



AGENDA

Ordinary meeting of the

Joint Shareholders Committee

Tuesday 17 April 2018
Commencing at 1.30pm
Council Chamber
Civic House
110 Trafalgar Street, Nelson

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

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

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

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

1. Apologies
Nil
2. Confirmation of Order of Business
3. Interests
 - 3.1 Updates to the Interests Register
 - 3.2 Identify any conflicts of interest in the agenda
4. Public Forum
5. Confirmation of Minutes
 - 5.1 14 November 2017 8 - 12
Document number M3117
Recommendation

That the Joint Shareholders Committee

Confirms the minutes of the meeting of the Joint Shareholders Committee, held on 14 November 2017, as a true and correct record.
6. Port Nelson Limited half yearly report to 31 December 2017 13 - 18
Document number R8909
Recommendation

That the Joint Shareholders Committee

Receives the report Port Nelson Limited half yearly report to 31 December 2017 (R8909) and its attachment (A1919039).

7. Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017 and draft Statement of Intent 2018/19

19 - 73

Document number R9101

Recommendation

That the Joint Shareholders Committee

Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017 and draft Statement of Intent 2018/19 (R9101) and its attachments (A1940853, A1940851, A1940852 and A1871384); and

Notes the delivery of the Tasman Bays Heritage Trust Draft Statement of Intent 2017/18 (A1724801) as required under the Local Government Act 2002; and

Provides the following feedback to the Tasman Bays Heritage Trust Board on its draft Statement of Intent:

- That Nelson City Council and Tasman District Council request that repayment of outstanding loans remains at \$100,000 per annum per Council; and*
- An update on options to house and care for the Nelson Tasman regional heritage Collection be provided via the Joint Shareholders Working Group at the next meeting of the Joint Shareholders Committee; and*
- Strategic Objective Five in the Statement of **Intent is altered to read 'To provide Appropriate Care for the Regional Collection and to prepare it for relocation to a fit-for-purpose storage facility'.***

8. Nelson Airport Limited half-yearly report to 31 December 2017

74 - 97

Document number R9143

Recommendation

That the Joint Shareholders Committee

Receives the report Nelson Airport Limited half-yearly report to 31 December 2017 (R9143) and its attachments (A1929980 and A1929981).

9. Policy Review: Joint remuneration for directors of CCTOs

98 - 103

Document number R9076

Recommendation

That the Joint Shareholders Committee

Receives the report Policy Review: Joint remuneration for directors of CCTOs (R9076) and its attachment (A1929440); and

Approves the reviewed and amended Nelson City and Tasman District Council Policy for Jointly setting remuneration for Directors of Council Controlled Trading Organisations (A1929440).

10. Exclusion of the Public

Recommendation

That the Joint Shareholders Committee

Confirms in accordance with section 48(5) of the Local Government Official Information and Meetings Act 1987, Paul Steere and Robert Evans remain after the public has been excluded, for Item 1 of the Public Excluded agenda (Nelson Airport Limited – Draft Statements of Intent 2018 - 2019), as they have knowledge that will assist the Council; and

Notes in accordance with section 48(6) of the Local Government Official Information and Meetings Act 1987, the knowledge that Paul Steere and Robert Evans possess relates to the Nelson Airport Limited – Draft Statements of Intent 2018 – 2019.

Recommendation

That the Joint Shareholders Committee

Excludes the public from the following parts of the proceedings of this meeting.

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

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	Joint Shareholders Committee Meeting - Public Excluded Minutes - 14 November 2017	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)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information
2	Nelson Airport Limited - Draft Statement of Intent 2018-2019	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	Port Nelson Limited director reappointments	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

11. Re-admittance of the public

Recommendation

That the Joint Shareholders Committee

Re-admits the public to the meeting.



Minutes of a meeting of the Joint Shareholders Committee

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

On Tuesday 14 November 2017, commencing at 1.30pm

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

In Attendance: Nelson City Councillors B McGurk, M Rutledge and S Walker, Nelson City Council City Group Manager Community Services (C Ward), Group Manager Corporate Services (N Harrison), Tasman District Council Corporate Services Manager (M Drummond) and Governance Adviser (P White)

Apology: Tasman District Councillor T King

1. Apologies

Resolved JSC/2017/023

That the Joint Shareholders Committee

Receives and accepts an apology from Councillor King.

Her Worship the Mayor/His Worship the Mayor of Tasman

Carried

2. Confirmation of Order of Business

Her Worship the Mayor, R Reese, confirmed that she would be asking the Committee to resolve to allow the Chairperson of Tasman Bays Heritage Trust, Ms Olivia Hall to remain during the public excluded session.

There were no further changes to the order of business.

3. Interests

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

4. Public Forum

There was no public forum.

5. Confirmation of Minutes

5.1 22 August 2017

Document number M2837, agenda pages 6 - 11 refer.

Resolved JSC/2017/024

That the Joint Shareholders Committee

Confirms the minutes of the meeting of the Joint Shareholders Committee, held on 22 August 2017, as a true and correct record.

His Worship the Mayor of Tasman/Courtney

Carried

6. Port Nelson Limited Final Statement of Corporate Intent 2017/20

Document number R6985, agenda pages 12 - 42 refer.

Group Manager Corporate Services, Nikki Harrison spoke to the report.

The members noted that it was unrealistic to request changes to the Statement of Corporate Intent (SOCI) at this stage, however they asked Ms Harrison **to ensure that there was further detail about the Port's risk management and recovery processes in the next SOCI**, particularly noting emergency management recovery roles and biosecurity as a risk to the Port.

Resolved JSC/2017/025

That the Joint Shareholders Committee

Receives the report Port Nelson Limited Final Statement of Corporate Intent 2017/20 (R6985); and

Notes the delivery of the Port Nelson Ltd Statement of Corporate Intent 2017/20 (A1845342) as required under the Port Companies Act 1988; and

Confirms that the Port Nelson Ltd Statement of Corporate Intent 2017/20 meets shareholder expectations.

His Worship the Mayor of Tasman/Courtney

Carried

7. Exclusion of the Public

Olivia Hall, of Tasman Bays Heritage Trust, was in attendance for Item 2 of the Public Excluded agenda to answer questions and, accordingly, the following resolution was required to be passed:

Resolved JSC/2017/026

That the Joint Shareholder Committee

Confirms, in accordance with section 48(5) of the Local Government Official Information and Meetings Act 1987, that the following people remain after the public has been excluded as they have knowledge that will assist the Committee:

- *Olivia Hall for item 2 on the Public Excluded Agenda (Establishment of a Nelson Provincial Museum Working Group); and*

Notes, in accordance with section 48(6) of the Local Government Official Information and Meetings Act 1987, that the knowledge that they possess relates to the Tasman Bays Heritage Trust.

Ogilvie/Matheson

Carried

Resolved JSC/2017/027

That the Joint Shareholders Committee

Excludes the public from the following parts of the proceedings of this meeting.

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

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	Joint Shareholders Committee Meeting - Public Excluded Minutes - 22 August 2017	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 • 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	Establishment of a Nelson Provincial Museum Working Group	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)(b)(ii) To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information

Ogilvie/Matheson

Carried

The meeting went into public excluded session at 1.45pm and resumed in public session at 2.30pm.

8. Re-admittance of the Public

Resolved JSC/2017/028

That the Joint Shareholders Committee

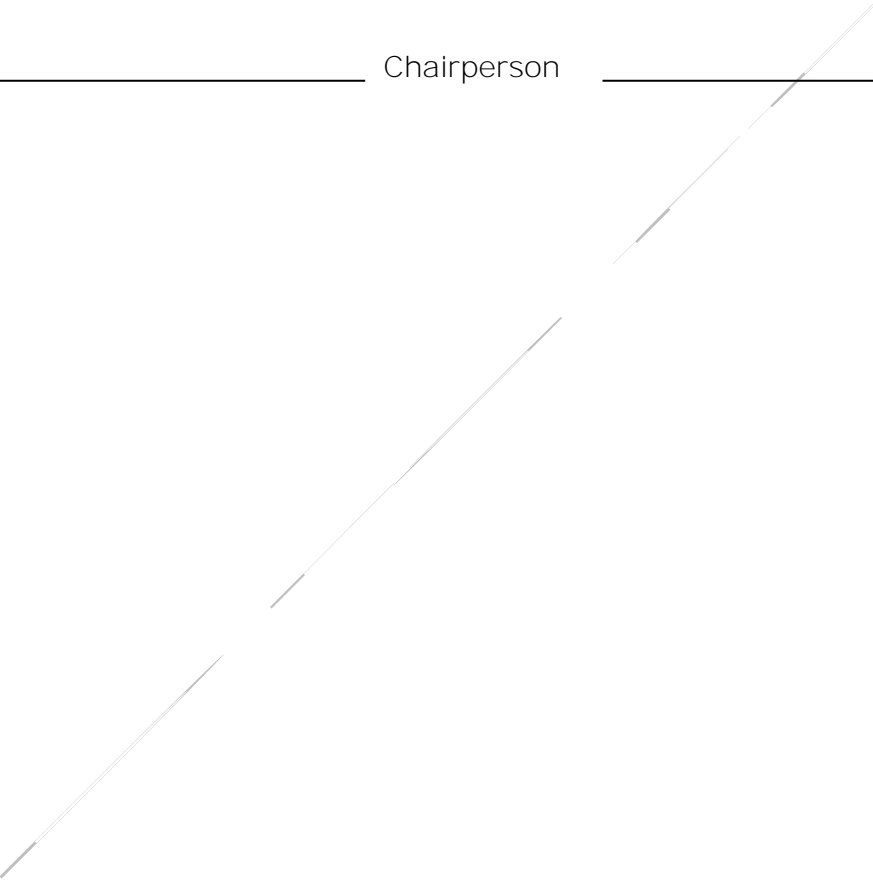
Re-admits the public to the meeting.

Her Worship the Mayor/His Worship the Mayor of Tasman Carried

There being no further business the meeting ended at 2.30pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date



Port Nelson Limited half yearly report to 31 December 2017

1. Purpose of Report

- 1.1 To receive the half yearly report to 31 December 2017 from Port Nelson Limited.

2. Recommendation

That the Joint Shareholders Committee

Receives the report Port Nelson Limited half yearly report to 31 December 2017 (R8909) and its attachment (A1919039).

3. Background

- 3.1 The Port Companies Act 1988 requires delivery of the half year report within two months of the end of the period to the shareholders and the Minister of Transport. This requirement has been met.
- 3.2 The Port Company presented on the six monthly result at the Joint Committee of Nelson City and Tasman District Council held on 27 March 2018 and are therefore not presenting again today.

4. Discussion

- 4.1 The half yearly report of Port Nelson for the period ending 31 December 2017 is included as Attachment 1.
- 4.2 For the first six months of this financial year Port Nelson reported total revenue of \$31.7 million, up 11% against budget and up 19% on the same period last year.
- 4.3 Cargo volumes for the first half of the year were ahead of budget with 1.644 million tonnes handled against the budget of 1.499 million, and up on the 1.406 million handled at the same time last year.
- 4.4 Net profit after tax (NPAT) of \$4.9 million is 24.8% above budget and 17% higher than the same time last year (last year NPAT adjusted for asset impairments of \$1.2 million).

Item 6: Port Nelson Limited half yearly report to 31 December 2017: Attachment
1

- 4.5 The report shows that Port Nelson have largely met its SOI targets for the first six months except for:
 - 4.5.1 Lost time injury (LTI) frequency rate of 2.3 versus a budget of less than 1.5 (lower than the same time last year of 3.5).
 - 4.5.2 Capital expenditure programme (and therefore debt to equity ratio) is below budget by \$3.7 million due to the timing variations.
- 4.6 The Statement of Corporate Intent for Port Nelson Limited is not due to be received until 31 July 2018 and will be brought to the 22 August 2018 Joint Shareholders Committee meeting.
- 5. Options
 - 5.1 There is no decision to be made on the half yearly report. The company has complied with the legislation in preparing and presenting the report to Council.
- 6. Conclusion
 - 6.1 Port Nelson has complied with the Port Companies Act 1988 in preparing a half yearly report.

Nikki Harrison
Group Manager Corporate Services

Attachments

Attachment 1: A1919039 - Port Nelson Ltd 6 monthly report to 31 December 2017 [↓](#)

SHAREHOLDER UPDATE

To: Nelson City Council / Tasman District Council

From: Phil Lough, Chairman

Date: 22 February 2018

Re: Six Monthly Report to Shareholders

PURPOSE

To update the shareholders on company performance for the six month period ended 31st December 2017.

CARGO



Cargo volumes to the end of December were pleasing with 1,644,000 tonnes of cargo having moved over the wharves, well ahead of the budgeted 1,499,000 tonnes and also up on the 1,406,000 tonnes handled in the same period in 2016.

Log volumes for the first six months were some 15% ahead of budgeted levels and fertiliser and cement imports were also strong. The increase in cement volumes was due to product needed to assist in the rebuild of the State Highway near Kaikoura following the Nov 2016 earthquake.

Motor Vehicle import numbers also remain high and wine industry related volumes continue to grow as well.

SHIPPING



Vessel visits to the end of November were 463, up on the budget of 441 and also ahead of the 423 handled in the same period a year earlier.

Log vessel visits continue to be ahead of expectations, along with car carrier and container vessel calls.

STEVEDORING



Stevedoring operations in Nelson remain steady with four regular container vessel calls each week as well as a steady flow of log vessels. Picton was busy for log vessel operations in October and November but was quieter leading the Xmas period.

SHAREHOLDER UPDATE

PROPERTY



The second stage of the Patterson Logistics Centre was completed just prior to Christmas and product is now being put into this facility as we scale down storage in Marlborough.

The purchase of Low St from NCC will be completed early in the New Year and we expect this area to be absorbed into our operational zone by around the end of April.

HEALTH AND SAFETY



Training continues around Fatigue Management and we have also begun anti bullying and harassment training with our staff as well.

CAPITAL EXPENDITURE



Installation of the second set of Reefer towers commenced during the second quarter and these are due to be completed in time for the 2018 export fruit season. This will increase the number of refrigerated plugs we have available in the terminal and also enable us to stack additional number of reefer containers 4 high. It was pleasing to note that unlike recent years there were no hail incidents in the pre Xmas period.

