



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

Date:	Thursday 27 August 2020
Time:	10.00a.m.
Location:	Council Chamber, Civic House 110 Trafalgar Street Nelson

Agenda

Rārangi take

Chair	Cr Rachel Sanson
Deputy Chair	Cr Gaile Noonan
Members	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: 2

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

Karakia Timatanga**1. Apologies**

- 1.1 An apology has been received from Councillor Fulton

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

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

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

- 5.1 21 May 2020

9 - 20

Document number M9874

Recommendation

That the Governance and Finance Committee

- 1. Confirms the minutes of the meeting of the Governance and Finance Committee, held on 21 May 2020, as a true and correct record.***

6. Recommendations from Committees**6.1 Audit and Risk Subcommittee - 21 May 2020**

- 6.1.1 Draft Internal Audit Plan for year to 30 June 2021

That the Governance and Finance Committee

- 1. Approves the Draft Annual Internal Audit Plan for the year to 30 June 2021 (A2357411).***

6.2 Audit and Risk Subcommittee - 11 August 2020

6.2.1 Bad Debt Writeoff - Year Ending 30 June 2020

That the Governance and Finance

- 1. Approves the balance of \$20,462.37 excluding GST owing by Concrete & Metals Ltd be written off as at 30 June 2020.***

7. Chairperson's Report 21 - 24

Document number R18125

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Chairperson's Report (R18125).***

8. Nelson Regional Development Agency Statement of Intent 2020/21 25 - 72

Document number R18169

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Nelson Regional Development Agency Statement of Intent 2020/21 (R18169) and its attachment (A2434416); and***
- 2. Agrees that the Nelson Regional Development Agency Statement of Intent 2020/21 meets Council's expectations and is approved as the final Statement of Intent for 2020/21.***

9. Carry Forwards 2019/20 73 - 80

Document number R18189

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Carry Forwards 2019/20 (R18189) and its attachment (A2436022).***

Recommendation to Council

That the Council

- 1. Approves the carry forward of \$1.3 million unspent capital budget for use in 2020/21; and***
- 2. Notes that this is in addition to the carry forward of \$7.8 million approved during the 2020/21 Annual Plan, taking the total carry forward to \$9.1 million; and***
- 3. Approves the carry forward of \$73,000 unspent capital budget to future years, for consideration in the Long Term Plan 2021-31; and***
- 4. Notes total savings and reallocations in 2019/20 capital expenditure of \$1.0 million including staff time; and***
- 5. Notes that the total 2020/21 capital budget (including staff costs and excluding consolidations and vested assets) will be adjusted by these resolutions from a total of \$57.1 million to a total of \$58.4 million; and***
- 6. Approves the carry forward of \$122,000 unspent operating budget for use in 2020/21.***

10. Governance and Finance Committee End of Year Report to 30 June 2020

81 - 115

Document number R18178

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Governance and Finance Committee End of Year Report to 30 June 2020 (R18178) and its attachments (A2434210, A2429786, A2429702, A2429514, and A2445782);***

11. Bishop Suter Trust - Adoption of Final Statement of Intent **116 - 157**

Document number R18092

Recommendation

That the Governance and Finance Committee

- 1. Receives the report Bishop Suter Trust - Adoption of Final Statement of Intent (R18092) and its attachments (A2315613 and A2351670); and***
- 2. Notes the delivery of the Bishop Suter Trust's final Statement of Intent 2020/25 as required under the Local Government Act 2002; and***
- 3. Approves the final Statement of Intent of the Bishop Suter Trust for 1 July 2020 to 30 June 2025.***

CONFIDENTIAL BUSINESS

Exclusion of the Public

Recommendation

That the Governance and Finance Committee

Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that representatives of the Bishop Suter Trust remain after the public has been excluded, for Item 2 of the Confidential agenda (The Bishop Suter Trust - Trustee Rotation and Remuneration), as they have knowledge relating to that matter 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:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Governance and Finance Committee Meeting - Public Excluded Minutes - 21 May 2020	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person • Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
2	The Bishop Suter Trust - Trustee Rotation and Remuneration	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person • Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Director reappointment for Nelson Airport Limited	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
4	Director reappointment for	Section 48(1)(a)	The withholding of the information is necessary:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	Port Nelson Limited	The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	<ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
5	Nelmac Limited final Statement of Intent 2020/21	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
6	Directors remuneration 2020 - Nelmac Limited	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Karakia Whakamutunga



Minutes of a meeting of the Governance and Finance Committee

Held via Audio-Visual (Zoom)

On Thursday 21 May 2020, commencing at 9.04a.m.

Present: Councillor R Sanson (Chairperson), Her Worship the Mayor R Reese, Councillors Y Bowater, T Brand, M Courtney, J Edgar, K Fulton, M Lawrey, B McGurk, G Noonan, R O'Neill-Stevens, P Rainey, and T Skinner, and Mr J Murray and Mr J Peters

In Attendance: Chief Executive (P Dougherty, Group Manager Environmental Management (C Barton), Group Manager Community Services (R Ball), Group Manager Corporate Services (N Harrison), Group Manager Strategy and Communications (N McDonald), Team Leader Governance (R Byrne) and Governance Adviser (E Stephenson)

Apologies : Nil

Karakia Timatanga

The Chairperson gave the opening karakia.

1. Apologies

There were no apologies.

2. Confirmation of Order of Business

The Chairperson advised that the Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations report would be considered as the last item in the open agenda.

3. Interests

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

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 27 February 2020

Document number M6721, agenda pages 9 - 13 refer.

Resolved GF/2020/009

That the Governance and Finance Committee

- 1. Confirms the minutes of the meeting of the Governance and Finance Committee, held on 27 February 2020, as a true and correct record.***

O'Neill-Stevens/Bowater

Carried

6 Chairperson's Report

The Chairperson presented her report (A2387481), which had been distributed previously.

Resolved GF/2020/010

That the Governance and Finance Committee

- 1. Receives the Chairperson's Report (A2387481) .***

Lawrey/McGurk

Carried

Attachments

- A2387481 - Governance and Finance Committee Chairperson's Report 21 May 2020

7. Nelson Centre of Musical Arts - Strategic Presentation

Roger Taylor, Trust Board Chairperson, Jan Trayes, Trustee, and James Donaldson, Director, of the Nelson Centre of Musical Arts provided a PowerPoint presentation and answered questions regarding staff morale, project-based funding, online teaching and events and the date of the Centre's AGM.

Her Worship the Mayor said she would arrange for Council's Communications team to contact the Centre to help them make connections.

Attachments

- 1 A 2389140 - Nelson Centre of Musical Arts PowerPoint Presentation

7. Bishop Suter Trust - Strategic Presentation

Julie Catchpole, Suter Director, accompanied by Jeff Morris, Suter Commercial Manager, and representatives of the Bishop Suter Trust gave a strategic presentation on the Bishop Suter Trust. They noted that much had changed from its six monthly review because of the impact of COVID-19. The Trust's collection was developing and they were hoping to make it available online and play their part to rebuild the economy.

8. The Bishop Suter Trust Half Year Performance Report to 31 December 2019 and Draft Statement of Intent 2020/2025

Document number R15859, agenda pages 165 - 220 refer.

Julie Catchpole, Suter Director, accompanied by Jeff Morris, Suter Commercial Manager, and representatives of the Bishop Suter Trust answered questions regarding conversations with staff on the Community Arts Hub; access to the government subsidy and other funding; budget reforecasting; the number of days the Museum was open for; opportunities to build local visitor numbers and measuring carbon emissions and reduction.

Councillor Noonan, seconded by Councillor Edgar moved the officer's recommendation.

That the Governance and Finance Committee

1. *Receives the report The Bishop Suter Trust Half Year Performance Report to 31 December 2019 and Draft Statement of Intent 2020/2025 (R15859) and its attachments (A2351668, A2351670 and A2315613); and*
2. *Notes the delivery of the Bishop Suter Trust draft Statement of Intent 2020/2025 (A23501670) as required under the Local Government Act 2002; and*
3. *Provides the following comments and feedback to the Bishop Suter Trust:*
 - a) that the Draft Statement of Intent meets the Committee's expectations; or*
 - a) requests the Board considers ...*

Noonan/Edgar

Discussion took place on the Committee's feedback on the Statement of Intent and it was agreed that Council's expectations should be more clearly addressed and a timeline around measurement of carbon emissions and reduction be included in the Statement of Intent. The motion was amended with the agreement of the mover and seconder.

Acting Group Manager Community Services, Mark Preston-Thomas, was asked to give the following feedback to the Trust:

- There was a lack of information relating to governance succession
- A request for confirmation that staff were paid the living wage
- The cost of solar panel installation and additional funding required.

Resolved GF/2020/011

That the Governance and Finance Committee

- 1. Receives the report The Bishop Suter Trust Half Year Performance Report to 31 December 2019 and Draft Statement of Intent 2020/2025 (R15859) and its attachments (A2351668, A2351670 and A2315613); and***
- 2. Notes the delivery of the Bishop Suter Trust draft Statement of Intent 2020/2025 (A23501670) as required under the Local Government Act 2002; and***
- 3. Provides the following comments and feedback to the Bishop Suter Trust:***
 - a) requests the Board better reflects the Statement of Expectation and considers including a timeline around measurement of carbon emissions and reduction in the Statement of Intent.***

Noonan/Edgar

Carried

The meeting was adjourned from 10.31a.m. until 10.35a.m. at which time Her Worship the Mayor left the meeting.

Her Worship the Mayor returned to the meeting at 10.39a.m.

9. The Bishop Suter Trust - COVID-19

Document number R17021, agenda pages 221 - 224 refer.

Following discussion, Acting Group Manager Community Services, Mark Preston-Thomas, confirmed that revised financials would be provided for the final Statement of Intent 2020/25.

Resolved GF/2020/012

That the Governance and Finance Committee

- 1. Receives the report The Bishop Suter Trust - COVID-19 (R17021) and its attachment (A2381965).***

Fulton/Rainey

Carried

10. COVID-19 Update Report - Impacts on Governance and Finance Activities

Document number R16982, agenda pages 225 - 228 refer.

Her Worship the Mayor commented on the lack of financial reporting in the agenda and suggested establishing a regular update briefing for all Elected Members. She noted that informal discussions had been taking place with the Chair and Deputy Chair of the Audit and Risk Subcommittee and felt it would be useful to continue with those and then from that, establish a briefing paper on issues to allow ongoing governance monitoring and oversight.

It was noted that more information on events funding and rates income would be useful before Annual Plan Deliberations.

Resolved GF/2020/013

That the Governance and Finance Committee

- 1. Receives the report COVID-19 Update Report - Impacts on Governance and Finance Activities (R16982).***

McGurk/O'Neill-Stevens

Carried

11. Policy review: Appointments of directors/trustees to Council's Council Controlled Organisations and Council Controlled Trading Organisations

Document number R14809, agenda pages 229 - 242 refer.

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

Discussion took place on best practice and conflicts of interest relating to the appointment of Elected Members to boards and Her Worship the Mayor provided background on the issue.

The recommendation was moved by Councillor Rainey and seconded by Councillor Courtney.

That the Governance and Finance Committee

- 1. Receives the report Policy review: Appointments of directors/trustees to Council's Council Controlled Organisations and Council Controlled Trading Organisations (R14809) and its attachments (A284857) and (A2354796); and*
- 2. Confirms the current policy for Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (A284857).*

Rainey/Courtney

Further discussion took place regarding the ability to appoint the best person for the role, reputational risk, public perception and checks and balances in the recruitment process. The value of alignment between Nelson City Council and Tasman District Council (TDC) appointment policies was highlighted, noting the discussion at a recent Joint Shareholders Committee meeting and a wider review of the policy was suggested. Views for and against the motion were expressed and discussion took place on the options.

An amendment to the motion was indicated and the meeting was adjourned from 11.30a.m. until 11.43a.m. to allow an amendment to be crafted.

Her Worship the Mayor reiterated the need for alignment in both Councils' policies to allow both Councils to appoint to Port Nelson Ltd and the Nelson Airport Ltd and the value of a wider review, which may highlight different changes to those proposed. It was confirmed that the previous policy would remain in place if no decision was made and the Mayor moved a motion, seconded by Councillor Edgar, to leave the matter to lie on the table.

Item of business to lie on the table

GF/2020/014

That the Governance and Finance Committee

- 1. Leaves the item Policy review: Appointments of directors/trustees to Council's Council Controlled Organisations and Council Controlled Trading Organisations to lie on the table and not be further discussed at this meeting.***

Her Worship the Mayor/Edgar

The motion was put and a division was called:

<u>For</u>	<u>Against</u>	<u>Abstained</u>
Her Worship the Mayor Reese	Cr Lawrey	Cr Courtney
Mr Murray	Cr O'Neill-Stevens	
Mr Peters	Cr Rainey	
Cr Bowater	Cr Sanson (Chairperson)	
Cr Brand	Cr Skinner	
Cr Edgar		
Cr Fulton		
Cr McGurk		
Cr Noonan		

The motion was carried 9 - 5.

12. Nelmac Limited Half yearly report to 31 December 2019

Document number R14845, agenda pages 243 - 251 refer.

Resolved GF/2020/015

That the Governance and Finance Committee

- 1. Receives the report Nelmac Limited Half yearly report to 31 December 2019 (R14845) and its attachment (A2352112).***

O'Neill-Stevens/Skinner

Carried

13. Nelson Regional Development Agency - half yearly report to 31 December 2019 (Agenda Item 7)

Document number R15887, agenda pages 14 - 29 refer.

Resolved GF/2020/016

That the Governance and Finance Committee

- 1. Receives the report Nelson Regional Development Agency - half yearly report to 31 December 2019 (R15887) and its attachments (A2355510, A2359751).***

Edgar/Bowater

Carried

14. Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations (Agenda Item 8)

Document number R13760, agenda pages 30 - 164 refer.

The meeting was adjourned from 12.06p.m. to 12.11p.m.

Meg Matthews, Nelson Regional Development Agency (NRDA) Chairperson, and Mark Rawson, NRDA CEO, were present for this item.

Manager Strategy, Mark Tregurtha, presented the report, noting that a review of the NRDA that had been undertaken as part of the Annual Plan, had made a number of recommendations and that as a result of COVID-19 there may be changes to its work programme. The review did not detect any major deficiencies, although it said the current Statement of Expectation could be more focused and it highlighted the importance of working with key partners Tasman District Council and iwi.

Ms Matthews and Mr Rawson answered questions regarding key recommendations in the report, noting that Project Kōkiri would bridge the gap in strategic alignment via a planned annual programme of workshops and that the COVID-19 emergency had meant rescheduling of the workshops. Discussion took place regarding the wisdom of having Statement of Expectation discussions prior to discussion with key partners.

It was clarified that there were no penalties for not meeting statutory Statement of Intent timeframes and the need for alignment, flexibility and responsiveness and a sustainable funding horizon was reiterated, together with the seriousness of the economic impact of COVID-19, with the NRDA needing to be well positioned for the new reality. The importance of alignment and doing the best job for both councils was reiterated, together with the challenges facing the NRDA and the region.

There was further discussion and questions regarding the NRDA's budget shortfall, sustainability, capacity to facilitate delivery, other funding avenues, the shift from response to longer term recovery and the key areas of Project Kōkiri.

15. Exclusion of the Public

Rob Gunn, Nelmac Ltd Chair, and Jane Sheard, Nelmac Ltd CEO, were in attendance for Items 2 and 3 (Nelmac six monthly strategic presentation and Nelmac Limited draft Statement of Intent 2020/21) and Meg Matthews, Nelson Regional Development Agency Chair and Mark Lawson Nelson Regional Development Agency CEO, for Item 8 (Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations) of the Confidential agenda to answer questions and, accordingly, the following resolution was required to be passed:

Resolved GF/2020/017

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 Rob Gunn, Nelmac Ltd Chair, and Jane Sheard, Nelmac Ltd CEO, remain after the public has been excluded, for Items 2 and 3 of the Confidential agenda (Nelmac six monthly strategic presentation and Nelmac Limited draft Statement of Intent 2020/21) and for Meg Matthews, Nelson Regional Development Agency Chair and Mark Lawson Nelson Regional Development Agency CEO, for Item 8 (Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations), as they have knowledge relating to those matters that will assist the meeting.***

Bowater/O'Neill-Stevens

Carried

Resolved GF/2020/018

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:

Bowater/O'Neill-Stevens

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Governance and Finance Committee Meeting - Public Excluded Minutes - 27 February 2020	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
2	Nelmac six monthly strategic presentation	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities
3	Nelmac Limited draft Statement of Intent 2020/21	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
4	Nelson Centre of Musical Arts - Appointment of Trustees	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person
8	Nelson Regional Development Agency -	Section 48(1)(a)	The withholding of the information is necessary:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations	The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	<ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities

The meeting went into confidential session at 1.22p.m. and resumed in public session at 3.59p.m.

Following questions and discussion in the confidential section of the meeting, the Committee made the following decision in open meeting.

8. Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations

Item of business to lie on the table

Resolved GF/2020/024

That the Governance and Finance Committee

- Leaves the item Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations to lie on the table and not be further discussed at this meeting.***

Edgar/Brand

Carried

Karakia Whakamutunga

The Chairperson gave the closing karakia.

RESTATEMENTS

It was resolved while the public was excluded:

Extension of Meeting Time

That the Governance and Finance Committee

- 1. Extends the meeting time beyond six hours, pursuant to Standing Order 4.2.***

3	PUBLIC EXCLUDED: Nelson Centre of Musical Arts - Appointment of Trustees
	<p><i>That the Governance and Finance Committee</i></p> <ol style="list-style-type: none"><i>4. <u>Agrees</u> that the decisions only be made publicly available, once the Trustees have been notified; and</i><i>5. <u>Agrees</u> that Report (R9958) and Attachment A2358179 remain confidential at this time.</i>

There being no further business the meeting ended at 4.03p.m.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Chairperson's Report

1. Purpose of Report

- 1.1 In accordance with 5.2.2 of Council's Delegations Register, to report back to the Committee on a matter within its areas of responsibility, that was considered directly by Council, at its 30 June 2020 meeting. This is for information only.
- 1.2 To update the Committee on matters relating to its areas of responsibility.

2. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Chairperson's Report (R18125).***

3. Background

Matter considered by Council

- 3.1 The Governance and Finance Committee's areas of responsibility include business, economic development and tourism in Nelson.
- 3.2 However, because of timing, the matter was considered by Council, in accordance with the Delegations Register, as below:

5.2.2 On the recommendation of the Chief Executive, and with the agreement of the Chair of the relevant committee, subcommittee or subordinate decision-making body and Mayor, matters within the area of responsibility of a particular committee, subcommittee or subordinate decision-making body may be considered directly by Council instead. If this occurs, the Chair of the relevant committee, subcommittee or subordinate decision-making body will report to the following meeting of the committee, subcommittee or subordinate decision-making body

Item 7: Chairperson's Report

regarding the reason for doing so, and the outcome of the matter at the Council meeting.

3.3 The 30 June 2020 Council meeting resolved:

Resolved CL/2020/098

That the Council

- 1. Receives the report Contract for Services between Nelson City Council and Uniquely Nelson (R10407) and its attachments (A2181631 and A2247471); and*
- 2. Agrees to a change to a contract for services for the contractual relationship between Council and Uniquely Nelson; and*
- 3. Notes that the existing Memorandum of Understanding between Council and Uniquely Nelson will cease to apply from the date that the new contract is signed.*

Edgar/Bowater

Carried

Matters relating to the Committee's areas of responsibility

3.4 The agenda reports cover Governance and Finance activities in some detail, so this is just to give you a snapshot and some personal insights.

Quarter Four Focus

- 3.5 Through May/June we were working on the COVID-19 Annual Plan, adopting this in July with zero rates increase.
- 3.6 Interim monthly financial reporting has been initiated through the Audit and Risk Committee to support governance oversight of financial matters during this COVID-19 period.
- 3.7 Project Kōkiri was launched - a dynamic economic recovery plan for our region - and a significant collaboration between Iwi, both councils, Nelson Regional Development Agency (NRDA), Nelson Tasman Chamber of Commerce, locally-based Government agencies and businesses. This culminated in NRDA receiving government funding to support this crucial work. <https://projectkokiri.nz/>
- 3.8 Nelson Airport won the Nelson & Marlborough Architecture Award in the Commercial category - wonderful recognition of a spectacular building showcasing locally-sourced sustainable building materials - and an exceptional team of local people who brought the designs of Studio Pacific Architecture to life. Congratulations to all involved.
- 3.9 Through the Annual Plan, Council committed to adopting a revised Procurement Policy that considers Broader Outcomes in line with

Item 7: Chairperson's Report

government policy recommendations.

<https://www.procurement.govt.nz/broader-outcomes/>

- 3.10 The CEO, Deputy Mayor, Cr Fulton and I attended a Social Procurement workshop hosted by Social Impact Nelson Tasman, aimed at helping the private and public sector understand how procurement decisions can have a positive impact and support better outcomes for the community.
- 3.11 A notable example of this, is that OCS cleaning staff working to maintain council facilities all across the city - working days/nights/weekends - are now assured a living wage.
- 3.12 Council is reviewing its exotic and indigenous forests, parks and reserves to identify whether there are areas that may be eligible for inclusion in the Emissions Trading Scheme. If eligible, carbon credits earned from publicly owned forests and reserves could be used to partially offset the significant landfill emissions liability incurred each year.

Personal Insights

- 3.13 As we approach the end of the first year around the Nelson City Council decision-making table (for a few of us), I have been reflecting on the role so far.
- 3.14 One of the key things that stands out for me is the passion and commitment of everyone around this table and each person working within this organisation - these are good people - absolutely committed to working for our community. And working hard they have been, all through the lockdown, and many without time off since mid-March. I would like to take a moment to acknowledge all the staff at Nelson City Council, and elected members, and thank you for all you are doing to support the smooth running of our city and the wellbeing of our community - ngā mihi maioha.
- 3.15 For some months, when people have asked me how the role of councillor is going, I have simply said "interesting, a bit tough". But in recent weeks, after seeking guidance from the incredibly experienced Local Government NZ team, I have a greater understanding of the role - of being elected by many to serve all of the community - and a renewed sense of purpose.
- 3.16 We often talk about needing to bring the community along with us on the journey. Now more than ever, this is crucial. As a community we are facing economic impacts from COVID-19, long-term systemic inequality, significant degradation of our natural environments and biodiversity loss. In coming years, we will need to be adaptable and responsive to the impacts from climate change. For our community to be strong, resilient and to thrive in the face of these challenges, I believe we need to have a high level of trust and confidence in the community's relationship with local government - we need to be doing all we can to strengthen this.
- 3.17 He waka eke noa – we are all in this together.

Item 7: Chairperson's Report

Author: Rachel Sanson, Chairperson

Attachments

Nil

Nelson Regional Development Agency Statement of Intent 2020/21

1. Purpose of Report

- 1.1 To seek Council approval of the Nelson Regional Development Agency (NRDA) Statement of Intent 2020/21.

2. Summary

- 2.1 The 2020/21 Statement of Intent (SOI) has been developed within the context of the economic impact of the COVID-19 pandemic. A collaborative economic recovery and regeneration plan 'Project Kōkiri' has been developed between Nelson City Council (NCC) and Tasman District Council (TDC) councils, the NRDA, the Chamber of Commerce, iwi and other key public and private stakeholders. The work programme and funding of the SOI reflects the priorities that have been agreed under Project Kōkiri.
- 2.2 An independent review of NRDA operations identified that there is a need for improved alignment and communication between councils and NRDA regarding economic development objectives for the region and the value that NRDA delivers. The review also recommended that steps be taken to secure NRDA's financial sustainability. This work will be prioritised in the lead up to the next Statement of Expectation and Statement of Intent.

3. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Nelson Regional Development Agency Statement of Intent 2020/21 (R18169) and its attachment (A2434416); and***
- 2. Agrees that the Nelson Regional Development Agency Statement of Intent 2020/21 meets Council's expectations and is approved as the final Statement of Intent for 2020/21.***

4. Background

- 4.1 The NRDA, along with the other Council Controlled Organisations (CCO), must submit a draft Statement of Intent indicating its proposed activities for the following year. Schedule 8 of the Local Government Act outlines the purpose of a SOI, what is to be included and how it is to be approved. The draft SOI 2020/21 prepared by the NRDA, in collaboration with NCC, is attached (Attachment 1). The SOI, as supplied by the NRDA, is compliant.
- 4.2 The NRDA Chair Meg Matthews, and Chief Executive, Mark Rawson, will be in attendance at the meeting to answer any questions about the SOI.
- 4.3 A draft Statement of Expectation (SOE) setting out Council's expectations on matters to be addressed in the draft SOI 2020/21 was considered by the Governance and Finance Committee during the level 4 lockdown on the 21 May 2020. The Committee decided to not proceed with the draft SOE as its content was overtaken by the effects of COVID-19 on the economy. Furthermore, the process for developing Project Kōkiri took into consideration the councils' priorities for the work for the NRDA in 2020/21.
- 4.4 The SOI for 2020/21 reflects the current economic situation facing Nelson Tasman as a result of COVID-19. While the underlying purpose of the NRDA remains the same with many similar areas of work, there is a notable difference in the scope and scale of the work programme for 2020/21 in response to the impact of COVID-19. This is likely to continue for the next 2-3 years and potentially beyond as the CCO adjusts to provide the level and type of economic development service required.

5. Discussion

Effect of COVID-19

- 5.1 The global pandemic of COVID-19 will have significant and long-lasting impacts on the economic development work of Council. The high degree of uncertainty regarding future scenarios for how the pandemic will play out globally and in New Zealand means that Council's response will need to remain agile and adaptive. COVID-19 was first and foremost a health crisis. However the measures put in place globally to minimise this health crisis have resulted in unprecedented disruption to global economic activity, including trade and tourism.
- 5.2 New Zealand and the Nelson region have not been immune to this disruption, with GDP forecast to contract in 2020 by around 8%, and unemployment to rise to just around 9%. While economic activity in New Zealand is estimated to be around 96% of normal GDP levels under

'Level 1', closure of the borders to tourism and a global economic recession will continue to impact Nelson over the medium term.

Review of NRDA

- 5.3 Council commissioned a review of NRDA from Martin Jenkins in 2019 to gain a better understanding of the services being provided by the NRDA and any areas for potential improvement. The review provided three main recommendations:
- 5.3.1 Achieve strategic alignment between NCC, TDC and NRDA: Build strategic alignment between the councils and NRDA to agree four or five outcome areas and related strategic priorities for the CCO, consistent with councils' objectives.
 - 5.3.2 Clarify and convey the value of the NRDA: Enhance the way the value of the NRDA is communicated. This should reflect the agreed strategic priorities, and a performance management framework to monitor progress. There is a need for a stakeholder engagement plan, a restructured SOI, and a new reporting framework to NCC and TDC.
 - 5.3.3 Secure sustainability of the NRDA: Take steps to secure the financial sustainability of the NRDA which include reviewing the interfaces between NCC and the NRDA for efficiency improvements, completion of the NRDA's business model review, and the development of a business case for additional funding.
- 5.4 The review made specific recommendations to improve the content and structure of the SOE and SOI. These include greater clarity in the SOE of the functions and services the NRDA is expected to deliver and a stronger performance framework within the SOI.
- 5.5 Further consideration of the review findings and recommendations, including how these might best be implemented is still required. Given the priority over the last quarter has been to focus on the COVID-19 economic response, it has not been possible to incorporate all the review's recommendations into this year's SOI. NCC and TDC need to agree on a framework that provides clear direction for the long term, medium term and short term outcomes that are expected to be achieved through ongoing investment in economic development through the NRDA. Economic development objectives will need to be appropriate for the new landscape that exists post COVID-19.
- 5.6 Officers are investigating the possibility of holding a series of workshops firstly between NCC and TDC and then with NRDA to progress these recommendations. The aim is to ensure that the next Statement of Expectation further reflects the recommendations of the NRDA review as well as providing greater clarity of expectations from the Councils.
- 5.7 In 2019/20 funding for NRDA was delivered through an integrated SOI for both Nelson and Tasman councils and this will remain the case in

2020/21. TDC has provided input into the 2020/21 SOI, and a separate funding arrangement between the two councils sets out the terms of the TDC contribution.

