000 under budget). These overspends total \$142,000 for the quarter.
- Other staff expenditure variances relate to the timing of the actual expenditure not aligning with the budget. This includes insurance (\$101,000 ahead of budget), ACC (\$32,000 ahead of budget), computer software (\$95,000 ahead of budget) and professional advice (\$40,000 ahead of budget). These timing variances total \$230,000, and are expected to reduce as the year progresses.

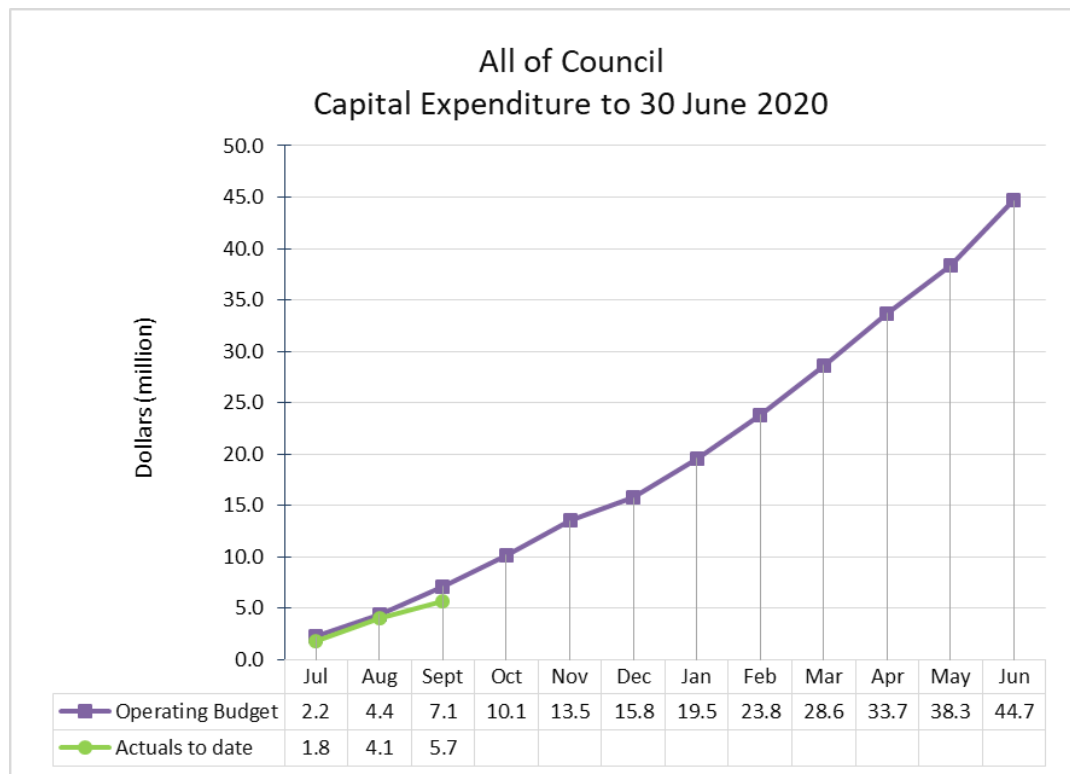
5.5.2 **Unprogrammed expenditure** is greater than budget by \$132,000. Wastewater reticulation reactive maintenance is over budget by \$83,000 due to the cost of reactive works, including Paru Paru pump failures, Nile Street gravity system blockages, and Atawhai Rising Main break in September.

5.5.3 **Programmed expenditure** is less than budget by \$756,000 including forestry expenditure of \$330,000 (refer 5.4.2), economic development \$203,000, and environment activities \$151,000.

5.5.4 Council's overall **depreciation** charge is less than budget by \$372,000 mainly in Administration \$225,000. Of this, \$160,000 was the result of an error which will be fixed in the next quarter, and \$80,000 is an underspend which is expected to increase as the year progresses.

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

5.6 Capital Expenditure (including staff time, excluding vested assets)



5.7 Financial information provided in Attachment 3 includes:

- 5.7.1 A financial measures dashboard with information on rates revenue, operating revenue and expenditure, and capital revenue and expenditure. The arrow icon in each applicable measure indicates whether the variance is increasing or decreasing, and whether that trend is favourable or unfavourable (green or red).
- 5.7.2 Operating income and expenditure displayed against budget for both committee and category. Significant variances are noted against committees. Each committee will receive a more detailed analysis of variances by cost centre.
- 5.7.3 A summary profit and loss statement also including the latest forecast position.
- 5.7.4 A treasury measures dashboard with a compliance table (green signifying 'compliant'), a forecast of the debt/revenue ratio for the year where available, and a graph showing debt levels over a rolling 13 month period.
- 5.7.5 High level balance sheet. The current year balance sheets do not include consolidations.

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019

- 5.7.6 A debtor analysis graph over 13 months, showing outstanding debt levels and patterns for major debt types.
- 5.7.7 Two capital expenditure graphs; the line graph records actual expenditure against approved budget, and the quarter two forecast (current understanding of most likely outcome). The bar graph records year to date expenditure against approved budget by committee.
- 5.8 Capital expenditure is \$1.4 million under approved budget for the year to date.
- 6. Status Reports**
  - 6.1 The updated status report is included as Attachment 4 (A1160658). A Confidential Status Report has been included in the Confidential Agenda.
- 7. Conclusion**
  - 7.1 The review of performance for the first quarter for the Governance and Finance Committee is included in this report, with project reports and performance measure updates attached.

**Author: Mark Tregurtha, Manager Strategy**

**Attachments**

- Attachment 1: A2291818 Governance Project Sheets Quarter One 2019/20 [↓](#)
- Attachment 2: A2294518 Governance Performance Measure Summary Quarter One 2019/20 [↓](#)
- Attachment 3: A2285110 Finance Dashboards and Charts [↓](#)
- Attachment 4: A1160658 - Governance and Finance Committee Status Report 5 December 2019 [↓](#)

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September  
2019: Attachment 1

<b>Civic House Floor 1 upgrade</b>					<b>1195</b>
Civic House floor one refurbishment					
<b>Overall Health</b>			<b>Quality</b>	<b>Time</b>	<b>Budget</b>
<b>Project Update (work completed, in progress, scheduled &amp; budget change info)</b>					
Project remains on hold while accommodation options are confirmed. Some minor expenditure will occur.					
<b>Project Risks</b>					
Project on hold.					
<b>Project Issues</b>					
Project on hold.					
<b>Civic House Floor 1 upgrade</b>					<b>1195</b>
<b>2013/14 to 2017/18 Actuals</b>					<b>190,381</b>
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Years 4-10</b>	<b>Total</b>
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/28</b>	<b>2018/28</b>
Long-term Plan Budget	588,000	-	-	-	588,000
Carry-forwards / Amendments	(476,000) *	831,610	-	-	355,610
<b>Total Budget</b>	<b>112,000 *</b>	<b>831,610</b>	<b>-</b>	<b>-</b>	<b>943,610</b>
Actual Spend to Date	112,442 *	51			
<b>Full Year Forecast</b>	<b>112,442 *</b>	<b>800,000</b>	<b>-</b>	<b>-</b>	<b>912,442</b>

\* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

Governance

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September  
2019: Attachment 1

Aircon for Civic House					1197
Install aircon and Ventilation for Civic House.					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
Project remains on hold while accommodation options are confirmed. Some minor expenditure will occur.					
Project Risks					
Project on hold.					
Project Issues					
Project on hold.					
Aircon for Civic House					1197
2013/14 to 2017/18 Actuals					167,334
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	395,000	255,500	52,224	568,507	1,271,231
Carry-forwards / Amendments	(300,000) *	170,753	-	-	(129,247)
Total Budget	95,000 *	426,253	52,224	568,507	1,141,984
Actual Spend to Date	- *	-			
Full Year Forecast	- *	400,000	52,224	568,507	1,020,731

\* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

Governance

Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September  
2019: Attachment 1

Civic House Capital Programme				1198
Miscellaneous renewals and upgrades - furniture, plant & equipment, minor modifications, etc				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)
Project remains on hold while accommodation options are confirmed. Some minor expenditure will occur. 2019/20 expenditure relates to the renewal of the service lift.
Project Risks
Project on hold.
Project Issues
Project on hold.

Civic House Capital Programme					1198
	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2021/28	Total 2018/28
Long-term Plan Budget	252,000	1,371,524	1,405,871	1,300,557	4,329,952
Carry-forwards / Amendments	(117,325) *	(1,188,998)	-	-	(1,306,323)
<b>Total Budget</b>	134,675 *	182,526	1,405,871	1,300,557	3,023,629
Actual Spend to Date	76,235 *	29,854			
<b>Full Year Forecast</b>	76,235 *	166,132	130,445	2,670,346	3,043,158

\* Includes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

Governance



Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September  
2019: Attachment 1

<b>Annual Plan 2020/21</b>				<b>1361</b>
<b>Overall Health</b>		<b>Quality</b>	<b>Time</b>	<b>Budget</b>

<b>Project Update (work completed, in progress, scheduled &amp; budget change info)</b>				
Staff are reviewing the 2020/21 budgets prior to Council workshops in December 2019 and February 2020.				
<b>Project Risks</b>				
No concerning risks to report.				
<b>Project Issues</b>				
No concerning issues to report.				

<b>Annual Plan 2020/21</b>					<b>1361</b>
<b>2013/14 to 2017/18 Actuals</b>					190,593
	Year 1 <b>2018/19</b>	Year 2 <b>2019/20</b>	Year 3 <b>2020/21</b>	Years 4-10 <b>2021/28</b>	<b>Total 2018/28</b>
Long-term Plan Budget	35,750	36,537	79,119	379,762	531,168
Carry-forwards / Amendments	(5,000)	-	-	-	(5,000)
<b>Total Budget</b>	30,750	36,537	79,119	379,762	526,168
Actual Spend to Date	22,125	3,756			
<b>Full Year Forecast</b>	22,125	36,537	79,119	379,762	517,543

Excludes capital staff time

We are currently transitioning to a model in which capital staff time is budgeted at a project level. Projects managed by the Capital Projects team have been moved to this new model in 2019/20. For these projects, capital staff time is included in the 2019/20 year where indicated. The remaining projects will transition in 2020/21.