SHAREHOLDER UPDATE

FINANCIALS

STATEMENT OF COMPREHENSIVE INCOME
For the 6 month period ended 31 December 2017

	Actual	Budget	Last Year
REVENUE			
Operations	29,166	26,111	24,071
Property	2,586	2,587	2,505
TOTAL REVENUE	31,751	28,698	26,576
Operating Expenses	23,518	21,976	19,549
RESULTS FROM OPERATING AND PROPERTY ACTIVITIES	8,233	6,722	7,027
Net Finance Costs	1,261	1,225	1,141
PROFIT AFTER FINANCE COSTS	6,973	5,497	5,886
Impairment	0	0	1,200
NET SURPLUS BEFORE TAXATION	6,973	5,497	4,686
Taxation	2,039	1,542	1,650
NET SURPLUS AFTER TAXATION	4,934	3,955	3,036

BALANCE SHEET
As at 31 December 2017

	Actual	Budget	Last Year
Current Assets	15,032	10,575	11,991
Current Liabilities	11,962	10,037	13,143
WORKING CAPITAL	3,070	538	(1,152)
Non-Current Assets	247,841	250,827	205,367
Non-Current Liabilities	71,039	76,306	53,573
TOTAL NET ASSETS	179,871	175,059	150,642
SHAREHOLDER FUNDS			
Issued Capital	6,046	6,046	6,046
Retained Earnings	59,123	57,720	52,885
Asset Revaluation Reserves	116,350	112,752	93,050
Other Reserves	(1,648)	(1,459)	(1,339)
TOTAL SHAREHOLDERS' FUNDS	179,871	175,059	150,642

STATEMENT OF CASH FLOWS
For the 6 month period ended 31 December 2017

	Actual	Budget	Last Year
FUNDS FROM OPERATING ACTIVITIES			
Net Cash Inflows / (Outflows) from Operating Activities	4,957	1,343	4,157
Net Cash Inflows / (Outflows) from Investing Activities	(10,175)	(10,597)	(16,743)
Net Cash Inflows / (Outflows) from Financing Activities	5,450	8,297	12,500
NET INCREASE / (DECREASE) IN CASH HELD	233	(957)	(86)
Opening Cash Balance	457	943	262
CLOSING CASH BALANCE	690	(14)	176

PERFORMANCE TARGETS AND OTHER MEASURES
For the 6 month period ended 31 December 2017

	Actual	Budget	Last Year
Shareholder funds to total assets ratio	68%	67%	69%
Return on average shareholder's funds	7%	6%	3%
Return on funds employed	8%	7%	8%
Annual cargo tonnes (t)	1.6M	1.5M	1.4M
Annual ships visits	463	441	423
Gross shipping tonnes (gross registered t)	5.5M	5.5M	5.3M

SHAREHOLDER UPDATE

STATEMENT OF CORPORATE INTENT

**PERFORMANCE TARGETS AND OTHER MEASURES
For the 6 month period ended 31 December 2017**

Objectives	Measure of Performance against Objectives	Actual	Budget	Last Year	2018 Target	Last Year
					Full Year	Full Year
People	Lost Time Injury Frequency Rate	2.34	<1.5	3.5	< 1.5	3.05
Financial Results	Shareholders' Funds to Total Assets ratio	68%	67%	69%	65%	69%
	Net Debt to Equity ratio	32%	37%	30%	< 45%	27%
	Dividends Declared	\$Nil	\$Nil	\$Nil	\$5.5M	\$6.5M
	Return on Average Shareholder's Funds	7.1%	5.9%	3.5%	5.9%	6.7%
	Return on Funds Employed	7.9%	7.2%	8.2%	7.3%	7.3%
	Revenue	\$31.8M	\$28.7M	\$26.6M	\$58.4M	\$58.4M
	Capital Expenditure	\$9.5M	\$13.2M	\$19.8M	\$19.3M	\$28.4M
Environment and Community	Incidents Leading to Pollution of Harbour	Nil	Nil	Nil	Nil	Nil
	Compliance with all Resource Consent Conditions	100%	100%	100%	100%	100%
	Compliance with NZ Maritime Safety Standards	100%	100%	100%	100%	100%
Customer	Shipping Tonnes	1.6M	1.5M	1.4M	3.2M	3.1M
	Ships Visits	463	441	423	795	805
	Gross shipping tonnes (gross registered t)	5.5M	5.5M	5.3M	10.5M	10.9M

LOOKING FORWARD



Log volumes are predicted to remain strong for the coming six months as demand from China shows no signs of abating. Despite some damage to apple crops through issues originating from an imported insecticide expectations around the size of the 2018 export crop are good and while it is still some two months away to harvest it also appears the wine industry is on target for a large harvest as well.

Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017 and draft Statement of Intent 2018/19

1. Purpose of Report
 - 1.1 To receive the half yearly report from the Tasman Bays Heritage Trust (TBHT) and to consider the Trust's draft Statement of Intent 2018/19.
2. Summary
 - 2.1 TBHT has delivered its six monthly report to December 2017 and a draft Statement of Intent, as required under the Local Government Act 2002.
 - 2.2 The six monthly report shows stronger visitation and increased revenues through the museum shop. The Trust's financial position is stable.
 - 2.3 The draft Statement of Intent has **been updated from previous years' formats and is broadly in line with the Councils' expectations.** The only substantive issue that the Councils may wish to consider is the indicated level of loan repayments.
3. Recommendation

That the Joint Shareholders Committee

Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017 and draft Statement of Intent 2018/19 (R9101) and its attachments (A1940853, A1940851, A1940852 and A1871384); and

Notes the delivery of the Tasman Bays Heritage Trust Draft Statement of Intent 2017/18 (A1724801) as required under the Local Government Act 2002; and

Provides the following feedback to the Tasman Bays Heritage Trust Board on its draft Statement of Intent:

- *That Nelson City Council and Tasman District Council request that repayment of*

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outstanding loans remains at \$100,000 per annum per Council; and

- *An update on options to house and care for the Nelson Tasman Regional Heritage Collection be provided via the Joint Shareholders Working Group at the next meeting of the Joint Shareholders Committee; and*
- *Strategic Objective Five in the Statement of **Intent is altered to read 'To provide Appropriate Care for the Regional Collection and to prepare it for relocation to a fit-for-**purpose storage facility**'.***

4. Background

4.1 Under the Local Government Act, TBHT is required to deliver a draft Statement of Intent (SOI) to the Councils on an annual basis no later than 1 March each year.

4.2 The Councils have an opportunity to provide feedback to the Board of TBHT within two months of this date and the Trust then has until 30 June 2018 to deliver the final SOI to the Shareholders.

4.3 On 7 November 2017, the Joint Committee of Nelson and Tasman District Councils resolved:

Confirms the general expectations for Statements of Intent/Statements of Corporate Intent set out in paragraphs 6.1 to 6.13 in report R6994; and

Confirms the specific matters to be included in the Statements of Expectation letters as:

- *To ensure that Risk Management include cybersecurity; and*
- *Begin a conversation around fair pay and gender equity in employment as part of good employer obligations under the Local Government Act; and*
- *Recovery planning, in particular a request to identify potential hazards and how recovery is planned for these hazards; and*
- *Sustainability (across all CCOs where not currently included), including offsetting carbon emissions, and consideration of wider environmental impacts/outcomes.*

4.4 The letter of expectation (Attachment 4) was sent to TBHT in December 2017 outlining the general expectations and specific matters that the

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and draft Statement of Intent 2018/19

Councils would like to see addressed in the Statement of Intent for the 2018/19 year.

- 4.5 TBHT delivered a draft Statement of Intent (Attachment 2) and a half yearly report to December 2017 (Attachment 1) prior to 1 March 2017, meeting the requirements of the Local Government Act. The Trust also sent a cover letter (Attachment 3) satisfactorily responding to the matters contained in the letter of expectation.
- 4.6 The Chairperson, Olivia Hall, and the Chief Executive, Lucinda Blackley-Jimson, will be in attendance at the meeting to present the information and to answer questions.

5. Discussion

Half Yearly Report

- 5.1 TBHT presented information from its half yearly report to the Joint Committee of Nelson City and Tasman District Councils on 27 March 2018.
- 5.2 The half yearly report shows that TBHT is on track to meet the majority of its objectives for the year. Visitor numbers are well up on the comparable period for 2016, at 32,691, and are tracking ahead of the target of 51,805 target for the year.
- 5.3 Revenue is slightly ahead of budget, and direct costs below budget, meaning the net surplus is \$74,624 better than budgeted. The Board has continued to exercise sound financial management of the Trust.
- 5.4 The Trust has engaged in a number of outreach activities across the **region and continues to work closely with the region's smaller museums** on exhibitions, and training.
- 5.5 **It is pleasing to note that income from the Museum's shop is starting to** make a more significant contribution to revenue.

Draft Statement of Intent

- 5.6 The Draft Statement of Intent (SOI) contains an updated purpose statement and new mission statements. It sets out increasing visitor **targets (60,000 for 2018/19 compared with current year's target of 51,805)** and forecasts a stable financial position over the next three years.
- 5.7 The draft SOI contains eight strategic objectives for the year:
- To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage Collection

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and draft Statement of Intent 2018/19

- To become a must-see visitor destination and become recognised as integral to the Nelson Tasman experience
- To establish and maintain sustainable funding streams
- To actively support and collaborate with Nelson Tasman cultural heritage organisations
- To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility
- To continue to develop a strong regional Collection which is relevant and valued by our Nelson Tasman communities
- **To improve access to the Museum's Collection using digital technology**
- To foster a great team culture and be a desirable museum for which to work

5.8 Each objective has associated Key Performance Indicators (listed in the table starting on page 10 of the draft SOI).

5.9 The cover letter (Attachment 3) deals with specific requirements in relation to the letter of expectation.

6. Discussion

6.1 TBHT have clearly worked on developing their strategic plan and the SOI clearly sets out the priority workstreams for the year.

6.2 The SOI sets out in Strategic Objective One that the TBHT is developing plans for a project to house and care for the Nelson Tasman regional heritage collection. An update on this planning is requested via the Joint Shareholders Working Group to enable the Joint Shareholders Committee to be informed of the options under considerations and implications that arise.

6.3 **Strategic Objective Five is 'To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility'. The use of the word optimal generally means to 'the best or most favourable'. This may not be achievable given financial constraints. It is recommended that the wording be changed to read 'appropriate'.**

6.4 The SOI as received indicates that the Trust intends to return its repayment of the outstanding loans to the Councils from \$100,000 per annum per Council to the previous figure of \$25,000 per annum per Council. The increased level of repayment was agreed as part of the 2015 Statement of Intent and was for a period of three years only (2015/16 to 2017/18).

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6.5 The Councils were keen to see debt being reduced prior to any subsequent investment in a capital works programme. As this is still the **Trust's intention**, the Committee may wish to see the repayments remain at \$100,000 per Council per year. The loan amount currently sits at \$925,000 due to each Council.

6.6 **All other matters are deemed to be in line with the Councils'** expectations.

7. Options

7.1 There is no decision to be made on the half yearly report. TBHT has complied with the legislation in preparing and presenting the report to the Councils.

7.2 In relation to the draft SOI, the Committee can choose to either provide feedback to the Board of TBHT or accept the SOI as the final version (with any minor amendments). If the Committee does submit substantive feedback then the amended SOI will be brought back to the Committee in August.

7.3 In relation to the level of loan repayments, the Committee has two main options:

Option 1: Request loan repayments remain at \$100,000 per annum per Council	
Advantages	<ul style="list-style-type: none"> • Consistent with approach over last three years • Trust continues to repay its loans in a timely way prior to capital investment
Risks and Disadvantages	<ul style="list-style-type: none"> • Current budget in draft SOI would need to be re-worked • Likely to have an implication for TBHT's work programme in the SOI
Option 2: Accept loan repayments will revert to \$25,000 per annum per Council	
Advantages	<ul style="list-style-type: none"> • In line with draft SOI budgets • No impact on TBHT's work programme
Risks and Disadvantages	<ul style="list-style-type: none"> • TBHT could end up retaining significant debt whilst entering into any capital development programme

8. Conclusion

8.1 TBHT has met its statutory timeframes for submission of its half yearly report and draft Statement of Intent. The Committee has the ability to

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and draft Statement of Intent 2018/19

accept the draft SOI as it is or to provide feedback to TBHT for inclusion
in its final SOI, due by 30 June 2018.

Roger Ball
Acting Group Manager Community Services

Attachments

- Attachment 1: A1940853 - Tasman Bays Heritage Trust - Six Monthly Report to
Dec 2017 - 29Mar2018 [↓](#)
- Attachment 2: A1940851 - Tasman Bays Heritage Trust - Statement of Intent -
2018 - 2021 - 29Mar2018 [↓](#)
- Attachment 3: A1940852 - Tasman Bays Heritage Trust - Statement of Intent -
Covering Letter - 28Mar2018 [↓](#)
- Attachment 4: A1871384 - Letter of Expectation - Tasman Bays Heritage Trust
2018-19 - 1Dec2017.pdf [↓](#)

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



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TASMAN BAYS HERITAGE TRUST

Six Monthly Report

1 July 2017 – 31 December 2018

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Supported by Nelson City Council and Tasman District Council

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INTRODUCTION

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

The Trust was honoured and delighted that the Museum's photographic Tyree Studio Collection was inscribed onto the UNESCO New Zealand Memory of the World Register at a ceremony in Auckland. This treasure is of great significance to Nelson Tasman and unique in the world in that it captures the life of a region from the earliest days of photography here to the 1940s, a period spanning two world wars and immense social change.

Exhibitions

The 'Da Vinci: Robots and Machines' exhibition finished strongly, with over 8,000 visitors during its run. 'Bugs! Our Backyard Heroes' has proved exceptionally popular with local families, drawing in a record 8,754 visitors in October 2017 alone. Repeat visitation has been strong to this free exhibition, with one family telling staff they have visited six times, so far.

The Museum worked with Wakatū Incorporation to display the photographic exhibition 'He Hono Tangata e Kore e Motu' by Arpege Taratoa-Leaf and Russ Flatt. The official opening was timed to coincide with the Wakatū Incorporation AGM and was well attended by manawhenua iwi.