Project Kōkiri

- 5.8 The two councils, alongside NRDA, the Chamber of Commerce, iwi and other stakeholders came together to collaborate on the economic response, recovery and regeneration through Project Kōkiri. Project Kōkiri is the economic response and regeneration plan for Nelson Tasman and aims to achieve the following outcomes:
- 5.8.1 Keeping people employed in work and providing opportunities for training and redeployment;
 - 5.8.2 Focusing on our strengths and areas of competitive advantage such as the oceans economy, high value food and beverage, the growing Māori economy, and liveability;
 - 5.8.3 Generating export revenue to increase circulation of money in the local economy;
 - 5.8.4 Supporting organisations that will provide the greatest economic impact to our economy through their own supply chains; and
 - 5.8.5 Providing local government stimulus through infrastructure projects.
- 5.9 Project Kōkiri will be implemented in stages with initial response work carrying through until January 2021, a recovery stage through to December 2022, and then moving into regeneration from 2023 onwards. The plan will need to adapt to the changing needs of industry and business over this period, and reflect the uneven impact of COVID-19 across various sectors. Efforts by the Nelson Tasman Chamber of Commerce have been key in facilitating the connection between business and NRDA to ensure that communication is timely and effective throughout the response period. The Chamber is also leading on some of the economic response actions, including the “We’ve Got This” campaign.
- 5.10 Project Kōkiri sets out the work programme of the NRDA and forms the basis of the SOI for the 2020/21 year. As part of delivery of Project Kōkiri, NRDA will provide a coordination role for other programme areas in addition to business as usual. Each of its traditional work programme areas will be adjusted to ensure that the investment is relevant for the current COVID-19 economic situation. The SOI sets out the following key work streams:
- 5.10.1 Targeted business and innovation support
 - 5.10.2 Capability building and job creation

Item 8: Nelson Regional Development Agency Statement of Intent 2020/21

5.10.3 Business and investment attraction

5.10.4 Stimulating local spending

5.10.5 Local government stimulus

5.10.6 Visitor destination management

5.10.7 Regional competitive advantage and regeneration initiatives

5.10.8 Project Kōkiri management and operations

- 5.11 In relation to risk management, the NRDA has outlined that it will take an “agile and phased approach”. NRDA will adapt to the needs of business throughout the response and recovery phases. A Leadership Group made up of high level representatives across government and industry, chaired by the Nelson Mayor; and an Action Team representing key government departments in Nelson Tasman will guide decision making should any change in approach or focus areas be required.

NRDA and Project Kōkiri Budget

- 5.12 COVID-19 will have a significant effect on the activities and sources of funding of the NRDA. The proposed NRDA budget of \$3.0 million for 2020/21 reflects its contribution to delivering Project Kōkiri. This is approximately \$700,000 above NRDA’s pre-COVID forecast budget for 2020-21. The updated budget includes additional spending in some areas to adapt to the proposed direction of a COVID-19 economic recovery:

5.12.1 Support of a targeted business recovery and regeneration accelerator programme

5.12.2 Additional Workforce Development and labour market coordination activity

5.12.3 Stimulating local spending and domestic visitation activations and Visitor Destination Management

5.12.4 Additional stakeholder coordination, project pipeline support, communications, and insights

- 5.13 In addition, private sector investment such as tourism partnership programmes and tradeable income from the i-SITE is forecast to be around \$540,000 less in 2020/21 compared to 2019/20. The increased budget and reduction in income would have resulted in an overall shortfall in funding to deliver the proposed services in 2020/21 of approximately \$1.0 million. However, central government has recognised the expected shortfall in income for Economic Development Agencies and Regional Tourism Organisations across the country and has provided \$700,000 to the NRDA as part of a nationwide \$20 million

Item 8: Nelson Regional Development Agency Statement of Intent 2020/21

support package. This is in addition to the \$490,000 pre-COVID NRDA budget from central government.

	2019-20 (Budget)	2020-21 (June Budget)	2020-21 (August Budget)
NCC Core funding	\$970,500	\$982,700	\$982,700
TDC Core funding	\$300,000	\$303,000	\$303,000
Central government Funding	\$345,000	\$490,000	\$490,000
Private sector/Trading/Other	\$620,800	\$73,900	\$73,900
Total Income	\$2,236,300	\$1,849,600	\$1,849,600
Operating Expenses	\$2,200,000	\$2,549,600	\$3,049,900
Budget Shortfall		<i>\$700,000</i>	<i>\$1,200,300</i>
<i>NCC Project Kōkiri contribution</i>		Up to \$350k depending on central govt. funding.	\$250,000
<i>Central govt. contribution</i>			\$700,000
<i>Residual shortfall</i>			<i>\$250,300</i>

- 5.14 At the Annual Plan deliberations meeting on 3 June 2020, Council agreed to make provision for an increase in funding to NRDA of up to \$350,000 to develop and implement Project Kōkiri. At that time, the Project Kōkiri budget shortfall was \$700,000. Council agreed that \$500,000 of this shortfall should be met by local government and the other \$200,000 was hoped to be provided by central government. \$250,000 of Council's \$350,000 provision was to cover the NCC half of local government funding, with \$100,000 set aside in case central government funding was not secured. This initial budget deficit was developed at very short notice and subsequently increased to \$1.2 million. Note that this higher figure includes discrete tourism related projects of \$200,000 that were developed as part of the funding pitch to central government.
- 5.15 NRDA has made a funding request to TDC for \$250,000. TDC considered this request at its 30 July 2020 Council meeting, and has decided to defer the decision until 19 August when it is holding a workshop to identify cost savings to assist with its zero rates increase for 2020/21. An update on the outcome of this meeting will be provided at the Committee meeting.

Item 8: Nelson Regional Development Agency Statement of Intent 2020/21

- 5.16 NCC would work with the NRDA to assess the impact that any ongoing budget shortfall would have on the scope and scale of activities for 2020/21. If additional funding is required, NRDA will need to make a specific request for the uncommitted funding of \$100,000 and this will need to be approved by Council. Assurances will be sought from NRDA that all funding provided from NCC to Project Kōkiri for 2020/21 will be focused on economic development outcomes that benefit Nelson City.
- 5.17 Council has allocated approximately \$2.3 million towards economic development in the 2020/21 financial year covering items such as funding to NRDA, support to additional large scale sport and entertainment events, the Contestable Events Fund, support to Uniquely Nelson, and the Nelson Tasman Business Trust.
- 5.18 The NRDA SOI budgets propose that additional funding will need be provided for the following two financial years. NCC will work with NRDA and TDC to identify and evaluate the most appropriate sources of funding or changes to the mix of services purchased by the two councils to address this ongoing shortfall.

6. Options

- 6.1 The Committee can recommend approval of the SOI or can provide feedback to the NRDA in respect of changes to the SOI.

7. Conclusion

- 7.1 Officers believe that the draft SOI adequately aligns with Council expectations and can be adopted as the final SOI for 2020/21.

Author: Jessica Bensemann, Nelson Tasman Economic Portfolio Manager

Attachments

Attachment 1: A2434416 NRDA Statement of Intent 2020-21 [↓](#)

Important considerations for decision making
1. Fit with Purpose of Local Government Section 64 of the Local Government Act requires the adoption of a Statement of Intent for every CCO.
2. Consistency with Community Outcomes and Council Policy The recommendation aligns with the following outcomes: 'Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement' and 'Our region is supported by an innovative and sustainable economy'
3. Risk There is a large degree of uncertainty related to international and national events that will have an impact on the economic outlook and recovery for Nelson/Tasman. These risks need to be managed on an ongoing basis and are built into the adaptive approach that is taken in Project Kōkiri. In particular, the timing of borders reopening will greatly impact the ability of many business in the tourism sector to survive through this period. This will impact on how effective Project Kōkiri can be in supporting businesses and the options available to promote Nelson as a destination beyond the domestic market in 2020/21. Aspects of Project Kōkiri are dependent on the nature of central government funding support that is made available for the COVID-19 recovery. This is currently uncertain given the national elections will occur in September 2020. Any new government priority areas and related funding announcements will not be known until after this date. Continued support from partners and stakeholders such as councils and businesses is critical to the successful delivery of Project Kōkiri and a comprehensive communications plan.
4. Financial impact The \$250,000 allocated for Project Kōkiri, and \$100,000 in uncommitted funding has been provided through the Annual Plan 2020/21 in addition to the annual NCC core funding allocation of \$880,000. As part of the Long Term Plan process Council will need to assess whether or not additional funding can be allocated in the next two financial years.
5. Degree of significance and level of engagement The adoption of the SOI is of low significance to the community, business and iwi. Engagement has been carried out with business and iwi during the development process of Project Kōkiri, and key stakeholders will be

involved on an ongoing basis through Project Kōkiri leadership and management groups.

6. Climate Impact

Project Kōkiri acknowledges that climate change is one of the major risks facing the region. Components of delivering on the necessary transition towards a low carbon and more resilient economy will be factored in to the work of the NRDA.

A number of key activities to deliver in the areas of climate change and sustainability are included in the SOI, such as the development of a low-carbon Destination Management Plan, maintaining a strong dialogue with the Nelson Tasman Businesses for Climate Change Action, and facilitating a climate change transitions focused “build back better” workshop.

Guidelines for how this will occur will be developed by the Project Kōkiri Action Team and signed off by the Project Kōkiri Leadership Team. The SOI outlines some specific actions for how this process will be carried out.

7. Inclusion of Māori in the decision making process

Iwi have been engaged as part of the development of Project Kōkiri which has formed the basis of this report.

8. 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.

Areas of Responsibility:

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

A2434416



STATEMENT OF INTENT 2020-21

Prepared by Nelson Regional Development Agency Board

1 July 2020 to 30 June 2021

Mahitahi Colab, Nelson Marlborough Institute of Technology, 322 Hardy Street
P O Box 788, Nelson 7010



1. Introduction

1.1. Purpose of the NRDA

The Nelson Regional Development Agency (NRDA) exists to make a difference to the future prosperity of the Nelson Tasman region through positioning, connecting and promoting the region, with a current focus on the recovery and regeneration of the region from the economic impacts of COVID-19.

Everything we do is built on a strong platform of collaboration and partnership with the public and private sectors to achieve alignment, build stakeholder engagement, and drive NRDA's role in execution.

For this year NRDA's three key areas of focus have been amended to reflect the focus on recovery and regeneration from the current and future economic impacts of COVID-19 on the region's economy.

1. **Positioning** the Nelson Tasman region as a place where talent, visitors and investment wants to be and young people can thrive.
2. **Connecting** our clever people and companies with opportunities to recover, grow, innovate and collaborate.
3. **Promoting** the destination as a place of choice for visitors, talent and business.

For the 2020-21 Statement of Intent (SOI) period all of NRDA's activities will be focused on leading the collaborative implementation of Project Kōkiri, the region's economic response and regeneration plan to the COVID-19 pandemic. All of NRDA's activity will be aligned and driven by the seven-point action plan contained within Project Kōkiri. Project Kōkiri is a collaboration between Nelson City Council (NCC), Tasman District Council (TDC), NRDA, Nelson Tasman Chamber of Commerce (NTCC), iwi and central government's regionally based agencies. (<https://projectkokiri.nz>)

For clarity, while NRDA is responsible for the majority of the deliverables in the Project Kōkiri action plan, it is not accountable for all. For the duration of this SOI the NRDA's role in Project Kōkiri will be focused around the following 5 areas:

1. Supporting the collaborative leadership and delivery model
2. Providing management and oversight for the implementation of the Action Plan
3. In partnership with NTCC leading the engagement and comms with business, councils, iwi, education, local and central Government and other key stakeholders around the implementation of the plan
4. Leading the establishment of funding partnerships around implementation
5. Leading the delivery of initiatives, where NRDA has accountability or coordinating with delivery partners as identified in the SOI.

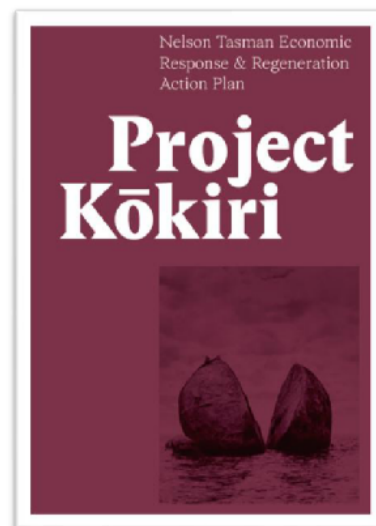
1.2 Background

The NRDA is a Council Controlled Organisation established on 1 July 2016 and is 100% owned by NCC. Core funding for the NRDA is provided by NCC. TDC also contributes financially to the NRDA for economic development, business support and destination marketing and management services through a Service Level Agreement that sets out the accountability arrangements, and the anticipated outputs and performance measures. These services are delivered by the NRDA with a combined Nelson Tasman regional focus. This SOI has been prepared to enable NRDA in its role in the implementation of Project Kōkiri, the region's economic response and regeneration plan to the COVID-19 pandemic. The SOI forms the basis of accountability for the NRDA to the shareholder for the 12 months commencing 1 July 2020 and is in accordance with Schedule 8 of the Local Government Act.

1.3 COVID-19 and Project Kōkiri

The onset of COVID-19 and resulting economic crisis sets the scene for this SOI. COVID-19 has presented the greatest economic shock in living memory, and although the full extent of this is still to play out, it is clear that the economy will be significantly changed by the pandemic. Independent economic forecasts indicate that the impact here in Nelson Tasman is likely to be on par with the hit to the national economy. We expect an 8% contraction in GDP over the year to March 2021 and an unemployment rate of 9% which will have significant and far reaching impacts on our local communities. The negative impacts are also projected to be disproportionately greater on the tourism, hospitality and retail sectors. At the time of writing the initial unemployment figures also show a disproportionate impact on those aged under 30 in our communities.

For this SOI period all of NRDA's activities will be focused on leading the collaborative implementation of Project Kōkiri. In June 2020, Project Kōkiri released the Nelson Tasman's Economic Response & Regeneration Plan which outlines the region's economic strategy for the next twelve months. The aim is to initiate a response and regeneration that will stimulate the economy, protect and create new jobs and accelerate investment into the region. Project Kōkiri provides an opportunity to deliver on the aspiration of the Te Taihu Intergenerational Strategy – to be good ancestors. Our actions will be guided by Te Taihu Oranga, the eight-point wellbeing framework designed by the communities of Te Taihu through the Te Taihu Intergenerational Strategy process.



All of the activities contained within this Sol are aligned and driven by the seven-point action plan contained within Project Kōkiri:

1. Targeted Business and Innovation Support
2. Capability Building and Job Creation
3. Business and Investment Attraction
4. Stimulating Local Spending and Domestic Visitation
5. Local Government Stimulus
6. Visitor Destination Management
7. Regional Competitive Advantage and Regeneration Initiatives

Project Kōkiri is purposefully titled an Economic Response and Regeneration plan and in the seven-point action plan we have tried to get the balance between shorter-term responsive and medium-longer term regenerative activities. Returning to where a business was pre-COVID is likely not a viable option, even in the medium to longer term. The action plan contains a range of responsive activities to support those in the economy who are really struggling to get through until the economic environment for their business improves. The regeneration activities within the plan are about identifying that we need to build back in a stronger and more resilient manner than before. It is also about recognising that those major influences on the region's economy pre-COVID still exist, and a regenerative approach provides a unique opportunity to influence them into the future.

While the impact of the necessary health response to COVID will continue to have a significant impact on the regions' economy, the Nelson Tasman sustainable economic growth direction still presents plenty of opportunity and has helped to shape the regenerative focus of Project Kōkiri. That growth direction is still based around the application of research, science, and technology within our areas of regional competitive advantage in the oceans economy, high-value nutritional food and beverage, a sustainable natural environment based visitor economy and an emerging technology sector.

The economic growth direction also looks to build on the growing appreciation of the livability of the region based on leveraging the region's attractiveness as a place to live, work and do business. The urban and rural centres of the Nelson Tasman region have an increasingly important role to play in enabling the achievement of this direction. In particular Nelson City's "Smart Little City" vision is a critical element as the major population and commercial centre of the top of the South.

The six major influences on the region's economy pre-COVID that we will aim to influence through the economic regeneration activity contained in this Sol are:

1. **Nelson Tasman productivity** per employee is about 25% lower than NZ average.¹

¹ Based on NRDA assessment of Stats NZ and Infometrics regional data.

2. **Income levels** remain about 15% lower than the NZ average despite the Nelson Tasman region keeping pace with income growth.²
3. **Accelerating aging population.** We have a significantly disproportionate ageing population base. Even with good migration growth, we are projected to see a decrease of around 8.5% in our traditional working age population over the next 15 years, which is in contrast to the NZ trend of +13%.³ There is a risk this could be amplified if increased outwards migration in the under 30's age group occurs given the early indications of the higher impacts of COVID unemployment on this group in our region.
4. **Resilient, future-proof infrastructure** is required to support private sector confidence. As a growing region, both in terms of population and the economy, we need to develop a more resilient, future-proof infrastructure base which will in turn support the confidence of the private sector in making the necessary future investment decisions required to take the Nelson Tasman region forward. Priority infrastructure has been identified as water, roading and housing.⁴
5. **Visitor sector seasonality** has a significant impact on the viability of product development, staff security, social license and flow-on to the retail and transport sectors within the region.
6. **Climate Change** is a significant risk to the future of NZ and the region's economy. Consideration of the transitions required within the current economy to a lower emissions focused economic and community base and a focus on the future resilience of the region in response to the significant challenges presented by climate change is at the heart of the regenerative economic thinking in Project Kōkiri.

For more information on Project Kōkiri, please visit (<https://projectkokiri.nz>)

For more information on the forecast potential impacts of COVID-19 on the regions economy please visit: <https://www.nelsontasman.nz/do-business/insights/>

1.4. NRDA Directors

As at June 2020, the NRDA Board comprises the following directors:

- Meg Matthews – Chairperson
- Martin Byrne
- Marina Hirst-Tristram
- Alan Dunn
- Sarah-Jane Weir
- David Johnston
- Jeremy Banks

² Based on NRDA assessment of Stats NZ and Infometrics regional data.

³ Based on Stats NZ population data

⁴ Based on various market research reports and the 2019 NTIN Nelson Tasman Talent research

1.5. NRDA Review of Operations 2019-20

In December 2019, Martin Jenkins Ltd undertook a Review of NRDA Operations. The report had three key recommendations:

1. **Build strategic alignment between the councils and the NRDA** to agree four or five outcome areas and related strategic priorities for the CCO, consistent with Council objectives.
2. **Refresh and communicate the value of the NRDA**, reflecting the agreed strategic priorities and set out in an outcomes and measurement framework, and supporting monitoring and evaluation plan. This recommendation also includes developing a stakeholder engagement plan, a restructured SOI, and a new reporting framework to NCC and TDC.
3. **Take steps to secure the sustainability of the NRDA** which includes reviewing the interfaces between the NCC and NRDA for efficiency improvements, completion of the NRDA's business model review, and the development of a business case for additional funding.

While the advent of the COVID-19 pandemic and the associated response activity has delayed progressing the recommendations of the report, in February 2020, the board of NRDA provided feedback to the shareholder that it believes the report presents a fair assessment of the current situation, reflecting positively on activities and the effective and efficient manner within which NRDA operates. NRDA acknowledges and agrees with the key recommendations and looks forward to working with both councils in securing greater strategic alignment around priorities and exploring additional funding opportunities to support the longer-term sustainability of NRDA through the next Long Term Plan process.

NRDA takes comfort that the report reinforced a CCO is the preferred delivery structure, that our activities are consistent with our peer Regional Development Agencies in NZ and that in delivering those activities we operate on a best practice basis. The report identified that NRDA currently operates on approximately 45% of the local authority funding of comparable RDA's, albeit with a higher level of private sector funding, which is consistent with the concerns raised in our 2019/20 SOI. The NRDA board sees it as a priority to find a solution to this situation if we are to secure the longer-term sustainability of the NRDA business model.

NRDA looks forward to building on our engagement with councils, at both an elected member and staff level, to secure the strategic alignment required to agree on four or five outcome areas and related strategic priorities for NRDA that are consistent with council objectives.

Securing this level of clarity will contribute towards getting an agreed level of balance between wider economic development and tourism related activity, while also providing greater clarity of the NRDA value proposition.

In conclusion the NRDA board thanks Nelson City Council for undertaking this independent review and looks forward to being a proactive participant in the next steps over the course of this SOI and leading into the Long Term Plan process.

2. Areas of Activity and Performance Measurement

The core business activities and key performance measures are based on the seven-point Project Kōkiri Economic Response and Regeneration Action Plan and the expected base funding outlined in the financial section.

The performance framework is based on two key metrics:

- **Regional Indicator (RI)** – The RIs form the basis of why we undertake an activity and are based on a key indicator that reflects outcomes at the regional level which NRDA will monitor, report and where possible influence at a local level. However, they are not the measure of performance for the organisation due to our limited ability to influence the significant number of factors that contribute to this indicator, in particular in a Post-COVID environment.
- **Key Performance Measure (KPM)** - The KPMs are based on those aspects that the NRDA has a degree of control over and will form the basis of accountability to the shareholder.

A2434416

2.1. 2020-21 Sol Headline Key Performance Measures Summary

	Activity Area	2020/21 KPM	Baseline
	Responsive one on one business continuity service (RBP)		
1.	Companies receiving RBP Support	> 400	454
2.	RBP funding support attracted	> \$1million	\$1.2million
3.	Customer Satisfaction net promoter score	+60	>60
	Targeted Business Recovery and Regenerate Accelerator Programme		
4.	Establishment of business enhancement clusters	3	New
5.	Businesses involved in the business enhancement clusters	>36	New
	Reposition Mahitahi Colab to support COVID Recovery		
6.	Attendees at Mahitahi Colab business and talent collaboration events	>1500	2335
7.	Potential business start-up's attending a COVID recovery Co.Starters program	>10	New
	Education to Employment Programme		
8.	Regional secondary schools engaged in employment brokerage services	12 Schools	New
	Young People Work Placement Programme		
9.	Business involved in the work placement programme	>20	New
10.	Students placed into work placements and Intern & Grad programme	>40	11
	Targeted Business Relocation Programme		
11.	Business relocation pitches presented	>10	New
	Locals and Domestic Marketing Campaign		
12.	Businesses engaged in campaign activity	>500	36
13.	Registration of Nelson Tasman expats ambassadors	>1000	New
14.	Digital Content Marketing Engagement levels	> NZ Avg	5x NZ Avg
	Visitor Destination Management		
15.	Coordinate the development of a Regional Destination Management Plan	Y/N	New
16.	New tourism product development feasibility and/or investment cases developed	>4	New
17.	Major Events Attendees (% out of town) through events programme activity	>15,000 (50%)	17,894 (79%)
18.	Return on NCC Economic Event Fund Investment	>20:1	31:1
19.	Out of region Business Event delegates attracted through business events programme	>2,000	1912
20.	Australian travel trade and media hosted and trained on the Nelson Tasman proposition	>50	254
21.	Travel trade sales and marketing referrals provided to Nelson Tasman Co's	>200	500
22.	Customer Satisfaction with the Nelson i-Site	>80%	90%
	Regional Projects Pipeline		
23.	Organisations supported through the projects pipeline process	>50	New
	Project Kokiri Management and Operations		
24.	Nelson Tasman businesses engaged with regularly through communications channels	>3000	1600
25.	Individual Nelson Tasman businesses directly engaged in Project Kokiri activity	>500	New
	NRDA Management and Operations		
26.	NRDA maintains a balanced budget (EBITDA)	Y	Y
27.	Lost time work injuries	0	0
28.	Annual Stakeholder engagement levels of satisfaction	>60%	>60%

A2434416

2.2. Core Business Areas of Activity and Key Performance Measures

1 Targeted business and Innovation Support				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
1.1 Responsive one on one business continuity service (Regional Business Partner Programme)	<ul style="list-style-type: none"> A positive change in regional productivity relative to NZ trends (GDP / filled job – infometrics data) Sustaining the number of business units and jobs in the region, relative to NZ trends of growth or decline, post COVID. (Business Units & Filled Jobs infometrics data) 	<p>Connecting with and understanding Nelson Tasman companies' current situation and needs with a focus on the impacts of and recovery from COVID.</p> <p>Connecting Co's with the various business support services and networks available to address their immediate needs and to assist in enabling them to be better positioned to withstand the future impacts.</p> <p>The programme has two key components:</p> <ol style="list-style-type: none"> Coordination, management and delivery of the Regional Business Partner Programme (Mentoring, Business support vouchers and R&D support & funding programmes) Targeted one-on-one COVID response and recovery service 	<ul style="list-style-type: none"> Delivering RBP support to over 400 companies, attracting in excess of \$1 million in RBP funding and a customer satisfaction net promoter score of +60 across the RBP programme by June 2021. Targeting a minimum of 30% of businesses from any one district. 20 Tasman and 20 Nelson businesses intensively case-managed. 	<ul style="list-style-type: none"> Delivered support to 454 companies Attracted \$1.2 million in RBP funding Customer satisfaction net promoter score greater than 60. At least a minimum of 30% of businesses from any one district. 89 Tasman and 133 Nelson businesses intensively case-managed. (note COVID impact)
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA has a contractual relationship with NZTE and Callaghan Innovation for the delivery of this programme. NRDA delivers programme management and coordination, the front-line R&D, and some of the responsive COVID support services. NRDA has a sub-contract for delivery of some parts of the service with the Chamber of Commerce and Nelson Tasman Business Trust. 			

A2434416

1.2 Targeted business recovery and regenerate accelerator programme	<ul style="list-style-type: none"> • A positive change in regional productivity relative to NZ trends (Infometrics data) • A positive change in income levels for the region relative to NZ trends. (Mean earnings Infometrics data) • Sustaining the number of business units and jobs in the region, relative to NZ trends of growth or decline, post COVID. (Business Units & Filled Jobs Infometrics data) 	<p>Delivery of a deliberate and proactive wrap-around business acceleration service focused on supporting organisations that wish to collaborate on common business challenges and opportunities resulting from the impacts of COVID. The programme will focus on companies that make a significant contribution to our economy through generating demand and flow-on impacts for SMEs and the rest of our community, while also contributing to the improvements in productivity and incomes in the region.</p> <p>The programme has three key components:</p> <ol style="list-style-type: none"> 1. Research & insights into the current situation, needs and solutions. 2. Programme design, funding, delivery 3. Evaluation of impact and future sustainability 	<ul style="list-style-type: none"> • Establishment of at least 3 business enhancement clusters with up to 12 companies per cluster. • At least 40% of the companies involved in the research and invited into the programme will come from each district. 	<ul style="list-style-type: none"> • New initiative • Nelson Tasman has the 2nd lowest rate of productivity in NZ⁵ • Nelson Tasman Mean annual earnings are 15% below that of NZ.⁶ • Infometrics projected unemployment rate of 9% as a result of COVID⁷
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA delivers research, programme design and delivery • Will require a high-level of engagement with local and national business development solution providers, Callaghan and NZTE. 			
1.3 Reposition Mahitahi Colab to support Covid-19 recovery	<ul style="list-style-type: none"> • Collaborating to support and inspire clever business, innovation and talent in Nelson Tasman through a positive 	<p>The intention is that together we will be able to build a more connected business and innovation community by creating stronger links between business, investors, researchers, business development providers and the</p>	<ul style="list-style-type: none"> • Mahitahi Colab hosts at least 50 business and talent collaboration events attracting 1500 attendees. 	<ul style="list-style-type: none"> • Hosted 100 events • Attracting 2335 attendees.

⁵ Infometrics 2019 Economic Profile⁶ Infometrics 2019 Economic Profile⁷ Projected Economic Impacts of COVID-19 on the Nelson Tasman Economy, Infometrics, May 2020

A2434416

	change in the utilisation of the Mahitahi Colab space for the hosting of collaboration events, tenants and student connections with business. (Mahitahi reporting)	<p>education sector in a post-COVID environment.</p> <p>The programme has four key components:</p> <ol style="list-style-type: none"> 1. Collaboration and innovation events 2. Coworking space 3. COVID recovery start-up programme 4. Student-led consulting programme and other initiatives designed to connect young talent with business. 	<ul style="list-style-type: none"> • At least one COVID recovery and regeneration Co.starters programme delivered with at least 10 potential start-up's participating. • The Student consulting programme has at least 10 students involved, and they have delivered services to at least 10 Nelson Tasman clients. 	<ul style="list-style-type: none"> • New initiative • 12 Students involved in the consulting programme
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA has a lease and funding agreement with Mahitahi Colab for the delivery of the above services. • NRDA is a shareholder in the ownership of Mahitahi, with Nelson Marlborough Institute of Technology (NMIT) and NTCC and provides Governance and management support (finance and admin). • NRDA provides some additional support to Mahitahi around some of the event and programme delivery. 			

