

NOTICE OF MEETING

Joint Shareholders' Committee

Date: Tuesday 6 April 2021

Time: 1.30pm-4.30pm

**Venue: Tasman Council Chamber
189 Queen Street
Richmond**

MEMBERSHIP

Members

Tasman District Council
Mayor T King (Chair)
Deputy Mayor S Bryant
Cr B Dowler
Cr K Maling
Cr C Mackenzie
Cr D Ogilvie

Nelson City Council
Mayor R Reese
Deputy Mayor J Edgar
Cr M Courtney
Cr B McGurk
Cr G Noonan
Cr R Sanson

In Attendance:

Janine Dowding CE TDC
Mike Drummond Corporate
and Governance Services
Manager TDC
Christina Ewing, Executive
Assistant and Committee
Advisor.

Pat Dougherty, CE NCC
Nikki Harrison, Group
Manager Corporate Services
NCC
Andrew White, Group
Manager Community Services
NCC

(Quorum 6 members)

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AGENDA

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

3 DECLARATIONS OF INTEREST

4 CONFIRMATION OF MINUTES

That the minutes of the Joint Shareholders Committee meeting held on Tuesday, 17 November 2020, be confirmed as a true and correct record of the meeting.

5 PRESENTATIONS

Nil

6 REPORTS

- 6.1 Review of the procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations.....7
- 6.2 Tasman Bay Heritage Trust Statement of Intent 2021-22 & Mid Year Report 202013
- 6.3 Port Nelson Limited - Interim Financial Report - for the six month ended 31 December 2020135
- 6.4 Nelson Airport Limited - Half yearly Report ending 31 December 2020.....159

7 CONFIDENTIAL SESSION

- 7.1 Procedural motion to exclude the public209
- 7.2 Nelson Airport Draft Statement of Intent 2021-2022209

6 REPORTS

6.1 REVIEW OF THE PROCEDURE FOR JOINTLY SETTING REMUNERATION FOR DIRECTORS OF COUNCIL CONTROLLED TRADING ORGANISATIONS

Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	6 April 2021
Report Author:	Mike Drummond, Corporate and Governance Services Manager
Report Number:	RJSC21-04-5

1 Purpose of Report

- 1.1 To update the Joint Shareholders' Committee the '*Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations*'.

2 Report Summary

- 2.1 At the Joint Shareholders' Committee (JSC) meeting on 25 August 2020, the Committee resolved (JSC20-08-12) to review the remuneration pools once the review of '*Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations*' had been undertaken.
- 2.2 As a result of the review by Council Officers, no changes to the methodology are recommended.
- 2.3 Minor editorial changes to maintain alignment with upcoming Long Term Plan (LTP) dates have been applied.

3 Recommendation

That the Joint Shareholders Committee

- receives the Review of the procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations' report; and
- approves the updated '*Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations*'. (attachment 1)

4 Background and Discussion

- 4.1 At the Joint Shareholders' Committee meeting on 25 August 2020, the Committee resolved (JSC20-08-12) to review the remuneration pools once the review of '*Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations*' had been undertaken.
- 4.2 Council Officers have reviewed the procedure and associated methodology.
- 4.3 No changes to the methodology are recommended.

Minor editorial changes to maintain alignment with upcoming LTP dates have been applied. These are provided in the table below with the changes highlighted in red.

Policy Section	Old	New
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 i.e. July 2017 for the Long Term Plan 2018-28.	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) within two years of the LTP it will apply from i.e. either July 2020 or July 2021 for the Long Term Plan 2022-32.
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. i.e. December 2017 annual CPI is used in setting the increase in the remuneration pool for the financial year from 1 July 2018.	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 i.e. December 2020 annual CPI is used in setting the increase in the remuneration pool for the financial year from 1 July 2021.

- 4.4 It is intended that the updated Policy will come into effect from the date of resolution.
- 4.5 The updated document is provided in **attachment 1**.

5 Options

Option 1: Approve the procedure

Advantages	<ul style="list-style-type: none"> Approving the Procedure will enable the Directors remuneration to be considered at the next Joint Shareholders' Committee
Risks and Disadvantages	<ul style="list-style-type: none"> None identified
Option 2: Do not approve the procedure	
Advantages	<ul style="list-style-type: none"> The status quo remains, leaving the 2018 policy in place.
Risks and Disadvantages	<ul style="list-style-type: none"> A decision not to approve the Procedure will leave the Procedure out of date. The existing Policy (2018) does not have transition arrangements.

Considerations for Decision-Making	
1. Fit with Purpose of Local Government	Appropriate setting of director remuneration for Council's Controlled Trading Organisations supports the provision of good quality local infrastructure.
2. Consistency with Community Outcomes and Council Policy/Legal requirements	A decision on this is required as per JSC resolution 20-08-12 made on 25 August 2020.
3. Strategy and Risks	There is limited risk to the Council resulting from this recommendation.
4. Financial impact/Budgetary implications	There is no direct financial impact on the Council resulting from this recommendation.
5. Degree of significance and level of engagement	This matter is of low significance as it relates to setting director remuneration for boards of Council Controlled Trading Organisations which has limited impact on ratepayers and residents.
6. Climate Impact	No Impact.
7. Inclusion of Māori in the decision-making process	No engagement with Māori has been undertaken in preparing this report.
<i>The Joint Shareholders' Committee has the responsibility for deciding all matters relating to jointly held Council Controlled Organisations and Council Controlled Trading Organisations. The Joint Shareholders'</i>	

Committee has the power to decide this matter/power or to make a recommendation to the Councils on this matter.

Item 6.1

6 Conclusion and Next Steps

- 6.1 This decision is a routine update to the Procedure.
- 6.2 The review of remuneration will be undertaken and brought to the next Committee meeting.