The Museum sponsored artist Paul Forrest to come to Nelson to engage with the public for 'The Halo Project' installation in support of the Brook Waimarama Sanctuary (BWS). We are grateful to Nelson City Council's Nelson Nature programme who provided native saplings to distribute to our visitors during the artist's residency. The Museum enjoyed working with BWS and both organisations are keen to collaborate in the future.

Education

The Education team have likewise performed extremely strongly, delivering innovative, hands-on learning programmes to 3,928 students in this six-month period. Funded by the Ministry of Education under the Learning Experiences Outside the Classroom scheme, we are well on track to again exceed the annual Ministry target of 5,500.

Programmes have been delivered at the Museum, at schools' local wetlands, on walks through-out the city and in the community. Programmes are tailored and delivered to pre-school to Y13. We have a fluent te reo Māori educator and programmes are offered in Māori or English. Programmes delivered in this period include Ngā Iwi, We Came to Stay (Immigration and Refugees), Early Nelson, and Harakeke, including hands-on weaving activities. STEAM (Science, Technology, Engineering, Arts, Technology and Mathematics) curriculum-based topics taught included bio-geography, evolution, simple machines and bugs.

Pleasingly, in this period we have seen some schools visit the Museum who have not made the trip in some years; these include Upper Moutere, Lake Rotoiti and Wakefield. Off-site programmes were successful and appreciated by Riwaka, Tasman and Hira schools.

We survey all teachers post-visit to ensure we are delivering top-quality programmes. In this period, we achieved a 100% satisfaction rate, with teachers often commenting on the enthusiasm and knowledge of our educators.

Community Engagement

The Museum has been pleased to participate in the Al Fresco Upper Trafalgar precinct over summer, and we are experimenting with ways of activating that community space. We ran a Christmas Craft activity in the square outside the Museum, in which forty-five children participated on one Saturday. We have planted a community vegetable garden in the planters provided by NCC, which staff enjoy maintaining. We have also offered fun school-holiday activities and our special behind-the-scenes bug feeding tours have been especially popular.

We have continued our work with the elderly, and have installed three small pop-up photography exhibitions in the Tasman Rest Home. These exhibitions are appreciated by staff and families, for the way in which the photographs spark memories and conversation in residents suffering from age-related memory loss.

Kaumātua studying at NMIT on the Te Haeata Kaumātua course visited the Research Facility and spent a morning with the taonga (treasure) in the Collection. This visit sparked further connections and the group has become involved with identifying images of tupuna (ancestors) in the photographic Collection.

The Regional Collection

A key achievement for this period has been the completion of the digitisation of all the photographic Glass Plate Negatives held in our Collection (almost 160,000 images and weighing an estimated six tonnes). As part of this process each glass plate has been digitally photographed then moved to purpose-built metal cabinets to ensure the ongoing safety and appropriate storage of this regional taonga. This marks the completion of the multi-year project which commenced in 2010. 55% of these images are currently available to the public via the Museum's online Collection database.

In recognition of this feat, the National Digital Forum (NDF) granted the Museum the Digitisation Award at their annual conference held at Te Papa in December.

The Collections team have also been busy assisting researchers, answering 473 research requests received by phone or email, with 81 visitors accessing the Collection on-site. Subjects have ranged from archaeologists examining marine mammal specimens and taonga, to genealogical enquiries. All requests to view or research taonga are approved by the Te Tai Ao Komiti, our guiding body consisting of representatives of the six manawhenua iwi.

In addition to these requests, 442 image reproductions have been ordered from our photographic Collections.

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A key focus for the Collections team has been auditing the Collection, with a view to identifying objects which could be redistributed to the District Museums. A significant project has been to measure the Collection and provide an accurate assessment of the facilities and size required in a new storage facility.

Objects of outstanding regional importance added to our Collection include:

- a patchwork quilt, handmade by Sarah Higgins in the early 1920s. Sarah was an early settler in the Wakefield area. The Museum also holds her memoirs and a number of personal items;
- the archival Collection relating to the planning of the 1993 Women's Suffrage Centennial Celebration Whakatū Wāhine, and;
- a taxidermied weka chick, very young with its egg tooth still attached to its beak, which was found in Marsden Valley and brought to the Museum by a member of the public. This is an important addition to our natural history Collection.

Regional Collaboration

As the regional Museum of Nelson Tasman, we continue to support the district museums in their work. During this period our Collections team have given in-depth Collection storage advice to Motueka Museum staff as they progress their redevelopment following earthquake strengthening on their museum building.

TBHT Chief Executive attended Murchison Museum's AGM and took the opportunity to ask their team how best we can support them. As a result, three Collection staff spent a day with the Murchison Museum volunteers, sharing their knowledge. We have also supported their exhibition programming by providing our touring exhibition about Appo Hocton, which ran at the Murchison Museum July - October 2017.

Preparations have been made in January to host a new staff member from Golden Bay Museum for several days at our Isel Research Facility, providing mentoring and assistance across acquisitions, storage, archiving and museum best practice.

We continue to develop links within the region's GLAM (Galleries, Libraries, Archives and Museums) sector, hosting the Nelson Tasman NDF Digital Cultural Heritage Forum at the end of December. This forum was facilitated by our Collections Leader and was attended by sixteen representatives from Nelson Tasman GLAM sector.

The Museum loaned the Suter Art Gallery four artworks to be part of a major exhibition by Nelson-based artist Sally Burton, based on the 1843 Wairau Incident. The four works were made by artist Isaac Coates and are small colour sketches of Te Rauparaha and others. In support of China Week, we placed our travelling Appo Hocton exhibition at the Elma Turner Library.

People and Performance

The structural realignment was undertaken in June 2017, and most of the resulting vacancies were filled from existing staff. There were several internal promotions including to the roles of Collections Leader, Curator Social History and Exhibitions Curator. Recruitment for the unfilled vacancies took place in July, with appointments made to Marketing & Communications and Retail roles in August. The professionalism these staff have brought to these positions is appreciated and the immediate impact on the retail area was particularly notable.

We are lucky to have secured a top candidate for the role of Experience Leader, Nils Pokel from Auckland Museum, where he was leading their digital strategy. He joined the Museum in January and we are looking forward to him adding significant value to Experience and other areas of the Museum over the next six months.

The Museum has also worked with Mainstream / Workbridge, who have funded the position of Inventory Assistant for two years. This is our second placement with them, and the partnership has worked well, with the Museum providing work-based experience to youth who would otherwise not receive it, and the Ministry of Social Development funding much needed work at the Museum.

Our volunteers continue to add great value to our operations. While most of our volunteers have contributed to research and Collection-based projects, we have recently recruited volunteers to work with the public front-of-house as guides.

Retail

Improving our retail offering has been a key focus for this period. Benefiting significantly from the new, clear windows and the resulting street-views into the foyer, shop sales have increased dramatically over this period. The boom in Christmas sales has also been boosted by the Al Fresco Upper Trafalgar precinct.

A new point-of-sale system has been installed which has helped the front-of-house team cope with the busy numbers.

Facilities

While the facilities at the Trafalgar Street site have largely coped well with the high visitation, several issues have been discovered at the Isel Park and Elms Street sites.

Active Borer beetle was sighted in the Elms Street Collection store area. The affected wooden wall portions have been completely removed. The entire Elms Street Collection space has been pest treated with a fog spray performed by Genera, the pest treatment company used by Port Nelson. Collection objects are not affected at this time.

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Several mezzanine storage areas have also been flagged as potential hazards. Risk assessments have been carried out over all mezzanine areas at the Museum's sites. Two areas were deemed unsafe and have been closed (large shelf area in digitisation office, Isel; wooden mezzanine, Elms Street) and demolition is pending.

PERFORMANCE TARGETS	STATUS AS AT 31 DECEMBER 2017
<p>To develop and scope a capital works plan to optimise all Museum operations</p> <ul style="list-style-type: none"> • Project budgeted and fundraising targets identified by October 2017 • Project plan developed and presented to stakeholders for input by November 2017 • Submission made to NCC and TDC for consideration in their Long Term Plans 	<p>In progress:</p> <ul style="list-style-type: none"> • Project scoped and budgeted • Project management and architectural services engaged after closed tender • Presentations to NCC and TDC in November 2017
<p>To diversify funding sources and increase earned revenue</p> <ul style="list-style-type: none"> • A minimum of \$40,000 raised in the 2017/2018 financial year inclusive of two revenue raising exhibitions and grants for capital works plan and other programmes • Diversify and increase stock held to improve quality of retail offering and to generate more revenue • Triple retail profit in the initial 2017/2018 financial year, through improving the offering by diversifying and increasing stock 	<p>Achieved:</p> <ul style="list-style-type: none"> • 'Da Vinci: Robots & Machines' bought in admissions of \$26,890 this financial year (\$65,921 overall) • Grants of \$45,000 have been received in the 2017/2018 financial year from the Rata Foundation for the capital works feasibility study • On track: Shop sales rose from \$1,906 in July to \$18,242 in December, with \$39,503 in sales for this period • An additional 500 new stock items have been added to the Museum shop's product list bringing the total number of product items to 530

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PERFORMANCE TARGETS	STATUS AS AT 31 DECEMBER 2017
<p>To provide increased outreach and support for district museums and cultural heritage organisations</p> <ul style="list-style-type: none"> • \$15,000 of support set aside in cash and in-kind support to assist local museums with exhibitions and upskilling • Continue organising three regional hui for Nelson Tasman regional museums and galleries annually • Continue to work with National Services Te Paerangi to host at least two regional workshops per year • Continue to support the Nelson Historical Society by funding the James Jenkin Lecture and other events during the year • Continue to support Brook Waimarama Sanctuary by providing support for educational programmes 	<p>In progress:</p> <ul style="list-style-type: none"> • Outreach Projects supported in this period: <ul style="list-style-type: none"> • Murchison Museum: Installed Appo Hocton display at Murchison Museum (14 July – 27 October 2017) • Tapawera Historical Society: Installation of WW1 interpretation in Tapawera Army Hut (27 October 2017 – TBC) • Tapawera Armistice Weekend 2018: Ongoing support with coordination of Tapawera Armistice Weekend in 2018 • Richmond Library Display: 'Time for Tea' (12 September – 12 October 2017) exhibition • On track: Regional hui arranged in collaboration with Suter Art Gallery and Founders Heritage Park • Achieved: 1) National Services Te Paerangi Iwi Liaison Advisor hui with Te Tai Ao Komiti; 2) Object handling workshop run for regional museum staff and volunteers • In progress: (James Jenkins lecture to be next held in September 2018). TBHT has supplied two speakers for the NHS programme • In progress: Educational programmes delivered in partnership with Brook Waimarama Sanctuary at BWS and in the community. Halo Project art installation held at the Museum to raise funds and profile of BWS.

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PERFORMANCE TARGETS	STATUS AS AT 31 DECEMBER 2017
<p>To review the Collection, Acquisitions and Deaccessions Policy across all Collection areas</p> <ul style="list-style-type: none"> • New Collections, Acquisitions and Deaccession Policy adopted by July 2017 • Recommendations regarding the Trust's paper-based Collection provided to stakeholders by December 2017 	<p>In progress:</p> <ul style="list-style-type: none"> • Achieved: New Collections Policy approved, adopted and implemented • Delayed: Pending conversations with Joint Shareholders Working Group by April 2018
<p>Implement a strong and varied Visitor Experience programme</p> <ul style="list-style-type: none"> • Deliver a schedule of diverse, engaging long-term exhibitions and events • Two segmental refreshments of our Regional Gallery achieved by June 2018 • Four off-site exhibitions displayed throughout the region in the 2017/2018 financial year • Improve on results of last year's audience engagement survey • Develop and disseminate a variety of digital content in new media, including Vlogs, podcasts and live broadcast 	<p>In progress:</p> <ul style="list-style-type: none"> • On track: The following exhibitions have been delivered at the Museum's CBD site during this six-month period: <ul style="list-style-type: none"> • Da Vinci Robots & Machines • Bugs! Our Backyard Heroes • The Halo Project: A Voice for the Birds • Untitled: Voices of the Unheard (a community art project about youth suicide) • He Hono Tangatae Kore e Motu (in association with Wakatū Incorporation) • On track: First refreshment installed December 2017, coinciding with the 375th anniversary of Abel Tasman's arrival in NZ/ 75th Anniversary of the establishment of Abel Tasman National Park • Achieved: Exhibitions displayed at Murchison Museum, Tapawera, Richmond Library, Elma Turner Library • On track: Visitor satisfaction levels maintained in surveys to date • On track: Social media following expanded, including the use of video content

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PERFORMANCE TARGETS	STATUS AS AT 31 DECEMBER 2017
<ul style="list-style-type: none"> ● Achieve annual target visitation of 46,305 across all venues ● Increase target visitation across digital channels by 10% ● Achieve annual Ministry of Education visitation target of 5,500 	<ul style="list-style-type: none"> ● On track: Current visitation for this six-month period stands at 32,691 ● On track: Visitation across all channels has improved including: <ul style="list-style-type: none"> ● Website - 37.9% growth in unique visitors compared to the same period in 2016 ● Twitter - 594 followers ● Twitter - 24,400 impressions ● Facebook - 38.4% growth in followers ● Facebook - 98,000 page views ● Facebook - 25% growth in total reach ● On track: Current education visitation for this six-month period stands at 3,928
<p>To be a good employer</p> <ul style="list-style-type: none"> ● All wages raised to Living Wage for current staff on 1 July 2017 ● Implement team satisfaction survey for staff and volunteers by December 2017 	<p>In progress:</p> <ul style="list-style-type: none"> ● Achieved ● Delayed until April 2018 due to recruitment to senior positions taking longer than expected

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STATEMENT OF COMPREHENSIVE INCOME
For the Period 1 July – 31 December 2017

	Actual	Budget	Actual
	2017	2017	2016
Revenue	1,105,231	1,035,440	983,477
Less Direct Costs	678,544	698,572	562,703
Gross Profit	426,687	336,868	420,774
Less Expenses	154,263	142,048	152,983
Operating Profit	272,424	194,820	267,791
Less Depreciation	159,274	156,294	163,325
Net Surplus / (Deficit) for Period	113,150	38,526	104,466

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STATEMENT OF FINANCIAL POSITION
For the Period 1 July - 31 December 2017

	2017	2016
<u>Assets</u>		
Cash & Bank	455,030	409,016
Debtors	529,396	286,844
Term Deposit – Tagged Funds	272,377	264,836
Prepayments	70,885	58,989
Stock on Hand	28,362	4,678
Non-Current Assets	19,812,777	20,088,926
Total Assets	21,168,827	21,113,289
<u>Liabilities</u>		
Creditors	87,892	31,242
GST	57,863	59,334
Grants Received in Advance	442,097	436,350
Accruals – Annual Leave	46,928	52,322
Term Liabilities	1,245,290	1,417,263
Total Liabilities	1,880,070	1,996,511
Net Assets	19,288,757	19,116,778
<u>Equity</u>		
Retained Earnings	19,175,607	19,012,312
Current Year Earnings	113,150	104,466
Total Equity	19,288,757	19,116,778

Notation: Grants Received in Advance are the Council Operating Grants Invoiced for the 3rd Quarter.