2 Capability Building and Job Creation				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
2.1 Interim Regional Skills Leadership Group (iRSLG)	To better manage changing skills and workforce needs in the region and to support the recovery of labour markets. The iRSLG is the eyes and ears on the ground, gathering local intelligence, supporting the immediate response to the regional labour market impact arising from	<p>The iRSLG is one of the Governments responses to creating a joined up approach to labour market planning to see the workforce, education, and immigration systems working together to better meet differing skills needs across the region.</p> <p>The iRSLG's are facilitated by MBIE.</p>	<ul style="list-style-type: none"> • NRDA making a proactive contribution to the iRSLG programme. 	<ul style="list-style-type: none"> • New initiative • Research in Nov 2019 identified that skills attraction and retention was identified as 1 of the 3 top challenges for 60%

A2434416

	COVID-19 and advising Government on the region's labour market.			of Nelson Tasman Co's ⁸
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA Chair is also the Chair of the iRSLG, and the NRDA CE is on the iRSLG. NRDA will support MBIE and the iRSLG with labour market, education and skills activity that is identified as the iRSLG programme evolves. 			
2.2 Coordination of labour market services and recovery activity	<ul style="list-style-type: none"> Minimising the level of COVID impact on the region's unemployment rate, with the aim of being better than the projected 9.0% by July 2021⁹. Minimising the level of COVID impact on the region's NEET rate, with the aim of an improvement in the current levels of Nelson 17%, Tasman 12% (NZ 11%) . (NEET rate¹⁰) 	<p>Coordinate activity that supports both businesses and individuals whose circumstances have changed as a result of Covid-19. A key focus on Young people (under 30) employment as the most affected age-group and to ensure we maintain a sustainable pipeline of future talent in the region.</p> <p>This includes:</p> <ol style="list-style-type: none"> Liaison and coordination with Ministry of Social Development (MSD), iRSLG and other key stakeholder programmes. Delivery of the Youth NEET pathways project. Delivery of the Education to Employment Broker (EEB) Service. 	<ul style="list-style-type: none"> Engage all 12 targeted schools (staff and students) in the region in the Education to Employment Brokerage Service (EEB) and facilitate the opportunity for students and school staff to be able to attend at least 4 industry sector expo/information events. Identify, trial and evaluate up to two appropriate interventions that will help young people who are at a disproportionate risk from the economic fallout of Covid-19, avoid or recover from NEET status. 	<ul style="list-style-type: none"> New initiative
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA works closely with MSD, iRSLG and other key stakeholders to ensure coordination of programmes to maximise impact and reduce duplication risk. NRDA holds a contract for delivery of the Youth NEET pathways project with NCC. NRDA holds a contract for delivery of the Education to Employment Broker Service with MSD. 			

⁸ Nelson Tasman Innovation Neighbourhood Talent Challenge Research – Nov 2019

⁹ Projected Economic Impacts of COVID-19 on the Nelson Tasman Economy, Infometrics, May 2020

¹⁰ % of population under 24 years of age not in employment, education or training, MSD supplied data

A2434416

2.3 Coordinate Education and Skills development activity	<ul style="list-style-type: none"> The majority of Employers in Nelson Tasman find it easy to access the skills required in the regional labour market. (Local labour market survey) Minimising the level of COVID impact on the region's NEET rate, with the aim of an improvement in the current levels of 17%, Tasman 12% (NZ 11%). (NEET rate) 	<p>Coordinating skills development and upskilling opportunities across the region to support retraining and redeployment as a result of COVID-19, with an overarching focus on ensuring we meet our talent needs, lift productivity and deliver on higher paying jobs throughout the region.</p> <p>This includes:</p> <ol style="list-style-type: none"> Liaison and coordination with MSD, iRSLG, Ministry of Environment (MOE), NMIT and other key stakeholder programmes. Young people work placement, intern & graduate programmes. 	<ul style="list-style-type: none"> Establishment of work placement programme with at least 20 businesses and 20 students engaged. An increase to at least 20 students engaged in the intern and grad programme. 	<ul style="list-style-type: none"> 11 students participated in the 2019 Summer of Tech Intern Programme. Research in Nov 2019 identified that skills attraction and retention was identified as 1 of the 3 top challenges for 60% of Nelson Tasman Co's.¹¹ Other activities are new initiatives
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA works closely with MSD, iRSLG, MOE, NMIT, other key stakeholders to ensure coordination of programmes to maximise impact and reduce duplication risk. NRDA holds a contract for delivery of the Young people work placement, intern & graduate programmes with MSD. 			

3 Business and Investment Attraction				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
3.1 Targeted business relocation programme	<ul style="list-style-type: none"> A positive change in knowledge intensive employment in the region relative to NZ. (Infometrics data) Sustaining the number of business units and 	Delivering a programme that leverages our advantages as an attractive place to live and visit into an attractive place to also work and do business, especially for those in the technology and service sectors, who can work from anywhere. Primary focus on businesses which will create new high-value jobs within the	<ul style="list-style-type: none"> 10 target businesses relocation pitches presented including highlighting the benefits of being located in the urban centres of each district. 	<ul style="list-style-type: none"> New initiative. In 2019 knowledge intensive employment in the region made up 26% of all employment (NZ

¹¹ Nelson Tasman Innovation Neighbourhood Talent Challenge Research – Nov 2019

A2434416

	jobs in the region, relative to NZ trends of growth or decline, post COVID. (Business Units & Filled Jobs Infometrics data)	<p>region, in particular for the younger demographic and likely be located within our urban centres.</p> <p>Initial activity will target the key urban centers of Auckland and Wellington where we can capitalise on our lifestyle proposition and value case.</p> <p>The programme has three key components:</p> <ol style="list-style-type: none"> 1. Research, benchmarking and investment case development 2. Targeted in-market programme design and delivery 3. Post relocation integration and connection programme 		<p>32%) for the 2019 year there was +3.6% growth (NZ +2.4%)¹².</p> <ul style="list-style-type: none"> • Infometrics projected unemployment rate of 9% as a result of COVID.¹³
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA will be responsible for research, programme design and delivery • The delivery of this programme will require a high degree of engagement with other business support agencies and networks, such as NTCC and Nelson Tasman Innovation Neighbourhood (NTIN). 			
3.2 Targeted investment and skills attraction to assist existing businesses in region	<ul style="list-style-type: none"> • The majority of employers in Nelson Tasman find it easy to access the skills required in the regional labour market. (Local labour market survey) 	<p>Identifying and delivering targeted investment and skills attraction activity into existing businesses to assist their growth, leading to the development of more high-value jobs. This includes:</p> <ol style="list-style-type: none"> 1. Facilitating individuals looking to migrate to the region on investor or global impact work visas (COVID restrictions dependent). 	<ul style="list-style-type: none"> • Facilitating investor or global impact work visas inquiries in a timely manner. (COVID restrictions dependent) • Facilitation of an appropriate targeted skills attraction initiative if identified by labour market activity. 	<ul style="list-style-type: none"> • Research in Nov 2019 identified that skills attraction and retention was identified as 1 of the 3 top challenges for 60% of Nelson Tasman Co's.¹⁴

¹² Infometrics 2019 Economic Profile¹³ Projected Economic Impacts of COVID-19 on the Nelson Tasman Economy, Infometrics, May 2020¹⁴ Nelson Tasman Innovation Neighbourhood Talent Challenge Research – Nov 2019

A2434416

		<ol style="list-style-type: none"> 2. Targeted talent attraction for key skills shortages if identified through labour market activity. 3. Assembly of a portfolio of projects that are investment ready. 		<ul style="list-style-type: none"> • 2 skills attraction campaigns delivered
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA will be responsible for identifying and delivering activity. • The delivery of this activity will require a high degree of engagement with other business support agencies and networks, such as NTCC and NTIN. 			

4 Stimulating Local Spending				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
4.1 Campaign initiatives and activations to encourage those who can, to support and buy local, build confidence and pride in the region, and generate national exposure to support the recovery of domestic tourism to Nelson Tasman.	<ul style="list-style-type: none"> • Increased domestic visitor spend in Nelson Tasman relative to NZ trends. (Infometrics data) • Increased awareness of local products and services (locals survey) 	<p>Delivery of the 'We've Got This' cross—sector campaign designed to support local businesses and showcase the region as a visitor destination. This cross-sectoral approach will enhance the value and reach of the campaign and ensure alignment of regional messaging.</p> <p>The campaign is designed to achieve the following two key outcomes:</p> <ol style="list-style-type: none"> 1. A sense of solidarity and support within the Nelson Tasman community, igniting local pride and encouraging locals to spend locally on with local products and services and to explore their backyard and to tell their family and friends to visit. 2. A platform to showcase the region's offerings nationwide, including our award-winning food and beverage 	<ul style="list-style-type: none"> • Campaign launched by 20th July. • Campaign achieves a digital content marketing engagement level that is above the national industry avg. • Over 500 Business from across the region are engaged in the campaign, with at least 40% coming from each district. • Registration of at least 1,000 Nelson Tasman Expats to promote the campaign. • Two in-market activations, 1 in Wellington and 1 in 	<ul style="list-style-type: none"> • New Initiative with the locals focus and the scale of activity. • Domestic digital engagement 5 times higher than NZ Avg • 36 compnaies engaged in dometic visitor maskreting

		<p>sector, stunning natural landscapes, vibrant arts and artisans, extraordinary visitor experiences and diverse calendar of events.</p> <p>A suite of campaign assets will be created that can be used by locals, businesses, visitors, media, event organisers and travel partners when promoting the Nelson Tasman region.</p> <p>A database of Nelson Expats (NEA) will be created to facilitate distribution of campaign assets and build longevity.</p> <p>Digital, Print and Physical marketing activations will run across our three key visitor markets of Auckland, Wellington and Christchurch. Collaboration with national media platforms and influencers will further amplify this activity and stimulate local spend and domestic visitation.</p> <p>On-going promotion will be enhanced by seasonal marketing campaigns to promote shoulder season visitation.</p>	Auckland that secure national attention.	
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will be responsible for programme design and delivery. The delivery of this programme will require a high degree of engagement with many sectors of the economy and other local business support agencies, such as NTCC, UN, TBPA, GBP, the Councils etc. At a national level, the campaign will be delivered in partnership with Tourism New Zealand, airlines, regional airports and other transport partners to demonstrate our connectivity. 			
4.2 Supporting local and social procurement policy and campaign	<ul style="list-style-type: none"> Increased participation by social enterprise organisations in local economy. (survey) 	Supporting NTCC and Social Impact Nelson as they establish a local and social procurement policy to enable greater economic activity and local business participation in public and private	<ul style="list-style-type: none"> Social Impact Nelson Tasman and the NTCC level of satisfaction with NRDA support of the delivery of this activity. 	<ul style="list-style-type: none"> New Initiative

A2434416

	<ul style="list-style-type: none"> Increased awareness of social enterprise in creating an economy built on positive impact. (survey) 	<p>projects and stimulus initiatives. This activity has four key components:</p> <ol style="list-style-type: none"> 1. Identify key procurement contacts in region. 2. Work with the Akina Foundation on education resources for social enterprise. 3. Work with Akina Foundation to educate procurement contacts as to the value of supporting social enterprise . 4. Recruit local social procurement ambassadors to promote the concept to their business peers. 		
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will support Social Impact Nelson Tasman and the NTCC in their establishment of this activity. 			

5 Local Government Stimulus	
NRDA Role	<ul style="list-style-type: none"> This programme of activity is not a direct NRDA accountability Where appropriate, we will continue to provide insights, advice and support to enable this critically important aspect of the region's economic recovery and regeneration.

6 Visitor Destination Management				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
6.1 Destination Management Restart and Recovery Plan	<ul style="list-style-type: none"> Positive community sentiment towards the visitor sector in the region. (NRDA survey) 	Design, coordinate and lead the development of a Regional Visitor Destination Management Plan designed to evolve and respond to the significant impacts of COVID on the visitor sector,	<ul style="list-style-type: none"> Regional destination management plan completed and endorsed by 	<ul style="list-style-type: none"> New initiative

A2434416

	<ul style="list-style-type: none"> Minimising the level of COVID impact on the regions visitor sector, with the aim of performing better than the projected 21% decline in domestic visitor spend and 90% decline in international spend by July 2021.¹⁵ (visitor spend infometrics data) 	<p>with the aim of ensuring that the tourism industry is a resilient and regenerative contributor to the Nelson Tasman economy, community and environment.</p> <p>Our Destination Management approach will target the following key areas:</p> <ul style="list-style-type: none"> Creating 100,000 passionate local ambassadors Creating a light footprint (low carbon) visitor journeys within the region. Smoothing seasonality with a focus on product development that will contribute to March-November visitation. Attract higher value visitors through product development Create sustainable higher value careers Supporting the sector to restart and recover from the impacts of COVID 	<p>key stakeholders by June 2021.</p> <ul style="list-style-type: none"> Development of 3 theme-based journeys within the region and 1 connecting Te Taihū. Production of 2 visitor sector product development investment cases and 2 early stage product development feasibility studies. With at least one in Tasman and one in Nelson City. 	
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will be responsible for research, design and delivery of this activity. NRDA will hold an agreement with MBIE to support the funding of the delivery of this programme. (Subject to successful funding outcome) The delivery of this programme will require a high degree of engagement with many local, regional and national public and private sector stakeholders. 			

¹⁵ Projected Economic Impacts of COVID-19 on the Nelson Tasman Economy, Infometrics, May 2020

A2434416

6.2 Support the reactivation of Events including Business Events	Minimising the level of COVID impact on the Nelson City events programme, with the aim of sustaining the level of event attendees attracted to events in our region relative to NZ trends. (NRDA data)	<p>Rebuilding of the major, business and community events programme post COVID. The events programme is designed to maximise the impact of events on Nelson City and the visitor sector while also contributing to smoothing seasonality:</p> <p>The programme has four key components:</p> <ol style="list-style-type: none"> 1. Delivery of major event lead generation 2. Coordination of the events fund (major and community events) 3. Event coordination, marketing, and development 4. Business event lead generation and facilitation 	<ul style="list-style-type: none"> • Through the NCC events fund, support at least 12 community events and major events contributing to the attraction of over 15,000 major events attendees (50% from out-of-region) delivering a return on event fund investment ratio of 20:1 • Contributing to the attraction of 2,000 out-of-region business events delegates, at an average of 2.5 nights each (5,000 room nights), with 75% between March-November for events to take place within the next three years. 	<ul style="list-style-type: none"> • Supported 13 community events • Supported 15 Major events contributing to the attraction of over 17,894 (79% from out-of-region) • Return on event fund of 31:1 • Contributed to the attraction of 1912 out-of-region business events delegates. • >80% between March-November.
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA will be responsible for the delivery of this activity. • NRDA holds an agreement with NCC to coordinate the NCC events fund • The delivery of this programme will require a high degree of engagement with the local and national events sector stakeholder. 			
6.3 Reactivation of international marketing	Minimising the level of COVID impact on the regions international visitor sector, with the aim of performing better than the projected 90% decline in	Reactivation of the region's international visitor marketing programme, when the border settings allow. It is very likely that this activity will have a heavy focus on Australia as a result of the activation of	<ul style="list-style-type: none"> • 50 Australian trade and media hosted and trained, and 4 in-market trade training events attended or led (incl virtual) with 200 referrals¹⁷ by June 2021. 	<ul style="list-style-type: none"> • 254 Australian trade and media hosted and trained • 500 referrals.

¹⁷ Referral is a qualified sales lead provided to a business partner.

A2434416

	international spend by July 2021 ¹⁶ . (international visitor spend)	the proposed Trans-Tasman Bubble. The programme has two key components: 1. Regional positioning within Tourism NZ and target markets. 2. Lead generation.		
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will be responsible for the delivery of this activity. The delivery of this programme will require a high degree of partnership with Tourism NZ and the local and national tourism sector stakeholders. 			
6.4 Reactivation of the Nelson i-SITE	<ul style="list-style-type: none"> Enhancing the Nelson Tasman visitor experience through a strong national visitor information network delivered by locals who are authentic, trusted personalized hosts as measured by the customer satisfaction ratings. Supporting the vibrancy of the Nelson City Centre by maintaining a footfall of over 110,000 p.a. 	Reactivation of the Nelson i-SITE services to enhance the regions visitor experience.	<ul style="list-style-type: none"> Minimising the level of COVID impact on the Nelson i-SITE while maintaining a Customer Satisfaction Rating of 80% of 4/5 and 5/5 ratings. (i-SITE data) Agreeing and implementing a long-term sustainable future i-SITE business model, within the context of meeting Councils expectations and the revised national business model. 	<ul style="list-style-type: none"> Customer satisfaction rating 80%
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will be responsible for the delivery of this activity. The delivery of this programme will require a high degree of engagement with the sector, NCC and i-SITE NZ (the national body) in the design and implementation of the new national business model. 			

¹⁶ Projected Economic Impacts of COVID-19 on the Nelson Tasman Economy, Infometrics, May 2020

7 Regional Competitive Advantage and Regeneration Initiatives				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
7.1 Regional Projects Pipeline that will identify and facilitate investment ready proposals around our areas of key competitive advantage	<ul style="list-style-type: none"> Amount (\$) of new Government investment into the region. (measured through the pipeline) Amount (\$) of new private sector and philanthropic sector funding and investment into the region. (measured through the pipeline) 	<p>Establishment and delivery of A coordinated regional projects pipeline programme which will assist with project development, the identification and securing of funding. There will be a key focus on positioning the region to attract as much central government funding as possible, by prioritising and supporting the development of key projects that are aligned to our regions competitive advantages, so they can leverage different government funding sources as they are announced.</p> <p>In implementing this process we will engage in a proactive manner with the appropriate Te Taihū iwi organisations and Māori enterprises to identify if and how this process may be able to specifically support iwi-led and Māori enterprise economic development related projects seeking investment.</p> <p>We will also look to utilise this process to support the securing of investment for the priority Te Taihū Intergenerational Strategy projects, where that is appropriate. The Pipeline process will assist with:</p> <ul style="list-style-type: none"> Project identification and prioritisation Project proposal development 	<ul style="list-style-type: none"> At least 50 organisations engaging with the Pipeline triage process and receive the business support offered by the Pipeline team. Of those Project Proposals which are developed to an investment ready stage, 20% are successful in securing investment. 	<ul style="list-style-type: none"> New Initiative

A2434416

		<ul style="list-style-type: none"> • Identification of funding and investment channels (public and private sector) • Drafting of Business Cases, PitchDecks and funding proposals; • Project advocacy and securing regional stakeholder support. 		
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> • NRDA will be responsible for the design and delivery of this activity. • The delivery of this programme will require a high degree of engagement with the public and private sectors incl: Iwi, councils, MSD, MBIE, MPI, Te Puni Kōkiri (TPK), and Department of Conservation (DOC). 			

8 Management and Operations				
Focus area (What we do)	Regional Indicator (Why we do it)	Description (How we do it)	FY20 Key Performance Measures	FY20 Baseline
Project Kōkiri Management and Operations	<ul style="list-style-type: none"> • Mobilising the business community to be active in the economic response and regeneration. (levels of engagement) 	<p>Establish and facilitate the Project Kōkiri Leadership and Action teams to enable the successful development, coordination and implementation of the restart and regeneration plan.</p> <p>Creating and communicating a trusted set of data and intelligence on the economic impacts, needs and responses to COVID-19 on the Nelson Tasman business community to assist understanding and inform decision making.</p> <p>Delivering on a programme of communications and engagement that builds confidence in the Nelson Tasman economic response, allows people to participate and contribute their ideas</p>	<ul style="list-style-type: none"> • Engaged with over 3,000 businesses across the region through communications channels to keep them informed with up-to-date information. • Direct participation and engagement through virtual events from over 500 individual businesses, with at least 40% coming from any one district. • Maintain economic data insights, provides timely reports and regional COVID impact related information on a regular basis. 	<ul style="list-style-type: none"> • New initiative

		<p>and keeps key stakeholders well informed.</p> <p>Coordination of the economic recovery and regeneration plan with the social, health and Iwi recovery Pou activity</p>	<ul style="list-style-type: none"> Proactively engage with the leaders of the Kia Kotahi te Hoe, the Nga iwi o Te Taihū Transition and Recovery Plan and provide support where appropriate. Provide input to at least four COVID economic development related stakeholder working groups and at least 10 regional collaboration projects in Nelson and Tasman. Proactively contribute to the COVID Recovery Pou Leads Forum. 	
NRDA Role and Collaboration with others	<ul style="list-style-type: none"> NRDA will coordinate and facilitate the Project Kōkiri Leadership and Action teams. NRDA will deliver Project Kōkiri management oversight, coordination, and communications in partnership with the NTCC. NRDA will lead on data and insights. NRDA will lead the liaison and coordination with the Project Kōkiri Collaboration partners. 			
NRDA Organisational Sustainability and Culture	<ul style="list-style-type: none"> Positive visibility of NRDA with key stakeholders. (NRDA survey) Financially sustainable organisation. (NRDA Annual report) Safe and Well organisation with engaged staff. (NRDA data) 	<p>Maintaining oversight of the NRDA contributions to the delivery of Project Kōkiri and the future sustainability of the NRDA.</p>	<ul style="list-style-type: none"> Annual Stakeholder engagement survey demonstrates that at least 60% of respondents are positive about NRDA's service. The NRDA maintains a balanced budget. NRDA delivers a clean Audit. 	<ul style="list-style-type: none"> 61% of respondents are happy or very happy with NRDA's service with a further 26% neutral. Achieved Audit underway at time of writing

A2434416

			<ul style="list-style-type: none">• Zero lost-time work injuries.• The CEOs 360 review demonstrates an engaged and valued team with improvements shown within any identified areas for improvement.• Every staff member completing at least one Professional Development activity annually.	<ul style="list-style-type: none">• Zero• Achieved • Achieved
--	--	--	---	---

3. How the NRDA Works

3.1. Risk management

The current uncertain economic climate poses many potential risks to the successful delivery of this SOI. In addition to our focus on high-levels of engagement and communication with key stakeholders and best practice Governance approach outlined in sections 3.5 and 6, we have assessed the following approach to assist us in managing the identified potential risks.

Identified Potential Risk	Mitigation strategies
1. Deterioration of economic or health environment as a result of COVID impacting our ability to deliver	<ul style="list-style-type: none"> Implementing an Agile business response approach Three-phases approach designed to be responsive Insight-led approach to enable a proactive response Collaboration with Health & Social recovery Pou to assist in being proactive.
2. Loss of Local Government Support (incl funding)	<ul style="list-style-type: none"> Councils part of the Project Kokiri Leadership & Management groups Strong engagement and coms with the Council stakeholders Maintaining a sub-regional level of engagement (e.g. GB, Mot, Nelson etc.)
3. Loss of Central Government Support (incl funding)	<ul style="list-style-type: none"> Local Central Government staff part of the Project Kokiri Leadership & Management groups Strong engagement and coms with the local and Wellington Central Government staff and stakeholders Funding contracts in place
4. Loss of Business Community Support	<ul style="list-style-type: none"> Delivering on the strong business community coms and engagement plan Maintaining the NTCC and NTIC relationships Sector leaders' part of the Project Kokiri Leadership groups
5. Loss of Iwi Support	<ul style="list-style-type: none"> Delivering on the iwi coms and engagement plan Participation in the Economic Pou, and Recovery leads group Iwi part of the Project Kokiri Leadership & Management groups
6. Loss of staff capacity to deliver	<ul style="list-style-type: none"> Staff part of the plan development, involved at multiple levels and all clear on their roles Extra funding designed to provide additional capacity support Strong collaborative culture to support each other
7. Collaboration partner non-delivery	<ul style="list-style-type: none"> Delivering on the strong coms and engagement plan Part of the Project Kokiri Leadership groups Where appropriate contract for delivery in place

An Agile Response underpins our approach

We define agility as the ability to reconfigure strategy, processes, structure and people quickly toward value-creating and value-protecting opportunities. The economic

response and regeneration will be business-led with a high-level of collaboration, defined mission and a sense of urgency to assist in guiding NRDA in its roles in implementation. We are a small team which enables us to act with agility as we know that the regions that move earlier, faster and more decisively will do best out of this recovery. We recognise that this will require unprecedented collaboration by private and public sector and are committed to achieving this outcome. The successful implementation of this Sol will be an iterative process that will require constant adjustment, flexibility and timely response to changing conditions.

Phases of Economic Response and Regeneration

The onset of COVID-19 and resulting economic crisis impacts will have a significant influence on the economic environment over the coming 12 months. We are seeing three, non-linear phases emerging. The timeframes for these phases are a balance of probabilities, however, we have made assumptions for planning purposes and are prepared to adapt if circumstances change. To demonstrate the fluidity of the situation, we have amended the timeframes from the original Project Kōkiri document within the last month, due to the pace at which the country has moved through the alert levels. In making these assumptions we have also considered that different sectors will recover at varying rates. For example, food & beverage will likely be a lot quicker than tourism. The three phases we are working towards as part of this Sol are:

Phase 1: Survival and response (Now – Jan 2021)

Phase 2: Response and Recovery (Jan – Dec 2021)

Phase 3: Recovery and Regeneration (Jan 2022 onwards)

3.2. Te Taihu Intergenerational Strategy

NRDA sees the Te Taihu Intergenerational Strategy as a key piece of strategic work for the region assisting to create alignment between business, iwi and local government around the priorities for the region. Project Kōkiri gives us an opportunity to deliver on the aspiration of the Intergenerational Strategy - to be Good Ancestors (Tupuna Pono). Collectively, NRDA and Project Kōkiri's actions are guided by Te Taihu Oranga, the wellbeing framework designed by the communities of Te Taihu through the intergenerational strategy process. The vision, intergenerational outcomes and key priorities of the strategy will be at the heart of our future decision making.

The eight intergenerational outcome areas also provided the high-level strategic context for shaping the focus and application of Project Kōkiri's Response & Regeneration Plan and will guide our implementation through this Sol. The eight intergenerational outcome areas are:

- Te Ao Tūroa - Environment
- Pūtea - Economy
- Te Taihutanga - Identity
- Tangata - People & Communities
- Te Rākau Taumatua - Place

- Rangatiratanga - Leadership
- Papa Whenua - Infrastructure
- Mātauranga – Knowledge

Support for the key Pūtea related projects identified in the strategy will be considered as part of the regional competitive advantage and regeneration projects pipeline process.

Representatives of the Intergenerational Strategy governance and management are included in the Project Kōkiri leadership and action teams.

More can be found at <https://tetauihu.nz/>

3.3. Council Priorities

Nelson City Council and Tasman District Council take a regional partnership approach to economic development. Supporting the need for economic development is captured within all of the councils' joint Community Outcomes. It is particularly related to:

1. Providing leadership and fostering partnerships, a regional perspective, and community engagement; and
2. Our region is supported by an innovative and sustainable economy.

NCC and TDC recognise the unprecedented impact that COVID-19 has had, and will continue to have, on our regions people, businesses, and community. The economic impact will be long-lasting and there will not be a return to the way things were before. The Councils, alongside NRDA, the Nelson Tasman Chamber of Commerce, Iwi and other stakeholders came together to collaborate on the economic response, recovery and regeneration through Project Kōkiri.

NCC has increased it's funding this year to NRDA through Project Kōkiri in recognition of the additional resources that are needed to support businesses through this period, support people into employment and training, attract investment and people into the region, and identify opportunities for innovation, productivity and resilience improvements. Both councils will play an important role in providing economic stimulus to the region through increased investment in infrastructure and renewals.

3.4. Nelson Smart Little City

NRDA sees Nelson City's "Smart Little City" vision is a critical element to enabling the future of the region, in particular as it relates to creating a place where talent, visitors and investment want to be. This SOI has a number of key actions that will contribute to this vision, including:

1. Business and Investment Attraction
2. Stimulating Local Spending and Domestic visitation
3. Visitor Destination Management Programme

In addition to doing what we can at present to integrate the Smart Little City vision and priorities into our relevant activity areas, NRDA is looking forward to delivering on some

more targeted and tangible projects as the City Centre Development plan develops and resources for implementation become available.

3.5. Stakeholder Relationships

NRDA has a high-level of stakeholder engagement in everything we do. This was a key element in the initial response to COVID and the formation of Project Kōkiri, which now provides a strong platform for strengthening and delivering value on these relationships over the next year.

The NRDA currently measures its acceptance, recognition and legitimacy with stakeholders in the following ways:

- The level of engagement of the business community in the collaborative projects and events NRDA is involved in with over 90 in the past year such as Project Kōkiri, Tourism sector COVID response forums, NTIN, various DOC projects, Mahitahi Colab, Young Enterprise Scheme, NMIT student consulting business, Innovation Strategy, Tourism NZ, Te Taihū Intergenerational Strategy, and a significant range of additional visitor sector groups and projects.
- The number and value of the private sector investment in our activity areas with over 100 businesses investing over \$350K in our activity programmes last year, as a result of COVID this will take a different form this year, but for example we already have over 100 companies prepared to commit products and services to the 'We've Got This' campaign.
- The number of companies engaged in our innovation programmes, which is over 300.
- The level of attendance at the various NRDA-hosted or partnered events. For example, we were humbled by in excess of 100 business people who turned up to our AGM and Mahitahi Colab First Birthday last year.
- The number of NRDA staff that are part of national economic development groups. For example our Regional Business Advisor is part of many national R&D and business support programme design and testing groups, our Visitor Destination Manager is part of many Tourism NZ groups.