Governance

## Item 9: Quarterly Report to Governance and Finance Committee 1 July - 30 September 2019: Attachment 2

## Governance Quarterly Reporting 2019-20

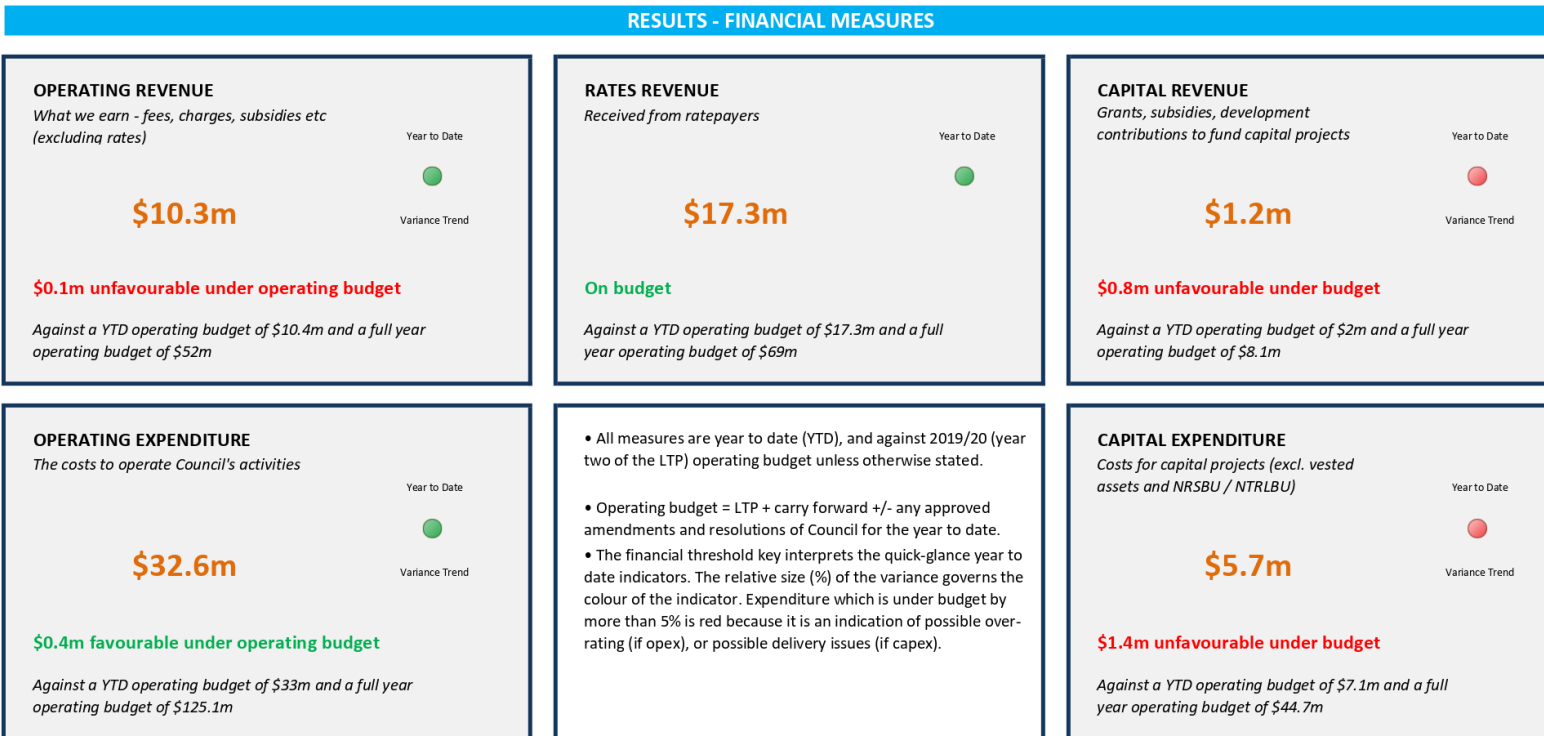
			Targets	2019/20 Results	
Activity	What Council will provide	Performance measures	Year 2 (2019/20)	Quarter 1 2019/20 comment	Quarter 1 2019/20 result
Economic	Overview of a healthy local economy	GDP measured as three year average	Percentage increase in GDP per annum at least equal to or better than the national average	This result is not measured yet, as the report from Infometrics covering this period is due on 22 Nov 2019.	Not measured yet
Economic	Strategic overview of economic development for the benefit of the community	Value of tourism (total spend) annually in Nelson city	Increase the annual value of tourism spend in Nelson from previous year	This result is not measured yet, as the report from Infometrics covering this period is due on 22 Nov 2019.	Not measured yet
Economic	Measures that contribute to the vitality and attractiveness of the Nelson CBD	Total annual spending in the Nelson CBD	Total annual spending in the Nelson CBD is greater than or equal to previous annual spend	This result is not measured yet, as the report from Infometrics covering this period is due on 22 Nov 2019.	Not measured yet
Economic	Events funding that provides a sound return on investment for Nelson	Return on investment measured by number of out of town visitors attending major events	Number of out of town visitors attending major events greater or equal to previous three year average	This result is not measured yet, as the report from Infometrics covering this period is due on 22 Nov 2019.	Not measured yet
Economic			At least 80% of those visits are in the months of March to November	This result is not measured yet, as the report from the NRDA covering this period is due on 22 Nov 2019.	Not measured yet
Corporate	Effective engagement and consultation	% residents satisfied or very satisfied with opportunities to provide feedback, by survey	Annual improvement in the % of residents satisfied or very satisfied with opportunities to provide feedback	No data was collected for this measure in quarter one, the Residents' Survey is completed annually in quarter four. The latest Residents' Survey (quarter four 2018/19) indicated that 44% of residents were satisfied or very satisfied with opportunities to provide feedback to Council. This was an increase of 10% from the 2017/18 result of 36%. Staff are not aware of any information that might result in this measure not being on track.	On track
Corporate	Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfaction with attainment of six monthly CCO targets for all SOIs - refer to CCO section for measures for each CCO	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets	The six monthly CCO reports are due in December 2019.	Not measured yet
Corporate	Promotion of Te Tau Ihu Māori/iwi participation in decision-making processes	Strategic framework established for Chairs of Te Waka a Maui to work with mayors across Te Tau Ihu	Strategic framework established and operational	Inclusion of Te Tau Ihu Māori/iwi participation in decision-making processes during the first quarter included: Iwi/Council Partnership Group and Iwi/NCC Managers Forum hui. In July the newly appointed iwi representatives to the NRSBU and NTRLBU attended their first meetings. The Whakamahere Whakatū Nelson Plan iwi working group met five times in the first quarter.	On track

## Governance Quarterly Reporting 2019-20

			Targets	2019/20 Results	
Activity	What Council will provide	Performance measures	Year 2 (2019/20)	Quarter 1 2019/20 comment	Quarter 1 2019/20 result
Corporate	Effective Civil Defence Emergency Management (CDEM) response via regional Emergency Operations Centre (EOC)	Ability to operate an effective Emergency Operations Centre: % EOC roles staffed and EOC meets Ministry CDEM requirements	95% of EOC management and group roles staffed	53.2% of the EOC Management and group roles were sufficiently staffed as at 30 September 2019.	Not on track
Corporate			EOC meets Ministry of CDEM monitoring and evaluation requirements	EOC met MCDEM requirements at previous review	On track