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STATEMENT OF CASH FLOWS
For the Period 1 July – 31 December 2017

Cash Flows from Operating Activities	
Council Operating Grants	896,704
Contracts	57,311
Interest Received	6,873
Receipts from Other Revenue	144,355
Payments to Suppliers & Employees	(931,888)
Interest Paid	(57)
Goods and Services Tax (Net)	(4,604)
Net Cash from Operating Activities	<u>168,694</u>
 Cash Flows from Investing Activities	
Maturing/Sale of Investments	417,228
Purchase of Property, Plant and Equipment	(35,210)
Purchase of Investments (Tagged Funds)	(272,377)
Net Cash from Investing Activities	<u>109,641</u>
 Cash Flows from Financing Activities	
Repayment of Borrowings	-
Net Cash from Financing Activities	<u>-</u>
 Net Increase (Decrease) in Cash	 278,335
Opening Cash Balance at 1 July 2017	<u>176,695</u>
Closing Cash Balance at 31 December 2017	<u>455,030</u>

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APPENDICES

Visitor Numbers

Month	TA445	Ed Child	Ed Acc. Ad	Isel	Off Site	Total	2016/2017	2015/16
Jul-17	5,133	437	47	19	0	5,636	3,734	5,873
Aug-17	2,851	629	87	40	93	3,700	3,441	4,055
Sep-17	2,131	603	133	22	200	3,089	4,226	3,093
Oct-17	8,754	553	156	44	0	9,507	4,619	4,418
Nov-17	3,380	1,400	316	21	219	5,336	5,338	5,306
Dec-17	5,090	306	64	18	0	5,478	5,452	5,168
Totals	27,339	3,928	803	164	512	32,746	26,810	27,913

Visitation targets 2016 – 2018 inclusive (taken from Statement of Intent 2016 - 2017)

	2015/16	2016/17	2017/18
<i>Visitor numbers forecast in SOI 2015 (excluding constant 5,500 education numbers)</i>	40,000	42,000	45,000
<i>Revised forecast set in SOI 2016</i>	42,000	44,100	46,305
<i>Education target</i>	5,500	5,500 (7,913 achieved)	5,500
<i>Combined target</i>	47,500	49,600	51,805
<i>Actual</i>	51,236	63,107	

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Presentations to the Public

Total presentations given: 13

Total audience numbers: 563

Date	Group	Staff Role	Topic	Residents of (mainly):	Location of presentation	Audience numbers
19/08/17	Richmond Library	Senior Curator, Photography	'How to care for your photographs'	Tasman	Richmond Library	16
21/08/17	Tasman Bay Probuss Club	Curator, Social History	Temperance & Vice in early Nelson	Tasman	St Johns Hall, Nelson	61
28/08/17	Rutherford Rotary Club	Curator, Social History	Martha Rutherford	Nelson	Nelson Museum	25
29/08/17	Waimea South Historical Society	Collections Leader	Caring for our treasures	Tasman	Richmond Library	16
11/09/17	Fresh Focus	Curator, Social History	Women of Early Nelson	Nelson and Tasman	Elim Church	89
14/09/17	Nelson City Probuss	Curator, Social History	Mad, Bad & Bawdy'	Nelson	Nelson Golf Club	69
26/09/17	Museums Aotearoa Nelson Regional Forum	Curator, Social History	Museums are F***ing Awesome	Nelson	Suter Art Gallery	17
27/09/17	Friends of Nelson Library	Curator, Social History	Founded at Sea: Nelson Library's 175 years celebration	Nelson	Elma Turner Library	25
9/10/17	NMIT	Senior Curator, Photography	Interpreting Visual Culture with tour of Photographic Collection	Nelson	Isel Park Research Facility	11
31/10/17	N/A	Curator, Social History	Curator's Talk -- Halloween	Nelson	Museum site	15
15/11/17	Stoke Tahuna Ladies Rebus	Curator, Social History	Women of Nelson/Tasman	Nelson	Nelson Golf Club, Tahuna	42
17/11/17	Waimea Ladies Club	Curator, Social History	Women of Nelson/Tasman	Richmond	Richmond Church of Christ	97
17/11/17	Friends & Neighbours group at Tasman Bible Church	Curator, Archives and Research	Oral histories and their significance	Tasman	Tasman Bible Church, 6 Williams Rd., Tasman	80

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Enquiries and Research Service - Isel Park

On-site Researchers	81
Research Enquiries (phone / email)	473

Photographic Reproduction Service

Reproduction Requests	77
Digital Images Ordered	442
\$ Value (gross)	\$6,411

Volunteer Projects

Collection Area	Hours
Archives	330
Photography	30
Social History	106.5
Total Volunteer Hours	466.5



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TASMAN BAYS HERITAGE TRUST

Statement of Intent

1 July 2018 – 30 June 2021

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Supported by Nelson City Council and Tasman District Council

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Introduction

This Statement of Intent (SOI) is submitted by the Tasman Bays Heritage Trust ('the Trust', trading as Nelson Provincial Museum 'the Museum'), a Council Controlled Organisation of Nelson City Council and Tasman District Council ('the Stakeholders'), and in accordance with Section 64 of the Local Government Act, 2002, and sets out the intentions and expectations of the Trust for the period 1 July 2018 – 30 June 2021.

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

Purpose Statement

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

Mission

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

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

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

Values

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

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

Activities

Nature and scope of activities to be undertaken:

- To manage and operate the Museum for the benefit of the residents of Nelson Tasman and visitors to the region
- To strengthen, care for, manage, interpret, preserve and make accessible the Museum's regional heritage Collections for the benefit of manawhenua iwi, residents and visitors
- To promote understanding and appreciation of the region's rich cultural heritage and natural environments

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- To develop and maintain partnerships that mutually benefit the Museum, the community, and allied organisations
- To professionally manage and maintain all of the Trust's assets, including the regional heritage Collection.

Strategic Plan 2018 - 2021

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

1. To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage Collection
 2. To become a must-see visitor destination and become recognised as integral to the Nelson Tasman experience
 3. To establish and maintain sustainable funding streams
 4. To actively support and collaborate with Nelson Tasman cultural heritage organisations
 5. To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility
 6. To continue to develop a strong regional Collection which is relevant and valued by our Nelson Tasman communities
 7. To improve access to the Museum's Collection using digital technology
 8. To foster a great team culture and be a desirable museum for which to work.
- 1) To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage Collection**

As identified in several feasibility studies from 2010 to 2014 (Stuart report 2010, OCTA Associates 2011, Walker Associates Strategic Review 2014), the Research Facility and Collection Store at Isele Park is at the end of its functional life. For the Trust to continue to provide adequate care for the regional Collections, including the UNESCO inscribed Tyree Photographic Studio Collection, a new facility is required. At the time of writing, the Trust is working with a Joint Shareholders Working Group to confirm the optimum location for this facility.

The primary strategic aim of the Trust over the next three-year period is to scope and cost the capital works project, secure funding and prepare for the build. Improvements to the current Trafalgar Street site may be included in the project.

2) To become a must-see visitor destination and become recognised as integral to the Nelson Tasman experience

We will continue to evolve the visitor experience to more closely represent our values and strategic aspirations. Our aim is to become a more vibrant, dynamic, and contemporary institution that is relevant to and inclusive of all people in this community – a place for them in the heart of their city.

During this period, the Museum will increase the volume of self-developed, captivating and unexpected local stories, exhibitions, educational and public programmes based on the Museum’s unique Collections. We will take a contemporary angle to exhibiting that reflects the region’s cultural and environmental diversity, becoming seen as a place of innovation and collaboration by local talent and businesses alike - an attractive testing ground for new ideas and forms of engagement, a place for experimentation and creativity.

We will continue to be recognised as a provider of interesting content and dynamic storytelling with a strong connection to local communities, told through a variety of formats and media including onsite experiences, outreach, and digital channels.

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

3) To establish and maintain sustainable funding streams

A Fundraising Sub-Committee has been established by the Trust for the capital works programme. This is the key strategic priority for the Trust, with funding expected to be identified within this three-year period. In addition, sponsorship and fundraising expertise will be secured on an as-needed basis to assist with projects such as internal improvements, sponsorship for the exhibition programme, and key Collection acquisitions.

A three-year contract to deliver Education programmes was secured in 2016 for the 2017 – 2019 calendar years under the LEOTC (Learning Experiences Outside the Classroom) funding stream with a total of \$80,000 per annum. As part of securing that contract, the Trust committed to supporting the programme by an extra \$20,000 per annum – allowing the school children of the region to utilise our core programmes at no charge. We will again pursue LEOTC funding in future rounds.

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In December 2016, a review of the retail area was undertaken by an external expert with the support of the Great War Exhibition. Most of the retail recommendations have been implemented, as is evidenced by the increase in retail turnover over the first six months of the 2017/2018 financial year (see Six Monthly report for figures). The target for the next period is to consolidate these changes, seeing the retail area becoming a destination gift shop for goods made by local artists and artisans, with educational toys and the Museum's own merchandise products featuring images from the Museum's Collection.

4) To actively support and collaborate with Nelson Tasman cultural heritage organisations

The Trust has budgeted \$10,000 per annum to provide outreach services for Nelson Tasman. The focus for the next three years are the Tasman district museums (Golden Bay, Motueka and Murchison).

In recent years this support has taken the form of expert assistance, mentoring, exhibition loans and internal exhibition development. This fund aims to support the smaller organisations in the ways in which they themselves choose, and to support them in their aspirations. We intend to continue to add cultural and social value across the wider Nelson Tasman region through our outreach programme and by supporting them in their endeavours.

5) To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility

In line with the strategic objective to scope a Capital works project for a fit-for-purpose storage facility, Collection objects in storage will require preparation for relocation to this new facility. In recent years, the Collection has been steadily inventoried to ensure each Collection object is represented on a computerised database and is easily locatable. This process will continue.

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

We will continue to physically care for and safeguard the Collection to ensure our region's important heritage items are preserved for the benefit of the Nelson Tasman region, its residents, visitors and future generations.

6) To continue to develop a strong Collection which is relevant to and valued by Nelson Tasman communities

In 2017, the Trust adopted a new Collections Management Policy which focuses our collecting activities firmly on material with strong significance and relevance to the Nelson Tasman communities.

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The specific focus on regionally significant items has reduced the amount of items entering the Collection to only those strongly related to the history and cultural story of Nelson Tasman. This approach will continue.

Active measures will also be taken to acquire items for the Collection that represent Nelson Tasman's dynamic contemporary culture.

Some items in the current Collection hold little or no historical significance to Nelson Tasman. In the coming three years, a process of moving these objects from the Museum's Collection to more suitable organisations will be undertaken, in line with quality museum practices.

7) To improve access to the Museum's Collection using digital technology

The Museum realises that increased access to our Collection through digital means will result in a wider audience reach and increased visibility. We aim to increase the amount of material available for viewing on our Collections Online website and increase the amount of Collection-based storytelling on our digital channels.

8) To foster a great team culture and be a desirable museum for which to work

Tasman Bays Heritage Trust values the contributions made by its staff and volunteers, and has a strong commitment to being a good employer.

We are focusing on team culture and improving means of communication across teams physically separated by distance.

Processes for monitoring performance and coaching for improvement will be embedded, with performance-based pay increases providing recognition for outstanding work.

We aim to build a reputation as the most exciting regional museum in the country, attracting and retaining outstanding professional and creative staff.

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Visitation Targets

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

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Strategic goal	Achieved through	Measured by (KPI)
<p>1. To plan for and begin to execute a capital works project which will safely and appropriately house and care for the Nelson Tasman regional heritage Collection</p>	<ul style="list-style-type: none"> - Robust planning, budgeting and project management - Identifying, canvassing and securing funding sources - Identifying and securing optimum location - Securing support of key stakeholders 	<ul style="list-style-type: none"> - Project plan including timeline and budget completed by December 2018 - Fundraising plan in place by March 2019 - Location secured by June 2019 - 20% of funding secured by December 2020 - Secure support of our Stakeholders by June 2020 - Major contractors retained by March 2021

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Strategic goal	Achieved through	Measured by (KPI)
<p>2. To become a must-see visitor destination and be recognised as integral to the Nelson Tasman experience</p>	<ul style="list-style-type: none"> - Aligning the Museum’s brand with the Visitor Experience - Attracting traditionally under-represented visitors - Improving the Regional Gallery experience - Developing a hands-on Children’s Discovery Centre - Share the internationally significant, UNESCO inscribed Tyree Studio Photographic Collection/ Glass Plate collection with a wide audience - Consolidating and attaining visitation targets - Increasing profiles of local craftspeople and artisans 	<ul style="list-style-type: none"> - New visual identity and brand assets delivered and implemented by June 2019 - Initiate the development of at least one exhibition co-developed with manawhenua iwi by June 2019 - Regional Gallery refreshed by June 2020 - Concept and business case for Discovery Centre aligned with capital works plan - Develop a significant exhibition based on the Tyree Collection by December 2018 - Make a touring exhibition based on this collection available to the district museums by June 2019 - Achieve target visitation of 60,000 across all venues by June 2019 - Achieve annual Ministry of Education visitation target of 5,500 - An average of 25% of retail products are designed or made in Nelson Tasman over the next three years