3.6. Partnerships with Iwi and Māori Business

Over the past year we have worked to build on enhancing our engagement with both iwi and Māori business, however we acknowledge we still have much to do. The Chair to Chair and General Manager programme of meetings last year assisted to understand how we can better engage and collaborate with the various stakeholders in a manner that can add value. The follow-on from those initial engagements has assisted to build relationships which has been very important in the response to COVID and the development of Project Kōkiri.

The appointment of two directors with strong Māori linkages into the community has also enhanced our position to be able to proactively support future iwi and Māori business aspirations. It has also made a significant contribution to improving the understanding of

what it is we need to do to improve this engagement over time. We have a plan for continued upskilling in basic Te Reo and Tikanga over the coming year.

Over the period of this SOI we will be active in the following key Iwi and Māori Business forums:

- Economic Pou of the Regional Intersectoral Forum
- Iwi engagement in Project Kōkiri
- The regional COVID Recovery leadership group
- Where appropriate the Māori Business Network
- Where appropriate engaging with the appropriate Iwi GM's on specific or collective areas of interest
- The development of Te Taihu Intergenerational Strategy, which has been important in assisting to build a closer working relationship with Wakatu Incorporation is assisting us to gain a better level of understanding around various Māori business initiatives, organisational needs as well as the various Iwi entities' future economic development aspirations.

We look forward to evolving this aspect of our organisation over the coming year.

3.7. Sustainability and Climate Change Responsiveness

The NRDA recognises that Climate Change is a significant risk to the future of NZ and the region's economy and that the advent of the COVID Pandemic is not reason to not take sustainability and Climate Change into account in our activities for the next year. The NRDA has taken a lead from the work completed as part of the environment pillar of Te Taihu Intergenerational Strategy around Climate Change. This work has assisted to both improving our understanding and informing us of what considerations we should be taking into any future sustainable economic development programs or initiatives.

Project Kōkiri also recognizes this challenge and consideration of the transitions required within the current economy to a lower emissions focused economic and community base, and a focus on the future resilience of the region in response to the significant challenges presented by climate change are at the heart of the regenerative economic thinking in the plan.

Three key examples of how we will achieve this are:

- Maintaining a strong dialogue with the Nelson Tasman Businesses for Climate Change Action group.
- Facilitating a climate change transitions focused "build back better" workshop in August 2020 to guide our integration of climate change into the implementation of Project Kokiri initiatives.
- Having a climate change focused low carbon footprint ambition built into the scope of the regional visitor destination management plan.

The NRDA has sustainability at the heart of the organisation's approach to all of its activities. Sustainability is a core element that runs through all aspects of the Nelson Tasman identity. The organisation demonstrates this commitment through:

A2434416

- Sustainability being a key theme of all our economic development strategy activity, noting that Climate Change is a critical future element.
- The future sustainability of the Nelson Tasman environment is a core component of the visitor destination management plan to be delivered in this SOI.
- The future sustainability of the Nelson Tasman environment is a core component of all of the visitor marketing activity we deliver.
- The NRDA as an organisation has signed-up to the national Tourism Industry Aotearoa Sustainability pledge, which has many obligations on us around meeting various sustainability requirements. We are also actively encouraging local visitor operators to join us in this commitment further strengthening the Nelson Tasman's sustainability story including hosting some events in-region to promote it to our partners.
- Sustainability forms an important part of the way in which we present our view through formal submissions on matters of importance to the sustainable economic development community.
- As part of our relocation to Mahitahi Colab we have signed-up to the NMIT recycling programme and we have a hybrid vehicle which has contributed to a reduction in our fuel consumption.
- Environmental sustainability is also a key aspect for consideration of events funding applications with applicants required to demonstrate what measures they are taking around waste reduction and sustainability.

4. Financial Information

4.1. Projected financial performance

A Prospective Statement of Comprehensive Income and Opening Statement of Financial Position is appended to this Sol (refer Appendix 1 and 2). As a result of COVID-19 we have an extraordinary year ahead and this calls for an extraordinary budget to deliver a plan to position our region to respond and rebound from the effects. Project Kōkiri has a wider mandate than the normal NRDA activity, however the project is utilising this NRDA annual Sol process to secure the required funding.

The total budget for the implementation of Project Kōkiri for the next 12 months, is \$3m, which is approx. \$700K more than NRDA's pre-COVID budget. As a result of the impact of COVID-19, the Project Kōkiri budget includes 4 additional aspects that are over and above the normal pre-COVID inclusions in an NRDA SOI. Those aspects are:

1. Support of a targeted business recovery and regeneration accelerator programme (\$200K)
2. Additional Workforce Development and labour market coordination activity (\$150K)
3. Stimulating local spending and domestic visitation activations and Visitor Destination Management (\$485K)
4. Additional stakeholder coordination, project pipeline support, comms, and insights (\$330K)

These 4 additional areas of work have a total financial impact of \$1.1m however we have managed to save and reapportion resources so that the net impact on previous budgets is \$700K.

Compounding this extra budget, is the fact that NRDA has traditionally raised \$500k from private sector funding partners, mostly in the tourism sector. For the purposes of this budget we have assumed they will not be in a position to continue to invest this year. This initially left us with an unsecured funding amount of \$1.0m.

To address that funding gap, we have been successful in working with Central Government in securing a \$700K investment, through the Strategic Tourism Assets Fund. This funding will enable us to apply \$500K to the shortfall of funding, the additional \$200K is tagged to some extra outcomes we had not previously budgeted for. This investment enables us to apply it directly to the funding of areas (4) and (6) of the Activity Plans contained within this SOI (4. Stimulating local spending and domestic visitation; 6. Visitor Destination Management).

NCC has committed an investment of up to \$350K in addition to their current Sol investment commitment of \$980K. However NCC have indicated that their intention in providing up to \$350K was to make a \$250K investment, as part of their commitment of 50% of the Local Authority short-fall and provide up to an additional \$100K should NRDA not be successful in securing the required Central Government support. NRDA have also applied to TDC for an additional \$250K of investment to assist with the unsecured

funding shortfall and are currently working through the funding process with an expectation of knowing the outcome by the end of August 2020.

The SOI budget demonstrates an EBITDA surplus of \$2.5K and an EBIT loss of (\$80K) after depreciation assuming we achieve raising the additional \$250K of unsecured funds identified in the budgets.

4.2. Building long-term financial sustainability

Nelson City Council commissioned external consultants Martin Jenkins to perform an independent review to establish whether NRDA could improve its financial position through internal efficiencies and operating improvements, or additional funding from other sources.

Review Key Findings

Amongst the findings the review advised that there was little scope for NRDA to reduce costs given its current business model and management and staff are focused on keeping a tight control of costs. Staff oversight and monitoring of budgets appears to be professional. New financial processes and systems have been introduced. It was identified the level of local government funding in NRDA (on a per capita, per business and per ratepayer basis) is relatively low. NRDA attracts a relatively high level of private sector funding for destination marketing in comparison to peers.

Due to the impacts of COVID the private sector investment over the next 12 months will be negligible due to the strain on the visitor sector and in turn will take the next 2-3 years to build back up to pre-COVID levels.

One of the reviews key recommendations was the development of a business case for additional funding.

The current budget focuses on the next 12 months. NRDA is looking forward to having the opportunity to address long term financial sustainability of the organisation through engagement with NCC and the LTP process.

4.3. Procedure to be followed with purchase of shares in other company or organisation

The procedure to be followed before subscription for, or purchase of, or other acquisition of shares in any company or organisation, shall be by resolution of the Directors, excepting that any significant diversification or addition to existing activities will be referred to the shareholder for approval.

4.4. Directors estimate of Company Value

The Directors estimate that the opening balance of shareholder funds in the annual accounts will represent the value of the Company. The Directors will advise the shareholder on an annual basis if they believe the value to differ materially from this state. The opening balance of equity projected at 1 July 2020 is \$294,976.

The projected ratio of consolidated shareholder funds to total assets at 1 July 2020 is 30%.

A2434416

Based on the nature of the NRDA's business the shareholder accepts no dividend is required to be paid to the shareholder as a result of the company's activities.

4.5. Accounting Policies

The NRDA Accounting Policies were reviewed by the board in December 2019 following the 2018/2019 audit report and found to be complying with the Tier 2 Public Benefit Entity Public Sector ("Tier 2 PBE PS") Financial Reporting Framework and all audit requirements. A full set of the reviewed policies are available from the NRDA as required.

4.5. Capital Expenditure and asset management intentions

Based on the business model assumption the capital expenditure estimate for 2020/2021 is \$20K. This will assist in the delivery of expected outcomes and will be primality allocated to digital assets for the Local Spend & Domestic Visitors section of the Project Kōkiri plan.

5. Health and Safety

The Nelson Regional Development Agency is committed to the provision of a healthy and safe working environment for employees and others that may be affected by its activities.

The NRDA Board will review the Health, Safety and Wellness Policy by June 2021 to ensure it reflects the current working environment. This Policy is compliant with the requirements of the Health and Safety at Work Act of 2015, which came into effect, April 2016. In addition to the statutory requirements the board has also instigated the inclusion of a number of Health, Safety and Wellness aspects into the NRDA Reward, Perform and Grow recognition framework, assisting to ensure that this is a key aspect of the NRDA culture and values.

The NRDA Management has proactively created a safe and healthy workplace by means of:

- Creating a culture that allows all staff and contractors to use their skills and knowledge to take personal ownership for health, safety and wellness in the workplace.
- Taking a personal interest in incidents within their area of influence, ensuring proper investigation and follow up, and the welfare of people involved.
- Ensuring a high priority to health, safety and wellness through its prominence in all business plans, projects, and the NRDA Reward, Perform and Grow recognition framework.
- Ensuring adequate resources and training are available to enable successful health, safety and wellness initiatives.
- Including health, safety and wellness as an agenda item at any staff and management meetings as well as reporting on a regular basis to the Board of Directors.
- Inviting solutions to any health, safety and wellness issues from staff.
- In implementing this policy, the NRDA has established a Health, Safety and Wellness committee which meets regularly, any significant outcomes of which are reported to the Board.

6. Approach to Governance

6.1. Reporting to the Shareholder

In addition to provide economic reporting, advice and guidance to NCC, NRDA also has key reporting requirements and timeframes it must meet under Schedule 8 of the Local Government Act.

Quarterly – NRDA report to Shareholder

- By the 31 October and 31 January each year, the NRDA will provide the shareholder a quarterly report against the SOI Key Performance Measures and any other relevant governance or operational matters.
- This report will also be provided to TDC.

Half Yearly – NRDA report to Shareholder

- By the end of March each year, the NRDA will provide to the Shareholder a half-yearly report against the SOI Key Performance Measures and comply with the Local Government Act.
- This report will contain unaudited financial information and comply with NZIAS 34.
- This report will also be provided to TDC.

Annual – NRDA balance date is 30 June and the NRDA will provide an Annual report to the shareholder by the 30 September each year

- The Annual report will report against the SOI Key Performance Measures and comply with sections 67, 68 and 69 of the Local Government Act and the Companies Act.
- This report will include audited Financial Statements and comply with NZIAS 34.
- This report will also be provided to TDC.

Annual Economic Profile

- By the end of April each year NRDA will provide each council with an annual economic profile for the Nelson Tasman region.

In addition, the NRDA will be available to attend ad-hoc Council meetings or workshops throughout the year on an as requested basis. NRDA will make an effort where possible in its reporting to the Councils to provide both a regional and a Territorial Local Authority level of information.

6.2. Best Practice Governance

Consistent with best practice, Directors are appointed under the expectation that in undertaking their role, they will exhibit and ensure to:

- Act as a Board of Governance for the organisation responsible for the overall direction and control of the company's activities, to act in the best interests of the NRDA, and not act as representatives of either their business or the sector they work in.
- Assist the organisation to ensure the activities of the NRDA deliver upon the SOI and funding agreements with the shareholder which are driven by the strategies and expectations of the two funding Councils.
- The Board will adopt governance practices and policies that are not inconsistent with those of the Shareholder and make the commitment to operate in a manner consistent with adherence to the Companies and Local Government Acts and the principles of the Institute of Directors of NZ and their four pillars of governance best practice for NZ Directors.
- Sound and sustainable business practice in commercial undertakings, operating as an efficient and effective business.
- Ethical and good behaviour in dealing with all parties in alignment with a policy of identifying and dealing with potential conflicts of interest.
- An active partnership with the Shareholder, Iwi and Māori, TDC, funding partners and key stakeholders.
- The Chairperson and Board members are expected to adhere to the communication protocols identified in the SOI in addition to the formal reporting requirements.
- The practices of a good employer, operating a personnel policy containing provisions generally accepted as necessary for the fair and proper treatment of employees in all aspects of their employment.
- The Board shall ensure that the Company has appropriate risk management procedures and policies in place to assist the smooth running of the organisation and compliance with all applicable legislation.
- The Board shall ensure that the Company has appropriate Health, Safety & Wellness procedures and policies in place to assist the safe running of the organisation and compliance with all applicable legislation.
- Act in a manner that will bring commercial disciplines and a greater ability to partner with the business community.
- The Company Constitution sets out in more detail the governance framework for the Company.

In accordance with best practice the Board Chair will undertake an evaluation of the individual members and overall board performance by November 2020.

6.3. Communication Protocols

The Chairperson, Board members and officers of the NRDA are expected to adhere to the following communication protocols with the Shareholder in addition to the formal reporting requirements:

- A “no-surprises” approach.
- Consultation with the Shareholder prior to external release of significant changes and/or developments.
- Early notification and collaboration on the management of risks and issues.
- Will not make comments that could impact detrimentally or bring into disrepute the Shareholders reputation.

7. Signatories:

Meg Matthews
Chairperson
Nelson Regional Development Agency



Date: 23.07.20

Mark Rawson
Chief Executive
Nelson Regional Development Agency



Date: 23.07.20

8. Appendices

8.1. Appendix 1: Summary Statement of Comprehensive Income

Revenue:	FY 2020-21	FY 2021-22	FY 2022-23
Central Government	\$1,190,000	\$490,000	\$345,000
Private Sector Investment	\$36,500	\$200,320	\$405,480
Local Body Funding	\$73,500	\$73,500	\$73,500
Project Kokiri	\$250,000	\$0	\$0
Trading Income	\$35,000	\$79,680	\$119,520
Other Income	\$2,400	\$10,620	\$10,620
Unsecured Funding	\$250,300	\$500,000	\$500,000
Core Shareholder Funding			
<i>Sol Shareholder Funding (NCC)</i>	\$909,200	\$909,200	\$909,200
<i>Sol Funding (TDC)</i>	\$303,000	\$303,000	\$303,000
Total Core Shareholder Funding	\$1,212,200	\$1,212,200	\$1,212,200
Total Revenue	\$3,049,900	\$2,566,320	\$2,666,320
Less Operating Expenses:			
Business & Innovation Support	\$606,376	\$600,750	\$603,704
Capability Building & Job Creation	\$287,297	\$207,437	\$9,947
Business Investment Attraction	\$278,047	\$320,830	\$322,704
Local Spend & Domestic Visitors	\$448,305	\$195,911	\$197,539
Visitor Destination Management	\$822,965	\$787,898	\$1,106,521
Competitive Advantage & Regeneration	\$151,104	-	-
NRDA & Project Kōkiri Mgmnt & Ops	\$453,266	\$349,372	\$358,175
Total Operating Expenses	\$3,047,360	\$2,462,198	\$2,598,590
Operating Surplus (EBITDA)	\$2,540	\$104,122	\$67,730
Depreciation/Interest	\$82,600	\$64,000	\$39,000
Operating Loss (EBT)	(\$80,060)	\$40,122	\$28,730

A2434416

8.1. Appendix 2: Statement of Financial Position

Prospective Statement of Financial Position

Opening Balance as at 1 July 2020 - 1 July 2021 - 1 July 2022

<u>Assets</u>	2019-2020	2020-2021	2021-2022
Current Assets	\$819,832	\$728,759	\$781,404
Non-current Assets	\$148,235	\$89,634	\$49,634
Total Assets	\$968,067	\$818,393	\$831,038
<u>Liabilities</u>			
Current Liabilities	\$673,091	\$603,477	\$576,000
Total Liabilities	\$673,091	\$603,477	\$576,000
Net Assets	\$294,976	\$214,916	\$255,038
<u>Equity</u>			
Retained Earnings	\$94,976	\$14,916	\$55,038
Issued Capital	\$200,000	\$200,000	\$200,000
Equity	\$294,976	\$214,916	\$255,038

Carry Forwards 2019/20

1. Purpose of Report

- 1.1 To approve carry forward of unspent budget to the new financial year.

2. Summary

- 2.1 Invoice processing is complete for the 2020/21 financial year and officers have reviewed project expenditure in order to identify savings and consider whether unspent budget is still required.

3. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Carry Forwards 2019/20 (R18189) and its attachment (A2436022).***

Recommendation to Council

That the Council

- 1. Approves the carry forward of \$1.3 million unspent capital budget for use in 2020/21; and***
- 2. Notes that this is in addition to the carry forward of \$7.8 million approved during the 2020/21 Annual Plan, taking the total carry forward to \$9.1 million; and***
- 3. Approves the carry forward of \$73,000 unspent capital budget to future years, for consideration in the Long Term Plan 2021-31; and***
- 4. Notes total savings and reallocations in 2019/20 capital expenditure of \$1.0 million including staff time; and***
- 5. Notes that the total 2020/21 capital budget (including staff costs and excluding consolidations***

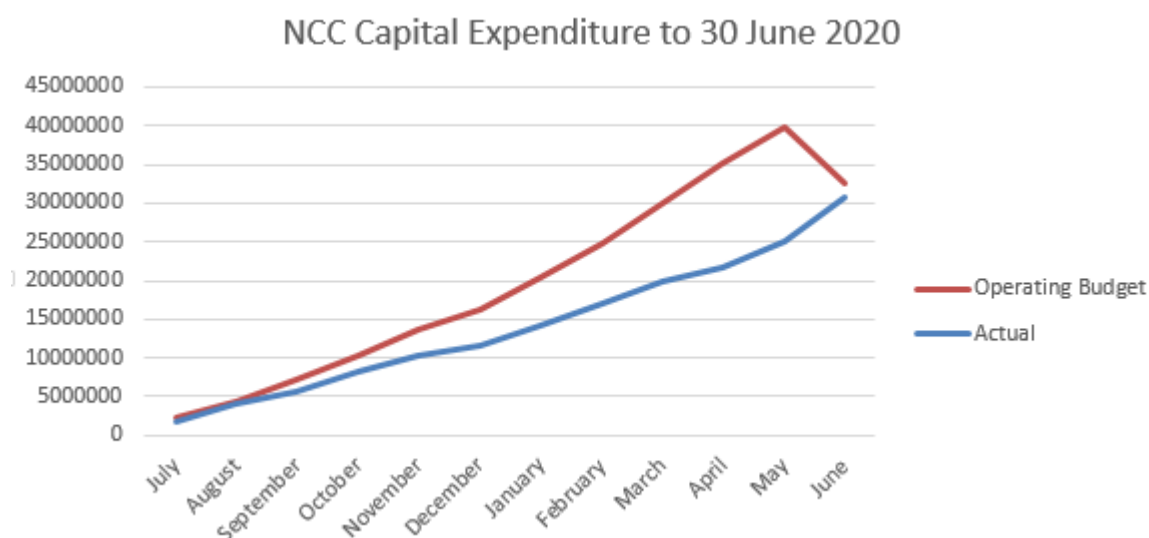
Item 9: Carry Forwards 2019/20

and vested assets) will be adjusted by these resolutions from a total of \$57.1 million to a total of \$58.4 million; and

6. Approves the carry forward of \$122,000 unspent operating budget for use in 2020/21.

4. Background

- 4.1 The capital programme for 2019/20, as agreed in the Annual Plan 2019/20, totalled \$43.4 million, including staff costs and excluding Nelson Regional Sewerage Business Unit (NRSBU), Nelson Tasman Regional landfill and vested assets. All figures quoted in this report are calculated on this basis.
- 4.2 The addition of 2018/19 carry forwards, and other resolutions of Council over the 2019/20 year adjusted the total capital budget to \$46.1 million.
- 4.3 The 2019/20 capital budgets were forecast quarterly throughout 2020 with a view to what could realistically be achieved in the remainder of the financial year. In light of the impacts of COVID-19, the capital budget was reforecast to \$32.6 million in May 2020. The 2019/20 budget movements incorporated in the Annual Plan 2020/21 were approved on adoption of the Annual Plan on 9 July 2020. In particular, \$7.8 million was carried forward from 2019/20 to 2020/21 during the Annual Plan process.



- 4.4 Total capital expenditure for the 2019/20 year was \$30.8 million, \$12.6 million less than the adjusted Annual Plan 2019/20 budget of \$43.4 million. Of this, \$1.0 million has been identified as savings or reallocations.
- 4.5 April 2020 Capital Expenditure was 30% lower than March 2020 and 43% lower than April 2019.

Item 9: Carry Forwards 2019/20

4.6 Reasons for capital carry forwards being requested include:

- COVID-19 delays
- alterations to the phasing of multi-year projects
- reliance on external funds
- delays created by weather/season requirements, negotiations with external parties
- construction delays
- lead time in procuring materials and equipment
- projects running behind time

4.7 Once the 2019/20 year was closed for invoice processing, officers collated data relating to the projects undertaken during the year, identifying variances against the reforecast.

4.8 Project managers were asked to identify which variances represented savings, and where they wished to carry forward budget into 2020/21, or subsequent years, they were asked to support their request.

4.9 The capital expenditure programme will be re-assessed during Quarter 1 2020/21 to gain a better understanding of projects that will not go ahead as planned in 2020/21.

5. Discussion

Capital savings and reallocations

5.1 Officers identified savings and reallocations of \$1.0 million in capital expenditure against the 2019/20 Annual Plan. In total, this saving will have a positive impact on interest, depreciation and debt levels, in excess of that already identified in the 2020/21 Annual Plan.

Capital carry forwards

5.2 Officers have requested that \$1.3 million be carried forward. Of this, \$1.3 million is requested to be added to 2020/21 capital budgets, \$968,000 of which directly relates to COVID-19 delays, and \$73,000 is requested to be carried forward to future years.

5.3 A breakdown of budget movements in the total 2019/20 capital budgets is provided as Table 1.

5.4 Table 2 itemises capital projects with carry overs requested greater than \$50,000. These are new carry forwards which have been requested in addition to those approved during the 2020/21 Annual Plan.

Operating carry forwards

- 5.5 In addition to the Capital carry forward requests, there are two Operating Expense budgets, totalling \$122,000, that have been requested by staff to carry forward to 2020/21:
- Emergency Fund (for COVID Recovery in community) \$118,000
 - Mayoral Discretionary Fund \$4,000 due to a delay in release of funds

6. Options

- 6.1 Council officers support Option 1, approve the recommendations. Not approving the recommendations would be problematic as the future scope of some of these projects has been agreed through Committee and Council resolutions including Annual and Long Term Plans prior to this meeting. Work has continued on these projects based on those decisions.

Option 1: Approve the recommendations	
Advantages	<ul style="list-style-type: none">• Work has continued on 2019/20 capital projects and costs have been incurred.• The carry forward spending is within previously approved budgets.
Risks and Disadvantages	<ul style="list-style-type: none">• None
Option 2: Approve carry forward with exceptions	
Advantages	<ul style="list-style-type: none">• If Council wished, it could remove some items from the list of budgets to be carried forward.• Savings in future debt, depreciation, interest and maintenance costs would occur.
Risks and Disadvantages	<ul style="list-style-type: none">• The projects concerned would then not have sufficient budget to be completed.• Council does not have complete information through this report to fully inform such a decision.

7. Conclusion

- 7.1 An analysis of capital expenditure against forecast for 2019/20 indicates:
- There are savings and reallocations from the capital budget of \$1.0 million compared to the 2019/20 Annual Plan.

Item 9: Carry Forwards 2019/20

- Additional capital budget of \$1.3 million not spent should be carried forward; \$1.3 million should be carried forward into 2020/21 and \$73,000 should be carried forward to future years.
- Operating Expenses totalling \$122,000 have been requested by staff to carry forward to 2020/21.

8. Next Steps

- 8.1 Once approved, budgets will be updated to reflect the approved resolutions.

Author: Clare Knox, Manager Finance

Attachments

Attachment 1: A2436022 - Carry Forward Report 2019/20 - Attachment 1 [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	Approval of the recommendation will allow progress/completion of approved projects. This will promote social, economic, environmental and cultural economic well-being in the present and future through employment and purchasing of goods and services to deliver public infrastructure and community services.
2. Consistency with Community Outcomes and Council Policy	Approval of this recommendation will allow projects approved in the Long Term Plan 2018-28, Annual Plan 2019/20, and subsequent Council resolutions, to be delivered efficiently and cost effectively to create good quality infrastructure, well-planned and sustainably managed environments.
3. Risk	Failure to approve the recommendation will introduce risk (financial, contractor and community relationships) which does not currently exist.
4. Financial impact	There is little financial impact from approving the recommendation as budgets are already approved and funded.
5. Degree of significance and level of engagement	This matter is of low significance as budgets are already approved and the recommendation confirms business as usual. Therefore no engagement is required.
6. Climate Impact	None
7. Inclusion of Māori in the decision making process	No engagement with Māori has been undertaken in preparing this report.
<ul style="list-style-type: none"> Delegations <p>The Governance and Finance Committee has the following delegations to consider the 2019/20 Carry Forwards.</p> <p><i>Areas of Responsibility:</i></p> <ul style="list-style-type: none"> <i>Council's financial performance</i> 	

Item 9: Carry Forwards 2019/20

Powers to Decide:

- *Monitoring Council's performance for the committee's areas of responsibility, including legislative responsibilities and compliance requirements*

Powers to Recommend:

- *Matters that, under the Local Government Act 2002, the operation of law or other legislation, Council is unable to delegate*
- *Unbudgeted expenditure relating to the areas of responsibility, not included in the Long Term Plan or Annual Plan.*

Item 9: Carry Forwards 2019/20: Attachment 1

Attachment 1

Table 1

Breakdown of Budget Movements per Activity

Activity	2019/20 Final Inflated LTP (2018)	2019/20 Approved Budget	(Saving) / (Re- allocation) / Overspend 2019/20	Carry Forward Requested	2019/20 Actuals
	\$000s	\$000s	\$000s	\$000s	\$000s
Corporate	3,484	2,397	(834)	(280)	1,283
Parks & Active Recreation	8,424	5,352	(62)	(445)	4,845
Social	2,944	1,867	289	7	2,162
Economic	204	276	(0)	(82)	194
Transport	8,957	8,836	79	(93)	8,823
Environmental Management	302	453	(70)	(151)	232
Wastewater	4,088	3,332	(29)	58	3,361
Stormwater	4,478	2,055	(169)	(23)	1,863
Water Supply	5,042	4,541	(55)	(105)	4,381
Flood Protection	5,455	3,461	(151)	(192)	3,118
Solid waste	31	31	-	-	31
Total	43,409	32,603	(1,002)	(1,308)	30,293

Reconciliation of 2019/20 Long Term Plan to 2019/20 Actuals

2019/20 Final Inflated LTP	43,409
Carry Forward from 2018/19 to 2019/20	1,367
AP 2020/21 Budget Per Carry Forward Report 2018/19	44,777
Capital Changes via Council Resolution	(4,327)
Carry Forward approved during 2020/21 AP	(7,822)
Approved Budget as at June 2020	32,603
Carry Forward Requested from 2019/20	(1,308)
Total Savings / Reallocations for 2019/20	(1,002)
Total	30,293
2019/20 Actuals	30,293

Table 2

Carry forward items greater than \$50,000

Project	2019/20 Variance to Approved Budget	Carry Forward Requested	Annual Plan Budget 2020/21
	\$000s	\$000s	\$000s
652079112689. Saxton Creek upgrade	(209)	(209)	2,350
450875901319. Upper Trafalgar Street Pedestrian Precinct	(151)	(151)	-
150474201195. Floor 1 upgrade	(96)	(96)	-
551071401484. Renewals: On and Off St Parking Meter	(89)	(89)	100
353272101488. Renewals: Structures	(89)	(88)	126
430579953000. CBD Enhancements	(82)	(82)	924
500176752172. WC 341 Railway Reserve/Princes Dr cycle crossing upgrade	(81)	(81)	274
352075903275. Paddys Knob reserve development	(79)	(79)	-
25307130. Capital: Motor Vehicles	(69)	(69)	150
551072252207. Renewal CBD Rubbish Bins	(58)	(58)	-
369575403300. Marsden Park playground	(50)	(50)	-
Total Carry Forward Requested for Projects over \$50k		(1,053)	
Total Carry Forward Requested for Projects under \$50k		(255)	
Total Carry Forward Requested		(1,308)	

Governance and Finance Committee End of Year Report to 30 June 2020

1. Purpose of Report

- 1.1 To inform the Committee of the financial and non-financial results for the last six months of 2019/20 for activities under its delegated authority. End of year financial and non-financial results for these activities, and Council as a whole, are also discussed.
- 1.2 To highlight any material variations.

2. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Governance and Finance Committee End of Year Report to 30 June 2020 (R18178) and its attachments (A2434210, A2429786, A2429702, A2429514, and A2445782);***

3. Background

- 3.1 Quarterly reports on performance are provided to each committee on the performance and delivery of projects and activities within their areas of responsibility.
- 3.2 As a result of the unprecedented disruption caused by the COVID-19 pandemic, it was agreed (by the Chief Executive in discussion with the Mayor and committee chairs) that the quarter three reports to committees would not be written, as they would have provided little indication of how the year's results would track overall. Accordingly, this report covers six months – including information from quarter three as well as quarter four's full 'end of year' evaluation. Unless otherwise indicated, all information is against operating budget, which is the 2019/20 Long Term Plan budget plus any carry forwards, plus or minus any other additions or changes as approved by the Committee or Council.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

- 3.3 The body of this report is split into two sections. The first section (sections four to nine) reports on Council activities within the Committee's delegations for the year, and the second section (sections 10 onwards) 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.
- 3.4 There are seven projects that fall under the Governance Committee that are included as part of the quarterly reporting. These have been selected if their budget is at least \$250,000 for 2019/20, are multi-year projects with a budget over \$1 million, or have been assessed to be of particular interest to the Committee.

Governance Activities

4. Key developments for the six months to 30 June 2020

- 4.1 The COVID-19 pandemic had a range of impacts on Governance and Finance activities in 2019/20. These impacts were discussed in a report to the Committee on 21 May 2020.
- 4.2 Highlights of the last six months include:
- 4.2.1 Immediately transitioning over 270 Council staff to work remotely from the start of Alert Level 4.
 - 4.2.2 Working to initiate a \$200,000 Emergency Fund for community organisations.
 - 4.2.3 Activating the regional Emergency Operations Centre (EOC) for response and recovery work. Council officers were seconded to work for the EOC.
 - 4.2.4 Making weekly payments to creditors to assist businesses with cash flow.
 - 4.2.5 Providing assistance to ratepayers struggling to pay their rates, through the rates rebate scheme and payment plans.
 - 4.2.6 Providing support to Council lease and licence holders in the tourism and hospitality sector, and community groups, with a three month waiver of rent and outgoings until 30 June 2020.
- 4.3 The Mayor and officers contributed to the development of Project Kōkiri, the region's economic recovery and regeneration plan. This included the development and prioritisation of a list of 'Shovel Ready' projects (together with Tasman District Council, NRDA, and the Chamber of Commerce), that were put forward for central government consideration. Applications were also put together for several Council projects associated with roading, environmental jobs and the Stoke Hall upgrade to enable labour redeployment outcomes. Some of these have been successfully funded, while others are still awaiting decisions.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

Officers have worked with NRDA to ensure that Project Kōkiri investment areas and performance measures, as captured in the Statement of Intent, are relevant for the post COVID-19 economic situation.

- 4.4 The Annual Plan process was completed and the 2020/21 Annual Plan was adopted by Council.
- 4.5 The Nelson Residents' Survey for 2020 was completed – a report on this will be included in the agenda of the next Governance and Finance committee meeting.

Nelson Centre of Musical Arts (NCMA)

- 4.6 The 2019 NCMA review recommended transitioning from a grant agreement to a letter of expectation/statement of intent process, similar to CCOs. Due to COVID-19 challenges forecasting financials and deliverables, shifting to this new model has been moved out to 2021/22.
- 4.7 The recruitment of a business advisor to the NCMA was delayed during the COVID-19 shutdown.

5. Financial Results – full year 2019/20

5.1 Profit and Loss by Activity

Economic	Actuals to 30 June 2020	Operating Budget 2019/20	Variance to Budget	Annual Plan Budget 2019/20
Income				
Other Income	(400,000)	(300,000)	(100,000)	0
Rates Income	(1,802,320)	(1,755,289)	(47,030)	(1,755,289)
Total	(2,202,320)	(2,055,289)	(147,030)	(1,755,289)
Expenses				
Base Expenditure	1,323,822	1,243,290	80,532	897,190
Depreciation	811	0	811	0
Finance Expenses	16,712	25,384	(8,672)	25,384
Programmed Expenses	636,521	826,055	(189,535)	826,055
Staff Operating Expenditure	189,080	6,660	182,421	6,660
Unprogrammed Expenses	26,309	0	26,309	0
Total	2,193,254	2,101,389	91,866	1,755,289
Total	(9,066)	46,100	(55,164)	0

- 5.2 Other Income variance of \$100,000 is due to a \$100,000 Provincial Growth Fund grant from the Ministry of Business, Innovation and Education, which was received and not budgeted for. Programmed Expense variance was \$190,000 under budget due to a budget of \$102,000 being included for Regional Promotion in error. In addition, Special Economic Projects was \$30,000 under budget and Facilities Marketing was under budget by \$20,000 for the year.

5.3

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

Corporate	Actuals to 30 June 2020	Operating Budget 2019/20	Variance to Budget	Annual Plan Budget 2019/20
Income				
Other Income	(13,946,328)	(16,465,077)	2,518,749	(16,464,177)
Rates Income	(3,924,473)	(2,429,918)	(1,494,555)	(2,429,918)
Total	(17,870,801)	(18,894,995)	1,024,194	(18,894,095)
Expenses				
Base Expenditure	2,816,342	4,156,014	(1,339,664)	4,110,756
Depreciation	1,528,276	1,878,987	(350,710)	1,878,988
Finance Expenses	4,889,705	4,756,469	133,236	4,756,469
Programmed Expenses	232,628	328,457	(95,830)	245,647
Staff Operating Expenditure	6,794,532	6,777,959	16,570	6,793,135
Unprogrammed Expenses	179,838	577,919	(398,080)	577,919
Total	16,441,321	18,475,805	(2,034,478)	18,362,914
Total	(1,429,480)	(419,190)	(1,010,284)	(531,181)

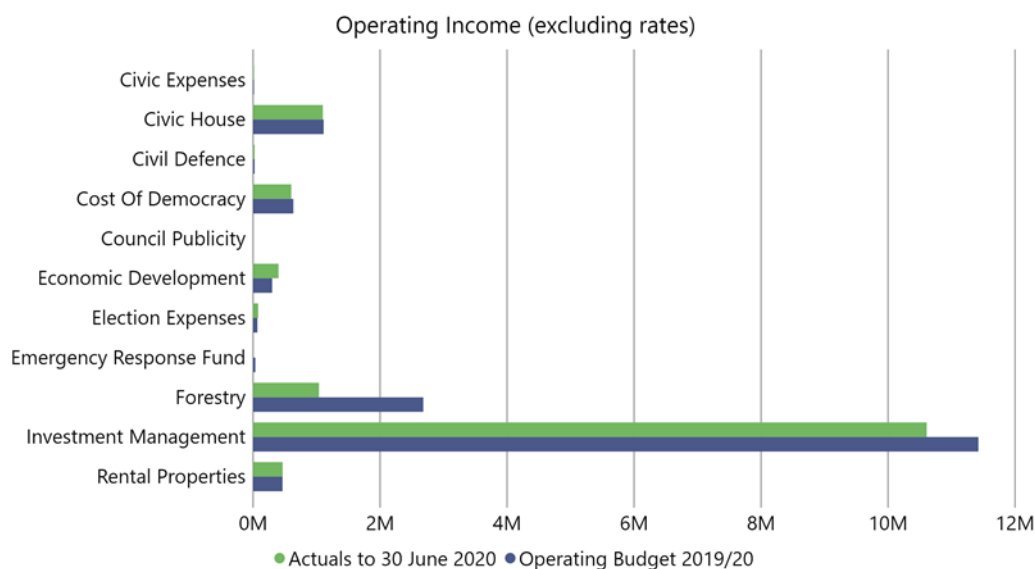
- 5.4 Other Income variance of \$2.5 million is due to Dividends (\$800,000) and Forestry Income (\$1.5 million) being lower than expected. Base expenditure variance of \$1.3 million under budget includes forestry harvest costs (\$1.5 million under).
- 5.5 Depreciation costs are behind budget and have not been finalised, with costs relating to current year additions to be brought in as part of the annual journals. Unprogrammed Expenses variance of \$400,000 is mainly due to Tantragee hazardous tree removal costs being under budget by \$487,000.
- 5.6 A more detailed narrative can be found below from section 5.9 onwards.

Notes to Profit and Loss by Activity:

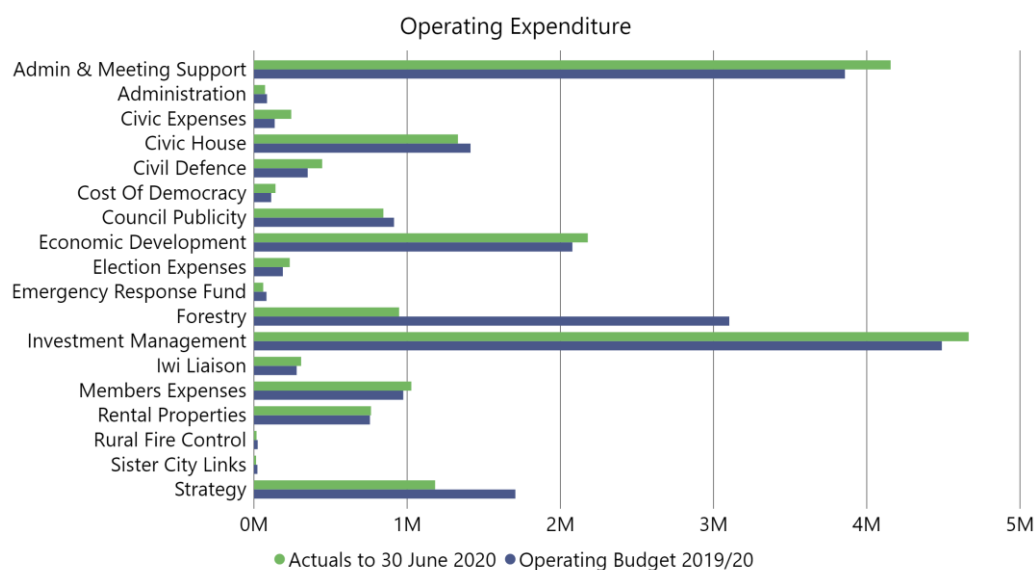
- The "Operating Budget" differs from the "Total Annual Plan Budget" in that it includes carry forwards and reallocations made after the final approval of the Annual Plan.
- Base Expenditure is expenditure that happens year after year, for example yearly contracts or operating expenses.
- Programmed 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 10: Governance and Finance Committee End of Year Report to 30 June 2020

5.7 Other Operating Revenue (excluding rates income)



5.8 Operating Expenditure



5.9 There is a variance between actual and budgeted staff costs within cost centres but overall, actual staff costs are in line with budget. Finance is currently reviewing staff costs to reduce the variances going forward.

5.10 **Administration and Meeting Support expenditure is greater than budget by \$298,000.** Staff costs appear to be over budget by \$262,000, however, this is due to the actuals being coded differently to the budget and is offset in other cost centres – see 5.9.

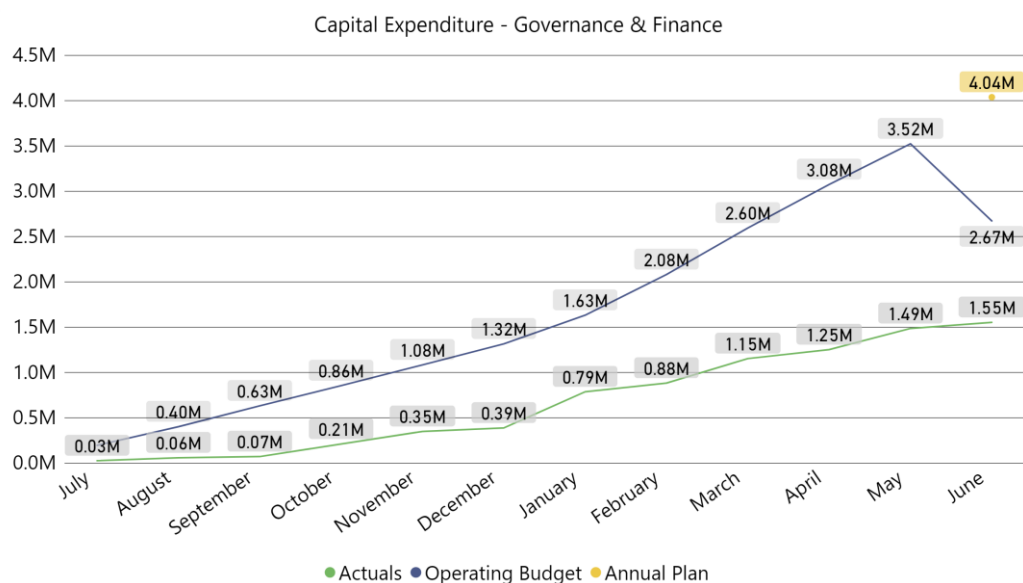
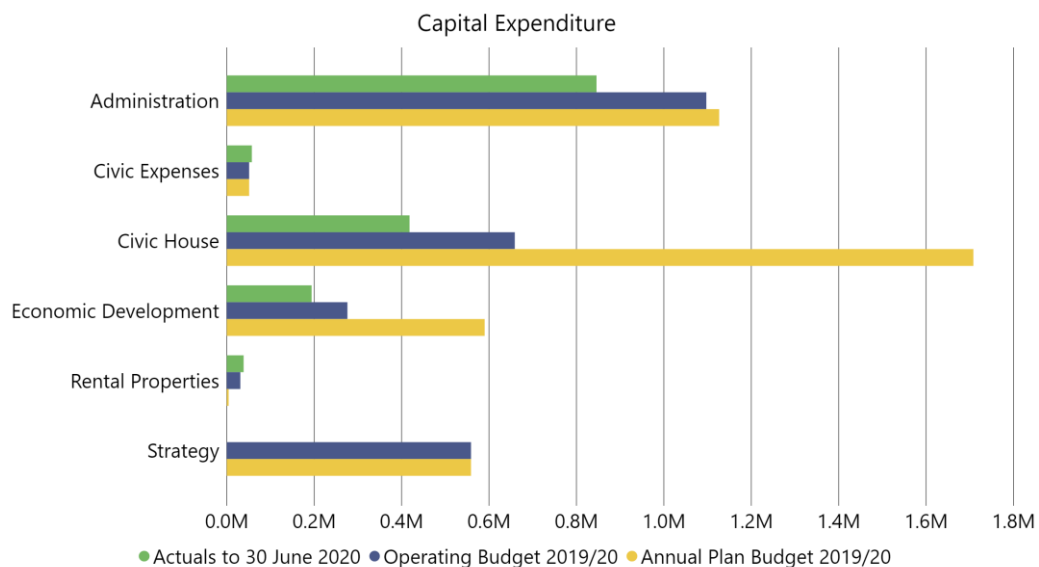
5.11 **Civic Expenditure is greater than budget by \$108,000.** Staff costs are over budget by \$73,000 due to the allocation of costs being different than budget.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

- 5.12 **Civil Defence expenditure is greater than budget by \$94,000.** Staff costs are over budget by \$94,000 due to costs being allocated differently from budget. In particular, staff have spent time on the COVID-19 response at the Emergency Operations Centre and in administration support roles.
- 5.13 **Civic House expenditure is less than budget by \$69,000.** Unbudgeted State Advances legal costs of \$58,000 will be capitalised upon sale of the building. Depreciation is under budget by \$108,000. End of year depreciation additions had not been processed at the time of writing this report.
- 5.14 **Economic Development income is greater than budget by \$100,000.** A Provincial Growth Fund grant has been received from the Ministry of Business, Innovation and Education to support economic activity.
- 5.15 **Economic Development expenditure is greater than budget by \$101,000.** Staff costs are over budget by \$182,000 which relates to the allocation of costs, see 5.9. Regional promotion budget of \$102,000 was included in the budget in error. Policy consultant costs of \$50,000 were unbudgeted, and relate to Vodafone and the Smart Little City contract.
- 5.16 **Forestry income is less than budget by \$1.6 million.** This variance relates to the Maitai Forest and is a result of delays to the harvest of that forest.
- 5.17 **Forestry expenditure is less than budget by \$2.2 million.** Maitai harvest costs are under budget by \$1.5 million. In addition, Tantragee hazardous tree removal costs are under budget by \$487,000 and forestry management costs are under budget by \$125,000.
- 5.18 **Investment Management income is less than budget by \$814,000.**
- 5.18.1 **Dividend income is under budget by \$554,000**, including Port Nelson (\$750,000 under) and Nelmac (\$239,000 under). A special, unbudgeted dividend of \$400,000 has been received from Port Nelson in September, and was used to repay debt.
- 5.18.2 **Internal interest income is under budget by \$252,000.** This income is offset across the organisation.
- 5.18.3 **External interest income is over budget by \$116,000** due to prefunding upcoming debt maturities, and is partially offset by interest expenditure.
- 5.19 **Investment Management expenditure is greater than budget by \$175,000.** External interest expenditure is over budget by \$88,000. Reserves interest is over budget by \$88,000 due to reserves balances being higher than anticipated.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

- 5.20 **Members Expenses are greater than budget by \$53,000.** Staff costs are over budget by \$57,000 due to the allocation of costs being different than budget – see 5.9.
- 5.21 **Rental Properties expenditure is greater than budget by \$7,000.** Unbudgeted costs of \$56,000 have been incurred for the Neale Park landfill gas issue. Programmed maintenance and asbestos testing costs are under budget with works delayed.
- 5.22 **Strategy expenditure is less than budget by \$524,000.** Staff costs are behind budget by \$515,000 due to costs being allocated differently from budget – see 5.9.
- 5.23 Capital Expenditure (including capital staff costs, excluding vested assets)



Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

- 5.24 The "Operating Capital" Budget 2019/20 reflects the latest capital budgets approved by Council. During the Annual Plan 2020/21 process, the 2019/20 capital budgets were reviewed in detail. At that time, and in response to COVID-19, Council agreed to carry forward significant works from 2019/20 to 2020/21. These changes have been made in the June 2020 period, hence the decrease in budget in the June 2020 Operating Budget.
- 5.25 All capital projects, within the Governance delegation, with a budget greater than \$250,000 in this financial year have a project sheet in Attachment 1 of this report.

6. Commentary on capital projects

- 6.1 There are six capital projects within the Governance delegation which have been included as part of this six month report. All have a budget over \$250,000 for 2019/20. They are the Haven Precinct, CBD Enhancements, and four projects relating to Civic House. Summaries are included in Attachment One.
- 6.2 An additional project 'Christmas Decorations CBD' is under \$250,000, but has been included due to interest in the project. The majority of actual spend to date on 'Christmas Decorations CBD' has been capex.
- 6.3 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.

7. Commentary on operational projects

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

8. Status Report Updates

- 8.1 Haven Precinct Project Progress Report – this project will be considered as part of the development of the Long Term Plan 2021-31.
- 8.2 Policy review: Appointments of directors/trustees to Council's Council Controlled Organisations and Council Controlled Trading Organisations (left to lie on the table) until after the next Joint Shareholders Committee meeting.
- 8.3 Nelson Regional Development Agency - Statement of Expectation 2020/21 and update on review of Nelson Regional Development Agency operations (left to lie on the table). Subsequent to the meeting Project Kōkiri has been developed. The Project provides the basis for the work

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

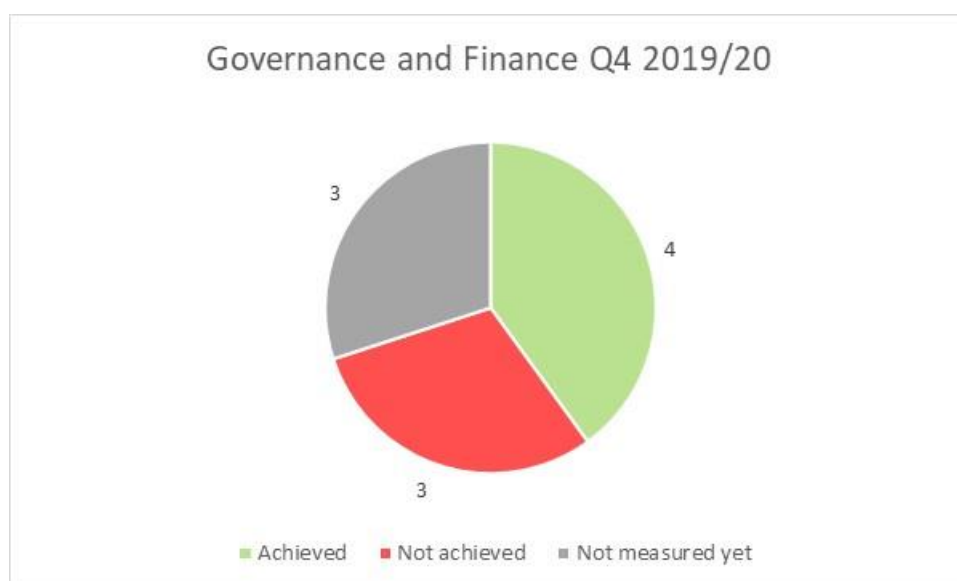
programme for the NRDA in 2020/21, and the proposed Statement of Intent for the NRDA is covered in a separate report to this meeting.

9. Key Performance Measures

- 9.1 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 and Finance Committee's delegations.
- 9.2 This report shows the final performance result for these measures for the 2019/20 year. These will be reported on in greater detail through the Annual Report 2019/20.
- 9.3 The results of the performance measures at the end of the year are reported as one of the following:
- Achieved
 - Not achieved
 - Not measured (for when data is not available at the time the quarterly report is published – to be detailed in the commentary)
- 9.4 Attachment 2 lists all performance measures within the Governance and Finance delegation, their status, and commentary for the quarter.

Quarterly Review of Performance Measures

Status of Governance and Finance Performance Measures, End of Year 2019/20



- 9.5 Four of the ten measures for the Economic and Corporate activities were achieved at the end of the year for 2019/20, and three of the measures were not achieved. Two of the measures that were not achieved were in

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

areas negatively impacted by COVID-19 (annual spending in the CBD, and percentage of out of town visitors attending events). Data from Infometrics is not yet available for two measures (on GDP and tourism spend), but these will be reported on in the Annual Report 2019/20. See Attachment 2 for detail.

All of Council

10. Financial Performance – full year 2019/20

10.1 Profit and Loss

PROFIT & LOSS - ALL OF COUNCIL				
All of Council	Actuals to 30 June 2020	Operating Budget 2019/20	Variance to Budget	Annual Plan Budget 2019/20
Income				
Rates Income	(70,409,084)	(68,996,300)	(1,412,783)	(68,996,300)
Other Income	(49,652,539)	(52,175,134)	2,522,610	(52,081,475)
Total	(120,061,623)	(121,171,434)	1,109,827	(121,077,775)
Expenses				
Unprogrammed Expenses	6,429,911	5,189,311	1,240,605	4,790,493
Staff Operating Expenditure	27,011,531	27,130,389	(118,859)	26,891,666
Programmed Expenses	9,513,462	12,161,427	(2,647,968)	12,601,421
Finance Expenses	11,710,941	11,813,900	(102,958)	11,813,900
Depreciation	25,059,352	25,790,080	(730,727)	25,790,081
Base Expenditure	42,224,897	43,813,399	(1,588,497)	42,703,468
Total	121,950,094	125,898,506	(3,948,404)	124,591,029
Total	1,888,471	4,727,072	(2,838,577)	3,513,254

10.2 For the year ending 30 June 2020 the activity surplus/deficits are \$2.8 million favourable to budget.

10.3 It is noted that the full year information presented in this report is based on the information available at the time of writing, and is subject to change in the Annual Report 2020/21.

10.4 The most significant variances to budget are set out below. These are also reported to the relevant Committees.

Income

10.5 Rates income is over budget by \$1.4 million. This represents the draft rating deficit, or the additional rates that are required to fund Council activities in the current year, and is a deficit due to COVID-19. Because we have rated a lower amount, the rating deficit is funded through prior year rating surpluses, and hence debt. It is noted that this figure is not final as end of year adjustments (relating to preliminary capital expenditure and depreciation) had not yet been completed at the time of writing this report.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

- 10.6 Forestry harvesting income is under budget by \$1.6 million due to the Maitai Forest harvest not being completed in the current financial year.
- 10.7 Dividend income is under budget by \$554,000. Ordinary dividend income is under budget, including Port Nelson (\$750,000 under) and Nelmac (\$239,000 under). A special, unbudgeted dividend of \$400,000 has been received from Port Nelson in September, and was used to repay debt.
- 10.8 Community Housing income is over budget by \$463,000. Income was received for twelve months, but had been budgeted for six months due to the anticipated sale.
- 10.9 Parking Regulation and Parking Meter income are under budget by \$380,000 due mainly to the COVID-19 lockdown. Forecasts made in April, and reported to Council, identified that income of \$322,000 was at risk as a result of COVID-19.
- 10.10 Residential Water Supply income is over budget by \$222,000 reflecting higher water volumes than anticipated.
- 10.11 Commercial Water Supply and Trade Waste income are \$162,000 over budget and \$25,000 under budget respectively. These income lines were flagged as potentially being impacted by the COVID-19 lockdown.
- 10.12 Resource Consents and Building Consents income are under budget by \$50,000 and \$102,000 respectively. Council's Revenue and Financial Policy has an objective of collecting 40-60% of resource consent costs and, between 60% and 80% for the building unit costs. Reports to the Environment Committee on 5 March 2020 outlined that the 2019/2020 fees were at that stage, pre-COVID-19 lockdown, lower than budget. Council has subsequently completed consultative processes to increase the fees for these services.

Expenses

- 10.13 **Unprogrammed expenditure** is greater than budget by \$1.2 million. Items include:
- Forestry expenditure relating to removal of hazardous trees at the Tantragee (\$487,000 under budget).
 - A provisional building claim of \$690,000 has been recognised in the current year but was budgeted for next year. This claim is reserve funded.
 - Unbudgeted freedom camping initiatives expenditure of \$215,000, which has been funded by an MBIE grant.
- 10.14 **Staff operating expenses** are slightly under budget (\$119,000) at the whole of organisation level. There are significant variances in staff costs in specific cost centres, representing a different allocation of staff costs than budgeted. These are discussed in the Committee reports.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

10.15 **Programmed expenditure** is less than budget by \$2.6 million. Items include:

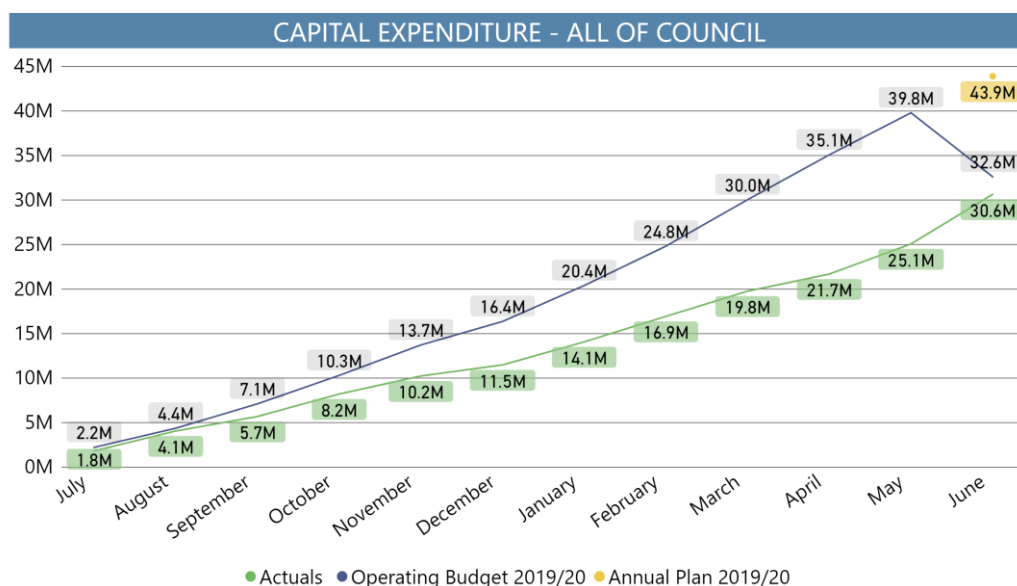
- Unspent Maitai area Mountain Bike Trail grade 2-3 grant of \$373,000, which has been deferred to 2020/21.
- The Champion road roundabout grant (\$470,000) was unspent this financial year. The grant has been reduced and \$150,000 has been budgeted in 2020/21. (This is a Tasman District Council project).
- Subsidised roading costs which are under budget by \$175,000 across a variety of codes due to delays relating to the COVID-19 lockdown, in particular bridge maintenance (\$76,000 under) and condition inspections and data collection (\$105,000 under).
- Programmed maintenance costs were delayed across the organisation due to the COVID-19 lockdown. Specific items are discussed in the Committee reports.
- COVID-19 Community Organisation Grants expenditure is under budget by \$118,000.
- Preliminary capital investigation costs are behind budget by \$299,000 across a variety of codes. These costs will be recognised when the annual adjustments are completed, but were not yet available at the time of writing.