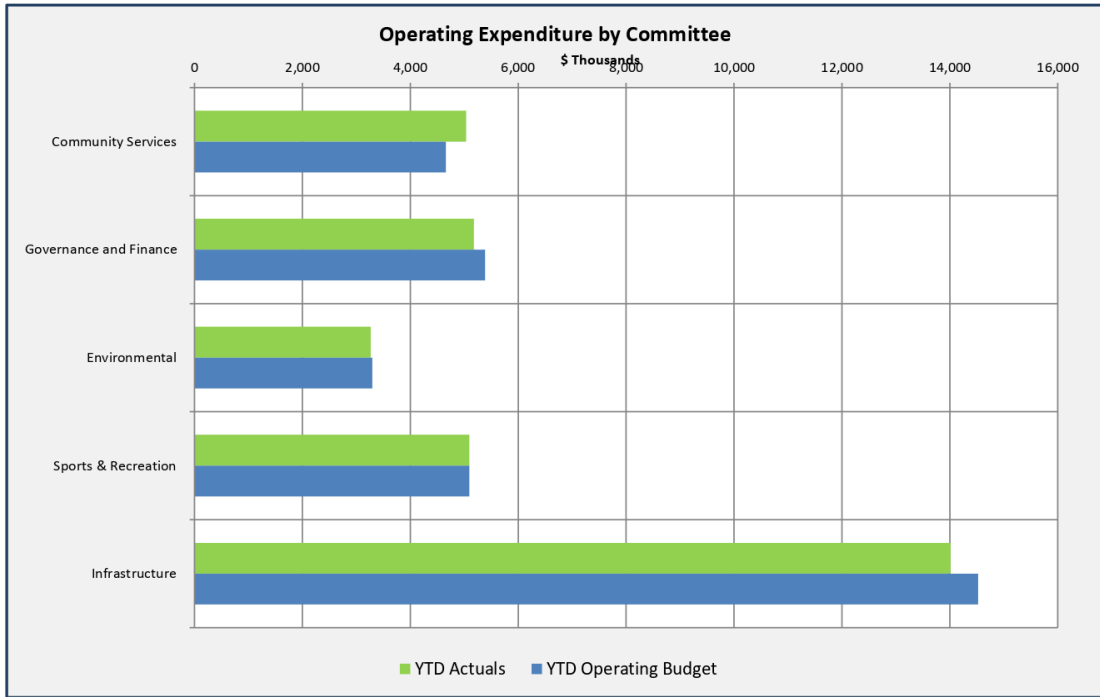
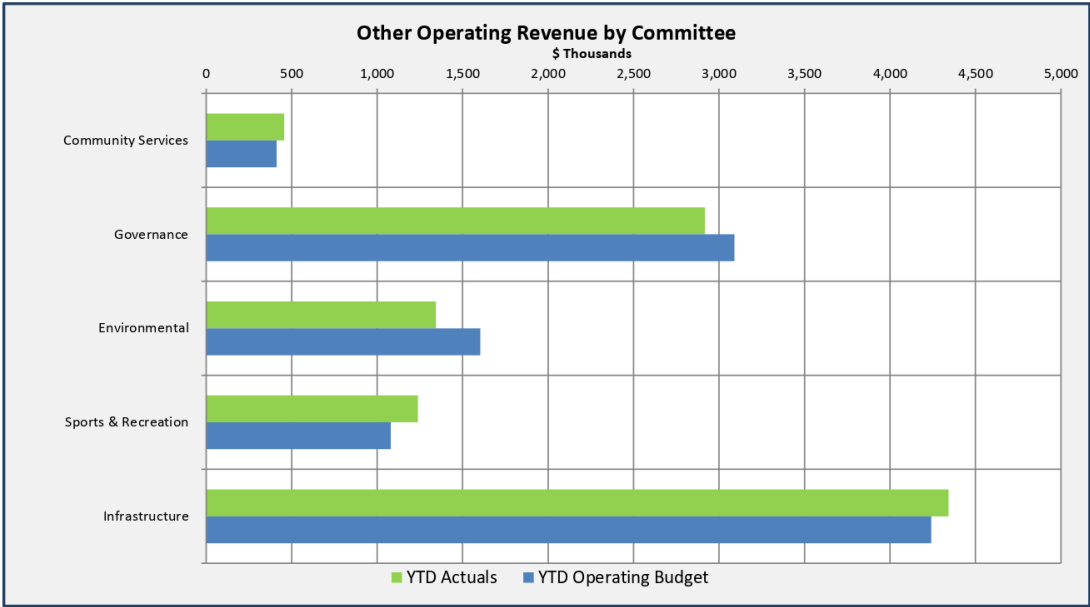
Financial threshold key	
●	± 2%
●	> 2% and ≤ 5%
●	> 5%

**KEY INDICATORS**  
**September 2019**  
Whole of organisation



September 2019

OPERATING INCOME AND EXPENDITURE BY COMMITTEE



**Other Operating Revenue and Operating Expenditure**

**Community Services** - **Community Housing income is greater than budget by \$52,000.** This is a timing variance. **Community Housing expenditure is greater than budget by \$119,000.** Staff costs are ahead by \$30,000. Legal expenses (\$64,000) and audit fees (\$25,000) are ahead of budget. These will be capitalised when the housing sale is completed. Operating expenditure is ahead of budget by \$50,000 due to timing. Depreciation is under budget by \$33,000 and maintenance costs are under budget by \$23,000. **Greenmeadows Centre expenditure is greater than budget by \$69,000.** Insurance costs (\$25,000) and legal expenses (\$28,000) are over budget.

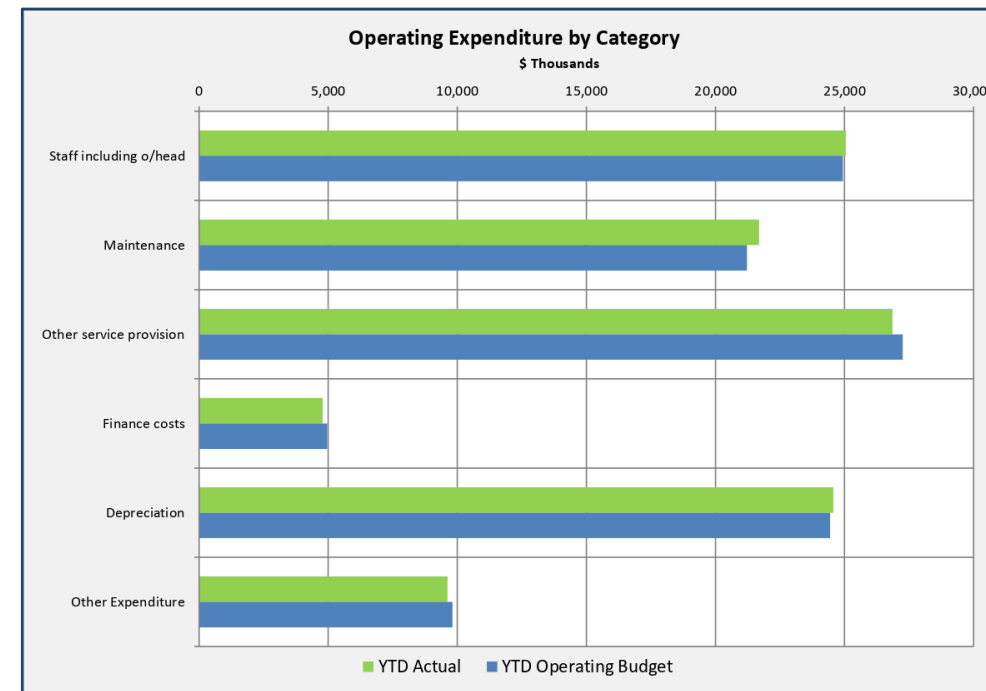
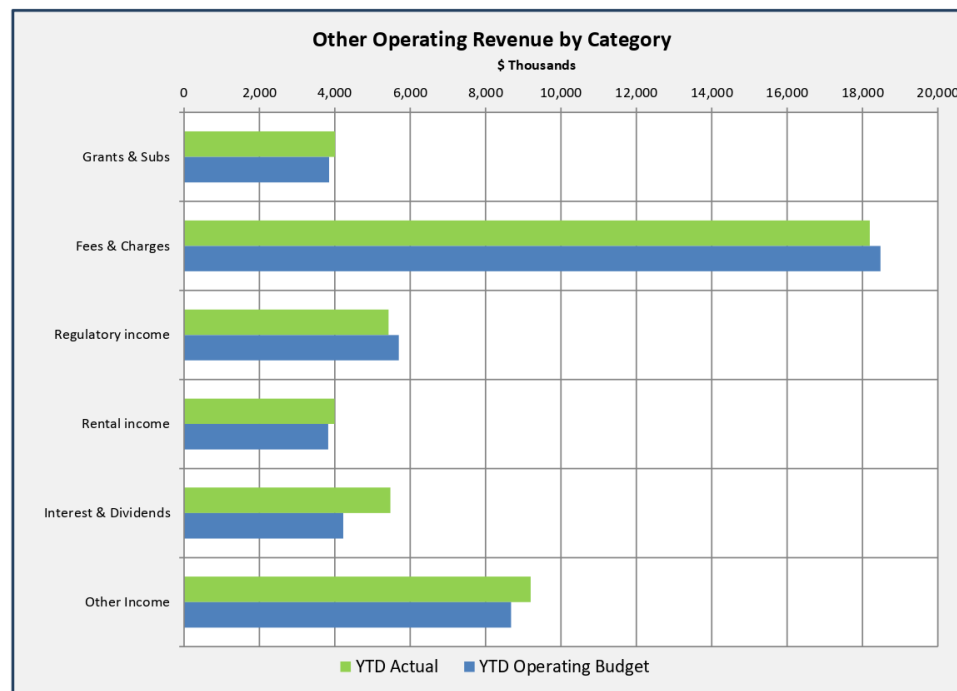
**Governance** - **Election Expense expenditure is less than budget by \$144,000.** The cost of providing election services is behind budget by \$142,000 due to timing. **Investment Management income is greater than budget by \$374,000.** A special dividend of \$400,000 was received in September from Port Nelson. **Forestry income is less than budget by \$402,000.** This variance relates to timing of the Maitai Forest harvest. Forestry expenditure is less than budget by \$330,000. Maitai Forest harvest costs are behind budget by \$330,000 as the harvest has not yet started. **Economic Development expenditure is less than budget by \$186,000.** Staff costs ahead of budget by \$14,000, and various items are behind budget including regional promotion (\$25,000), events contestable fund (\$167,000), and special economic projects (\$15,000). **Admin and Meeting Support expenditure is greater than budget by \$547,000.** This variance relates to staff operating expenditure being ahead of budget across the organisation, partly due to timing and partly due to expenditure being over budget to date. **Policy expenditure is less than budget by \$193,000.** This variance relates to staff operating expenditure, and reduces the variance discussed in Admin and Meeting Support.