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Strategic goal	Achieved through	Measured by (KPI)
<p>3. To establish and maintain sustainable funding streams</p>	<ul style="list-style-type: none"> - Securing funding for the capital works project - Growing operational revenue 	<ul style="list-style-type: none"> - 20% of funding secured for the capital works project by December 2020 (preliminary costing \$14 million) - Secure Councils commitment to funding the project in the next review of the Long Term Plan (LTP), 2021 - Specialist fund-raising resource secured by December 2018 - A minimum of \$45,000 raised from sponsorship and grants annually - A minimum of \$20,000 raised in sponsorship for touring exhibitions - Retail sales amount to \$75,000 annually - On-line store in operation by December 2018 - LEOTC contract renewed

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Strategic goal	Achieved through	Measured by (KPI)
<p>4. To actively support and collaborate with Nelson Tasman cultural heritage organisations</p>	<ul style="list-style-type: none"> - Providing content and support for Tasman district museums - Providing advice, guidance and mentoring to smaller GLAM (Galleries, Libraries, Archives and Museums) organisations in Nelson Tasman - Collaborating with other Nelson Tasman institutions and organisations 	<ul style="list-style-type: none"> - At least one exhibition toured to district museums annually - Organise hui with district museums to decide priorities for support - Continue organising three regional hui for Nelson Tasman regional museums and galleries annually - Continue to work with National Services Te Paerangi to host at least one regional workshop per year - Collaborative projects delivered with two Nelson Tasman organisations annually, including at least one district museum in Tasman
<p>5. To continue to develop a strong Collection which is relevant to and valued by Nelson Tasman communities</p>	<ul style="list-style-type: none"> - Actively collecting objects which are strongly related to the history and cultural story of Nelson Tasman, as per the Collections Policy - Identifying objects which do not fit our Collections policy - Provide access for our visitors to connect with and study the physical Collection 	<ul style="list-style-type: none"> - Acquire objects which have strong connection and relevance to the Nelson Tasman region - Identify objects which no longer fit our Collection policy and offer them to the most appropriate organisation, whanau or individual for their continued care - Facilitate at least ten tailored experiences annually

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Strategic goal	Achieved through	Measured by (KPI)
<p>6. To provide optimal care for the regional Collection and to prepare it for relocation to a fit-for-purpose storage facility</p>	<ul style="list-style-type: none"> - Preparing Collection for relocation 	<ul style="list-style-type: none"> - Audit three Collection storerooms in Isel Storage building ensuring their Collection contents have computerised records and have been inventoried in the last six years (1 January 2012 – current) by June 2019
<p>7. To improve access to the Museum’s Collection using digital technology</p>	<ul style="list-style-type: none"> - Increasing quantity of publicly available records - Improving quality of digital access - Utilising new digital storytelling formats on the Museum’s digital channels 	<ul style="list-style-type: none"> - Increase number of Collection object records available online by 15% annually - Increase number of Glass Plate Negative records available online by 15,500 by June 2019 - Feasibility study into using Creative Commons licenses completed and considered by June 2019 - Implement at least 3 outreach projects in Nelson Tasman region involving digital images from the Collection - Establish at least one additional storytelling format on the Museum’s digital channels by June 2019

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Strategic goal	Achieved through	Measured by (KPI)
<p>8. To foster a great team culture and be a desirable museum for which to work</p>	<ul style="list-style-type: none"> - Having robust performance and recognition systems in place - Providing a healthy and safe work environment - Fostering a high-performing team 	<ul style="list-style-type: none"> - KPIs set for all staff by September 2018 and assessed annually - Monthly Health and Safety meetings to monitor health and safety of staff and volunteers - Team wellbeing survey for staff and volunteers undertaken annually - Support services provided for employees - Quarterly team-building activities - Professional development plan in place for each staff member annually

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Alignment with Joint Community Outcomes

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

<p>1. Our unique natural environment is healthy and protected</p>	<p>The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, exhibitions and events.</p> <p>Recent examples include the exhibition 'Bugs! Our Backyard Heroes' about backyard biodiversity; education programmes about wetlands delivered at the schools' closest habitat; aquarium of fresh and salt water native fish displayed in our Learning Centre; and the 'Halo' exhibition in support of Brook Waimarama Sanctuary that dealt with attracting native birds into urban areas.</p> <p>We are implementing internal measures for sustainability.</p>
<p>2. Our urban and rural environments are people-friendly, well-planned and sustainably managed</p>	<p>The Museum works to create a welcoming and engaging social space, contributing to the activation of the Upper Trafalgar precinct. We support cultural heritage activities across the region through outreach to district Museums and other GLAM Sector activities.</p>
<p>3. Our infrastructure is efficient, cost effective and meets current and future needs</p>	<p>The Capital Works project will ensure that we can provide a fit for purpose facility which can care for the Regional Heritage Collection for future generations</p>
<p>4. Our communities are healthy, safe, inclusive and resilient</p>	<p>We provide opportunities for community engagement, life-long learning and co-curated storytelling. Our core activities are free for Nelson Tasman residents to access and our programming will increasingly cater to the multicultural diversity of the region.</p>
<p>5. Our communities have opportunities to celebrate and explore their heritage, identity and creativity</p>	<p>Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes both at the Museum and in the community, making the region's treasures available for visitors and locals alike.</p>
<p>6. Our communities have access to a range of social, educational and recreational facilities and activities</p>	<p>We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. In the last year we have delivered free-of-charge programmes to almost 8,000 school-aged children, plus tertiary groups, ESL classes, preschoolers, aged communities, special interest groups and the general public.</p>

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

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PROJECTED STATEMENT OF FINANCIAL PERFORMANCE

	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<i>Reserve Bank CPI - 31 December</i>	<i>Act. CPI @ 1.3%</i>	<i>Act. CPI @ 1.6%</i>	<i>Est. CPI @ 1.6%</i>	<i>Est. CPI @ 1.6%</i>
Revenue				
Operating Grant – TDC	845,827	859,360	873,110	887,080
Operating Grant – NCC	845,827	859,360	873,110	887,080
Addnl Op Grant – NCC	71,469	72,613	73,775	74,955
Total Councils	1,763,123	1,791,333	1,819,995	1,849,115
LEOTC Contract (Fixed)	82,190	82,190	82,190	82,190
Project Grants	48,000	65,000	66,040	67,097
Other	165,114	221,722	225,270	228,874
Total Revenue	2,058,427	2,160,245	2,193,495	2,227,276
Expenditure				
Staffing	1,020,162	1,054,218	1,071,085	1,088,222
Education Contractors	98,250	88,005	89,413	90,844
Property	179,901	171,878	174,628	177,422
Other	158,800	208,000	211,328	214,709
Total Direct Costs	1,457,113	1,522,101	1,546,454	1,571,197
Gross Surplus	601,314	638,144	647,041	656,079
Overheads	225,548	244,355	248,265	252,237
Interest Costs – Councils	45,544	46,905	46,765	46,620
Trustee Fees	62,171	63,166	64,177	65,204
Total Expenses	333,263	354,426	359,207	364,061
Operating Surplus	268,051	283,718	287,834	292,018
Less Depreciation	312,583	321,704	326,851	332,081
Net Surplus/ (Deficit)	(44,532)	(37,986)	(39,017)	(40,063)

2018-19 NOTATIONS TO BUDGET

- 31 Dec 2017 CPI rate of 1.6%. The total funding from Councils is for operational costs (including trustee fees).
- Other Revenue includes admissions, donations, sales, interest and retail rental.
- Staffing costs have increased as a result of structural realignment recommended in the Strategic Review.
- The 2018/19 budget includes estimated capital expenditure of \$40,000.
- The Trust is applying for external funding for capital projects. These projects won't proceed unless funding is secured.
- The net fair value adjustment for Council Loans is based on repayments to each Council of \$25,000 per year
- Without the Council fair value adjustment, the 2018/19 result would be a surplus of \$8,919 (future years a surplus of \$7,748 and \$6,557 respectively).

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PROJECTED STATEMENT OF FINANCIAL POSITION

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
	Actual	Actual @ 31/12/17			
Assets					
Cash & Bank	176,695	455,030	691,295	931,466	1,175,605
Accounts Receivable	15,326	529,396	55,000	55,000	55,000
Prepayments	8,768	70,885	-	-	-
Stock on Hand	5,234	28,362	28,816	29,277	29,745
Investments	417,228	272,377	276,735	281,163	285,662
Non-Current Assets	19,936,839	19,812,777	19,531,073	19,244,222	18,952,141
Total Assets	20,560,090	21,168,827	20,582,919	20,541,128	20,498,153
Liabilities					
Creditors	58,874	87,892	40,000	40,000	40,000
GST	(571)	57,863	3,025	3,486	3,954
Accruals – Holiday Pay	79,645	46,928	46,928	46,928	46,928
Grants Received in Advance	1,245	442,097	-	-	-
Loan ex NCC/TDC	1,245,290	1,245,290	1,242,195	1,238,960	1,235,580
Total Liabilities	1,384,483	1,880,070	1,332,148	1,329,374	1,326,462
Net Assets	19,175,607	19,288,757	19,250,771	19,211,754	19,171,691
Equity					
Retained Earnings	19,012,312	19,175,607	19,288,757	19,250,771	19,211,754
Current Year Earnings	163,295	113,150	(37,986)	(39,017)	(40,063)
Total Equity	19,175,607	19,288,757	19,250,771	19,211,754	19,171,691

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PROJECTED STATEMENT OF CASHFLOWS

	<u>2017-18</u> Actual @ 31/12/17	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Council Operating Grants	896,704	1,791,333	1,819,995	1,849,115
Contracts	57,311	82,190	82,190	82,190
Interest Received	6,873	11,000	11,176	11,355
Receipts from Other Revenue	144,355	275,722	280,134	284,616
Payments to Suppliers & Employees	(931,888)	(1,829,622)	(1,858,896)	(1,888,638)
Interest Paid	(57)	-	-	-
Goods and Services Tax (Net)	(4,604)	-	-	-
Net Cash from Operating Activities	168,694	330,623	334,599	338,638
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturing/Sale of Investments	417,228	272,377	276,735	281,163
Purchase of Property, Plant & Equipment	(35,210)	(40,000)	(40,000)	(40,000)
Purchase of Investments	(272,377)	(276,735)	(281,163)	(285,662)
	109,641	(44,358)	(44,428)	(44,499)
CASH FLOWS FROM FINANCIAL ACTIVITIES				
Repayment of Borrowings	-	(50,000)	(50,000)	(50,000)
	-	(50,000)	(50,000)	(50,000)
Net Increase (Decrease) in Cash	278,335	236,265	240,171	244,139
Opening Cash Balance	176,695	455,030	691,295	931,466
Closing Cash Balance	455,030	691,295	931,466	1,175,605

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Governance Statement

Structure, Function and Obligations of the Board:

The Role of the Board

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

Composition of the Board

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

Guidance and Resources Provided to Board Members

Resources available to Board members to carry out their duties:

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

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Code of Conduct:

- All Board members shall observe the Governance Charter, 2008
- All Board members will be required to comply with the New Zealand Institute of Directors “Code of Proper Practice for Directors”
- All Board members will apply their best endeavours to ensure the Trust achieves the financial, cultural, social and environmental objectives defined in Section 2 of this document
- All Board members will apply their best endeavours to ensure the Trust complies with the requirements of its Deed of Trust, Memorandum of Understanding and the statutory compliance of the annual Statement of Intent and Strategic Plan
- All Board members will apply their best endeavours to ensure the Trust complies with the Museums Aotearoa Code of Ethics
- Board members are expected to devote the time, diligence, effort and commitment to allow the Board to achieve its objectives
- Board members will undertake an annual review of their performance and work towards rectifying any issues identified

1. Significant Policies in Place for Accountability

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

Risk Management Policies

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

Remuneration

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

2. Nature and Scope of Activities

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

- To manage and operate the Museum in accordance with the Strategic Plan, to manage the Trust's assets and facilities, and acquire and manage the Collections, including research collections of archives, library and photographs, and to operate them for the benefit of the residents of the region and the public generally, in accordance with the Strategic Plan
- To recognise the special nature of the history of the region and the role of Tangata Whenua as kaitiaki of taonga Māori and their special contribution to the heritage and identity of Te Tau Ihu
- To support the strategic direction and policies of Nelson City Council and Tasman District Council in relation to cultural heritage issues and to enhance the special character of the region by protecting and celebrating its heritage and promoting it as a destination for cultural tourism (in association with NRDA - Nelson Regional Development Agency)
- To foster support from a wide network including employees, volunteers, iwi, life associates, ratepayers and residents, educational providers, domestic and international visitors, heritage and other interest groups, corporate sponsors, private donors and supporters, philanthropic / funding agencies, Museums Aotearoa and departments of the New Zealand government
- To foster effective participation with the community on heritage matters
- To develop exhibition programmes and education policies for the Trust facilities and Museum services, with a view to maximising public utilisation of these facilities and services at TA445 in Nelson City and the Research Facility at Isel Park
- To provide services that relate to the education of the residents of the Nelson and Tasman region, the rohe of Te Tau Ihu, and the wider community generally, relating to the region's past history and heritage issues and to the present time via exhibitions, our website and direct and electronic access to Collections
- To collaborate with other museums and facilities within the region to maximise community input into heritage issues
- To develop and maintain partnership programmes with other museums
- To consult with and seek input from the community generally by whatever manner the Trustees deem appropriate to enable the services provided by the Trust and the Museum to be in accordance with the wishes of the community
- To retain Acquisition, Deaccession, Exhibition and Collection Policies for the Trust
- To provide all financial, administration, marketing, technology and other services required for the Trust facilities
- To acquire land and other assets where such land or other assets can be used in conjunction with the Trust facilities or to promote the aims and objectives of the Trust

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- To ensure that all facilities are managed effectively
- To comply with all relevant legislation and regulations and, where practicable, observe and support all international conventions and treaties as they relate to museums and items held by museums
- To protect and manage for the benefit of the Museum all intellectual property, including trademarks, copyright and any reproduction rights

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

3. Accounting Policies

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

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

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

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

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

Measurement Base

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

Goods and Services Tax

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

Fixed Assets

Tasman Bays Heritage Trust has the following classes of assets:

- Land, Buildings and Improvements
- Plant and Equipment

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- Exhibition Fit Outs – permanent gallery
- Office Furniture and Fittings
- Collections

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

Depreciation

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

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

Financial Instruments

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

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

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

Employee Entitlements

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

Audit and Risk Management Committee

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

Annual Objectives

As detailed in the Strategic Plan document.