10.16 **Depreciation expenditure** is behind budget by \$731,000. Depreciation on capital additions had not yet been calculated at the time of writing this report.

10.17 **Base expenditure** is behind budget by \$1.6 million. Maitai harvest costs are under budget by \$1.5 million due to delays in the completion of that harvest.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

10.18 Capital Expenditure (excluding vested assets)



10.19 The Operating Budget 2019/20 reflects the latest capital budgets approved by Council. During the Annual Plan 2020/21 process, the 2019/20 capital budgets were reviewed in detail. At that time, and in response to COVID-19, Council agreed to carry forward significant works from 2019/20 to 2020/21. These changes have been made in the June 2020 period, hence the decrease in budget in the June 2020 Operating Budget.

10.20 Financial information provided in Attachment 3 includes:

- A financial measures dashboard with information on rates revenue, operating revenue and expenditure, and capital revenue and expenditure.
- Operating income and expenditure displayed against budget by category.
- Treasury measures dashboards.
- A debtor analysis graph over 13 months, showing outstanding debt levels and patterns for major debt types.

10.21 Capital expenditure is \$2 million under Operating Budget and \$13.3 million under Annual Plan budget.

11. Insurance Renewal

11.1 Nelson City Council is part of the Top of the South Collective with Tasman District Council and Marlborough District Council which was formed 1 July 2011. The insurance broker is Marsh (formerly Jardine

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

Lloyd Thomson (JLT)) and Nelson City Council has various insurance policies including:

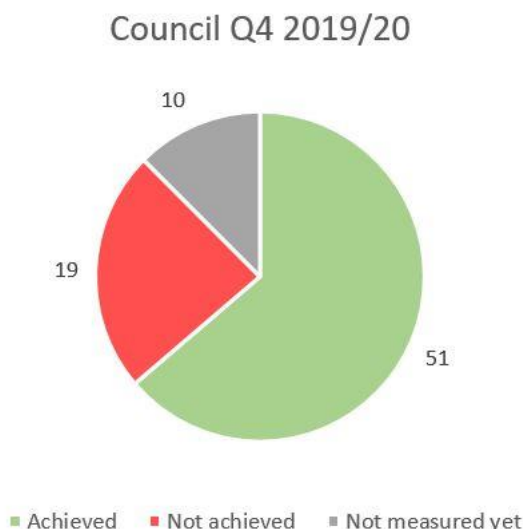
- Material Damage – commercial and residential
- Business Interruption
- Motor Vehicle
- Public and Professional Indemnity
- Crime, Statutory and Employers Liability
- Harbour Masters and Wreck Removal Liability
- Hall Hirers Liability
- Personal Accident
- Forestry

- 11.2 The insurance was successfully placed for 1 July 2020 for this programme. The infrastructure asset insurance renewal is on 1 November 2020.
- 11.3 Premiums have increased overall by \$86,040 (7%) mainly driven by increased material damage premiums (4% or \$38,000) and Professional indemnity / public liability (38% or \$31,000).
- 11.4 An allowance for premium increases of \$354,000 was included in the 2020/21 Annual Plan, and there is still some risk around costs for the infrastructure renewal in November 2020 given market conditions.
- 11.5 Council has added an Environmental Impairment Policy to its insurance cover. This was previously included as part of the Public Liability Insurance. The policy is to cover Council for release of pollutants / contaminants into the environment over an extended period of time. A one off breach will still be covered by Council's Public Liability policy.

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020

Council's Performance Measures

Status of all Council's Performance Measures for 2019/20, as at 30 June 2020



- 11.6 At the time of writing this report, of Council's 80 total performance measures across all activities, 51 measures have been achieved in 2019/20 (63.7%), and 19 not achieved (23.7%).
- 11.7 10 performance measures are not yet able to be measured (12.5%) – four of these will be reported on in the 2019/20 Annual Report to Council later in 2020 when data is available. The remaining six will remain unmeasured for the year (7.5%) - one due to the COVID-19 shutdown cancelling footpath condition surveys for 2019/20 (transport), one because it is a new measure that does not yet have a comparative to determine achievement (economic, see Attachment 2).
- 11.8 As described in the 2018/19 Annual Report, four measures in the environment activity cannot be reported on, as Council's reporting systems are not currently at a level that enables the results to be 100% verified. A review of how this information can be provided to substantiate performance in future years is being undertaken.

12. Conclusion

- 12.1 The review of performance for the last six months of 2019/20 for the Governance and Finance Committee is included in this report, with project sheets and performance measure updates attached.

Item 10: Governance and Finance Committee End of Year Report to 30 June
2020

Author: **Mark Tregurtha, Manager Strategy**

Attachments

Attachment 1: A2434210 - Governance and Finance Committee Project Sheets
End of Year 2019/20 [↓](#)

Attachment 2: A2429786 - Governance and Finance Performance Measures End
of Year 2019/20 [↓](#)

Attachment 3: A2429702 - Finance Dashboards and Charts [↓](#)

Attachment 4: A2429514 - All of Council Project Health Summary 2019/20 [↓](#)

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Civic House Floor 1 upgrade				1195
Civic House floor one refurbishment				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)

Project remains on hold while accommodation options are confirmed through the business case process. The building consent has expired. Minor expenditure will occur.

Project Risks

No concerning risks to report. Project remains on hold.

Project Issues

No concerning issues to report. Project remains on hold. Budget will need to be carried to 2020/21 for work that is required.

Civic House Floor 1 upgrade					1195
2013/14 to 2017/18 Actuals					190,381
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	588,000	-	-	-	588,000
Carry-forwards / Amendments	(476,000) *	151,610	-	-	(324,390)
Total Budget	112,000	151,610	-	-	263,610
Actual Spend to Date	112,442	24,458			
Full Year Forecast	112,442	25,000	125,000	-	262,442

* 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 & Finance

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Aircon for Civic House				1197
Install aircon on 4th floor and Ventilation for all 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 through the business case process. Some minor expenditure will occur.				
Project Risks				
No concerning risks to report - project is on hold.				
Project Issues				
No concerning issues to report - project is 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) *	(229,247)	(2,224)	-	(531,471)
Total Budget	95,000	26,253	50,000	568,507	739,760
Actual Spend to Date	-	*	-		
Full Year Forecast	-	*	26,253	50,000	568,507
					644,760

* 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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Civic House Capital Programme				1198
Miscellaneous renewals and upgrades - furniture, plant & equipment, minor modifications, etc - develop detailed plan annually				
Overall Health		Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)				
Project remains on hold while accommodation options are confirmed through the business case process. Some minor expenditure will occur.				
Project Risks				
No concerning risks to report.				
Project Issues				
No concerning issues to report				

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	1,400,000	1,405,871	1,300,557	4,358,428	
Carry-forwards / Amendments	(117,325) *	(1,178,801)	(1,215,426)	-	(2,511,552)	
Total Budget	134,675 *	221,199	190,445	1,300,557	1,846,876	
Actual Spend to Date	76,235 *	127,242				
Full Year Forecast	76,235 *	140,000	190,445	1,328,755	1,735,435	

* 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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Civic House Renewal Programme				1199
2019/20: Renew service lift at Civic House				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)

The receipt of the building consent and the subsequent commencement of the lift car installation was delayed primarily due to Covid-19 (which is why time is indicated as red in this report). The service lift installation is now due to commence on Monday, 24 August 2020 (pending the receipt of the Certificate for Public Use). It is expected the lift will be commissioned and operational by mid-November 2020.

Project Risks

Commencement of works on site is currently dependent on the receipt of the Certificate for Public Use. Other than that there are no significant risks to report at this time.

Project Issues

No concerning issues to report

Civic House Renewal 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	17,000	162,498	5,222	302,910	487,630
Carry-forwards / Amendments	4,769 *	151,394	130,541	-	286,704
Total Budget	21,769 *	182,994	160,597	302,910	668,270
Actual Spend to Date	21,769 *	167,557			
Full Year Forecast	21,769 *	167,557	160,597	302,910	652,833

* 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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Annual Plan 2020/21				1361
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)				
Work on this project is near completion. The Annual Plan 2020/21 was adopted at the beginning of July 2020, as the balanced budget requirements of the Local Government Act 2002 were not included in the June report. Response letters to submitters will be sent out by the end of August.				
Project Risks				
No concerning risks to report.				
Project Issues				
No concerning issues to report.				

Annual Plan 2020/21					1361
2013/14 to 2017/18 Actuals					190,593
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	35,750	36,537	79,119	379,762	531,168
Carry-forwards / Amendments	(5,000)		-	-	(5,000)
Total Budget	30,750	36,537	79,119	379,762	526,168
Actual Spend to Date	22,125	31,921			
Full Year Forecast	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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Haven Precinct					3069
Early concept design					
Overall Health			Quality	Time	Budget
Project Update (work completed, in progress, scheduled & budget change info)					
This project will be considered as part of the development of the Long Term Plan 2021-31.					
Project Risks					
Staff resourcing – this project is competing with other projects for staff time.					
Project Issues					
The implementation of the project requires a balance between existing activities and rights, coastal permits status, heritage and historical buildings, public amenity, and community activity.					
Haven Precinct					3069
2013/14 to 2017/18 Actuals					199,353
	Year 1	Year 2	Year 3	Years 4-10	Total
	2018/19	2019/20	2020/21	2021/28	2018/28
Long-term Plan Budget	-	255,500	-	-	255,500
Carry-forwards / Amendments	-	303,300	-	-	303,300
Total Budget	-	558,800	-	-	558,800
Actual Spend to Date	6,781	-			
Full Year Forecast	6,781	-	-	-	6,781

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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

Christmas decorations CBD				3141
Decorations, permanent fixtures, lighting, signage, etc.				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)				
The CBD Christmas decorations were all installed by the first week of December 2019. The disassembling process started right after Christmas and continued until the end of January 2020.				
Project Risks				
This project is influenced by business and community views on the type and theme of the decorations.				
Project Issues				
None in 2019/20.				

Christmas decorations CBD						3141
2013/14 to 2017/18 Actuals						127,387
	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2021/28	Total 2018/28	
Long-term Plan Budget	70,000	71,540	73,114	183,218	397,872	
Carry-forwards / Amendments	- *	(20,440)	26,886	-	6,446	
Total Budget	70,000	* 51,100	100,000	183,218	404,318	
Actual Spend to Date	69,630	* 57,321				
Full Year Forecast	69,630	* 57,321	100,000	183,218	410,169	

* 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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 1

CBD Enhancements				3000
General CBD enhancement with priority to be decided by councillors.				
Overall Health		Quality	Time	Budget

Project Update (work completed, in progress, scheduled & budget change info)				
Purchased urban tactical kit (modular pump track, imagination playground, basketball, table tennis, place kit, picnic tables etc)				
Started work on Halifax Pop Up Park				
Started Upper Trafalgar Street Stage 2 site investigations				
Project Risks				
COVID-19 lockdown led to delays in Pop up Park and Upper Trafalgar Street, including cost overruns (but still within overall budget). Budget carry forward will be required to complete projects in the 2020/21 year.				
Project Issues				
Due to COVID-9 lockdown and project delays last year projects are now competing with team and delivery resourcing.				

CBD Enhancements					3000
2013/14 to 2017/18 Actuals					1,012
	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Years 4-10 2021/28	Total 2018/28
Long-term Plan Budget	200,000	204,400	208,896	1,605,606	2,218,902
Carry-forwards / Amendments	-	71,600	715,104	-	786,704
Total Budget	200,000	276,000	924,000	1,605,606	3,005,606
Actual Spend to Date	-	194,041			
Full Year Forecast	-	276,000	924,000	1,605,606	2,805,606

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 & Finance

A2434210

20/08/2020

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020: Attachment 2

Governance and Finance Committee - End of Year Performance Measure Results

Activity	What Council will provide	Performance measures	Targets			
			Year 2 (2019/20)	End of year comment (Quarter 4)	End of year result	Evidence (A numbers, report references etc) - for auditors, as required
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	Data for this quarter has not been released yet (Infometrics report) but will be significantly impacted by COVID-19.	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	Data for this quarter has not been released yet (Infometrics report) but will be significantly impacted by COVID-19.	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	A total of \$169 million was spent in the CBD in the year ending June 2020. This is less than the \$195 million spent in the same period in 2019, primarily due to COVID-19.	Not achieved	Infometrics data
Economic			Number of out of town visitors attending major events greater or equal to previous three year average	Out of town attendee numbers for the Economic Fund approved events were predicted to be 17,894. Six events were cancelled or postponed due to COVID-19, resulting in a lower result of 14,234 out of town attendees. (This is a new measure, therefore no comparative is available. The result will be 'not measured yet' until the measure has been in place for three years, to produce an average). The NRDA is working with event organisers towards maximising the transfer of attendee numbers in 2020/21.	Not measured yet	A2426557
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	At least 80% of those visits are in the months of March to November	14 of the 15 Economic Events fell between March and November, this is 93%. The predicted number of out of town attendees for these events between March and November was 11,894 (which is 66% of the 17,894 predicted total attendees for the full year). Due to COVID-19 related cancellations and postponements the actual number of out of town attendees during March to November approved events was 8,234 (which is 58% of the 14,234 actual total attendees for the full year).	Not achieved	A2426557
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	The result for the 2020 Nelson Residents' Survey is that 54% of residents were satisfied or very satisfied with opportunities available to provide feedback to Council to inform its decision-making. This is a 10% increase on the previous year's result (44% in the 2019 Residents' Survey).	Achieved	Nelson Residents' Survey 2020 Results A2422657

A2429786

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020: Attachment 2

Governance and Finance Committee - End of Year Performance Measure Results

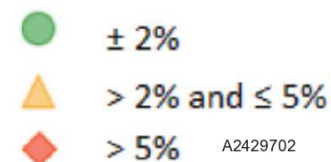
Activity	What Council will provide	Performance measures	Targets			
			Year 2 (2019/20)	End of year comment (Quarter 4)	End of year result	Evidence (A numbers, report references etc) - for auditors, as required
Corporate	Council Controlled Organisations (CCOs) that deliver net benefit to the community	Council satisfaction with attainment of six monthly CCO targets for all SOIs	Council receives six monthly reports from all CCOs and is satisfied with attainment of targets	Six monthly reports from CCO's were received in February 2020. They were reported to either the Governance Committee (if 100% Council owned) or Joint Shareholders Committee (if jointly owned) in May 2020. The targets were largely met across the CCOs.	Achieved	Six monthly reports from Nelson Airport Ltd (A2353325), Port Nelson Ltd (A2348808), and Tasman Bays Heritage Trust (A2351604) were presented at the Joint Shareholders Committee meeting on 18 May 2020. Six monthly reports from the Bishop Suter Trust (A2351668), NRDA (A2355510), and Nelmac (A2352112) were presented at the Governance and Finance Committee meeting on 21 May 2020.
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	Discussion on the Draft Iwi-Council Kawa Whanaungatanga Partnership Agreement was progressed in 2019/20. The draft Kawa Whanaungatanga has been implemented to progress iwi-Council partnership, but is yet to be finalised. There is agreement by Council and iwi on the forums of iwi-Council engagement at governance, management and operational levels to encourage meaningful partnership on decision making that impacts the Whakatū/Nelson region. The Iwi-Council Partnership Group was established in 2019/20 and a meets on a regular basis. The Group includes the Mayor, Deputy Mayor, chairs of the Community Services and Governance and Finance committees, and iwi chairs from each of the eight Te Tau Ihu (Top of the south) iwi (Ngāti Toa Rangatira, Ngāti Rārua, Ngāti Koata, Te Ātiawa, Ngāti Tama, Ngāti Kuia, Rangitāne and Ngāti Apa ki te Rā Tō). As of 2019/20, opportunities for Māori participation and involvement in decision making has been progressed through appointments to the Environmental Committee, the Nelson Regional Sewerage Business Unit, and Nelson Tasman Regional Landfill Business Unit. The Nelson Regional Development Agency also appointed two iwi representatives to its Board in 2019/20.	Achieved	A2429781
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 June 2020 (no changes since quarter 2 2019/20). A round of training was scheduled for April 2020 but was cancelled due to the COVID-19 pandemic. The next training round starts in August/September 2020 - until then there will be no significant changes to this figure.	Not achieved	A2427499
Corporate			EOC meets Ministry of CDEM monitoring and evaluation requirements	EOC met MCDEM requirements at its previous review.	Achieved	A2429211

A2429786

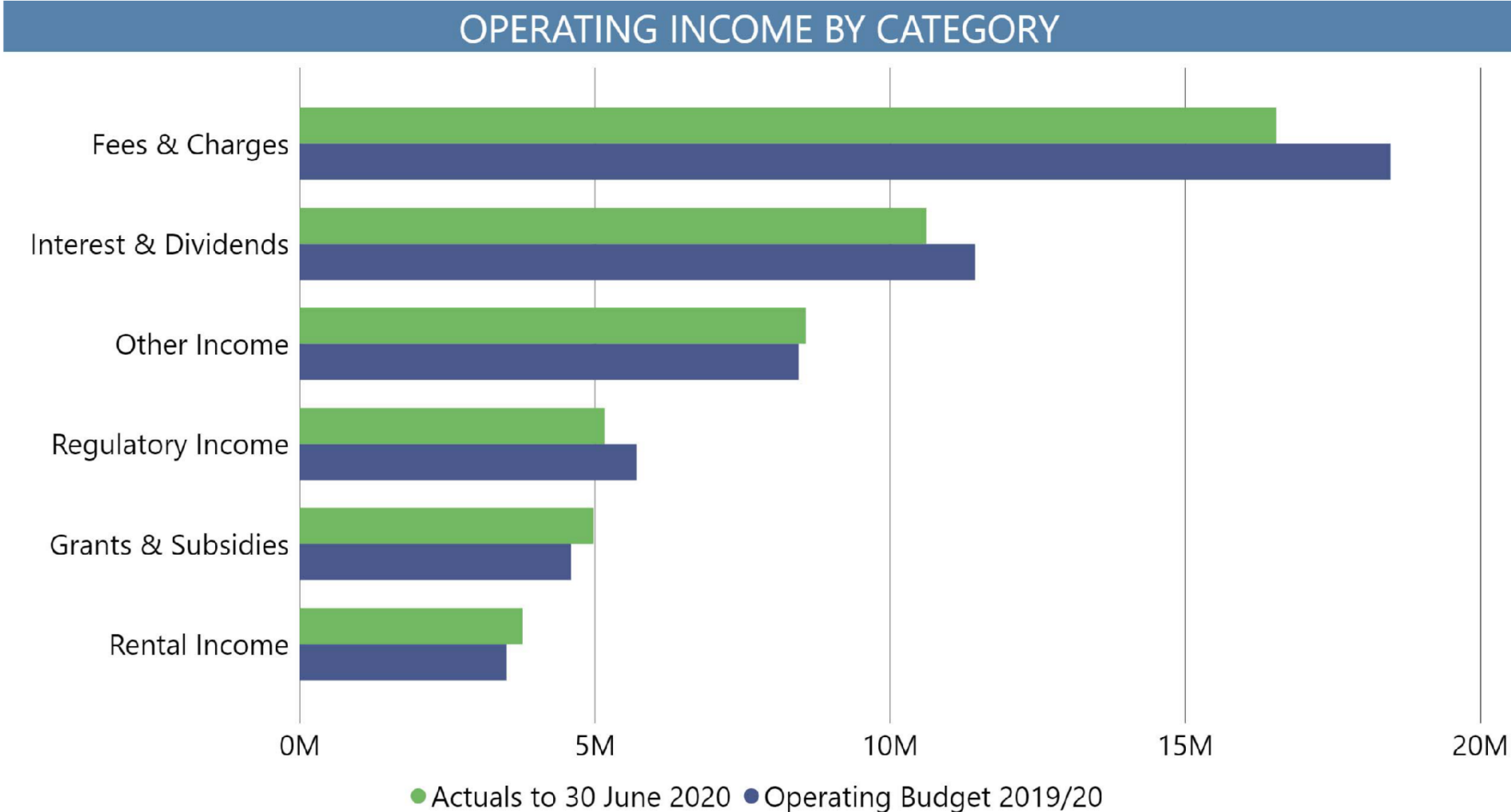
FINANCIAL MEASURES - KEY INDICATORS

Category	Actuals to 30 June 2020	Operating Budget 2019/20	Variance to Budget	Percent Variance
Rates Revenue				
Received from ratepayers	(70.4M)	(69.0M)	(1.4M)	2.05% ▲
Operating Revenue				
What we earn - fees, charges, subsidies, etc.	(49.7M)	(52.2M)	2.5M	-4.83% ▲
Operating Expenditure				
The costs to operate Council's activities	122.0M	125.9M	(3.9M)	-3.14% ▲
Capital Revenue				
Grants, subsidies, development contributions to fund capital projects	(5.4M)	(8.2M)	2.8M	-34.49% ◆
Capital Expenditure				
Costs for capital projects (excl. vested assets and NRSBU / NTRLBU)	30.6M	32.6M	(2.0M)	-6.01% ◆

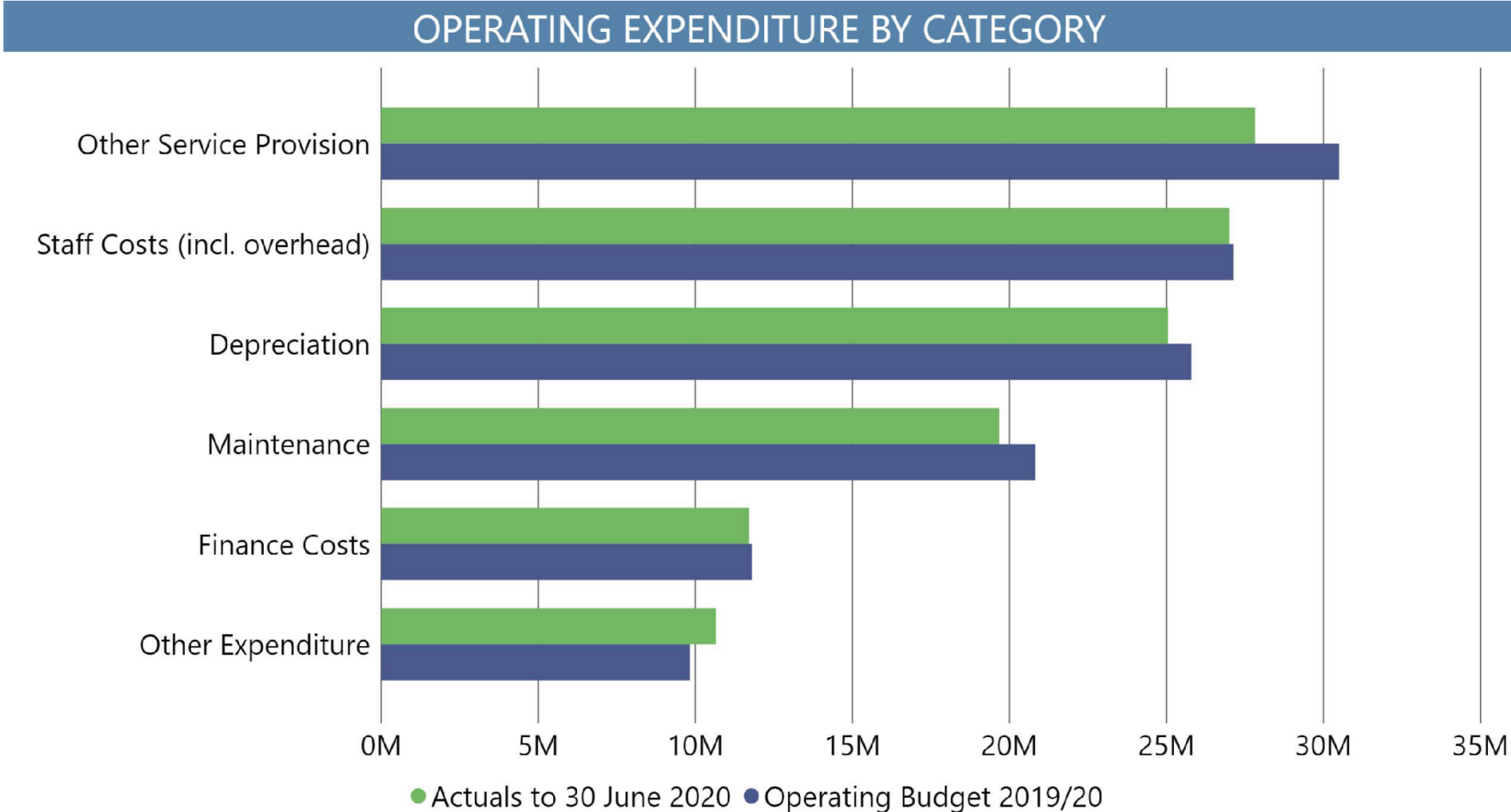
- All measures are year to date (YTD), and against 2019/20 (year two of the LTP) operating budget unless otherwise stated.
- Operating budget = AP + any carry forward +/- any resolutions of Council for the year to date.
- The **financial threshold key** interprets the quick-glance year to date indicators. The relative size (%) of the variance governs the colour of the indicator. Expenditure which is under budget by more than 5% is red because it is an indication of possible over-rating (if opex), or possible delivery issues (if capex).



A2429702



A2429702



A2429702

Treasury summary - compliance

Reporting month
June 2020

Currency
NZD

1. Debt Forecast - LTP

2. Debt forecast - 120% LTP

3. Debt Forecast - 80% LTP

Interest rate risk

✓

✓

✓

Last Month

Next Month

77,000,000

Total Fixed Rate Instruments

5.50

WA Term of Borrower Swaps (years)

95,850,000

Total Drawn Debt

Funding

✓

✓

✓

Last Month

Next Month

80,500,000

Net Debt

22,150,000

Undrawn Bank Facilities

22,150,000

Undrawn and Unlinked Bank Facilities

Liquidity

!