**Environmental** - **Monitoring the Environment income is less than budget by \$140,000.** This is due to a budget phasing error and will be fixed in the next quarter. **Monitoring the Environment expenditure is less than budget by \$121,000.** Tasman Bay monitoring and research expenditure is behind budget by \$51,000. Other items are behind budget due to timing, including Air Quality Gasses study (\$8,000) and air quality inventory (\$19,000). **Developing Resource Management Plan expenditure is greater than budget by \$92,000.** This includes Urban Design Panel expenditure over budget year to date by \$35,000, and over budget for the full year by \$18,000. Offsetting income is expected for this item. **Environmental Advocacy and Advice expenditure is less than budget by \$79,000.** Expenditure is behind budget across several codes due to timing, including Nelson Nature waterways biodiversity (\$22,000), Nelson Nature terrestrial biodiversity (\$49,000), insulation program grant (\$51,000) and air quality programme (\$25,000). **Dog Control income less than budget by \$89,000.** Dog registration fees are under budget by \$86,000.

**Sports & Recreation** - **Esplanade & Foreshore Reserves income greater than budget by \$88,000.** Unbudgeted income of \$100,000 has been received from the Ministry of Business, Innovation and Employment (MBIE) for responsible camping initiatives. **Conservation Reserves expenditure greater than budget by \$52,000.** Brook Sanctuary payments are ahead of budget by \$107,000 due to timing, and programmed maintenance costs are behind budget by \$51,000 due to timing. Waterworks caretaker reserve expenditure is behind budget by \$20,000. **Landscape Reserves expenditure less than budget by \$49,000.** This includes Maitai Area mountain bike trail grade 2-3 (\$93,000 behind), unprogrammed maintenance (\$14,000 ahead), and Sir Stanley Whitehead Fire & Reserve closures (\$15,000 ahead). **Neighbourhood Parks expenditure less than budget by \$56,000.** This includes staff operating expenditure \$7,000, property maintenance contract costs (\$8,000), policy consultants for Parks and Reserves AMP (\$18,000) and replacement planting (\$18,000). **Saxton Field income is greater than budget by \$88,000.** Tasman District Council recoveries are ahead by \$87,000 due to timing.

**Works & Infrastructure** - **Unsubsidised Roothing expenditure less than budget by \$218,000.** Staff costs are behind budget by \$64,000. Champion Road Roundabout grant expenditure is behind budget by \$118,000 due to timing. Depreciation is under budget by \$50,000. Street tree maintenance costs are over budget by \$31,000. **Nelson Regional Sewerage Business Unit (NRSBU) expenditure is less than budget by \$148,000.** This is a timing variance relating to Council's share of NRSBU costs. **Water supply income greater than budget by \$60,000.** Commercial water meter income is over budget by \$69,000 due to additional income received in the current year. Water charge penalty income behind budget by \$9,000. **Water supply expenditure less than budget by \$149,000.** Staff operating expenditure is ahead of budget by \$14,000. Timing variances include insurance (\$58,000), water treatment maintenance (\$46,000), Tasman District Council water purchase (\$19,000), and contribution to Vanguard Street water main (\$18,000).

### OPERATING INCOME AND EXPENDITURE BY CATEGORY



More information on year to date income and expenditure variances are itemised in the quarterly reports to individual committees.