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

Governance Obligations

- Operate within the annual budget at all times
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga māori

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

4. Reporting to Stakeholders

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

Draft Statement of Intent (SOI)

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

Completion of Statement of Intent (SOI)

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

Half Year Report

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

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

Annual Report

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

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

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

Procedure for Acquisition of Other Interests

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

Funding from Local Authorities

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

Estimate of the Trusts Value

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

The most recent valuation of land and buildings was performed by independent registered valuer I McKeage of Telfer Young (Nelson) Ltd. The Isel property was valued at \$633,000 while the TA445 land and buildings was valued at \$9,156,000. The effective date of this valuation was 30 June 2015.

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

Dividend Policy

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

Insurance

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

Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017
and draft Statement of Intent 2018/19: Attachment 3



PO Box 853, Nelson 7040, New Zealand
enquiries@museumnp.org.nz | www.nelsonmuseum.co.nz

Mayor Reese
Nelson City Council
PO Box 645
Nelson 7040

Mayor Kempthorne
Tasman District Council
Private Bag 4
Richmond 7050

TBHT STATEMENT OF INTENT 2018 - 2021

Tēnā korua

On behalf of Tasman Bays Heritage Trust, please find enclosed our Statement of Intent for the period 1 July 2018 – 30 June 2021.

Regarding the general expectations set out in your letter dated 1 December 2017, we note the following:

- 1.1 – 1.3 Full accounts are enclosed.
- 1.4, 1.13 Health and Safety compliance is taken seriously by Trustees and staff. Any incidents are reported to TBHT on a monthly basis, and robust Health and Safety committees, policies and procedures are in place.
- 1.7 Our major capital project is, as flagged in our current and previous SOIs, to ensure the Regional Heritage Collection is appropriately housed. Please see enclosed SOI for expanded commentary.
- 1.12 The Chief Executive maintains an up to date risk register which is reviewed quarterly by the Audit and Risk Sub-Committee. New or major risks are escalated to the Chair and or the Board as and when required.
- 1.14 TBHT undertakes board-evaluation every two years and a review is next scheduled for mid-2018.
- 1.15 TBHT is committed to sustainability and the Museum aims to model best environmental practices for the community. Some ways in which we are addressing it are:
 - Using only sustainably harvested timber in our exhibition builds, and recycling exhibition materials wherever possible;
 - The staff have embraced recycling and are actively looking to cut plastic waste, with the on-site café using paper instead of plastic straws;

Nelson Provincial Museum | 270 Trafalgar Street, Nelson 7010 | Tel: +64 3 548 9588
Research Facility | Isel Park, 13 Hilliard Street, Stoke, Nelson 7011 | Tel: +64 3 547 9740

Supported by Nelson City Council and Tasman District Council

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Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017
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- Any new build will be constructed to be as energy efficient as possible. Constraints of the current facility at Isele Park mean that it is not currently possible to maintain adequate climate control in an energy efficient manner.

1.16 TBHT actively monitors hazards which may impact our operations. The most likely is flooding at either the Isele Park or Elms Street sites. Despite the seismic strengthening of the building in recent years, there is ongoing risk at the Isele Park site from a major earthquake. Identification of a seismically stable site away from natural hazards will be crucial for a new collection facility going forward.

Staff are professionally trained to deal with hazard events which put either our people or our collections at risk.

Our Chief Executive has discussed fair pay and gender equity in employment with Chris Ward. As at 1 July 2017, we raised our minimum hourly rate to the then quoted Living Wage (\$19.80). We are confident that we have strong and equitable employment processes in place and we look forward to continuing these discussions with Chris.

Should you have any questions please do not hesitate to contact me.

Nāku noa, nā



OLIVIA HALL

Tasman Bays Heritage Trust Chair

olivia.a.hall@gmail.com

ENC: Statement of Intent 2018 – 2021

Nelson Provincial Museum | 270 Trafalgar Street, Nelson 7010 | Tel: +64 3 548 9588
Research Facility | Isele Park, 13 Hilliard Street, Stoke, Nelson 7011 | Tel: +64 3 547 9740

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Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017
and draft Statement of Intent 2018/19: Attachment 4



1 December 2017

Tasman Bays Heritage Trust

Board of Trustees

Attn: Chairperson Olivia Hall

PO Box 853

Nelson 7040

Dear Olivia

LETTER OF EXPECTATION

This Letter of Expectation is intended to inform the Tasman Bays Heritage Trust Board of the councils' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2018/19. In clarifying our expectations early, we expect that the passage through to acceptance by both councils will be more efficient and effective.

Statement of Intent 2018/19

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

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

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

In addition to the matters set out below, Chris has been asked to begin a conversation with our CCOs around fair pay and gender equity in employment. He will contact you separately about those issues.

Nelson City Council
P (03) 546 0342
PO Box 645, Nelson 7040

Tasman District Council
P (03) 543 8405
189 Queen St, Private Bag 4, Richmond 7050

The general expectations for all CCOs are as follows:

- 1.1 The SOI 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 cashflow statement.
- 1.2 SOIs should disclose measures such as Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e. CCOs.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act. SOICs, where prepared under a related Act e.g. the Port Companies Act, should comply with both those Acts and the wider provisions in Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.
- 1.4 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 1.5 Where applicable, dividends are to be disclosed along with the dividend payout policies, where applicable. Where dividends are not increasing over time, then an explanation should be provided e.g. increased capital expenditure; the need to reinvest in the business.
- 1.6 Where the councils make a financial contribution to the operational costs of the organisation, the CCO should show how it intends to increase non-council revenue streams.
- 1.7 Capital expenditure and asset management intentions should be included.
- 1.8 CCOs should use the same information for both managing the business and reporting through to the councils i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective, the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. There is an expectation that CCOs will continue to make ongoing improvements in their SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
 - Strategic context;
 - Specifying and presentation of the outcomes framework;
 - Main measures and targets, outcomes and objectives;

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Item 7: Tasman Bays Heritage Trust Half Yearly Report to 31 December 2017
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- Linking the strategy outputs performance together.

- 1.12 Risk management - Councils would like to understand better in the SOCI how the Board is considering and managing all key risks, including natural hazards and cyber security.
- 1.13 Councils expect the Board to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and have evidence to demonstrate appropriate H&S systems and performance.
- 1.14 Governance performance - In order to aid the Councils when making decisions on director remuneration and appointments, the Board should undertake regular evaluation of its own performance.
- 1.14.1 Council expects these reviews to be carried out at least once every 18 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.

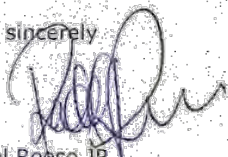
The specific expectations in relation to Tasman Bays Heritage Trust are:

- 1.15 The councils would like to see sustainability addressed in the Statement of Intent with consideration of wider environmental impacts/outcomes.
- 1.16 The councils would also like to understand what recovery planning Tasman Bays Heritage Trust has carried out in relation to potential hazards impacting the Trust's activities.

If you have any queries, please contact Chris Ward on (03) 545 8729 or chris.ward@ncc.govt.nz in the first instance.

Please note that you will be notified of Council meeting dates for 2018 as soon as these have been confirmed.

Yours sincerely



Rachel Reese JP
Mayor of Nelson



Richard Kempthorne
Mayor of Tasman

cc CEO, Nelson Provincial Museum

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REPORT R9143

Nelson Airport Limited half-yearly report to 31 December 2017

1. Recommendation

That the Joint Shareholders Committee

Receives the report Nelson Airport Limited half-yearly report to 31 December 2017 (R9143) and its attachments (A1929980 and A1929981)

Mike Drummond
Corporate Services Manager, Tasman District Council

Attachments

Attachment 1: A1929980 - TDC cover report - NAL Half-yearly report to 31Dec2017 [↓](#)

Attachment 2: A1929981 - Nelson Airport Limited Interim Report for six months to 31Dec2017 [↓](#)

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 1



Joint Shareholders Committee - 17 April 2018

NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2017)

Information Only - No Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	17 April 2018
Report Author:	Mike Drummond, Corporate Services Manager
Report Number:	

1 Summary

- 1.1 The Nelson Airport Ltd interim financial report for the six month period ended 31 December 2017 is attached. The Board presented to the Joint Committee of the Tasman District and Nelson City Councils meeting on 27 March 2018. Included in the presentation was commentary on the half year performance of the Company.
- 1.2 Fiscal performance was ahead of budget with revenue slightly up on budget and 14% ahead of the same period last year. Profit before tax was up 12% on budget and well ahead of the 2016/17 first half result of \$1.98m.
- 1.3 The directors' report covers key performance matters including the increase in passenger numbers and seat capacity, along with progress on the new terminal redevelopment projects, control tower and car parking system.
- 1.4 Health, safety and wellbeing recorded good results with only one Lost Time Injury of less than three days over this period. A bi annual full emergency exercise was successfully carried out in September 2017, and a regular CAA compliance audit, with no reportable findings.

2 Draft Resolution

That the Joint Shareholders Committee receives the Nelson Airport Ltd - Half Yearly Report (December 2017) report.

NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2017)

3 Purpose of the Report

- 3.1 To receive the half yearly report to 31 December 2017 from Nelson Airport Ltd. (Attachment 1).

4 Background and Discussion

4.1 The six monthly report for the period ended 31 December 2017 is attached as part of this report. The report was received within the timeframe set in the Local Government Act 2002 and the Company's Statement of Intent (SOI). The report meets the requirements set out in the SOI.

4.2 The directors' report, included as part of the half yearly report, covers the key matters affecting the Company for the half year, including:

- Good results for health, safety and wellbeing, with one incident reported in the period to December 2017 that resulted in a Lost Time Injury for less than three days. The bird-strike rate has lowered, reflecting the extra focus applied to this area of aviation risk. A bi annual full emergency exercise was successfully carried out in September 2017. Security infrastructure is being enhanced by further learnings and reporting. A regular CAA compliance audit was carried out during this period with no reportable findings.
- Progress on Stage A of the terminal redevelopment is well advanced with the commencement of the structural build. 300 new car parks have been delivered, with the establishment of a new advanced gateway car park access system.
- Construction of the new Airways Control Tower is well advanced with internal fit out and commissioning underway.
- Passenger numbers increased by 8% in the six months to December 2017, along with increased airline capacity. This was largely stimulated by strong tourism demand, increases of capacity from Q300 aircraft to ATRs by Air NZ, and the improvement of Jetstar Auckland and Wellington services.
- A new Operations and Assets Manager was appointed in November 2017 and a new role was established internally for a Compliance Manager to enhance the focus on health, safety and risk, emergency systems and environmental awareness.
- The company purchased Airport House (the ex HNZ Building and Origin Pacific Terminal and Offices) in December 2017.
- Commercial revenues from property, advertising and ground transport continue to grow in line with overall passenger growth.

4.3 The report also includes achievements and progress against the performance measures set out in the Statement of Intent.

5 Policy / Legal Requirements / Plan

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 1



Joint Shareholders Committee - 17 April 2018

NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2017)

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

6 Attachments

1. Nelson Airport Ltd - Interim Report for Six Months to 31 December 2017



A1929981

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

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Condensed Statement of Financial Position	11
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The financial statements have not been subject to an audit and should be read in conjunction with accompanying Notes to the Financial Statements

Directors' Report

For the Six Months Ended 31 December 2017

Total Revenues	\$4.95m		Up 14%
EBITDA	\$3.16m		Up 14%
Net Profit before Tax	\$2.46m		Up 24%
Passenger Numbers	525,550		Up 8%

Progress on Stage A of the terminal redevelopment is well advanced with piling and floor slab completed and vertical structure commenced. The recent acquisition of Airport House (formerly Helicopters New Zealand headquarters) expanded leasing capabilities and diversified non-aeronautical revenue streams. The Airport expanded its commercial relationship with Air New Zealand Regional Maintenance to supply dedicated aircraft parking and storage areas on the aerodrome.

Health, Safety & Risk

Health and Safety continues to be a high priority with awareness and focus on operations and construction activity. Monthly forums have been established to review and update risk profile, report on activity and identify areas for improvement. The key risks of the business are reviewed on a monthly basis at each Board meeting and all risks are reviewed in detail on an annual basis.

There was one incident in the period to December 2017 that resulted in a Lost Time Injury for > 3days. A lowering in bird-strike rates reflects additional resources and focus applied to this area of aviation risk. The airport's emergency plan performed well in response to various incidents during the period and the bi annual full emergency exercise was successfully carried out in September 2017. All follow up procedures were conducted well by the relevant parties.

Security infrastructure continues to be enhanced in line with risk management learnings and increased levels of security awareness and reporting.

Regular CAA compliance audits are carried out with one occurring in the six months to December 2017 with no reportable findings.

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

Terminal Redevelopment Projects and Control Tower

The Board is pleased to report steady progress with the terminal redevelopment project. The piling, slab and services infrastructure for Stage A were completed in December. The Laminated Veneer Lumber (LVL) structural components are being erected during the second half of the financial year.

While the project is progressing well, there remains some risk that delays in Stage A may affect delivery of the overall programme within expected time-lines. However, at this time, the Board remains optimistic that the forecast delay to the overall programme can be clawed back in later stages given the modular, repetitive nature of the design.

300 new car parks have been delivered (out of a total 900 when completed), the new access ring road is partially complete and the establishment of a new advanced gateway car park access system was implemented.

Construction of the new Airways control tower is well advanced with internal fit out and commissioning underway.

Operations

The six months ending December 2017 saw the continuation of the strong growth in airline passengers and financial performance generated over the 2016/17 year.

Passengers for the six months to December 2017 were 525,550 compared to 486,000 for the same period in the prior year, an 8% increase. This was on the back of increased airline capacity which delivered 662,300 seats for the period against 648,000 for the prior period. This was largely stimulated by strong tourism demand, increases of capacity and up gauging from Q300 aircraft to ATRs by Air New Zealand, the continued improvement of Jetstar Auckland and Wellington services and the competitive seat cost in and out of Nelson.

Plans for the apron and taxiway upgrade have been developed in consultation with airlines, and the preferred option is now proceeding to detailed design. These upgrades are critical infrastructure projects, and are scheduled to have civil works underway by the end of the financial year.

With the growth of the airline business and infrastructure projects in the pipeline, the business has actively built up its resources and expertise to cater for these demands. A new Operations and Assets Manager was appointed in November to manage all airside and landside operations, property assets and customer experience. In addition to this a new role was internally established for a Compliance Manager to enhance our focus on Health, Safety and Risk, Civil Aviation Authority and Ministry of Transport compliance, emergency and safety management systems and environmental awareness.