Attachments

- 1. Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisations 11



Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisation

ORGANISATIONAL POLICY

Contacts	Nikki Harrison, Group Manager Corporate Services, Nelson City Council Mike Drummond, Corporate and Governance Services Manager, Tasman District Council
Approved by	Joint Shareholders Committee Nelson City Council / Tasman District Council
Date	April 2021
Review	April 2024
Reference number	NCC - TDC - CS50

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) within two year of the LTP it will apply from i.e. July 2020 or July 2021 for the Long Term Plan 2022-32.
- 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 i.e. 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 i.e. December 2020 annual CPI is used in setting the increase in the remuneration pool for the financial year from 1 July 2021.

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.

6.2 TASMAN BAY HERITAGE TRUST STATEMENT OF INTENT 2021-22 & MID YEAR REPORT 2020

Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	6 April 2021
Report Author:	Andrew White, Group Manager Community Services
Report Number:	RJSC21-04-4

1 Summary

- 1.1 Please find attached Andrew White's report, Group Manager Community Services NCC on the TBHT SOI 2021-22 and Mid-Year Interim Report 2020, plus attachments.

2 Draft Resolution

That the Joint Shareholders Committee

1. ***Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2020 and Draft Statement of Intent 2021/22 (R22675) and its attachments (A2579584, A2579562 and A2515960); and***
2. ***Notes the delivery of the Tasman Bays Heritage Trust draft Statement of Intent 2021/22 (A2579562) as required under the Local Government Act 2002; and***
3. ***Provides the following comments and feedback to the Tasman Bays Heritage Trust:***
 - a) ***that the draft Statement of Intent meets the shareholders' expectations; or***
 - b) **requests the Trust considers... (to determine at the meeting).**

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3 Attachments

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|--|----|
| 1. TBHT Statement of Intent 2021-22 & Mid-Year Report 2020 | 15 |
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Tasman Bays Heritage Trust Half Yearly Report to 31 December 2020 and Draft Statement of Intent 2021/22

1. Purpose of Report

- 1.1 To receive the Tasman Bays Heritage Trust (TBHT) half year performance report (Attachment 1).
- 1.2 To seek the Committee's approval of the TBHT draft Statement of Intent 1 July 2021 – 30 June 2022 (Attachment 2).

2. Recommendation

That the Joint Shareholders Committee

1. ***Receives the report Tasman Bays Heritage Trust Half Yearly Report to 31 December 2020 and Draft Statement of Intent 2021/22 (R22675) and its attachments (A2579584, A2579562 and A2515960); and***
2. ***Notes the delivery of the Tasman Bays Heritage Trust draft Statement of Intent 2021/22 (A2579562) as required under the Local Government Act 2002; and***
3. ***Provides the following comments and feedback to the Tasman Bays Heritage Trust:***
 - a) ***that the draft Statement of Intent meets the shareholders' expectations; or***
 - b) ***requests the Trust considers... (to determine at the meeting).***

3. Background

- 3.1 Under the Local Government Act 2002, TBHT is required to complete a Statement of Intent (SOI) on an annual basis, no later than 1 March each year. This requirement has been met.

Item 6.2

Attachment 1

- 3.2 Councils have an opportunity to provide feedback to the Trust within two months of this date and the Trust has until 30 June to deliver the final SOI to the councils. The draft SOI is included as Attachment 1.
- 3.3 Schedule 8 of the Local Government Act outlines the purpose of a SOI, what is to be included and how it is to be approved. The SOI, as supplied by the Trust, is compliant.
- 3.4 The Letter of Expectation (LOE) was provided to TBHT to help guide it in the creation of the SOI. This is included as attachment 3. The councils encouraged the Trust to engage with them via their respective Long Term Plans as the most appropriate mechanism to confirm or request funding.
- 3.5 Specific expectations in the LOE were:
 - 3.5.1 The Trust details plans regarding the new collections facility.
 - 3.5.2 The Trust describes its response to COVID-19.
 - 3.5.3 The Trust outlines a trustee succession plan.
- 3.6 The Trust Chairperson, Olivia Hall and Chief Executive, Lucinda Blackley-Jimson will be in attendance at the meeting to present the information and answer questions.

4. Discussion

- 4.1 The SOI has been checked for compliance with the statutory requirements and there are no matters to bring to the attention of the Committee. In addition, the SOI has been considered in light of the matters set out in the LOE. These matters have been adequately addressed in the SOI.

Half Yearly Report

- 4.2 Targets were reviewed in light of disruptions due to the impact of COVID-19 closures, a reduction in overseas visitors but increased activity with local and regional visitors.
- 4.3 The six month financials to 31 December 2020, show a net surplus of \$238,000 compared to a budgeted deficit of \$23,000. Variances against budget include increased revenue of \$167,000, reduced direct costs of \$46,000, reduced expenses of \$27,000 and reduced depreciation of \$21,000.
- 4.4 The balance sheet is largely on budget.
- 4.5 Non-financial measures indicate that the capital project to build the new collection facility are on track, education and visitor targets are on track, the work to refresh the regional gallery continues to take longer than planned, work on the collection is in progress and sustainability strategies are on track.
- 4.6 The Trust presented information from its half yearly report to the Joint Committee on 16 March 2021.

Draft Statement of Intent

4.7 The draft SOI purpose statement is:

"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 and entertain."

4.8 Specific expectations outlined in the LOE are addressed in the SOI on pages 31 and 32; specifically

4.8.1 Plans for the collection facility are described (pages 3 and 7).

4.8.2 COVID-19 impacts are reflected in the SOI. Visitation and financial goals have been revised in the absence of overseas tourists alongside increased visitation from regional and local visitors.

4.8.3 The four trustees due to complete their terms in November 2021 have signalled their willingness to stand again for a further term.

4.9 Major goals are to plan and progress the capital programme for a storage facility, to be a highly valued visitor destination, to support and collaborate with iwi, to develop the regional collection and improve sustainability.