### SUMMARY PROFIT AND LOSS

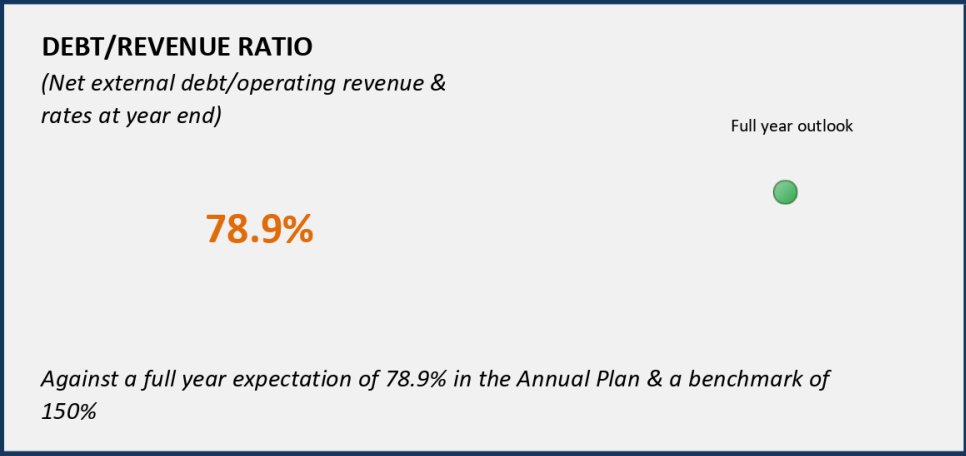
Nelson City Council Total	YTD Actuals	YTD Operating Budget 2019/20	YTD Variance	Total Operating Budget 2019/20	Total Annual Plan Budget 2019/20
<b>Income</b>					
Rates Income	(17,266)	(17,248)	(18)	(68,996)	(68,996)
Other Income	(10,297)	(10,426)	129	(51,965)	(52,081)
	<b>(27,563)</b>	<b>(27,674)</b>	<b>111</b>	<b>(120,961)</b>	<b>(121,077)</b>
<b>Expenses</b>					
Staff Operating Expenditure	7,260	6,751	509	27,120	26,892
Base Expenditure	12,322	12,217	105	42,779	42,702
Unprogrammed Expenses	1,222	1,090	132	4,907	4,790
Programmed Expenses	2,633	3,389	(756)	12,683	12,601
Finance Expenses	3,068	3,048	20	11,815	11,815
Depreciation	6,087	6,459	(372)	25,789	25,789
	<b>32,592</b>	<b>32,954</b>	<b>(362)</b>	<b>125,093</b>	<b>124,589</b>
<b>(Surplus)/Deficit</b>	<b>5,029</b>	<b>5,280</b>	<b>(251)</b>	<b>4,132</b>	<b>3,512</b>

**Base Expenditure** is expenditure that happens year after year, for example yearly contracts or operating Expenses.

**Programmed Expenditure** is planned, or there is a specific programme of works. For example, painting a building.

**Unprogrammed Expenditure** is reactive or unplanned in nature, for example responding to a weather event. Budgets are included as provisions for these expenses which are unknown.

RESULTS - TREASURY MEASURES



Borrowing Compliance		YTD	Full Year		
	Compliance	Actual	Ann Plan	Minimum	Maximum
Net interest: total revenue	◆	3.6%	3.4%	0%	10%
Net interest: rates revenue	◆	5.5%	5.1%	0%	20%
External debt: budgeted revenue	◆	72.4%	79.0%	0%	150%
External debt: equity	◆	5.7%	5.9%	0%	20%