The company purchased Airport House (the ex HNZ Building and Origin Pacific Terminal and offices) in December 2017. This first class facility will enable the business to expand its commercial property portfolio and diversify into additional non-aeronautical revenue streams.

Commercial revenues from property, advertising and ground transport continue to grow in line with overall passenger growth. Some construction impact is anticipated as the redevelopment moves closer to existing operations and commercial areas.

The airport works closely with the Nelson Regional Development Agency and our airline partners. These relationships continue to prosper and underpin the airport's ability to understand and influence tourism demand in the Nelson Tasman region.

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

Sponsorships with Abel Tasman Cycle Challenge, Tasman Mako, International Netball Series and the South Island Masters Games have assisted in developing and expanding the airport's brand story and this has been well supported by a robust public relations and communications strategy.

Continual improvement of the culture and wellbeing is evidenced by a robust personal development programme in place, and training and development opportunities for all staff being well received. Staff participated in the Abel Tasman Cycle Challenge, Nelson Half Marathon and planted 1,000 trees along the Great Taste Trail.

Fiscal Performance


We are pleased to report our financial results for the period showed good growth from the prior year period and figures are above budget. Increased revenues reflect the outcome of a number of initiatives implemented to ensure that non-aeronautical revenues lever off increased passenger volumes.

6 months ended:	<u>December 17</u>	<u>Budget</u>	<u>December 16</u>
Revenue	\$ 4.95 m	\$4.92 m	\$4.33 m
EBITDA	\$ 3.16 m	\$3.08 m	\$2.76 m
Profit before Tax	\$ 2.46 m	\$2.20 m	\$1.98 m

Our latest full year forecast indicates a budgeted financial outcome for the 2017/18 financial year.



Paul Steere
Chair



Catherine Taylor
Deputy Chair

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

**SERVICE PERFORMANCE REPORT
For the 6 Months Ended 31 December 2017**

The Company has developed six strategies to improve business performance and encourage growth. These strategies are underpinned by targets and performance measures.

The strategic plan is structured around six high level strategic areas;

1. Aeronautical
2. Infrastructure
3. Commercial
4. Governance
5. Organisational Development
6. Operations

Under the strategies the business has identified a number of objectives and specific performance measures and targets. The following schedule indicates progress made towards achieving the targets set as at 31 December 2017.

Key to coloured text in following tables

- Green text :** Target has been met or exceeded, or is forecast to be met or exceeded.
- Orange text :** Target is at risk of not being met.
- Red text :** Target has not been met or is forecast not to be met.

1. AERONAUTICAL

Objective	Performance Measure	Target	Result
Deliver an aeronautical business development plan which underpins existing capacity, develops new opportunities for growth and supports "fly direct" connectivity.	Total aeronautical revenues	>\$5.0m per annum	On track to deliver >\$5m for 2017/18
	Forecast passengers	1,073,000 per annum	Current forecast is above budget but 3% below target. The business is working on a number of initiatives to achieve target.
	Active support for airlines, tourism bodies and airport partners	Additional seating capacity delivered to underpin the new passenger target	Current forecast is a 1% increase in capacity v previous year.

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

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2. INFRASTRUCTURE

Objective	Performance Measure	Target	Result
Develop an airport precinct that promotes and supports future growth and stimulates financial performance – on time and on budget.	Commission Stage 1 of terminal redevelopment.	April 2018	Stage 1 forecast to be commissioned August 2018.
	Commence apron redevelopment.	June 2018	On track.
	Complete Taxiway Alpha rehabilitation.	Complete by June 2018	Target may not be achieved however project is underway.

3. COMMERCIAL

Objective	Performance Measure	Target	Result
Actively manage commercial agreements and relationships to ensure non-aero stakeholders thrive at Nelson Airport.	Non-aeronautical revenue.	>\$4.7m per annum	Current forecast is \$4.5m.
	EBITDA	>\$6.2m per annum	Current forecast is \$6.2m.
	Dividend growth	Deliver dividend growth in excess of CPI movement.	Current forecast is to meet target.

4. GOVERNANCE

Objective	Performance Measure	Target	Result
Continually enhance the Governance and Management of the Airport to deliver the objectives of the Shareholders, Board and the local community	Risk Management.	Top ten risks individually reviewed by the Board by June 2018.	Achieved
	Lost time injuries suffered.	None	One lost time injury to date.
	Bird strike rate reduced.	Maintain a birdstrike rate of <5 per 10,000 movements.	Rate has been reduced this year due to initiatives undertaken. Current rate is 5.1

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

5. ORGANISATIONAL DEVELOPMENT

Objective	Performance Measure	Target	Result
Provide an environment of health, wellness and a culture that fosters the development of people who work at the airport.	Staff health and wellbeing.	Implement initiatives specifically targeted at supporting staff health and wellbeing.	Initiatives implemented with good participation and outcomes. A comprehensive new safety management system is currently being finalised for implementation this year.
	Team culture and performance.	Personal profiling completed for all staff.	Scheduled for the current year.

6. OPERATIONS

Objective	Performance Measure	Target	Result
Proactively manage clean, safe, secure and friendly facilities, services and infrastructure.	Safety performance across airport operations and terminal construction projects.	Zero harm.	On track to achieve.
	Facilitate and engage on noise management obligations.	Minimum of two noise committee meetings held.	On track to achieve.
	Implement improved airfield inspection programmes, wildlife management techniques and FOD (foreign object debris) management.	No findings in CAA audits.	No findings to date.

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

Condensed Statement of Comprehensive Income
For the Six Months Ended 31 December 2017

	Note	Budget (\$)	Dec 2017 (\$)	Dec 2016 (\$)
Revenue	2	4,919,569	4,949,392	4,331,912
Operating costs	3	2,209,768	1,938,672	1,920,515
Administration expenses	3	514,747	559,949	455,597
		<u>2,724,515</u>	<u>2,498,623</u>	<u>2,376,112</u>
Operating Profit		2,195,054	2,450,770	1,955,800
Interest Revenue			13,990	24,878
Interest Expenditure			(5,030)	
Net Financing Income			8,960	24,878
Profit before Tax		2,195,054	2,459,730	1,980,678
Income tax expense	11	755,268	617,415	587,639
Total Comprehensive Income		1,439,786	1,842,315	1,393,039

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

Condensed Statement of Changes in Equity
For the Six Months Ended 31 December 2017

	Note	Dec 2017 (\$)	Dec 2016 (\$)
Opening Retained Earnings		11,885,069	9,525,312
Total Profit for the Year		1,842,315	1,393,039
Retained Earnings as at Year End		13,727,384	10,918,353
Opening Asset Revaluation Reserve		38,043,443	38,043,443
Asset Revaluation as at Year End		38,043,443	38,043,443
Share Capital		2,400,000	2,400,000
Closing Equity as at Year End		54,170,827	51,361,796


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

Condensed Statement of Financial Position

As at 31 December 2017

	Note	Dec 2017 (\$)	Jun 2017 (\$)
Assets			
Current Assets			
Trade and Other Receivables		1,275,317	763,315
Cash and Cash Equivalents		647,011	2,599,075
Total Current Assets		1,922,328	3,362,390
Non Current Assets			
Property, Plant and Equipment	5	63,314,325	55,501,278
Intangible Assets		38,259	42,703
Total Non Current Assets		63,352,584	55,543,981
Total Assets		65,274,912	58,906,371
Liabilities			
Current Liabilities			
Trade and Other Payables		2,701,417	906,371
Current Income Tax Liability		258,331	612,492
Employee Entitlements		128,524	137,388
Total Current Liabilities		3,088,272	1,656,251
Non Current Liabilities			
Deferred Tax	11	4,740,813	4,921,608
Interest Bearing Loans	12	3,275,000	-
Total Non Current Liabilities		8,015,813	4,921,608
Total Liabilities		11,104,085	6,577,859
Net Assets		54,170,827	52,328,512
Equity			
Issued Share Capital		2,400,000	2,400,000
Retained Earnings		13,727,384	11,885,069
Asset Revaluation Reserve		38,043,443	38,043,443
Total Equity		54,170,827	52,328,512

For and on behalf of the Board


Paul Steere
Chair

28 February 2018


Catherine Taylor
Deputy Chair

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

Condensed Statement of Cash Flows
For the Six Months Ended 31 December 2017

	Note	Dec 2017 (\$)	Dec 2016 (\$)
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from airport users		4,425,164	4,307,298
Interest received		26,215	33,726
		<u>4,451,379</u>	<u>4,341,023</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(1,610,234)	(2,175,282)
Interest paid		(5,030)	
Income tax paid		(1,152,372)	(826,797)
Net GST Movement		(222,392)	74,420
		<u>(2,990,027)</u>	<u>(2,927,659)</u>
Net Cash Flows from Operating Activities	4	<u>1,461,352</u>	<u>1,413,365</u>
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
<i>Cash was disbursed to:</i>			
Increase in term deposit/other financial assets			(400,000)
Purchase of property, plant & equipment		(6,688,416)	(1,878,388)
Purchase of Intangible Assets			
		<u>(6,688,416)</u>	<u>(2,278,388)</u>
Net Cash Flow from Investing Activities		<u>(6,688,416)</u>	<u>(2,278,388)</u>
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
Increase in term loans		3,275,000	
		<u>3,275,000</u>	
<i>Cash was disbursed to:</i>			
Net Cash Flow from Financing Activities		<u>3,275,000</u>	
Net increase/(decrease) in cash and cash equivalents		(1,952,064)	(865,023)
Opening cash and cash equivalents		2,599,075	1,586,003
Closing cash and cash equivalents		<u>647,011</u>	<u>720,980</u>

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

Notes to the Condensed Financial Statements

For the 6 Months Ended 31 December 2017

1. Statement of Accounting Policies

REPORTING ENTITY

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

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

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

The unaudited interim financial statements for Nelson Airport Limited are for the six months ended 31 December 2017.

BASIS OF PREPARATION

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

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

- a. The unaudited interim financial statements have been prepared in accordance with the New Zealand Equivalents to International Accounting Standard No. 34 (Interim Financial Reporting) and should be read in conjunction with the previous annual report.
- b. The useful life of the existing terminal has been reassessed in line with its expected date of decommission, leading to a change in the depreciation rate applied to that asset. Apart from the above, there have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the previous annual report. To ensure consistency with the current period, comparative figures have been restated where appropriate.

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

2. Revenue

	Budget \$	Dec 2017 (\$)	Dec 2016 (\$)
Aeronautical Charges	2,659,290	2,723,329	2,274,188
Ground Transport Revenues	1,409,749	1,385,920	1,205,075
Retail Revenue	102,113	103,042	110,120
Advertising Revenue	83,000	81,643	81,010
Property Revenues	663,777	655,326	658,315
Sundry Income	1,640	132	3,205
	<u>4,919,569</u>	<u>4,949,392</u>	<u>4,331,912</u>

3. Expenses

a) Operating Costs

	Budget \$	Dec 2017 (\$)	Dec 2016 (\$)
Depreciation	879,861	701,265	800,939
Amortisation of Intangible Assets	4,500	4,445	3,591
Employee Entitlements	552,798	567,926	483,160
Other Operating Expenses	772,609	664,769	583,013
Loss on Disposal of Assets		267	49,812
	<u>2,209,768</u>	<u>1,938,672</u>	<u>1,920,515</u>

b) Administration Costs

	Budget \$	Dec 2017 (\$)	Dec 2016 (\$)
Auditors Remuneration	20,000	19,731	14,340
Directors' Fees	57,414	60,439	52,195
Provision for Impairment of Trade Receivables			(804)
Other Administration Expenses	437,333	479,779	389,867
	<u>514,747</u>	<u>559,949</u>	<u>455,597</u>

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

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

	Dec 2017 (\$)	Dec 2016 (\$)
Comprehensive Income to 31 December	1,842,315	1,393,039
<i>Add/(less) non cash and non operating items:</i>		
(Gain)/Loss on Disposal of assets	267	49,812
Depreciation and Amortisation	705,710	804,530
Movement in deferred taxation	(180,795)	(138,130)
<i>Movement in working capital:</i>		
(Increase)/Decrease in receivables	(512,002)	(15,767)
Increase/(Decrease) in current tax payable	(354,162)	(101,028)
Increase/(Decrease) in payables	(39,981)	(579,092)
Net cash flows from operating activities	1,461,352	1,413,365

5. Property, Plant & Equipment

31 December 2017	Land & Improvements (\$)	Buildings (\$)	Airfield Infrastructure (\$)	Landside Infrastructure (\$)	Equipment (\$)	Fixtures & Fittings (\$)	Capital Work in Progress (\$)	Total (\$)
Cost or Valuation								
Balance as at 1 July 2017	26,064,466	10,720,753	16,830,299	5,327,634	570,815	297,480	5,346,466	65,157,913
Reclassification								
Additions		1,995,265	34,971	255,565	10,050	11,202	6,461,743	8,768,798
Disposals					(843)		(254,219)	(255,062)
Balance at 31 December 2017	26,064,466	12,716,018	16,865,270	5,583,199	580,022	308,682	11,553,990	73,671,648
Accumulated Depreciation and Impairment Losses								
Balance as at 1 July 2017		4,799,311	3,315,430	961,978	361,516	218,400		9,656,634
Depreciation		192,936	359,177	117,988	23,677	7,487		701,265
Disposals					(576)			(576)
Balance at 31 December 2017	-	4,992,247	3,674,607	1,079,966	384,617	225,887	-	10,357,323
Net Book Value at 31 December 2017	26,064,466	7,723,771	13,190,663	4,503,234	195,405	82,796	11,553,990	63,314,325

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

30 June 2017	Land & Improvements (\$)	Buildings (\$)	Airfield Infrastructure (\$)	Landside Infrastructure (\$)	Equipment (\$)	Fixtures & Fittings (\$)	Capital Work in Progress (\$)	Total (\$)
Cost or Valuation								
Balance as at 1 July 2016	26,064,466	10,447,616	16,815,207	4,810,181	907,137	322,333	2,166,710	61,533,650
Reclassification		273,137		474,928	835	937	(749,836)	1
Additions			15,092	42,525	39,778	16,208	4,097,187	4,210,790
Disposals					(376,935)	(41,998)	(167,595)	(586,528)
Balance at 30 June 2017	26,064,466	10,720,753	16,830,299	5,327,634	570,815	297,480	5,346,466	65,157,913
Accumulated Depreciation and Impairment Losses								
Balance as at 1 July 2016		4,343,723	2,599,449	765,040	635,508	244,262	132,259	8,720,241
Depreciation		455,588	715,981	196,938	53,445	15,524		1,437,475
Disposals					(327,437)	(41,386)	(132,259)	(501,082)
Balance at 30 June 2017		4,799,311	3,315,430	961,978	361,516	218,400		9,656,634
Net Book Value at 30 June 2017	26,064,466	5,921,442	13,514,869	4,365,656	209,299	79,080	5,346,466	55,501,278

Residential land was last valued as at 30 June 2015 by Duke & Cooke in accordance with the 2012 Australia and New Zealand Valuation Property Standards; the 2013 International Valuation Standards (fair value \$965,000). The Directors are satisfied that there has not been a material movement in the fair value as at 31 December 2017.