4.10 The draft SOI also describes how the Trust's proposed activities support the aligned community outcomes of the Tasman District Council and Nelson City Council (page 18). Objectives, performance measures and targets for the next three years are defined covering: the natural environment, sustainable and people friendly environments, infrastructure, healthy and resilient communities, opportunities for community to celebrate heritage and identity, community access to social, cultural and recreational opportunities, leadership, partnerships and regional sustainability and innovation.

5. Options

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

5.2 There are two options to consider for the SOI.

Option 1: Accepts the draft SOI for approval (recommended option)	
Advantages	<ul style="list-style-type: none"> The Trust will receive early confirmation of the SOI.
Risks and Disadvantages	<ul style="list-style-type: none"> The Committee may not feel that the SOI adequately reflects the Councils' expectations.

Item 6.2

Option 2: Provide feedback to the Trust on the draft SOI	
Advantages	<ul style="list-style-type: none"> The Trust will have an opportunity to make changes to the draft SOI to reflect the Committee’s feedback.
Risks and Disadvantages	<ul style="list-style-type: none"> The draft SOI will need to come back to the Committee in a future report.

Attachment 1

6. Conclusion

6.1 The Tasman Bays Heritage Trust has submitted the draft Statement of Intent 2021/22 as required by the Local Government Act. The Committee has an opportunity to provide feedback to the Trust on the draft SOI for consideration in drafting the final 2021/22 SOI.

Author: Andrew White, Group Manager Community Services

Attachments

- Attachment 1: A2579584 - Tasman Bays Heritage Trust - Six Monthly Report - 22 February 2021
- Attachment 2: A2579562 - Tasman Bays Heritage Trust - Draft Statement of Intent 2021-2022 - 22 February 2021
- Attachment 3: A2515960 - Tasman Bays Heritage Trust - Statement of Expectations - 18 December 2020

Important considerations for decision making	
1. Fit with Purpose of Local Government	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.
2. Consistency with Community Outcomes and Council Policy	The Trust contributes to the outcome 'Our communities have opportunities to celebrate and explore their heritage, identity and creativity' and 'Our communities have access to a range of social, educational and recreational facilities and activities'.
3. Risk	<p>There is a continuing risk that COVID-19 impacts may require changes to the SOI and impact financial and non-financial performance. Officers will update the Committee on any changes to performance targets that are needed during the year.</p> <p>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>
4. Financial impact	The provision of the museum is a budgeted activity for both Councils.
5. Degree of significance and level of engagement	This matter is of low significance and no further consultation is proposed.
6. Climate Impact	Replacement of the ageing air condition unit at the museum is expected to deliver significant energy savings. Planned infrastructure investment by the Trust considers climate impact implications through materials used, passive solar design and solar energy generation.
7. Inclusion of Māori in the decision making process	No engagement with Māori has been undertaken in preparing this report. Iwi are represented on the Trust Board.

8. Delegations

The Joint Shareholders Committee has the following delegations to consider the draft Statement of Intent:

Areas of Responsibility:

- *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.*

Powers to Decide:

- *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, director appointments, and setting of directors' fees.*



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TASMAN BAYS HERITAGE TRUST

SIX MONTHLY REPORT

1 July to 30 December 2020

CEO
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1
A2579584



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Kia ora koutou

Tasman Bays Heritage Trust is proud to present our six-month report to our joint shareholders Tasman District Council and Nelson City Council, and looks forward to your feedback at the next meeting of the Joint Committee.

THE IMPACT OF COVID-19

As with all other organisations in the region and around New Zealand, the Nelson Provincial Museum had its operations significantly disrupted by the impact of the global COVID-19 pandemic. The Museum was closed under Levels 3 & 4 and reopened 18th May 2020 under Level 2 protocols. The expectation at this time was of subsequent lock-downs and highly curtailed domestic tourism. Accordingly, we set out to 'make ends meet' and reduced our visitation and income targets accordingly.

In order to present a break-even budget in our 2020/21 Statement of Intent, we therefore reduced expenditure. Key to these savings were holding two staff vacancies open and reducing the exhibition budget and other operating expenses.

Fortunately, at time of writing New Zealand museums have escaped the worst of the impacts that museums overseas have experienced. We had expected a drop in visitation of around 35% at Nelson Provincial Museum and accordingly set a target of 35,000 across all venues (excluding the Education target of 5,500). While our numbers have certainly been reduced, visitation is only down around 20% in the six-month period from 1 July – 31 December 2020 thanks to high domestic tourism and better than expected local visitation. Visitor numbers sit at 22,068 for this period – a comfortable 63% of the forecast with the high January visitation still to come.

There have also been economic impacts. The loss of international tourists has seen a drop off in retail sales and a shift in demand from tourist items towards homewares, requiring a strategic shift in sourcing stock. The financial impact of COVID-19 on other sectors has also impacted the Museum, with the loss of one regular sponsor and an impact on community grants available.

Canterbury Museum was fortunately able to proceed with hiring *Our Moon*, the exhibition we created in the previous year, despite expectations they would not. This earned the Museum \$30,000 in revenue. The Trust also received \$75,000 in donated assets and bequests.

Weighing up all these factors, as at 31 December 2020 the Museum is in a significantly better financial position than expected after the 2020 COVID-19 restrictions. Normal Museum staffing levels will resume in the third and fourth quarters, and end of year audit fees, collection and property valuations and other necessary IT upgrades will see us finishing the year with a modest surplus before revaluations and fair value adjustments.

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Attachment 1



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ARCHIVES, RESEARCH AND COLLECTION (ARC) FACILITY

The key strategic aim of the Trust is to progress the capital works project to build a new Archives, Research and Collection (ARC) Facility to house the regional collection. As is widely accepted, the current Isele Park Research Facility is at the end of its useful life and a new purpose built facility is required to safely house Nelson Tasman's unique heritage collection for future generations.

We are grateful to NCC who have committed \$3million towards the project in their current LTP, and to TDC for (at time of writing) inclusion of a matching amount in their draft LTP. Once TDC funding is confirmed, the Trust will be able to approach other potential funding organisations and launch a public fundraising campaign.