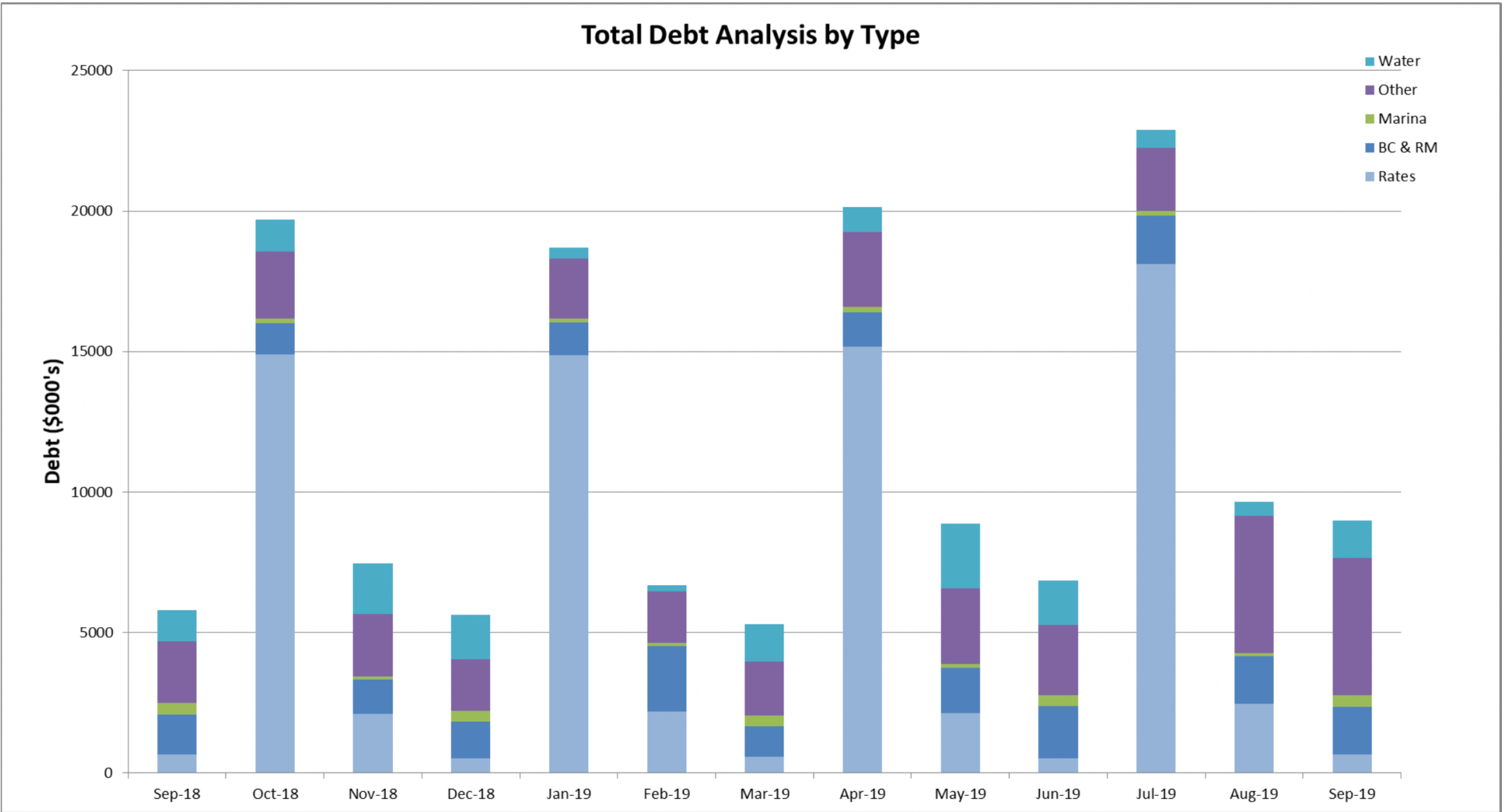
September 2019

ABBREVIATED BALANCE SHEET			
	September 2019 YTD	June 2019	
Includes call deposits			
Includes prepayments and current portions of loans to community organisations and related parties			
Shares in subsidiaries and associates			
Non-current portions of loans to community organisations and related parties (includes NRSBU)			
Term loans due within 12 months			
Current portion of employee benefit liabilities			
Housing NZ suspensory loan and Suter accrued depreciation			
Borrowings due after 12 months			
Non-current portion of employee benefits liability + derivatives revaluation as at 30 June 2017			
	<b>Current Assets</b>		
	Cash	9,738,587	15,269,440
	Receivables	9,508,613	14,771,603
	Other Current Assets	12,679,361	12,870,741
	<b>Total Current Assets</b>	<b>31,926,562</b>	<b>42,911,784</b>
	<b>Non Current Assets</b>		
	Fixed Assets	1,510,878,321	1,511,514,162
	Investments	55,226,510	55,226,510
	Other Non Current Assets	2,718,287	2,739,287
	<b>Total Non Current Assets</b>	<b>1,568,823,117</b>	<b>1,569,479,959</b>
	<b>Current Liabilities</b>		
	Payables	(16,261,714)	(16,587,157)
	Borrowings: Current	(1,000,000)	(11,000,000)
	Other Current Liabilities	(2,436,789)	(2,675,855)
	<b>Total Current Liabilities</b>	<b>(19,698,503)</b>	<b>(30,263,012)</b>
	<b>Non Current Liabilities</b>		
	Payables: Non Current	(1,331,743)	(1,273,835)
	Provisions	(1,697,058)	(1,697,058)
	Borrowings: Non Current	(83,000,000)	(83,000,000)
	Other Non Current Liabilities	(10,463,997)	(10,463,997)
	<b>Total Non Current Liabilities</b>	<b>(96,492,798)</b>	<b>(96,434,890)</b>
	<b>Net Assets</b>	<b>1,484,558,378</b>	<b>1,485,693,841</b>
	<b>Equity</b>		
	Accumulated Funds	(438,344,644)	(439,787,055)
	Reserves	(1,046,213,734)	(1,045,906,786)
	<b>Total Equity</b>	<b>(1,484,558,378)</b>	<b>(1,485,693,841)</b>

- The balance sheet remains strong, with the slight decrease in equity driven by the decrease in fixed assets. Fixed assets have decreased because depreciation was higher for the quarter than the Fixed Asset additions.
- A decrease in other current assets represents a decrease in prepayments.
- Receivables decreased by \$5.2m, including \$2.5m of dividends receivable having been receipted, a reduction in year end income accruals, and the end of year GST refund having been received.
- Current borrowings of \$10m have fallen due during the period and were repaid using a term deposit which was held for the purpose of pre-funding this debt.
- The aforementioned movements have resulted in a net \$5.5m reduction in cash.
- Payables decreased by \$325,000 due to a reduction in trade creditors. This movement is in line with annual trends.