Leasehold aerodrome land, upon which the airport is situated, was vested by the Crown to be held in trust by Nelson City Council. The Company has a renewable 60 year lease over this land at a peppercorn rental. The leasehold interest in airport land was last valued as at 30 June 2015 by Seagar & Partners (Auckland) Limited in accordance with 2013 International Valuation Standards (fair value \$24,998,666). The Directors are satisfied that there has not been a material movement in the fair value as at 31 December 2017.

All Buildings were last valued as at 30 June 2015 by Duke & Cooke in accordance with the 2012 Australia and New Zealand Valuation Property Standards; the 2013 International Valuation Standards (fair value \$6,490,115). The Directors are satisfied that there has not been a material movement in the fair value as at 31 December 2017.

Airfield Infrastructure and Landside Infrastructure was last valued as at 30 June 2015 by Opus International Consultants Limited in accordance with International Valuation Standards (fair value \$19,159,721). The Directors are satisfied that there has not been a material movement in the fair value as at 31 December 2017.

6. Transactions with Related Parties

Transactions with Shareholders

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

The Company paid rates and maintenance costs to the NCC amounting to \$240,402 (2016:\$211,977) and the balance included as owing in trade payables as at 31 December 2017 is \$24,759 (2016: \$16,346).

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

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

Item 8: Nelson Airport Limited half-yearly report to 31 December 2017:
Attachment 2

Transactions with entities owned by Shareholders

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$36,190 (2016: \$43,140) and the balance included as owing in trade payables as at 31 December 2017 was \$6,338 (2016: \$5,489).

Nelson Regional Development Agency Limited (formerly Tourism Nelson Tasman Limited) is 100% owned by Nelson City Council. Nelson Airport Limited paid for tourism marketing services from Tourism Nelson Tasman Limited of \$46,000 (2016: \$11,500), and received \$207 (2016: Nil) for advertising revenue. The balance included as owing in trade payables as at 31 December 2017 was \$17,250 (2016: Nil).

Transactions with entities related to key management personnel

During the period Nelson Airport Limited paid for services and study fees from Nelson Marlborough Institute of Technology, for which Paul Steere is a Councillor. These services amounted to Nil in 2017 (2016: \$10,613) and the balance owing in trade payables as at 31 December 2017 was Nil (2016: Nil).

During the period Nelson Airport Limited received rental income from, and paid corporate fees to, Nelson Golf Club, for which Paul Steere is a director. Income received for the period amounted to \$4,799 (2016: \$4,562), while amounts paid totalled \$2,300 (2016: Nil). The balance of trade receivables as at 31 December 2017 was \$296 (2016: \$296).

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

7. Distribution to shareholders

No dividend was declared during the first six months of the financial year to 31 December 2017 (2017: On 30 June 2017, a year-end dividend of \$720,000 was declared. This was paid on 30 June 2017).

8. Contingencies

There are no material contingent liabilities at 31 December 2017.

9. Subsequent Events

There were no subsequent events post 31 December 2017.

10. Capital Commitments

Nelson Airport Limited has \$29,278,100 of capital commitments for Terminal and Landside Development contracted for as at 31 December 2017 (2016: \$119,000).

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

11. Income Tax

Components of Income Tax Expense

	Dec 2017 6 Months	Dec 2016 6 Months
Current Tax Expense	798,210	725,769
Deferred Tax Expense	(180,795)	(138,130)
	<u>617,415</u>	<u>587,639</u>

Relationship between Tax Expense and Accounting Profit

	Dec 2017 6 Months	Dec 2016 6 Months
Operating Profit Before Taxation	<u>2,459,730</u>	<u>1,980,678</u>
Prima Facie Tax @ 28%	688,724	554,590
Adjustment for Timing & Taxation Differences	109,486	171,179
Adjustments for Deferred Tax	(51,619)	(6,415)
Adjustments for Deferred Tax - Property, Plant & Equipment	(129,176)	(131,715)
Income Tax Expense	<u>617,415</u>	<u>587,639</u>

Deferred Tax

	Dec 2017 6 Months	Dec 2016 6 Months
Property, Plant and Equipment		
Opening Balance	(4,896,198)	(5,145,154)
Charged to Profit & Loss	129,176	131,715
Charged to Other Comprehensive Income	-	-
Closing Balance	<u>(4,767,022)</u>	<u>(5,013,439)</u>
Employee Entitlements		
Opening Balance	(8,186)	(4,868)
Charged to Profit & Loss	29,865	501
Closing Balance	<u>21,679</u>	<u>(4,367)</u>
Other Provisions		
Opening Balance	(17,224)	(2,992)
Charged to Profit & Loss	21,754	5,914
Closing Balance	<u>4,530</u>	<u>2,922</u>
Total	<u>(4,740,813)</u>	<u>(5,014,884)</u>

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

12. Interest Bearing Loans

Repayable as follows:

Secured Loans

Less Than 1 Year

Between 1 and 5 Years

Dec 2017	Jun 2017
(\$)	(\$)

3,275,000	
3,275,000	

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

The interest rate applying at balance date to the loan was 3.35%. (June 2017: No loans borrowings at year end).

13. Approval of interim financial statements

The interim financial statements were approved by the board of directors on 28 February 2018.

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

Directory

Directors

Paul Steere (Chair)
Catherine Taylor (Deputy Chair)
Matthew Clarke
Matthew McDonald
Mark Greening (appointed 20 December 2017)
Judene Edgar (retired 20 December 2017)

Registered Office

Nelson Airport Management Offices
Trent Drive
Nelson

Telephone
Email

03-547-3199

office@nelsonairport.co.nz

Chief Executive

Robert Evans

Managers

Commercial:
Compliance:
Corporate Services:
Operations and Assets:
Sales and Marketing:

Stephen Batt
James Middlewick
Simon Orr
David Scott (appointed 16 October 2017)
Sally Russ

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Johnston Associates Chartered Accountants Limited

Bankers

Westpac Banking Corporation

Lawyer

Ford Sumner Lawyers

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

Policy Review: Joint Remuneration for Directors of CCTOs

1. Purpose of Report
- 1.1 To consider the reviewed and amended Policy for jointly setting remuneration for Directors of Council Controlled Trading Organisations (the Policy).

2. Recommendation

That the Joint Shareholders Committee

Receives the report Policy Review: Joint Remuneration for Directors of CCTOs (R9076) and its attachment (A1929440); and

Approves the reviewed and amended Nelson City and Tasman District Council Policy for Jointly Setting Remuneration for Directors of Council Controlled Trading Organisations (A1929440).

3. Background

- 3.1 Under s57 of the Local Government Act 2002:

A local authority must adopt a policy that sets out an objective and transparent process for—

- (a) *the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and*
- (b) *the appointment of directors to a council organisation; and*
- (c) *the remuneration of directors of a council organisation.*

- 3.1 This report deals with the s57(c) requirements – Nelson City and Tasman District Councils have a separate policy for joint appointment of directors [s 57(a) and s57(b)] which is due for review in November 2018.

- 3.2 The Policy covers the setting of remuneration for directors of jointly owned Council Controlled Trading Organisations (CCTOs) i.e. Nelson

Item 9: Policy Review: Joint remuneration for directors of CCTOs

Airport Limited and Port Nelson Limited. The Policy was last reviewed in September 2014, and is scheduled for review every three years.

4. Discussion

- 4.1 The remuneration policy has been used annually since 2014 in setting the level of director fees at Nelson Airport Limited and Port Nelson Limited. The policy intent is that the remuneration pool of the CCTOs will be between the lower quartile and median of the survey data of similar organisations.
- 4.2 In 2014 when the first review under the revised policy was undertaken, the Nelson Airport Limited director remuneration pool was 30% below the lower quartile data for similar organisations. During the intervening years the gap has been progressively reduced so the pool at \$120,049 is **now only 6% below the lower quartile director's fees (based on the 2017 survey data)**.
- 4.3 In 2014, the Port Nelson Limited director remuneration pool was 29% above the lower and 3% below the median quartile. During the intervening years the pool has been increased to \$235,421 which remains at 29% above the lower quartile. The increases have not however maintained the relativity to the median quartile. The current fees are now 14% below the median quartile for directors fees (based on the 2017 survey data).
- 4.4 The current policy reasonably balances the private sector and public good elements of being a director of a Council controlled trading organisation noting that there have been no issues with recruiting and retaining directors on both these Boards.

Minor amendments

- 4.5 Minor amendments have been made to the policy to reflect that the Joint Shareholders Committee has the delegated authority to set the director remuneration pools for the CCTOs.

5. Options

- 5.1 The Committee can either adopt the revised policy in full or request further changes.

Option 1: Adopt policy as amended by officers	
Advantages	<ul style="list-style-type: none">• Policy amendments are minor in nature
Risks and Disadvantages	<ul style="list-style-type: none">• none
Option 2: Request further changes to the policy	

Item 9: Policy Review: Joint remuneration for directors of CCTOs

Advantages	<ul style="list-style-type: none">• Gives Committee opportunity to influence policy
Risks and Disadvantages	<ul style="list-style-type: none">• Significant changes may have unintended consequences when applied in practice• Delay in adoption of the policy

6. Conclusion

- 6.1 The Councils must have a policy on remuneration for directors of CCTOs which is jointly held. Officers have amended the current policy to reflect current delegations of the Joint Shareholders Committee.

Nikki Harrison
Group Manager Corporate Services

Attachments

- Attachment 1: A1929440 - Procedure for Jointly setting Remuneration for Directors of CCTO's [↓](#)

Important considerations for decision making	
1. Fit with Purpose of Local Government	This Policy is a statutory requirement.
2. Consistency with Community Outcomes and Council Policy	This Policy contributes to the outcome ' <i>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement</i> '.
3. Risk	The Policy amendments are minor in nature and are considered low risk.
4. Financial impact	None
5. Degree of significance and level of engagement	This matter is of low significance as the Policy applies to only a small number of people and is reflective of good governance.
6. Inclusion of Māori in the decision making process	Maori have not been involved in developing this Policy.
7. Delegations	The Joint Shareholders Committee has the responsibility for deciding matters in relation to jointly held Council Controlled Organisations and Council Controlled Trading Organisations, including director remuneration and director appointments.

Procedure for Jointly setting remuneration for Directors of Council Controlled Trading Organisations

Joint Policy of Nelson City Council/Tasman District Council

Contacts Nikki Harrison, Group Manager Corporate Services
Nelson City Council
Mike Drummond, Corporate Services Manager
Tasman District Council

Approved by Joint Shareholders Committee
Nelson City Council / Tasman District Council

Date April 2018
Review April 2021

JOINTLY SETTING REMUNERATION FOR DIRECTORS OF COUNCIL CONTROLLED TRADING ORGANISATIONS

1. Introduction

1.1 Nelson City Council and Tasman District Council jointly control or have significant shareholdings in a Council Controlled Trading Organisation, Nelson Airport Limited and in Port Nelson Limited, a port company registered in accordance with the Port Companies Act 1988. These are independent organisations, whose operations are governed by a Board of Directors.

2. Purpose

2.1 This Policy sets out the agreed process for setting the remuneration pool for Directors of Governing Boards of Council Controlled Trading Organisations where Nelson City Council and Tasman District Council share control.

3. Process for setting of remuneration of Directors

3.1. This process is intended to provide a consistent approach to the manner and level of remuneration set, having regard to the need to attract suitable qualified directors along with the public service component of the roles.

3.2. The remuneration will normally be set for a three year period aligning with the Long Term Plan cycle.

- 3.3. In setting remuneration for the first year of the Long Term Plan, the Joint Shareholders Committee will purchase the Strategic Pay New Zealand Directors Fees Report (or a similar market guide) in the previous July **ie July 2017 for the Long Term Plan 2018-28**.
 - 3.4. Officers will analyse this data together with the previous year's result and average the two years result. This approach reflects the relative small sample size in New Zealand and the ability for respondent's movement in and out of the survey to have a significant impact on the results.
 - 3.5. The data used for benchmarking will be representative of the type of organisation (local government) and other relevant factors including but not limited to, annual turnover, assets, shareholder funds and number of employees.
 - 3.6. The number of respondents (sample size) for each factor will be used to weight the relativity of the measure ie if there are only 2 respondents with an annual turnover of less than \$5m but 20 respondents with assets of \$5.1m to \$10m the assets result gets a much higher weighting than annual turnover.
 - 3.7. The Joint Shareholders Committee, in **approving** the remuneration pool, will base their recommendation between the lower and median quartile of the previous two years survey results.
 - 3.8. In the intervening two years before the next Long Term Plan, the remuneration pool may be adjusted by annual consumer price index (CPI) movement at the previous December ie December 2017 annual CPI is used in setting the increase in the remuneration pool for the financial year from 1 July 2018.
- 4. Remuneration of Directors**
- 4.1. Directors shall receive fees in accordance with scales **approved** by the Joint Shareholders Committee.
- 5. Variation of Procedure**
- 5.1. The procedures outlined in this policy may be varied to meet the requirements of the Organisation's rules, constitution, trust deed or other guiding document, provided that such variation meets the requirements of the Local Government Act 2002.
 - 5.2. The procedures outlined in this policy may be varied in exceptional circumstances provided such variation is approved by both Nelson City Council and Tasman District Council.