OUR PEOPLE

As previously highlighted, two roles which became vacant just before lock-down were held open for six-months in order to proactively manage post-COVID finances. These roles have now been successfully filled with the new recruits starting in February. We look forward to welcoming Karen Gorsuch and Michael Davies to their roles as Curator Archives and Social History Collections Technician respectively. We are appreciative of a grant of \$25,000 from Ministry of Culture and Heritage / Te Papa National Services Te Paerangi to support this recruitment.

This period also saw Engagement Leader Natalie Gilberd resign and we wish her well in her new ventures. We were also sad to farewell educator John Campbell upon his retirement, but are delighted to welcome bi-lingual teacher Kelly O'Leary to the team as his replacement. We are also happy that John has continued his association with the Museum by supporting the Slice of Life education programme this term.

VISITOR EXPERIENCE

Our planned exhibition programme was impacted by the COVID-19 lockdown and level restrictions, forcing the cancellation or postponement of some scheduled exhibitions. However, the exhibition team responded with energy and flexibility, and admirably reworked the programme to fit the constraints.

Rugby: 150 Years On had been intended as a physical exhibition. During the uncertainty of lockdown, it was transformed to a digital exhibition. When levels were dropped sufficiently to enable reopening, the team reworked it yet again so that Nelson Tasman could mark the anniversary with a proper physical display at the Museum.

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Through the Lens was a showcase of three local photographers known as Toru Collective. Their exhibition celebrated everyday life in our rohe and supported the regional message 'We Got This'. *Enigma* displayed local artist Sue Heydon's intriguing response to the invasive, yet useful, weed old man's beard, and its difficult legacy.

We were grateful to Auckland Museum for supplying the immersive digital experience *Tupaia*, telling the story of the eponymous Tahitian navigator who accompanied and, it is believed, guided Cook in his Pacific journey. A highlight of the exhibition has been working with Ngāti Kuia to tell the story of the relationship Tupaia had with Kurahaupō iwi, including being generously granted permission to share the treasured oriori (lament) they wrote to commemorate his passing. The third component of this most special exhibition was working with students from St Joseph's school, who curated their part of the exhibition with their own personal responses to Tupaia and his journey. This significant and ground-breaking exhibition was launched with a moving dawn ceremony attended by the famed navigator's descendants.

Slice of Life, about the world-famous Dunedin study (developed by the University of Otago Te Whare Wānanga o Ōtago and Tōitu Otago Settlers Museum), has proved an extremely popular summer show for our local audiences, offering an irresistible mix of nostalgia and ground-breaking social science.

Due to COVID-19 level restrictions and the unpredictability of organising public events, the number of our public events has been reduced compared to last year. However, we have hosted several lectures, including the Tohu Collective photographers speaking about their work, artist talks by Sue Heydon and an extremely well received series of sold-out holiday programmes. Senior Curator Photography Darryl Gallagher spoke at numerous venues in the community including Senior Net, Stoke Seniors, Trafalgar Probus Club and Rotary Club of Nelson, and both the CEO Lucinda Blackley-Jimson and Collections Leader Shae Trewin gave talks to Motueka and Nelson Historical Societies.

EDUCATION

Post-lockdown, teachers were very hesitant to take their classes outside of the safety of the school environment. Accordingly, our Educators adapted and concentrated on outreach programmes, taking the Museum to the schools. Our new 'Museum in a Box' programme was delivered to over 1,800 students, comprising 976 in Tasman and 835 in Nelson.

Despite COVID-19, we met and exceeded our annual Education target, with 5,925 students attending against a target of 5,500 in the 2020 calendar year (almost 8% up on target).

The Museum was delighted to support Waimea Intermediate School's book, 'Riding the Covid Wave' and the school's project to record their pandemic experiences for the future. CEO Lucinda Blackley-Jimson took pride in writing the foreword to this book and congratulated the curators of the future at the launch, which took place at Pic's Peanut Butter World.

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Attachment 1



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COLLECTIONS

The Collections team have been focused on preparing the Collection for relocation to the new ARC facility. Despite being short-staffed, a great amount of work has been progressed.

Thirteen new acquisitions were made to the regional collection, including the portrait of eminent Nelsonian Edward Green painted by Gottfried Lindauer in 1875, most generously donated by the family of Karl Akers, grandson of Edward Green; Greg, Richard and Rebecca Thompson; and Sally, Wendy and Gillian Akers. Other acquisitions included a cable rocket launcher used by Nelson Harbour Board and the former Waimea Electric Power Board to launch cables over Tasman valleys, and three crocheted 'teddy bear dioramas' created during lockdown which included a scene depicting the Prime Minister Jacinda Ardern and Director General of Health Dr Ashley Bloomfield.

We are grateful for the loan of objects for our exhibitions from local organisations including Tasman Rugby Union, Nelson Rugby Football Club, Nelson College Old Boy's Association, the Cawthron Institute and Founders Heritage Park. In turn we loaned objects to NCC for display in Broadgreen House and Isel House, including pixie town figures by FN Jones and historic textiles.

Our Curatorial team answered over 237 hours of research enquiries, and delivered over 59 hours of professional expertise to Te Taihū cultural and heritage organisations. Requests for photo orders remained strong with 106 orders, including requests by Te Papa for two dresses from the collection to be photographed for an upcoming publication.

We also gratefully acknowledge the ongoing support and work from our volunteers who contributed over 850 hours of service to the Museum Collections.

OUTREACH

Eight outreach programmes on differing topics were delivered throughout the rohe - from Motueka and Wakefield to Richmond and Nelson. We were pleased to be able to collaborate again with Willowbank Heritage Village in Wakefield by operating their photo booth for their Halloween event. We took 62 photos for visitors at the event. We also enjoyed being back at the Nelson A&P Show in November. More than 650 visitors came to see us over the weekend, sparking lots of great feedback and discussions.