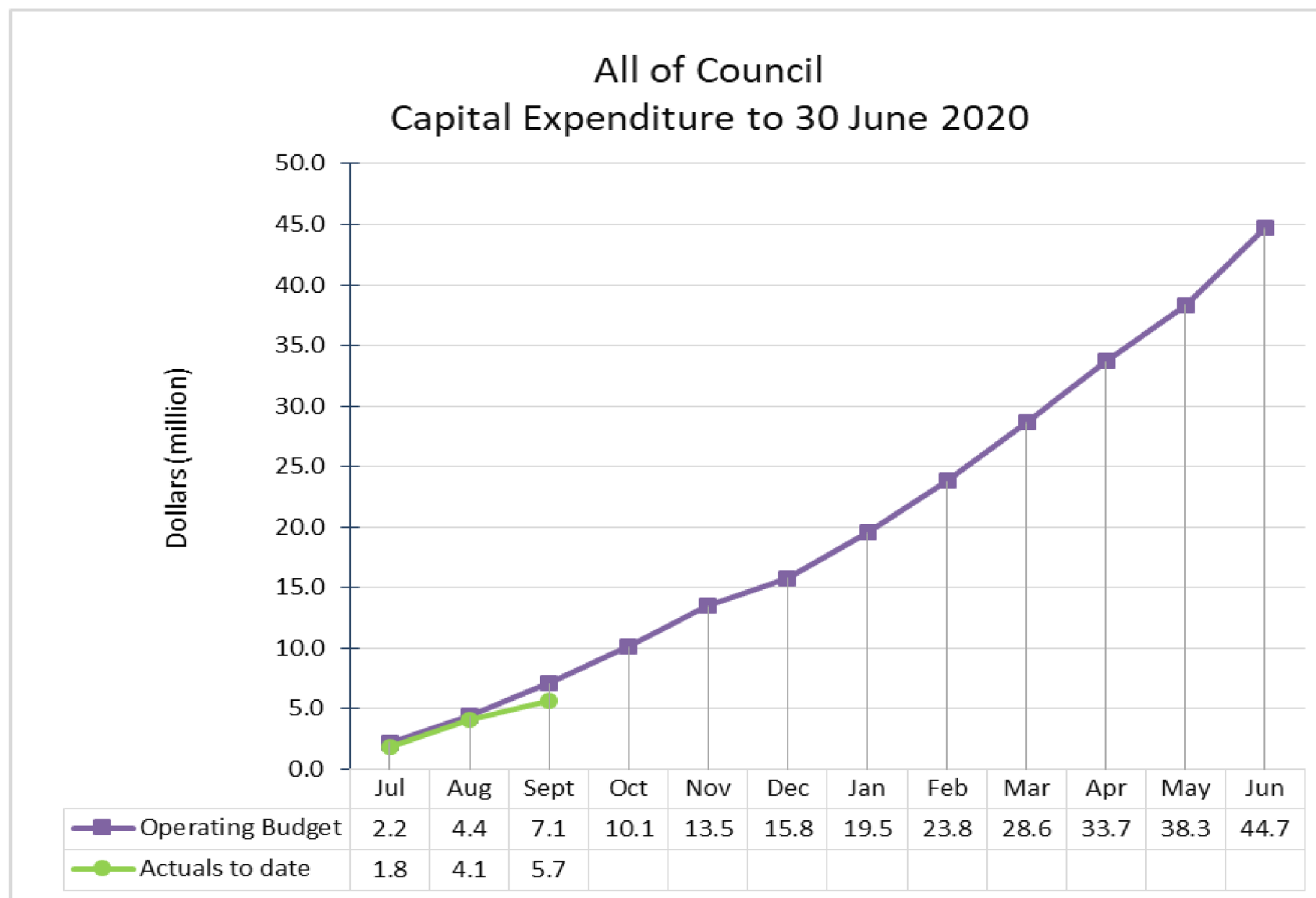
DEBTOR ANALYSIS

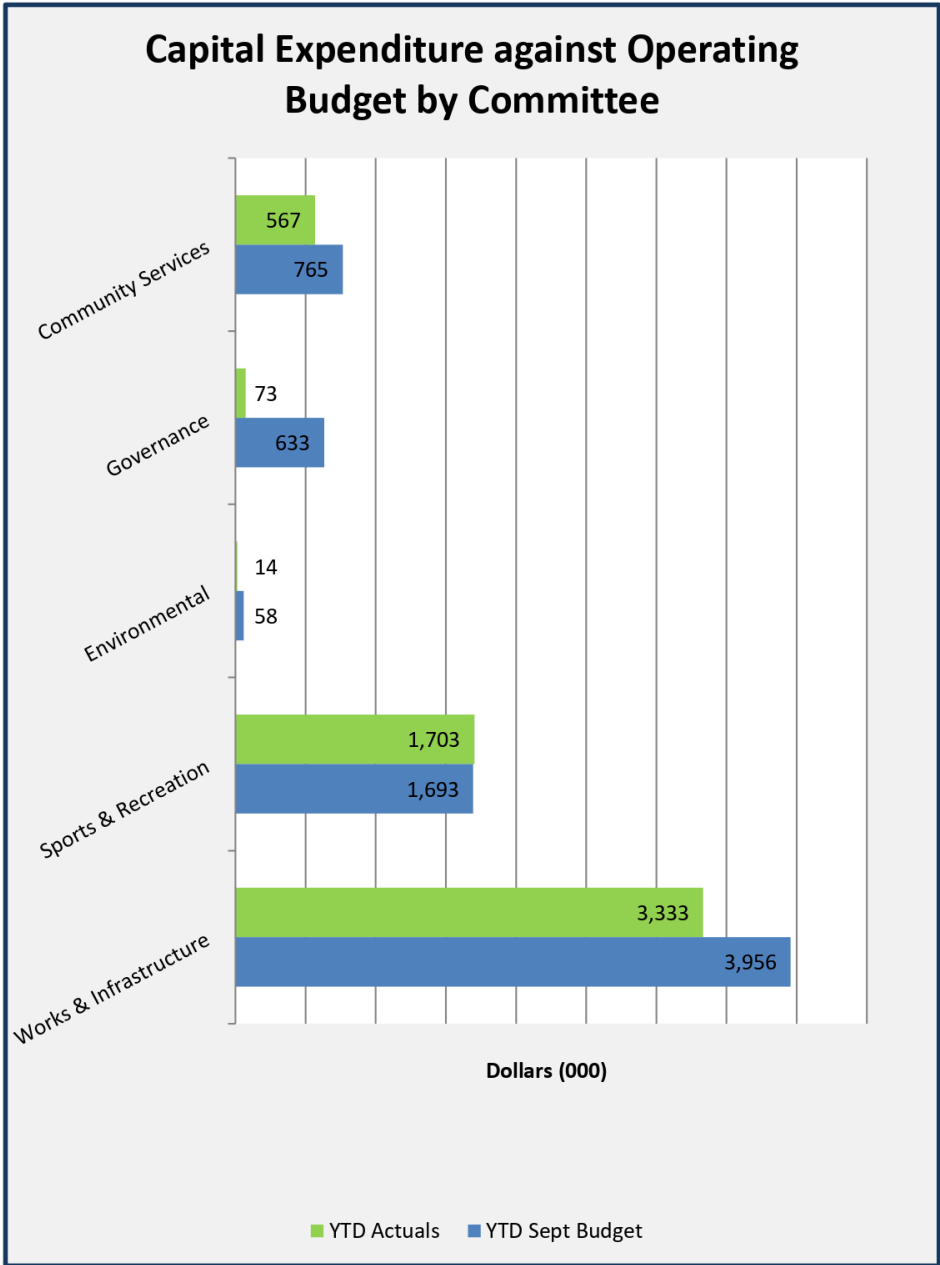


September 2019

## RESULTS - CAPITAL EXPENDITURE

Excluding vested assets and NRSBU/NTRLBU capital expenditure. Including staff time.





**Major variances (projects)**

*Further project information can be found in attachments 2 & 3*

*Projects between \$250k and \$1m are reported to their respective committees.*

**Community Services** - The Elma Turner Library extension is \$67,000 behind budget, as the project is in the community engagement phase. The new burial area at Marsden Valley Cemetery is \$112,000 behind budget. This project is to be completed when weather is more favourable.

Governance - Civic House Floor 1 upgrade (\$208,000) and Civic House Air-conditioning are (\$107,000) both behind budget as projects are on hold. Nmap system upgrade (\$36,000), and core system enhancements (\$50,000) are behind budget.

**Environmental** - There are no significant variances.

Sports & Recreation - The General Reserve Land Purchase programme is \$299,000 behind budget and is dependent on the development cycle. Renewal of the athletics track has been delayed due to weather (\$151,000) and the Marina boat trailer car park improvements are \$88,000 behind budget. Tahuna Beach to Great Taste Trail is ahead of budget by \$471,000 due to budget phasing.

Works & Infrastructure - Within the roading activity there are various overs and unders, most notably drainage and footpath renewals are behind budget, while traffic services renewals are ahead of budget. The NWWTP renewals are ahead of budget by \$92,000, and the Awatea Place Pump station is behind budget by \$185,000 due to project delays. Nayland Road/Galway Stormwater project is behind budget by \$459,000 due to project delays. The Tui Glen Road watermain renewal is \$194,000 ahead of budget due to timing. The Hardy St water renewal is \$125,000 ahead of budget to date, however this project has been completed within the full year budget. Saxton Creek upgrade land purchase costs of \$161,000 have been incurred against a nil budget, and the minor flood improvement program is ahead of budget by \$74,000.

## Status Report - Governance and Finance Committee – 5 December 2019

MEETING DATE	SUBJECT	MOTION	RESPONSIBLE OFFICER	COMMENTS
18/04/2019	Recommendation to Council - Revised International Relationships Policy - Resolved Council 2May2019 CL/2019/053	<p><b><i>Resolved CL 2019/053</i></b></p> <p><i>That the Council</i></p> <ol style="list-style-type: none"> <li><i><u>Adopts</u> the International Relationships Policy (A2076807), as a draft to be consulted on with iwi;</i></li> <li><i><u>Authorises</u> Her Worship the Mayor and the Chair of the Governance Committee to approve alterations raised through this process.</i></li> </ol>	Nicky McDonald	<p>Officers are currently in the process of undertaking consultation with iwi.</p> <p><b>Ongoing</b></p>