✓

✓

Last Month

Next Month

132%

Liquidity Ratio (Liquid Deposits)

110%

Liquidity Ratio Policy

135%

Liquidity Ratio (total deposits)

Investments

✓

✓

✓

Last Month

Next Month

6,500,000

Liquid Assets

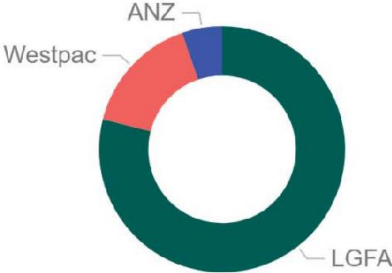
5,000,000

Linked Deposits

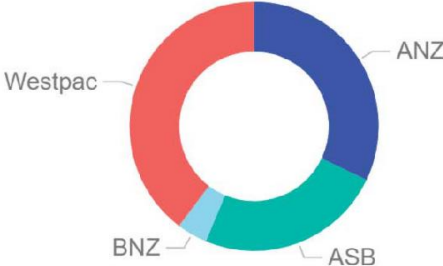
9,500,000

Deposits

Face value of loans by counterparty



Counterparty credit risk, by bank



A2429702

M13057

110

Treasury summary - positions

Nelson City Council

Reporting month

June 2020

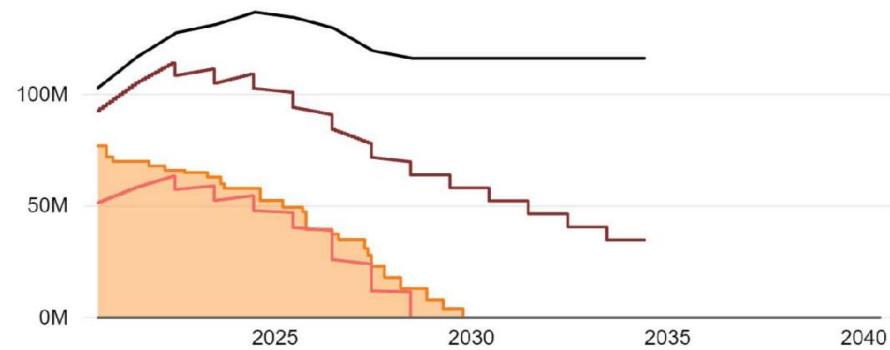
1. Debt Forecast - LTP

2. Debt forecast - 120% LTP

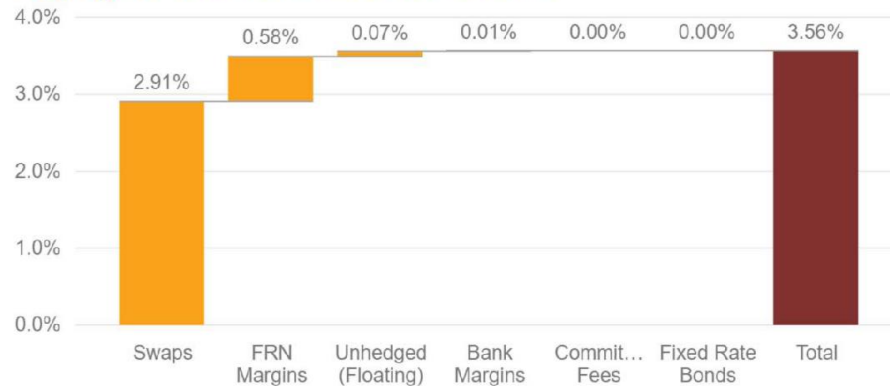
3. Debt Forecast - 80% LTP

Interest rate risk timeline

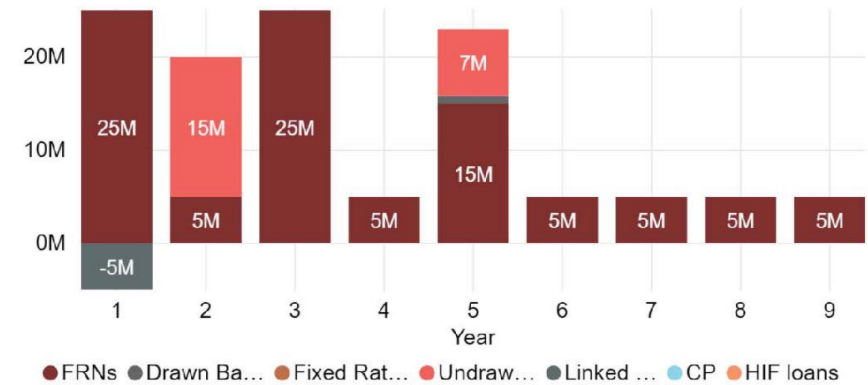
● Total fixed rate
 ● Debt forecast
 ● Policy minimum
 ● Policy maximum
 ● Fixed Rate Debt



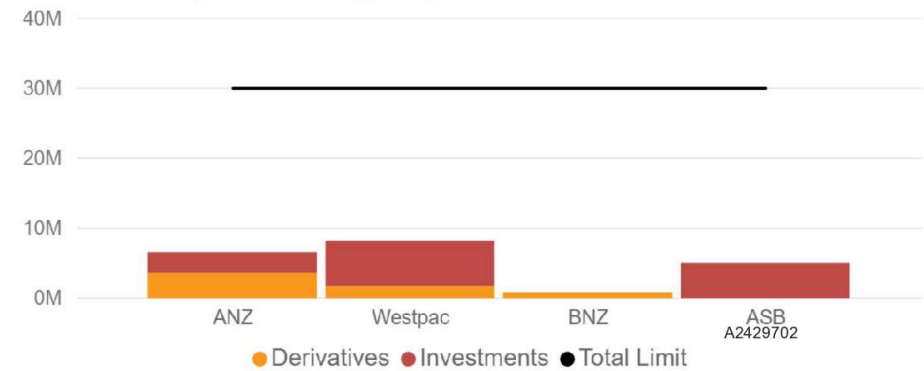
Aggregate contribution to cost of funds



Funding risk profile



Counterparty credit usage, by bank



BALANCE SHEET

Group	June 2020	December 2019	Notes
ASSETS & LIABILITIES	1,495,223,328	1,487,618,105	
Current Assets	43,259,228	34,213,090	
Cash	14,449,541	12,289,702	Includes call deposits
Other Current Assets	12,684,398	13,368,738	Includes prepayments and current portions of loans to community org.'s and related parties
Receivables	16,125,289	8,554,649	
Non Current Assets	1,575,112,238	1,568,113,614	
Fixed Assets	1,517,115,442	1,510,234,817	
Investments	55,386,510	55,226,510	Shares in subsidiaries and associates
Other Non Current Assets	2,610,287	2,652,287	Non-current portions of loans to community org.'s and related parties
Current Liabilities	(48,568,013)	(18,157,892)	
Borrowings: Current	(30,850,000)	(850,000)	Term loans due within 12 months
Other Current Liabilities	(2,652,428)	(2,329,636)	Current portion of employee benefit liabilities
Payables	(15,065,584)	(14,978,255)	
Non Current Liabilities	(74,580,126)	(96,550,707)	
Borrowings: Non Current	(61,000,000)	(83,000,000)	Borrowings due after 12 months
Other Non Current Liabilities	(10,436,099)	(10,463,997)	Non-current portion of employee benefits & derivative revaluation
Payables: Non Current	(1,446,969)	(1,389,652)	Housing NZ suspensory loan and Suter depreciation grant
Provisions	(1,697,058)	(1,697,058)	
EQUITY	(1,495,223,328)	(1,487,618,105)	
Equity	(1,495,223,328)	(1,487,618,105)	
Accumulated Funds	(455,245,217)	(438,812,402)	
Reserves	(1,039,978,111)	(1,048,805,702)	

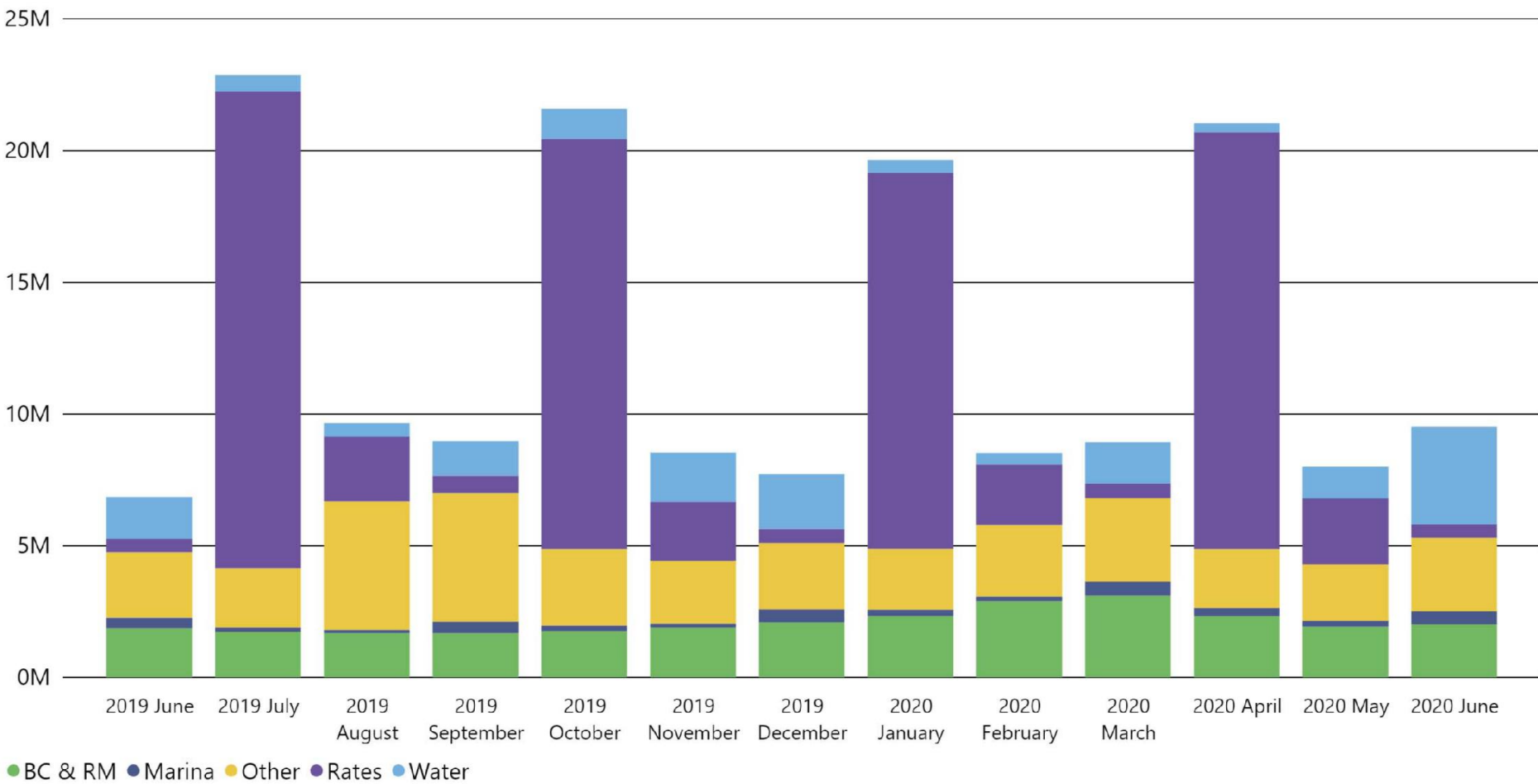
The increase in equity quarter on quarter is driven by the increase in fixed assets.

Receivables include dividends receivable and year end income accruals.

Borrowings have been split between current and non-current as part of the end of year process.

A2429702

DEBTOR ANALYSIS - TOTAL DEBT ANALYSIS BY TYPE



A2429702

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 4

PROJECT HEALTH SUMMARY					
30 June 2020					
Activity	Project Title	Project ID	Cost	Quality	Time
Infrastructure	Maitai Flood Mitigation	1178			
Infrastructure	On St Parking Meter renewals	1484			
Infrastructure	Sealed Road Resurfacing Programme (Renewal)	1540			
Infrastructure	Wastewater Model Calibration	1648			
Infrastructure	Awatea Place Sewer Pump Station	1716			
Infrastructure	Montcalm Arrow Wash Vly Hastings Stormwater	2054			
Infrastructure	Mount St and Konini St Upgrade	2079			
Infrastructure	Residential Meters Renewals	2128			
Infrastructure	Railway Res Princes Dr Underpass	2172			
Infrastructure	Maitai Pathway Improvements - Provincial Growth Fund Project	2173			
Infrastructure	Inflow and infiltration Reduction Programme	2311			
Infrastructure	Wastney Terrace piping ditch (stormwater)	2473			
Infrastructure	Saxton Creek Upgrade Stage 3	2689			
Infrastructure	New Footpath Programme	2798			
Infrastructure	Water Loss Reduction Programme	2803			
Infrastructure	Bisley Avenue	2815			
Infrastructure	Nayland Road SW Upgrade	2840			
Infrastructure	Rutherford Street Stormwater Upgrade - Little Go Stream	2850			
Infrastructure	Tahunanui Hills Stormwater- Catchment 3	2855			
Infrastructure	Whakatu Drive (Storage World) Stormwater Improvements	2866			
Infrastructure	Gracefield Sewer Diversion	2884			
Infrastructure	Integrated Bus Ticketing	2945			
Infrastructure	Saxton Creek Upgrade (Main Rd Culvert to Sea) - Stage 4	2964			
Infrastructure	Bus terminal (CBD Interchange)	2997			
Infrastructure	St Vincent Street Sewer Renewal	3098			
Infrastructure	Tui Glen Watermain	3116			
Infrastructure	Anzac park to Maitai Walkway Link	3151			
Infrastructure	Champion Salisbury capacity and cycle crossing upgrade	3170			
Infrastructure	Tahunanui Cycle Network - SH6 Tahunanui Drive connection	3182			
Infrastructure	Annesbrook (Manchester - Marie St) water renewal	3186			
Infrastructure	Arapiki Road Upgrade - Retaining Wall	3215			
Infrastructure	Orphanage Stream Flood Protection	3289			
Infrastructure	Seafeld Terrace remediation	3291			
Infrastructure	Travel Demand Management Improvements	3299			
Infrastructure	Eves Valley replanting - Provincial Growth Fund project	3373			

A2429514

Item 10: Governance and Finance Committee End of Year Report to 30 June 2020:
Attachment 4

Activity	Project Title	Project ID	Cost	Quality	Time
Infrastructure	York Valley Rd Resurfacing - Provincial Growth Fund project	3374			
Infrastructure	Beach Road Raised Table - Provincial Growth Fund Project	3389			
Community Services	Community Housing Renewals	1486			
Community Services	Art Works Programme	1143			
Community Services	Millers Acre Toilet Upgrade	2002			
Community Services	Elma Turner Library Re-Development	2226			
Community Services	Refinery EQ Strengthening	2602			
Community Services	Tahunanui Lions Toilet Upgrade	3180			
Community Services	Marsden new burial area	3206			
Community Services	Stoke Library Structural Improvements	3302			
Governance & Finance	Civic House Floor 1 upgrade	1195			
Governance & Finance	Aircon for Civic House	1197			
Governance & Finance	Civic House Capital Programme	1198			
Governance & Finance	Annual Plan 2020/21	1361			
Governance & Finance	Haven Precinct	3069			
Governance & Finance	Christmas decorations CBD	3141			
Governance & Finance	CBD Enhancements	3000			
Sports & Recreation	Reserve Development Programme	1063			
Sports & Recreation	Stoke Youth Park	1074			
Sports & Recreation	General Reserves land purchase programme	1354			
Sports & Recreation	Modellers Pond Solution Capital	1379			
Sports & Recreation	Weed control programme land reserves	1758			
Sports & Recreation	Marina Hardstand	1769			
Sports & Recreation	Water sports building at Marina	2142			
Sports & Recreation	City Play Space	2294			
Sports & Recreation	Poormans walkway (Main rd to Neale ave)	2894			
Sports & Recreation	Great Taste Trail	2899			
Sports & Recreation	Brook MTB Hub	3111			
Sports & Recreation	Maitai MTB Hub	3152			
Sports & Recreation	Maitai area MTB Trail grade 2-3	3295			

A2429514

Bishop Suter Trust - Adoption of Final Statement of Intent

1. Purpose of Report

- 1.1 To receive and approve the final Statement of Intent 2020/25 from the Bishop Suter Trust.

2. Recommendation

That the Governance and Finance Committee

- 1. Receives the report Bishop Suter Trust - Adoption of Final Statement of Intent (R18092) and its attachments (A2315613 and A2351670); and***
- 2. Notes the delivery of the Bishop Suter Trust's final Statement of Intent 2020/25 as required under the Local Government Act 2002; and***
- 3. Approves the final Statement of Intent of the Bishop Suter Trust for 1 July 2020 to 30 June 2025.***

3. Background

- 3.1 The Bishop Suter Trust is a Council Controlled Organisation. The Governance and Finance Committee considered the draft Statement of Intent (SOI) from the Bishop Suter Trust at its meeting on 21 May 2020. The Committee provided the following feedback to the Bishop Suter Trust on its draft SOI 2020/25:

Requests the Board better reflects the Statement of Expectation and considers including a timeline around measurement of carbon emissions and reduction in the Statement of Intent.

4. Discussion

- 4.1 The Bishop Suter Trust has amended the draft SOI as requested by the Governance and Finance Committee. A copy of the Letter of Expectation

Item 11: Bishop Suter Trust - Adoption of Final Statement of Intent

(Attachment 1) and the revised SOI (Attachment 2) are appended to this report. Revisions to the SOI are shown in Attachment 2 using yellow highlights. The main changes are as follows:

- 4.1.1 An update on programming during the COVID-19 recovery period (section 1.1, p4).
 - 4.1.2 Marketing to international visitors when borders re-open (section 2.2.1, p7).
 - 4.1.3 Implementing a new collections policy and the inclusion of electronic devices (section 2.2.4, p9 and section 3.4, p13).
 - 4.1.4 Periodically meeting with Nelson and Tasman Council staff and representatives (section 2.3, p11).
 - 4.1.5 Reducing visitor targets from 130,000 to 100,000 per annum (section 3.1, p12 and section 5 p16) post COVID-19.
 - 4.1.6 Undertaking an energy and carbons emission audit and developing a management plan (section 3.1, p12 and section 5 p18). This action was specifically requested via resolution when the Committee considered the draft SOI.
- 4.2 The final SOI was received within statutory timeframes.

5. Options

- 5.1 The Committee can either approve the SOI as the final version or reject it. If the Committee does not agree to the SOI, then shareholders must take all practicable steps under Clause 5 of Schedule 8 of the Local Government Act to require the SOI to be modified. Given that the Bishop Suter Trust Board has complied with requests for further information from Council, this approach is not recommended.

Option 1: Agree to the SOI (Recommended option)	
Advantages	<ul style="list-style-type: none">• Gives clarity to the Bishop Suter Trust on direction for the 2020/21 year
Risks and Disadvantages	<ul style="list-style-type: none">• None
Option 2: Decline to agree to the SOI	
Advantages	<ul style="list-style-type: none">• Allows the Council to set a different direction
Risks and Disadvantages	<ul style="list-style-type: none">• Lack of clarity for the Bishop Suter Trust• Damage to relationship between the Council and the Bishop Suter Trust

Item 11: Bishop Suter Trust - Adoption of Final Statement of Intent

6. Conclusion

- 6.1 The adoption of the final SOI of the Bishop Suter Trust is supported.

7. Next Steps

- 7.1 The Bishop Suter Trust will be notified of the outcome. The SOI will be published on Council's website.

Author: Mark Preston-Thomas, Manager Community Partnerships

Attachments

Attachment 1: A2315613: Letter of Expectation to the Bishop Suter Trust [↓](#)

Attachment 2: A2351670: Suter Revised SOI with Mark Ups [↓](#)

Important considerations for decision making
1. Fit with Purpose of Local Government The preparation of a Statement of Intent is a requirement of Schedule 8 of the Local Government Act.
2. Consistency with Community Outcomes and Council Policy The Suter contributes to the outcome 'Our communities have opportunities to celebrate and explore their heritage, identity and creativity' and 'Our communities have access to a range of social, educational and recreational facilities and activities'.
3. Risk There is a risk that COVID 19 impacts will require further changes to the Statement of Intent and that uncertainties about ongoing impacts will make planning for the next year very difficult. A degree of flexibility will be required during implementation of the Statement of Intent and Officers will update Council on any changes to performance targets that are needed during the year.
4. Financial impact The operation of the Suter Gallery is a budgeted activity for the Council.
5. Degree of significance and level of engagement This matter is of low significance and no further consultation is proposed.
6. Climate Impact This decision will have no impact on the ability of the Council to proactively respond to the impacts of climate change now or in the future. The SOI addresses Council's expectations around climate response.
7. Inclusion of Māori in the decision making process No engagement with Māori has been undertaken in preparing this report. Iwi are represented on the Trust Board.
8. Delegations The Governance and Finance Committee has the following delegation to consider the content of the Statement of Intent: <i>Areas of Responsibility:</i>

Item 11: Bishop Suter Trust - Adoption of Final Statement of Intent

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



Office of the Mayor

19 December 2019

Bishop Suter Trust
Board of Directors
PO Box 751
Nelson 7010

Attention: Craig Potton

Dear Craig

LETTER OF EXPECTATION

This Letter of Expectation is intended to inform the Bishop Suter Trust Board of the Council's high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2020/21. In clarifying our expectations early, we expect that the passage through to acceptance by Council will be more efficient and effective.

Statement of Intent 2020/21

Nelson City Council expects that all its Council Controlled Organisations (CCOs) will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail an SOI covering more than the statutory minimum requirements. The SOIs must meet the requirements set out in the Local Government Act 2002. Your staff are likely to be familiar with the CCO provisions of this Act. In line with the Local Government Act, Council is particularly interested in efficiency and effectiveness.

Council wishes to support the Trust in delivering a good SOI. We have assigned a senior manager to each CCO to assist. In your case the person assigned is Roger Ball, supported by Mark Preston-Thomas. Roger and Mark are available to your team to assist throughout the process.

The general expectations for all CCOs are as follows:

- 1.1 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.
- 1.2 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.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act.
- 1.4 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.



Nelson City Council Te Kaunihera o Whakatū
P +64 3 546 0242 | E mayor@ncc.govt.nz | nelson.govt.nz
Civic House, 110 Trafalgar Street, PO Box 645 Nelson 7040, New Zealand

A2315613

- 1.5 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.
- 1.6 Capital expenditure and asset management intentions should be included.
- 1.7 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.
- 1.8 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 expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.9 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.
- 1.10 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
- 1.11 Risk management: The SOI should set out clearly how the board is considering and managing risks, including natural hazards and cyberattacks.
- 1.12 Sustainability: The SOI should provide detail on how environmental impacts and outcomes are taken into account in the operation of the CCO.
- 1.13 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.
- 1.13.1 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.
- 1.13.2 However, as a key funder it is still appropriate to set out expectations of Health and Safety management in CCOs.
- 1.13.3 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

A2315613

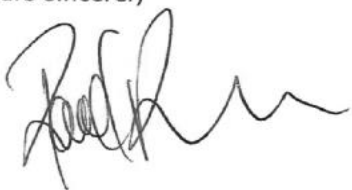
being managed and review Health and Safety systems and performance.

- 1.14 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.
- 1.14.1 Council expects this review to be carried out at least once every eighteen months.
- 1.14.2 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of board members.
- 1.15 The specific expectations in relation to the Bishop Suter Trust are:
- 1.15.1 Governance succession plan.
- 1.15.2 Resilience.
- 1.15.3 Good employer obligations.
- 1.15.4 Climate Change responsiveness, including risk resilience, mitigation and adaption.
- 1.15.5 Continued development of the relationship with Tasman District Council with a view to increasing funding from that source.
- 1.15.6 Improving performance reporting by the inclusion of quantifiable measures and SMART targets.

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

Please note that you will be notified of Council meeting dates for 2020 as soon as these have been confirmed.

Yours sincerely



Rachel Reese, JP
Mayor of Nelson

cc Julie Catchpole, Director, The Suter Art Gallery

A2315613

THE BISHOP SUTER TRUST

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

Te Aratoi o Whakatū

STATEMENT OF INTENT 2020/2025

THE BISHOP SUTER TRUST

Registered Office:

208 Bridge Street, Nelson 7010

P.O. Box 751, Nelson 7040

www.thesuter.org.nz

A2351670

CONTENTS

1.	The Bishop Suter Trust Statement of Intent 2020-2025	
1.1.	Executive Summary: The Suter, a Destination Where Art Matters	3
1.2	Organisational Description	4
2.	Nature and scope of the activities to be undertaken	5
2.1	Trust's Kaupapa, Vision, Purpose & Values	5
2.2	Key priorities	6
2.3	Alignment with NCC and TDC outcomes	10
3.	Objectives, Performance Measures and Targets	12
4.	Operating Framework	14
4.1	Background	14
4.2	Governance, Stakeholders and Staffing	15
5.	Operating Environment	16
6.	Accountability	18
6.1	Information to be provided to the NCC	18
7	Prospective Financial Statements	19
7.1	Introduction	19
7.2	Statement of Significant Assumptions	19
Appendices:		
I.	Financial Budgets	21
	Notes to the 2020-2025 SOI Budgets	25
II.	The Bishop Suter Trust Statement of Accounting Policies	26
i.	Reporting Entity	26
ii.	Basis of preparation	26
iii.	Significant Accounting Policies	27
III.	The Trust's Approach to Governance	32

1. The Bishop Suter Trust (BST) Statement of Intent 2020-2025

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 2020/21 and the following four financial years, ending 30 June 2025.

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' joint community outcomes as outlined in their respective 2018-2028 LTPs.

1.1. Executive Summary: The Suter®, a destination where art matters

The Trust's aspiration is to be a visual arts destination of the highest quality, a 'must do' attraction for domestic and international FIT visitors, potentially the reason that some people choose to visit Nelson, whilst at the same time being valued and a source of pride for our community.

We mean to get the most out of all aspects of The Suter's facilities and programmes of exhibitions, education and activities, and to take The Suter to the 'next level' by growing the Gallery's reputation. Developing synergies between our lessees, Nelson Suter Art Society, Friends and supporters, iwi, and with other organisations in our region will help us to achieve these objectives.

We intend to take a holistic approach to sustainability to not only focus on the environmental impact of our activities and those of our business partners, but also to ensure that The Suter is financially resilient by managing its core activities as efficiently and effectively as possible. We will keep building revenue streams from both existing and future commercial activities to off-set a significant proportion of the day-to-day operations. Any surplus will be channelled into endowment funds- to grow and care for our collection, protect our valued education services and ensure our much-loved building is kept well maintained. We want to continue to offer free entry to the galleries, which encourages repeat visitation as well as retail spending in The Suter Shop and NSAS exhibitions, along with café and theatre patronage, all of which are crucial to balance out tourism seasonality.

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. Programming for the years ahead have been

A2351670

reviewed due to COVID-19 and those featuring international artists shifted to the 2021/22 financial year. In the 2020/21 financial year two of a series of three exhibitions on abstraction will be mounted, intended to profile a strength of our collection, culminating in a publication. We will also develop special exhibitions of top local artists, where we hope to enhance both their profile and this region's reputation as a rich environment for the arts nationally and internationally.

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 art classes, school holiday programmes and to explore more community outreach ventures focussing on Tasman district audiences.

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.

We will continue to prudently build the Collection through acquisitions, funded by patronage and benefaction, and through donations of art works. We want to make our collection as widely known as possible and we are embarking on our goal to have our collection searchable on The Suter's website thanks to a tagged donation.

A major aspiration is to work towards acquiring 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 for whom this will be their primary reason to come to Nelson.

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

A2351670

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).

Also in line with the NCC's goal to reduce annual carbon emissions The Trust must ensure its activities are conducted sustainably, consider environmental impacts and instigate mitigations.

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

Our vision: To be a visual arts destination of the highest quality

Our purpose: To bring art and people together by honouring our cultural and artistic heritage and proactively bringing new perspectives to our audiences through exhibitions, projects, the permanent collection and education that are informative challenging and engaging.

Our 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: celebrating Aotearoa | New Zealand's cultural heritage of Tangata Whenua and other cultures for all ages and abilities
- Innovative: seeking exciting, imaginative and inspirational approaches to exhibitions, education and community activities
- Responsive: and respectful to all
- Excellence: in all we do
- Sustainable: financially, organisationally, culturally and environmentally.

The activities of The Trust are:

- To 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.

A2351670

- To develop and maintain partnerships for the mutual benefit of The Suter, the community and allied organisations.

2.2 Key Priorities:

- 1 To be a visual arts destination of the highest quality
- 2 To inform and engage the public through the visual arts
- 3 To provide innovative educational opportunities
- 4 To collect and preserve, record, communicate and display our artistic heritage
- 5 To develop partnerships that grow The Suter.

2.2.1. To operate a visual arts destination of the highest quality

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 of the organisation: 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

A2351670

- 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
- Taking every possible measure, including security, fire detection and protection systems, management of the interior environment, storage and handling protocols, pest management etc. to safeguard the collection and items on loan to The Suter
- 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; to let people know 'what's on; to encourage revenue generation, benefaction and support. 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, domestic and international visitors once the borders re-open.

Communication with supporters will increasingly be through e-newsletters and social media, in addition to activities /events to encourage visits, 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.

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 however 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

A2351670

Pastorius Waller International Sculpture Walk.¹ In 2020/21, as part of our exhibition programme, it is intended to mount an exhibition by an international artist; begin presenting a series of exhibitions on abstraction, leading to a publication; profile in solo survey exhibitions works by Nelson/Tasman region artists supported with catalogues, in addition to other touring and thematic shows either bought in or curated in-house.

Work will also go into exhibitions programmed for future years including the next biennial Suter Contemporary Art Project and exhibitions aligned to regional events including Light Nelson 2021, the Adam Music Festival 2021 & 2022, and toi Māori exhibitions timed to complement upcoming significant national kapa haka events being hosted in Whakatu.

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

2.2.3. To provide innovative educational opportunities

- 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 “Approved Setting” status with the Teaching Council New Zealand and 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 31st December 2021. This assists resourcing a .5 Educator position². It is a challenge to secure ongoing resourcing for LEOTC and the BST have established an Education Endowment Fund, which we will continue to seek additional support for.

The Suter delivers after-school programmes through The Suter Kids Club (SKC) 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. We will also look to develop holiday programmes as resourcing and demand allow.

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

¹ 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.

² Contract funding level has been at the same level since 2011

The volunteers are an important part of The Suter's visitor experience, making them welcome and introducing 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.

2.2.4 To collect and preserve, record, communicate and display 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. **Projects during 2020/21 include a major review of the BST's Collection Policy and implementing the plan to make The Suter's collection directly accessible and searchable on The Suter's website.**

The changing exhibitions and ancillary spaces in The Suter mean that there are always some collection works on display and the collection is 'rotated' and this is supplemented by curated data (slide) shows which screen in the Foyer, and on interactive interpretative devices.