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RETAIL

It is once again a pleasure to support our local artists, makers and craftspeople, with 45% of our current suppliers based in Nelson Tasman.

We are extending our range of Taonga Māori in the Museum shop, including Pakohe (argillite) taonga by local artist Lewis Smith. We are also expanding our commercial offerings to appeal more to local buyers.

Work has been undertaken to strengthen our online retail offering, with software upgrades to link the physical and the digital shop. Despite the drop in overseas tourists, our biggest spending demographic, over \$30,000, was earned in shop income in this period.

IN ACKNOWLEDGEMENT

Special thanks to our joint shareholders Tasman District and Nelson City Councils, as well as to the individuals, organisations and groups who continue to support us. We gratefully acknowledge the support of the Ministry of Education through the Learning Experiences Outside the Classroom (LEOTC) fund.

We are thankful for all donations, grants and in-kind support we have received to date this financial year. In particular we would like to acknowledge our in-kind supporters Bowater Hyundai, Nelson Pine and Auckland Museum, and Tasman District Council for their financial support of 'Ablaze: the 2019 Tasman Fires'.

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Attachment 1



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STRATEGIC GOALS - PROGRESS 1ST JUNE – 30TH DECEMBER 2020

Strategic goal	Achieved through	Measured by (KPI)	Activity 01.07. - 31.12.2020	Status
1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection	<ul style="list-style-type: none"> - Robust planning, budgeting and project management - Identifying, canvassing and securing funding sources 	<ul style="list-style-type: none"> - Project plan including timeline and refined budget completed by 30 June 2021 - 30% of funding secured by 30 June 2021 	<p>ARC Sub-committee formed and meets bi-monthly, progressing project plan to meet target date of 30 June 2021.</p> <ul style="list-style-type: none"> • \$820K from capital reserves used on land purchase (7.26%) • \$45K Rata funding for 2017 feasibility study (-.39%) • NCC funding of \$3million secured in LTP (26.57%) 	<p>WIP</p> <p>Achieved 34% of total funding secured, including 7.65% from non-Council sources</p>

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<p>2. To be a highly valued visitor destination, educational facility and cultural tourism attraction</p>	<ul style="list-style-type: none"> - Securing support of both Councils 	<ul style="list-style-type: none"> - Financial support of both Councils confirmed by 30 June 2021 	<ul style="list-style-type: none"> • NCC funding of \$3million secured in LTP • TDC funding of \$3million included in draft LTP 	Achieved (NCC) Achieved to date (TDC)
	<ul style="list-style-type: none"> - Implement actions to attract traditionally under-represented visitor groups 	<ul style="list-style-type: none"> - Collaborate with local iwi on at least one exhibition or event every year 	Content developed with Kurahaupō / Ngāti Kuia to complement Tupaia learning experience (opened Oct 20 2020)	Achieved
	<ul style="list-style-type: none"> - Implement at least one new digital accessibility initiative by 30 June 2021 		Public access kiosk to be installed at Museum to offer on-site Collections Online browsing	WIP
	<ul style="list-style-type: none"> - Deliver at least one public programme event targeted at rangatahi youth by 30 June 2021 		Tupaia youth programmes scheduled for February 2021	WIP

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	<ul style="list-style-type: none"> - Better understand our local audience, including non-visitors 	<ul style="list-style-type: none"> - Undertake further visitor demographic research by 30 June 2021 	<p>Surveys scheduled for Feb/March 2021 to align with Museums Aotearoa national survey, and for June school holidays 2021</p>	<p>WIP</p>
	<ul style="list-style-type: none"> - Consolidating and attaining visitation targets 	<ul style="list-style-type: none"> - Achieve target visitation of 35,000 across all venues (excluding education) by 30 June 2021 	<p>Visitation from 1st July – 31 Dec: 22,069 (63% of target) including outreach and IseI researchers, and excluding Education</p>	<p>Achieved to date</p>
	<ul style="list-style-type: none"> - Achieve annual Ministry of Education visitation target of 5,500 (including remote learning) 	<p>Total 5,925 for 2020 (7.7% above annual target)</p>	<p>Achieved</p>	



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<ul style="list-style-type: none"> - Provide a high quality customer service and visitor experience 	<ul style="list-style-type: none"> - Twice yearly customer surveys with rating at least 85% satisfaction 	<p>Onsite digital survey results (<i>in progress</i>):</p> <ul style="list-style-type: none"> • Nov-Dec 2020 (<i>Slice of Life & Tupaia</i>) <ul style="list-style-type: none"> ○ 92% of visitors either “satisfied” or “extremely satisfied” 	<p>Achieved to date</p>
<ul style="list-style-type: none"> - Provide a high quality educational service 	<ul style="list-style-type: none"> - Teacher evaluation satisfaction levels at least 90% 	<p>Term 3 2020: 96% satisfaction Term 4 2020: 94% satisfaction</p>	<p>Achieved to date</p>
<ul style="list-style-type: none"> - Provide a destination retail experience profiling local Nelson Tasman makers 	<ul style="list-style-type: none"> - At least 30% of stock sourced from Nelson Tasman artisans 	<p>Currently 45% Local Suppliers</p>	<p>Achieved to date</p>

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<p>3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations</p>	<ul style="list-style-type: none"> - A refreshed and up to date Regional Gallery experience to engage tourist and local audiences 	<ul style="list-style-type: none"> - Consultation with mana whenua and other community stakeholders by 30 June 2021 - Concept design complete by 30 December 2021 - First stage of redevelopment completed by 30 June 2022 	<p>Initial planning hui scheduled in January 21</p>	<p>WIP</p>
			<p>To be developed following consultation</p>	<p>WIP</p>
			<p>To be progressed following stages 1 & 2 (above)</p>	<p>WIP</p>
			<p>59 hours of professional expertise provided to Te Taihū cultural organisations, including 22.5 hours in Tasman and 7.5 specifically to Tasman district museums <i>Abilaze: Tasman Fires 2019</i> exhibition developed to tour to Wakefield, Brightwater, Murchison, Appleby and Motueka in third quarter</p>	<p>WIP</p>

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	<ul style="list-style-type: none"> - Providing advice, guidance and mentoring to smaller galleries, libraries, archives and museums within Nelson Tasman 	<ul style="list-style-type: none"> - Coordinate one National Digital Forum (NDF) workshop (or similar) by 30 June 2021 - Organise two regional hui (possibly digital) with associated workshop on a topic requested by district museums by 30 June 2021 	<p>In development for May 2021</p> <p>Two regional museum hui held, one via zoom and one in Golden Bay, the latter with a workshop on audience research and text development</p>	<p>WIP</p> <p>Achieved</p>
	<ul style="list-style-type: none"> - Collaborating with other Nelson Tasman institutions and organisations 	<ul style="list-style-type: none"> - Collaborate with NCC Library to digitise Nelson Evening Mail from 1937 to 1945 for online access through Papers Past completed by 30 June 2021. 	<p>Project funded and complete for this period</p>	<p>Achieved</p>



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		<ul style="list-style-type: none"> - Host one remote wiki-edit-a-thon on a mutually agreed topic with another Nelson Tasman organisation by 30 June 2021. 	<p>Confirmed for Heritage Month 2021 with Tasman District Libraries</p>	<p>WIP</p>
		<ul style="list-style-type: none"> - Participate in one collaborative project with an iwi or Nelson Tasman heritage organisation by 30 June 2021. 	<p>Tūpuna (identification of ancestor and whānau portraits) event planned for Waitangi weekend at Te Hora Marae</p>	<p>WIP</p>



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<p>4. To continue to develop and provide appropriate care for a strong Collection which is valued by, and relevant and accessible to, Nelson Tasman communities</p>	<ul style="list-style-type: none"> - Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman - Identifying objects that do not fit our Collections policy 	<ul style="list-style-type: none"> - Collect at least two examples of contemporary local taonga by 30 June 2021. - Collect at least 30 significant items related to the 2019 Tasman Fires and the 2020 Covid-19 pandemic by 30 June 2021. - Pilot a rationalisation project on domestic technology collection by 30 June 2021. 	<p>Te Tai Ao Komiti approval received to proceed with purchase of taonga</p> <ul style="list-style-type: none"> • Five Accessioned and three unaccessioned COVID-19 related objects, with over twenty COVID items pending. • One Tasman Fires related object • Over 50 Tasman Fires images crowd-sourced from community <p>Scheduled for fourth quarter</p>	<p>WIP</p> <p>WIP</p> <p>WIP</p>
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	<ul style="list-style-type: none"> - Provide access for our visitors to connect with and study the physical Collection 	<ul style="list-style-type: none"> - Provide collection material for ten outreach programmes by 30 June 2021. - Four finding aids/research guides published on the Museum's website relating to significant collection holdings by 30 June 2021 - Undertake survey to understand what researchers need from and value in an archives and research facility by 30 June 2021 	<p>Eight outreach programmes delivered in this period, ranging from Motueka, Wakefield and Richmond to Nelson</p> <p>Scheduled for third quarter</p> <p>Currently scoping with providers</p>	<p>WIP</p> <p>WIP</p> <p>WIP</p>
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<p>5. To improve our sustainability performance.</p>	<ul style="list-style-type: none"> - Prepare collection for relocation 	<ul style="list-style-type: none"> - Inventory of furniture collection by 30 June 2021 	<p>Scheduled for fourth quarter pending arrival of newly appointed staff member</p>	<p>WIP</p>
	<ul style="list-style-type: none"> - Provide digital access to collection records 	<ul style="list-style-type: none"> - 5000 new records available online by 30 June 2021 	<p>4,551 new records added making a total of 158,408 records available online</p>	<p>WIP</p>
	<ul style="list-style-type: none"> - Embed the sustainability improvement programme 	<ul style="list-style-type: none"> - Review of the improvement programme by 30 June 2021 <ul style="list-style-type: none"> - Annual review of effectiveness of improvement measures 	<p>Sustainability report presented and recommendations accepted</p>	<p>Achieved</p>
	<ul style="list-style-type: none"> - Implement actions to improve sustainability performance 	<ul style="list-style-type: none"> - At least two sustainability initiatives implemented by 30 June 2021 	<ul style="list-style-type: none"> • External Energy Audit commissioned from EMSOL for FY 2021/22 • Invested in paint cleaning system to prevent water contamination 	<p>Achieved</p>

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STATEMENT OF COMPREHENSIVE INCOME
For the Period 1 July – 31 December 2020

	Actual 2020	Budget 2020	Actual 2019
Revenue	1,181,528	1,014,748	1,101,918
Less Direct Costs	627,188	673,234	850,050
Gross Profit	554,340	341,514	251,868
Less Expenses	152,845	179,646	150,602
Operating Profit	401,495	161,868	101,266
Less Depreciation	163,115	184,434	168,256
Net Surplus / (Deficit) for Period	238,380	(22,566)	(66,690)

Revenue Increase on Budget attributed to

Donated asset	\$60,000	
LEOV bequest	<u>\$15,000</u>	
Non trading additional income		\$75,000

**Return to Level 1 Covid
(additional unbudgeted income)**

'OUR MOON' touring Canterbury Museum	\$39,000	
Admissions, Sales, Lease income	<u>\$52,000</u>	
Trading additional income		\$91,000
Total additional revenue		\$166,000

Cost Savings on budget

Staffing,	\$38,000	
Depreciation	\$21,000	
Cost savings	\$13,000	
Timing of costs	\$22,000	
		\$94,000
Variance on budget		\$260,000

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STATEMENT OF FINANCIAL POSITION
For the Period 1 July - 31 December 2020