We will publish³ our research, arising from both exhibition development and particularly in relation to our collection.

2.2.5 To develop partnerships that grow The Suter

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

³ On line; as journal articles or as catalogues and other printed materials

the ongoing operational and collection acquisitions' funding⁴ 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 intend to review The Friends to increase memberships, activities and benefits that can be extended to 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:

NCC and TDC joint community outcomes	The Suter Gallery's contribution to the delivery of joint community outcomes
Our unique natural environment is healthy and protected	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.
Our urban and rural environments are people friendly, well planned and sustainably managed	The Suter is a quality facility built with sustainability and accessibility in mind
Our infrastructure is efficient, cost effective and meets current and future needs	The Suter was purpose built, however needs and performance are regularly reviewed, for efficiency and cost effectiveness.
Our communities are healthy, safe inclusive and resilient	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

⁴ All collection purchases are funded through fundraising, bequests and other forms of benefaction

Our communities have opportunities to celebrate and explore their heritage, identity and creativity	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.
Our communities have access to a range of social, educational and recreational facilities and activities	By providing opportunities for social engagement, quality recreational, educational and leisure opportunities for all ages, backgrounds and ability levels.
Our Council provides leadership and fosters partnerships, a regional perspective and community engagement	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.
Our region is supported by an innovative and sustainable economy	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 staff and representatives to discuss outcomes, look at future opportunities, partnership activities 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.

3.1 GOVERNANCE: Operate a visual arts destination of the highest quality:

- 3.1.1. Provide an arts centre and visitor attraction: **That is open 362 days of the year with a minimum of 100,000⁵ visits per annum to The Suter. Report six monthly with visitor statistics.**
- 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 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.**
- 3.1.4. Undertake an energy and carbon emissions audit, develop a management plan: **Audit undertaken, and plan developed by 30.06.21; monitor and report on energy use six monthly and impact of mitigations**
- 3.1.5. **Be a good employer, fostering a culture of staff excellence and well-being 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.**

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

- 3.2.1. Provide a programme of regularly changing internally produced and externally sourced exhibitions: **10-15 exhibitions mounted per annum; 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.**

3.3 LIFE LONG LEARNING: Provide innovative educational opportunities

- 3.3.1. Provide learning experiences for regional school students that support their NZ curriculum studies based on The Suter's programmes and resources;

⁵ Modified forecast for 2020/21 assuming border restrictions, fewer tourists and a reduction in Suter Theatre patronage

Target is 3,100 students from 25 schools as per the Ministry of Education (MoE) LEOTC Contract Milestones⁶ & 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.

- 3.3.2 Provide public programmes which enhance appreciation and enjoyment of the visual arts; A minimum of 20 talks/ events/ activities are held per annum. Report 6 monthly on progress.
- 3.3.3 Provide out-of-school and other art educational activities; Minimum 80 SKC and other community learning sessions are delivered per annum.
- 3.3.4 Provide and manage The Suter Volunteers' programme: That provides av. >80 hours of contribution per month/ per annum Report 6 monthly on progress.

3.4 COLLECTION: Collect and preserve, record, communicate and display our artistic heritage.

- 3.4.1 Develop The Suter's Collection in accordance with The Suter's Collection Policy; In 20/21 the collection policy is reviewed and approved. All acquisitions and de-accessions approved by the Trust comply with the Collection Policy and related procedures and are reported 6-monthly.
- 3.4.2 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.
- 3.4.3 Enhance knowledge and reputation of the Collection: Collection records are significantly upgraded to increase accessibility and usability, as a part of a project to make the collection searchable on www.thesuter.org.nz; Collection records upgraded; 2020/21 all copyright cleared collection items are uploaded to www.thesuter.org.nz; Loans, reproductions and other collection requests are met in a timely fashion; Publishing occurs; Progress reported six monthly.

3.5 COLLABORATIONS & PARTNERSHIPS: Partnerships that grow The Suter

- 3.5.1 Strengthen The Suter's partnership with Iwi and Māori; Honour the kaupapa of the Memorandum of Understanding [MoU] with Ko Te Pouāranga [KTP]; KTP input to programmes, collection and policy development; and co-develop toi Māori exhibitions. Report 6 monthly.
- 3.5.2 Develop a collaborative Partnership Plan that actively engages both commercial partners and philanthropic sponsors to provide additional funding and/or supply

⁶ 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

goods and/or services to achieve project and programme goals. **Report 6 monthly on progress against our plan.**

- 3.5.3 The Friends of The Suter (FOTS) and Legacy Group are enhanced; **2020/21 FOTS review carried out; FOTS membership increases, activities and progress on patronage scheme. Report 6-monthly.**
- 3.5.4 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, and other related initiatives; report on contribution nationally in areas of expertise.**

4. Operating Framework

4.1. Background

The Suter has a long and rich history dating back to 1895 when Amelia Suter, widow of Nelson's second 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) the new Bishop Suter Trust was established, and The Suter became a CCO of the Nelson City Council.

In May 1899 the Frederick de Jersey Clere designed Bishop Suter Memorial Art Gallery opened⁷ adjoined to the former Matthew Campbell School building. It was gradually added to including 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 Art Gallery 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

⁷ This building is now generally referred to as the Original Gallery, registered as a category II historic place since 2008.

contemporary art works and ceramics by New Zealand artists, plus some international works.

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. The relationship is defined in deeds between the BST and NSAS

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 a range of events and activities 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 biennial 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, Māori representation on the Board of The Suter as outlined in the Trust Deed. KTP hui tend to be held in conjunction with Te Tai Ao Komiti (Tasman Bays Heritage Trust), at least 4 times per annum.

Staffing: (as at 1 March 2020) The Suter's staffing complement approximates to 7.5 F.T.E's across 7 day weeks; comprising 3 full- time staff and 8 part time. This increases with casuals and contractors to cover venue hire, graphic design, exhibition installation and maintenance.

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.

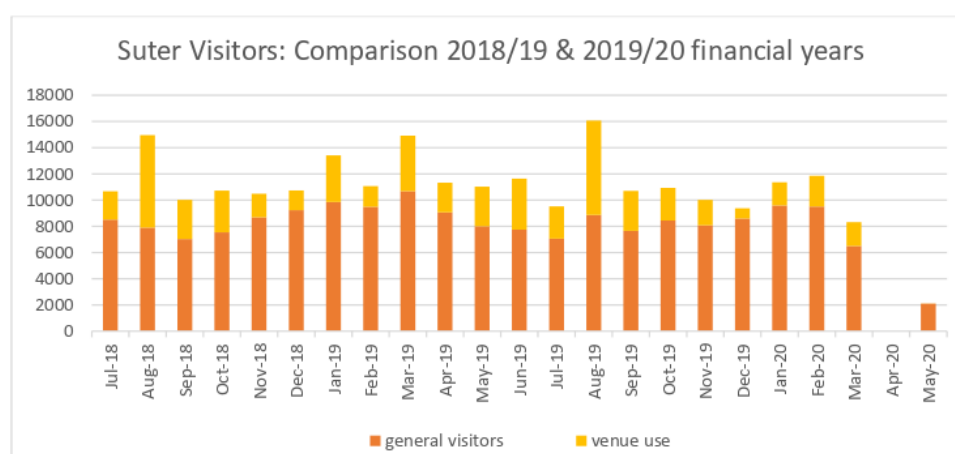
A2351670

5. Operating Environment

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

Visitor trends:

In the 2018/19 financial year our target was 130,000 visitors using some part of The Suter's facilities⁸ and we achieved 140,975 visitors. This and the previous financial year's success motivated the Trust to increase its visitor growth targets in its 5-year plan, with a target of 140,000 for the 2019/20 financial year. At the 6 month point however, visitor numbers were trending below target, and the Trust agreed that a target of 130,000 visitors might be a realistic expectation going forwards. As it turned out COVID-19 has significantly impacted tourism and the economy. Going forwards with international travel restrictions, modified regional events' programmes and for example, no International Film Festival screening in our Theatre in August 2020, a visitor target of 100,000 for 2020/21 might be a feasible target for us to aspire to.



Normally in the peak tourism season (late November-April) travellers to the Nelson region make up approximately 60% of The Suter's visitors. We are increasing the profile of The Suter through tourism media, at I-Sites, having a multi-platform website www.thesuter.org.nz, as well as increasing the use of social media. We also need to make sure that we attract our community and apart from our exhibitions, public programmes and educational activities, normally events such as the NZ

⁸ Visitors to all or any part of The Suter's facilities, recorded with the exception of visitors to the Café who enter and leave via the Queens Gardens.

International Film Festival⁹ have been important for ensuring a consistent flow of visitors year round.

Collecting:

The Suter intends to continue developing its collection, by raising funds, investing funds including tagged bequests 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 ownership¹⁰. A collection of national significance with iconic pieces is both a drawcard and a source of local pride.

It is desirable for The Suter to actively collect (i.e. make strategic 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 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. It is also the Trust's motivation for making the Collection available to search on-line, a project now made possible through a generous tagged donation.

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 learning activities, sales (retail and commissions), grants and sponsorships. Additional income is derived from memberships, donations, events/activities and specific fundraising ventures. We expect however, that the philanthropic 'space' will be challenging as we head into recession.

In 2020/21 we also anticipate a drop-in venue hire of our Theatre, Jane Evans Foyer, Mina Arndt Education Room and Library/Board Room compared to previous years due to fewer live performances, conferences, lectures and films. 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, quality items which appeal to locals and tourists alike, and which relate to exhibitions and other public programmes; all of which contribute to revenue.

⁹ The NZIFF will be replaced with the Italian Film Festival in 2020. The NZIFF attendance accounts for the August spike in visitor numbers; March is normally heavily weighted to tourists-domestic and international; plus, on-site LEOTC class visits.

¹⁰ No NCC or TDC operational grant money is used to purchase art works

Sustainability:

The Suter will undertake an audit to identify possible energy and carbon emissions saving opportunities and instigate an energy and carbon management plan which we intend to have in place by 2020/21 financial year end. Currently The Suter team operate various "best practice" procedures for recycling, minimising waste and supporting environmentally friendly products and manufacturing methods throughout the operation and whilst these have varying degrees of success we have recently embarked on a more formal and structured approach to sustainability.

In 2019 the BST undertook a significant piece of work, to examine the potential of reducing our electricity consumption, and sizable portion of our carbon footprint, by installing solar energy panels on The Suter's roof. Regrettably, the conclusion reached was that it was not economically viable for us to proceed at this point.

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.

A2351670

- 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 2020 to 30 June 2025. 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 and eliminate these over time. The extent to which we can achieve that in these post Covid times will determine the degree to which we need to gain grants or fundraise for future projects.

7.2.1. Fiscal support from local authorities: The Suter is an 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

A2351670

7.2.6. Inflation: 1.9 % CPI adjustment was applied from the 2019/2020 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 \$9,593,656¹¹.

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.

¹¹ 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 2019 to 2025

	Actual 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	Plan YE 30 Jun 2025
Cpi	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
	\$	\$	\$	\$	\$	\$	\$

Statement of Comprehensive Income							
Income							
General Funds							
Non-exchange Revenue							
Donations & Sponsorships	9,493	32,600	22,250	33,850	34,495	35,150	35,825
Donations and sponsorship - Exhibitions	75,000	70,000	70,000	100,000	100,000	100,000	100,000
Grants							
NCC - Operating	654,040	668,194	678,746	691,542	704,783	718,174	731,820
NCC - Depreciation	231,625	229,423	230,133	230,661	231,309	231,705	232,065
NCC - Capital, maintenance	20,000	20,380	20,767	21,152	21,564	21,974	22,391
TDC	87,813	87,813	87,813	87,813	87,813	87,813	87,813
Total non-exchange Revenue	1,077,971	1,108,410	1,109,709	1,165,128	1,179,964	1,194,816	1,209,914
Exchange Revenue							
Investments	7,187	5,000	1,000	1,000	1,500	2,000	2,500
Exhibitions	21,925	5,095	5,000	5,095	5,192	5,291	5,392
Education	72,136	70,600	75,000	71,330	72,685	74,066	75,473
Education Sponsorship	0	10,000	1,000	5,000	7,500	10,000	10,000
Retail and Membership (FoTs)	175,107	142,660	150,000	170,000	185,000	188,515	192,097
Rent and outgoings recovery	147,058	121,261	119,000	149,000	151,831	154,716	157,656
Other Income	6,115	1,000	250	1,000	1,000	1,000	1,000
Total Exchange Revenue	429,528	355,616	351,250	402,425	424,708	435,588	444,118
Total Income General Funds	1,507,499	1,464,026	1,470,959	1,567,553	1,604,672	1,630,404	1,654,032
Special Purpose Funds - Exchange Revenue							
Education Endowment Fund							
Interest earned			100	150	250	400	600
Maintenance and Depreciation Funds							
Interest earned		22,500	4,500	5,000	6,000	7,000	8,500
Unrealised Market Adjustments							
Cuthbertson Fund							
Interest and dividends earned	14,798	11,800	5,500	5,500	8,000	9,500	11,800
Cuthbertson Fund unrealised market adjustment	21,587						
Burton Fund							
Interest earned	1,792	4,600	1,500	2,250	2,750	3,000	3,000
Acquisitions Fund							
Donations received	39,250	150,000	40,000	50,000	60,000	75,000	100,000
Interest earned	770	1,500	400	250	300	400	550
Total Special Purpose Funds Income	78,197	190,400	52,000	63,150	77,300	95,300	124,450
Other Non-exchange Revenue							
Donated Collection Items at Valuation	61,620	10,000	10,000	10,000	10,000	10,000	10,000
Total Other Income	61,620	10,000	10,000	10,000	10,000	10,000	10,000
Total Revenue	1,647,316	1,664,426	1,532,959	1,640,703	1,691,972	1,735,704	1,788,482

A2351670

Appendix I: Financial Budgets continued

The Bishop Suter Trust
Business Plan 2019 to 2025

	Actual 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	Plan YE 30 Jun 2025
Cpi	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
	\$	\$	\$	\$	\$	\$	\$

Expenses							
General Funds							
Personnel Costs	459,461	604,055	595,532	606,847	618,377	630,125	642,098
Audit	11,382	15,731	15,000	16,304	16,514	16,930	17,252
Administration	115,716	120,166	110,449	112,548	114,586	116,555	119,085
Governance	54,269	52,282	55,805	57,884	58,984	60,105	61,247
Exhibitions	82,908	159,184	123,570	125,918	128,310	130,743	133,232
Life Long Learning	4,670	4,107	6,400	6,522	6,546	6,772	6,901
Visitor Services	80,134	73,047	84,900	90,206	98,156	100,031	101,931
Collection	5,790	10,457	8,656	8,820	8,988	9,159	9,333
Facilities	147,960	154,689	162,905	166,000	169,154	172,358	175,643
Deferred maintenance and redevelopment planning	15,944						
Operating Costs	979,224	1,209,718	1,165,217	1,191,049	1,219,925	1,243,104	1,266,722
EBITDA (before redevelopment costs)	668,092	454,708	367,742	449,654	472,048	492,600	521,759
Depreciation and Loss on sale							
Depreciation Landscaping	22,926	22,926	22,926	22,926	22,926	22,926	22,926
Depreciation Buildings	377,679	377,679	377,679	377,679	377,679	377,679	377,679
Depreciations Plant and Equipment	55,437	59,241	59,661	61,197	62,493	63,285	64,005
Depreciation and Loss on sale	456,042	458,846	460,266	461,802	463,098	463,890	464,610
Total Expenses before Redevelopment	1,435,266	1,669,564	1,625,483	1,652,851	1,683,023	1,706,994	1,731,332
Redevelopment Fund Costs	29,025						
Total Expenses	1,464,291	1,669,564	1,625,483	1,652,851	1,683,023	1,706,994	1,731,332
Earnings after Depreciation and Redevelopment	183,025	(4,138)	(92,524)	(12,148)	8,950	28,710	57,149
Net Surplus							
General Funds	52,233	(224,918)	(175,291)	(106,460)	(95,914)	(98,553)	(99,692)
Maintenance Fund		42,880	25,267	26,162	27,564	28,974	30,891
Redevelopment Fund	(9,025)						
Education Fund			100	150	250	400	600
Cuthbertson Fund	36,385	11,800	5,000	5,600	8,500	9,950	11,600
Burton Fund	1,792	4,600	2,001	2,149	2,250	2,550	3,201
Acquisitions Fund	101,640	161,500	50,400	60,250	70,300	85,400	110,550
Other Funds							
	183,025	(4,138)	(92,523)	(12,149)	8,950	28,710	57,150
Statements of Changes in Equity							
General Purpose Funds							
Opening Equity	13,441,692	13,493,925	12,769,007	12,593,716	12,487,256	12,387,342	12,288,779
Nelson City Council Equity subscription		(500,000)					
Transfer to Maintenance Fund							
Surplus/(deficit) for the period	52,233	(224,918)	(175,291)	(106,460)	(95,914)	(98,553)	(99,692)
Closing Equity	13,493,925	12,769,007	12,593,716	12,487,256	12,387,342	12,288,779	12,189,087

A2351670

Appendix I: Financial Budgets continued

The Bishop Suter Trust
Business Plan 2019 to 2025

	Actual 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%	Plan YE 30 Jun 2025 1.90%
Cpi	\$	\$	\$	\$	\$	\$	\$
Redevelopment Fund							
Opening Equity	4,833,267	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242
Nelson City Council	29,000						
Transfer to Maintenance Fund		0					
Surplus/(deficit) for the period	(29,025)	0	0	0	0	0	0
Closing Equity	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242
Maintenance Fund							
Opening Equity			542,800	560,147	594,309	621,973	650,616
Transferred from Redevelopment and GPF		500,000					
Surplus/(deficit) for the period		42,880	25,267	26,162	27,564	28,974	30,691
Closing Equity		542,880	568,147	584,309	621,873	650,946	681,308
Cuthbertson Fund							
Opening Equity	523,195	559,560	571,300	576,380	581,980	590,490	600,430
Surplus/(deficit) for the period	36,385	11,800	5,000	5,600	6,500	9,950	11,600
Closing Equity	559,580	571,360	576,380	581,980	590,480	600,430	612,030
Burton Fund							
Opening Equity	159,763	161,565	166,156	168,156	170,305	172,555	175,105
Surplus/(deficit) for the period	1,792	4,600	2,001	2,149	2,250	2,550	3,201
Closing Equity	161,555	166,165	168,156	170,305	172,555	175,105	178,306
Acquisitions Fund							
Opening Equity	1,671,313	1,772,963	1,934,463	1,984,863	2,046,103	2,116,403	2,200,803
Surplus/(deficit) for the period	101,640	151,500	50,400	60,250	70,300	85,400	110,550
Transfers							
Closing Equity	1,772,953	1,934,463	1,984,863	2,046,103	2,116,403	2,200,803	2,311,353
Other Funds							
Opening Equity	48,341	48,341	48,341	48,341	48,341	48,341	48,341
Surplus/(deficit) for the period							
Transfers							
Closing Equity	48,341	48,341	48,341	48,341	48,341	48,341	48,341
Total Changes in Equity							
Opening Equity	14,677,568	14,850,593	14,855,455	14,763,832	14,751,533	14,760,233	14,788,543
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
Surplus/(deficit) for the period	183,025	(4,138)	(82,623)	(12,295)	8,700	28,310	56,550
Closing Equity	20,650,593	20,656,455	20,763,832	20,751,533	20,766,233	20,788,543	20,845,093
Assets							
Current Assets							
Cash and Cash equivalents	380,707	375,162	414,592	521,448	638,521	760,369	882,677
Cash on hand	646	646	646	646	646	646	646
NCC Depreciation Fund	630,335	859,758	1,089,891	1,320,552	1,551,861	1,783,556	2,015,631
Bank term deposit	100,000	101,600	101,900	102,160	102,460	102,850	103,400
Receivables	11,367	11,367	11,367	11,367	11,367	11,367	11,357
Accrued Interest Burton Fund	181	181	181	181	181	181	181
Other Current Assets	41,413	41,413	41,413	41,413	41,413	41,413	41,413
GST receivable	7,784	7,784	7,784	7,784	7,784	7,784	7,784
Total Current Assets	1,172,323	1,390,691	1,667,964	2,006,431	2,354,114	2,708,958	3,062,591
Specific Purpose Investments							
Cuthbertson Investments	463,702	475,502	481,002	486,502	494,502	504,002	515,802
Burton Fund Investments	100,000	104,600	105,100	106,350	111,100	114,100	117,100
Maintenance and Depreciation Funds	512,850	555,730	580,997	607,150	634,723	663,616	694,588
Total Specific Purpose Investments	1,076,552	1,135,832	1,166,099	1,200,011	1,240,325	1,281,798	1,327,490
Non Current Assets							
Collection							
Opening Balance	7,803,284	7,867,842	8,027,842	8,077,842	8,137,842	8,207,842	8,290,842
Additions from accumulated reserves							
Donated	54,558	10,000	10,000	10,000	10,000	10,000	10,000
Ex Acquisitions		150,000	40,000	50,000	60,000	75,000	100,000
Total Collection Assets	7,857,842	8,027,842	8,077,842	8,137,842	8,207,842	8,292,842	8,402,842
Property Plant and Equipment							
Land	442,000	442,000	442,000	442,000	442,001	442,002	442,002
Landscaping	459,249	459,249	459,249	459,249	459,249	459,249	459,249
Depreciation Landscaping	(62,283)	(85,269)	(108,135)	(131,061)	(153,987)	(176,913)	(199,839)
Work in Progress	751	751	751	751	751	751	751
Buildings and fitout	10,758,422	10,829,847	10,829,847	10,829,847	10,829,847	10,829,847	10,829,847
Additions / Redevelopment	31,425	0	0	0	0	0	0
Depreciation Buildings	(1,216,969)	(1,694,660)	(1,972,267)	(2,349,946)	(2,727,625)	(3,105,304)	(3,482,593)
Plant & Equipment	588,323	595,505	605,889	624,639	643,839	660,039	673,239
Additions	8,182	10,384	17,750	19,200	16,200	13,200	12,000
Depreciation Plant and Equipment	(189,168)	(254,467)	(314,068)	(375,282)	(437,758)	(501,043)	(566,618)
Property Plant and Equipment	10,652,994	10,404,532	9,962,016	9,519,414	9,072,517	8,621,028	8,169,210
	18,720,836	18,432,374	18,039,858	17,657,256	17,280,359	16,914,670	16,572,050
Total Assets	20,969,711	20,968,897	20,875,622	20,864,699	20,874,799	20,904,537	20,962,540

A2351670

Appendix I: Financial Budgets continued

The Bishop Suter Trust
Business Plan 2019 to 2025

	Actual 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%	Plan YE 30 Jun 2025 1.90%
Cpi	\$	\$	\$	\$	\$	\$	\$
Liabilities							
Current Liabilities							
GST Payable	0	0	0	0	0	0	0
Payables from exchange transactions	69,558	70,992	72,330	73,704	75,105	76,532	77,966
Employee Entitlements	34,096	34,096	34,096	34,096	34,096	34,096	34,096
Redevelopment accruals and retentions	0	0	0	0	0	0	0
Other Liability	0	0	0	0	0	0	0
Income In Advance	5,361	5,361	5,361	5,361	5,361	5,361	5,361
Total Current Liabilities	109,115	110,439	111,788	113,163	114,566	115,993	117,447
Long Term Liabilities							
NSAS Loan	0	0	0	0	0	0	0
Total Long Term Liabilities	0	0	0	0	0	0	0
Total Liabilities	109,115	110,439	111,788	113,163	114,566	115,993	117,447
Net Assets	20,860,596	20,866,458	20,763,834	20,751,535	20,760,234	20,788,544	20,845,094
The Bishop Suter Trust Equity							
Capital & Reserves							
General Purpose Funds	7,493,925	6,769,007	6,593,715	6,487,255	6,367,339	6,288,775	6,189,063
Nelson City Council	6,000,000	6,000,000	6,000,000	6,000,000	6,000,001	6,000,002	6,000,002
Redevelopment Fund	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242	4,824,242
Maintenance Fund	0	542,880	568,147	594,309	621,873	650,845	681,738
Cuthbertson Fund	559,580	571,380	575,380	581,980	590,480	600,430	612,030
Burton Fund	161,555	166,155	169,155	170,305	172,555	175,105	178,305
Other Funds	48,341	48,341	48,341	48,341	48,341	48,341	48,341
Acquisitions Fund	1,772,953	1,934,453	1,984,853	2,045,103	2,115,403	2,200,803	2,311,353
Total Trust Equity	20,860,596	20,866,458	20,763,834	20,751,535	20,760,234	20,788,544	20,845,094
The Bishop Suter Trust							
Statement Of Cash Flows							
CashFlows from operating Activities							
Sales of Good and Services	437,105	305,316	321,750	360,751	379,365	386,555	393,882
Grants and Donations	885,962	1,293,330	1,177,442	1,244,631	1,272,243	1,304,876	1,345,259
Interest and Dividends	24,173	22,900	8,400	9,000	12,550	14,900	17,850
Payments to Suppliers	(553,152)	(504,339)	(568,336)	(582,828)	(600,147)	(611,551)	(623,170)
Payment to Employees	(461,990)	(504,655)	(555,532)	(506,547)	(618,377)	(630,126)	(642,058)
Net GST	(17,623)						
Net Cash flows from Operating Activities	314,475	413,152	343,724	424,717	445,633	464,654	491,722
Cash Flows from Investing Activities							
Proceeds from sale of Financial Assets	196,520						
Purchase of Property Plant and Equipment	(36,228)	(10,394)	(17,750)	(19,200)	(15,201)	(13,291)	(12,000)
Purchase of Collection Assets	(2,938)	(160,000)	(50,000)	(60,000)	(70,000)	(85,000)	(110,000)
Purchase of Investments	(627,742)	(247,323)	(237,533)	(238,551)	(242,359)	(244,505)	(247,415)
Net Cash flow from Investing Activities	(468,288)	(417,717)	(365,283)	(317,951)	(323,560)	(342,806)	(359,415)
Cash flows from Financing Activities							
Repayment of Borrowings	(103,003)						
Net cash flow from Financing Activities	(103,003)	0	0	0	0	0	0
Net Increase(Decrease) in Cash and Cash equivalents	(256,816)	(4,555)	38,441	106,766	117,073	121,848	122,307
Cash and cash equivalents at beginning of Period	638,069	381,253	376,698	415,138	521,994	639,067	760,915
Cash and cash equivalents at end of Period	381,253	376,698	415,138	521,994	639,067	760,915	883,223

A2351670

Notes to the 2020-2025 SOI Budgets (Appendix 1):

- 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 [Legacy Group] and Fields Pond – Specific funds sought and held in trust to purchase collection items, put the collection on-line, provide educative interpretation and a library.
 - Education Endowment Fund- Donated funds invested and tagged for educational purposes. These funds are currently deposited with others to take advantage of higher interest rates.
 - Asset Maintenance Fund: Redevelopment 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 and transfer of the balance of funds remaining after completion of the Redevelopment Project. The Asset Management and Maintenance 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.
- Total Exchange Revenue is budgeted to increase in the 2020-2021 year by 1.5% from \$355,616 in the 19/20 financial year to \$361,250. This is derived from a slight increase in our overall commercial activity even taking into account expected revenue reductions due to the economic climate post COVID-19 and difficult environment for philanthropic endeavours.
- Our Operating costs contain items, namely Property and Personnel, which have limited flexibility however we have budgeted 3.7% lower than the 19/20 financial year to help mitigate the effects of the post COVID-19 environment. Personnel costs are CPI adjusted. Some facilities costs have increased beyond CPI and this is also reflected in the budget.
- Investment interest income has been reduced reflecting current & forecasted market rates.
- The BST post Covid-19 have reluctantly made the decision to run a deficit budget reflecting the anticipated significant tourism downturn and impending recession.

A2351670

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.

A2351670

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 recognised on receipt.

Volunteer services received are not recognised 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 recognised 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

A2351670

The Trust has no finance leases.

- Operating leases

The Trust has 3 (tenancy) 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. The Trust also has an operating lease for its photocopier.

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

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

A2351670

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 recognised in the statement of financial performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the 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 capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

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

Staff training costs are recognised 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 amortisation charge for each period is recognised 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.

The value of the Collection assets is reviewed and reassessed from time to time.

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.

A2351670

Budget figures

The budget figures are those approved by the Trustees at the beginning of the year in the Statement of Intent. This budget has also been reassessed post Covid to reflect the expected global downturn and reduced tourism numbers over the next year. 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 recognising 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).

A2351670

- 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 awareness¹².
- 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.
- 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.

¹² 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.

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, Commercial Manager 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. Initiatives arising from this include:
 - the need to focus on a Board succession programme
 - review of Board subcommittees and terms of reference