	2020	2019
<u>Assets</u>		
Cash & Bank	291,718	12,626
Debtors	7,120	538,499
Term Deposit	160,000	160,000
Prepayments	10,636	30,952
Stock on Hand	17,580	23,367
Non Current Assets	20,345,098	20,599,985
Total Assets	20,832,152	21,365,429
<u>Liabilities</u>		
Bank overdraft (revolve credit facility)	-	120,020
Creditors	43,954	96,824
GST	(12,973)	55,992
Grant/Income Received in Advance	3,432	462,144
Accruals – Annual Leave & Wages	72,508	47,993
Term Liabilities	1,154,963	1,284,591
Total Liabilities	1,261,884	2,067,564
Net Assets	19,570,268	19,297,865
<u>Equity</u>		
Retained Earnings	19,331,888	19,364,855
Current Year Earnings	238,380	(66,990)
Total Equity	19,570,268	19,297,865

Notation:

Dec 19 Debtors and 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 2020

Cash Flows from Operating Activities

Council Operating Grants	934,202
Contracts	41,095
Interest Received	1,928
Receipts from Other Revenue	207,157
Payments to Suppliers & Employees	(804,907)
Interest Paid	(40)
Goods and Services Tax (Net)	(5,349)
Net Cash from Operating Activities	374,086

Cash Flows from Investing Activities

Maturing/Sale of Investments	160,000
Purchase of Property, Plant and Equipment	(67,513)
Purchase of Investments	(160,000)
Net Cash from Investing Activities	(67,513)

Cash Flows from Financing Activities

Repayment Bank Overdraft (Revolve Credit Facility)	(25,050)
Net Cash from Financing Activities	(25,050)

Net Increase (Decrease) in Cash	281,523
Opening Cash Balance at 1 July 2020	10,195
Closing Cash Balance at 31 December 2020	291,718



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TASMAN BAYS HERITAGE TRUST

Statement of Intent

1 July 2021 – 30 June 2022

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TBHT STATEMENT OF INTENT 2021/22 FY

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Introduction

This Statement of Intent (SOI) is submitted by the Tasman Bays Heritage Trust ('the Trust'), operating 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 its amendments, and sets out the intentions and expectations of the Trust for the period 1 July 2021 – 30 June 2023.

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 our strategic plan will enhance the value of the Museum to our communities for current and future generations, 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.

For the Trust's Purpose Statement, Mission, Values and Activities please see Appendix 1

STRATEGIC GOALS 2021/22 FY

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

1. To plan for and progress a capital works project that will safely and appropriately house and care for the Nelson Tasman Regional Heritage Collection;
2. To be a highly valued visitor destination, educational facility and cultural tourist attraction;
3. To actively support and collaborate with Nelson Tasman cultural heritage organisations, iwi and other community organisations;
4. To continue to develop and care for a strong Regional Collection that is relevant, valued by, and accessible to, our Nelson Tasman communities; and
5. To improve our sustainability performance.

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

As first identified in 2004 and in several feasibility studies from 2010 to 2014 (Stuart report 2010, OCTA Associates 2011, Walker Associates Strategic Review 2014), the Research Facility and Collection Store at Isele Park is at the end of its functional life. Subsequent analysis of the Isele Research Facility (Opus 2017, Tasman Consulting Engineers 2018) has determined that there is a maximum lifespan of five years, meaning the Collection should be moved out of the Isele Park Collection Store by 2023.

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. After significant consultation with both Councils and on the recommendation of the JSC Working Group, the site adjacent to the Museum in Church Street was identified as the optimum location for the new Archives, Research and Collections (ARC) Facility. Following Council approval, the Trust purchased the site for \$820,000 funded from the Trust's capital reserves.

It is gratefully acknowledged that Nelson City Council has allocated \$1.5 million in 2021/22 and \$1.5 million in 2022/2023 within the 2018 to 2028 Long Term Plan. Tasman District Council has revisited the Trust's request for capital funding, and at the time of writing has committed \$3 million in their draft 2021 – 2031 Long Term Plan.

Progressing the ARC Facility is the primary strategic aim of the Trust over the next three-year period. Over the 2021-22 FY, the focus will be on procurement process, and concept and developed design stages. Fundraising will also be prioritised, with recruitment of external expertise to support the work of the Fundraising Committee and project staff. Support will be sought from funding agencies, central government, and potential private donors. A parallel work-stream will see the Collections team working to audit, record and pack collections ready for the move.

2. To be a highly valued visitor destination, educational facility and cultural tourist attraction

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

Our strategic engagement goal in this period is to design and deliver a varied visitor experience, including at least four temporary exhibitions. In 2021/22 we have an exciting and dynamic programme targeted directly at our local audiences. These include the internationally touring 'Dinosaur Revolution' exhibition featuring animatronic models

TBHT STATEMENT OF INTENT 2021/22 FY

(developed specifically for family and school visits), and a photographic exhibition from National Geographic 'Rarely Seen' which we are confident will prove as popular with local audiences as its predecessor from the same organisation. Smaller exhibitions through this period will include 'Let Me Be Myself: The Life Story of Anne Frank' – a topic as vitally relevant today as it has ever been given world events, the hands-on science exhibition we are curating in collaboration with Cawthron Institute to celebrate the Institute's 100th Anniversary, and a commemorative online exhibition to mark the 150th anniversary of Ernest Rutherford's birth.

Taken together, all these exhibitions and associated public programmes will create a strong family friendly programme for our local Nelson Tasman audiences, providing free or low-cost activities for families who may have been financially affected by COVID-19. These experiences also bring visitors to the central city and increase the vitality and liveability of our region.

A further objective of this financial year is to strengthen the cultural diversity of our visitor programmes. We intend to work with organisations such as Multicultural Nelson Tasman to tell stories about the diversity of migration and settlement in Nelson Tasman, and to reflect the positive contributions made by ethnic communities. These stories will be told in events, public programmes and the further development of our educational programme 'We came to stay'.

The Museum had planned to refresh the regional gallery in the 2021-24 period but it is recognised that this development timeline does not offer sufficient opportunity for in-depth consultation and partnership with mana whenua. It is also recognised that we do not have sufficient staffing resource to drive this project while focusing on ARC. As such the timeline for this project will be adjusted to ensure it is undertaken properly.

Visitation

Visitation to the Museum had increased significantly since 2016 to bring us in line with other regional museums despite lower levels of funding and staffing. Unfortunately COVID-19 impacted our visitation for the 2020/21 FY and is expected to continue to do so while International travel to New Zealand is restricted.

In light of the continuing global pandemic, we have set our visitor forecast for the 2021/22 FY at 44,500 across all venues, excluding our education audiences. This figure has been based on the average performance of the Museum over the 2017-20 pre-COVID operating period, minus a 20% drop to account for the lack of overseas tourists.

Our school programme is funded by the Ministry of Education through the Learning Experience Outside the Classroom (LEOTC) programme, and has a separate visitation target of 5,500 children for the 2021 calendar year. We have been notified that the LEOTC programme itself will not be continuing past this point. At time of writing we have not yet learned what will replace this scheme, but we are confident the Ministry will continue to see the value of the Museum's educational contribution.

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

The Museum works with iwi through Te Tai Ao Komiti, consisting of representatives of six manawhenua iwi of Te Taihū. This forum provides expert guidance on matters of tikanga, taonga and mātauranga Māori, and is shared with the Bishop Suter Trust, providing opportunities for collaboration and cross-organisational synergies.

As the regional Museum for Nelson Tasman, the Trust aims to continue supporting the Tasman district museums (Golden Bay, Motueka and Murchison) and heritage facilities, such as Willow Bank Heritage Village and Higgins Heritage Park, as well as iwi, marae and other cultural and community organisations throughout Nelson Tasman such as Founders Park and Broadgreen House. We do this through support and participation in community based events, through the provision of expertise, hands-on assistance and professional museum support, and making available touring and tailored exhibits for display. In recent years this support has taken a variety of forms including expert assistance, free venue hire, mentoring, exhibition loans, event support and internal exhibition development. Our intention is to continue to add cultural, social and economic value across the wider Nelson Tasman region through our outreach programme and by supporting our communities in their endeavours and smaller organisations in their aspirations. Examples of projects from the past year include 'Ablaze: the 2019 Tasman Fires' exhibition, displayed at community and school halls around Wakefield, Brightwater and Appleby in addition to Motueka Museum – our intention is to develop this exhibition further with community input of images and stories.

In addition to working with individual organisations to help meet their goals, we also seek to support collaboration and partnerships across the region's galleries, libraries, archives and museums (the GLAM sector). We provide advice, guidance and mentoring and coordinate regional online hui and workshops to help strengthen the sector, loaning objects for exhibit, and sharing skills and resources digitally. This year we will provide over 50 hours of professional support to Te Taihū district museums and cultural organisations, and organise at least two regional Te Taihū museum hui on topics relevant to all participants.

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

In 2017, the Trust adopted a new Collections Management Policy that focuses our collecting activities firmly on material with strong significance and relevance to the Nelson Tasman communities. Active measures are taken to acquire items for the Collection that represent Nelson Tasman's dynamic contemporary culture. This will continue and collecting will include objects and oral histories relating to the COVID-19 pandemic and the 2019 Tasman Fires as well as contemporary taonga by local artists. At the same time, the focus of the Trust must be on auditing, measuring, packing and updating records to enable the Collection to be move-ready when the ARC building is completed. Staff will be concentrating on these

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tasks in order to ensure the care and accessibility of the regional collection for the benefit of the Nelson Tasman region, its residents, visitors and future generations – a focus which may require curatorial and collection staff to be involved in fewer outreach programmes this year.

5. To improve our sustainability performance

The Museum looks to place sustainability front and centre of all our operations. A staff Sustainability Committee meets monthly to identify areas for improvement and to workshop solutions.

A focus on preserving the past for future generations means that we are very conscious of our role in safeguarding natural resources for the future and in sharing knowledge about climate change through our public and education programmes. We have commissioned an EMSOL Audit and Energy Management plan, to be run over the 2021/22FY, to identify further energy savings. We have also committed to a capital programme to upgrade the ageing air-conditioning system at the Museum in Trafalgar Street over the next three years, an investment which we expect will return significant energy savings costs.

Possibly the biggest opportunity the Museum has to reduce our energy footprint is to design the ARC Facility as a green building. When the design brief for the new collection storage facility is prepared we will consider various sustainability requirements with respect to materials used, passive solar design features for energy efficiency, and incorporating solar energy generation. By these actions the Museum has the opportunity to demonstrate good organisational citizenship, community leadership, best practice sustainability and to make our contribution to addressing the pressing global challenges of climate change. This objective is a good example of how we can achieve our mission of becoming more relevant to our communities in responding to the environmental and social challenges of climate change through 'walking the talk' and communicating climate change knowledge through our public educational offerings, programmes, outreach and digital channels.

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STRATEGIC GOALS 2021- 24

Strategic goal	Actions	Measures / KPI
1. To plan for and commence a capital works project which will safely and appropriately house and care for the Nelson Tasman regional Heritage Collection	1.1 Robust planning, budgeting, fundraising and project management	1.1.1 Phase One of Project Plan complete by 30 June 2022, including: <ul style="list-style-type: none"> • Approved procurement process • Developed Design
	1.2 Identifying, canvassing and securing funding sources	1.2.1 20% of non-Council funding secured by 30 June 2022
2. To be a highly valued visitor destination, educational facility and cultural tourism attraction	2.1 Implement a programme which attracts a diverse local audience	2.1.1 Design and deliver a varied visitor experience including at least four temporary exhibitions by 30 June 2022
		2.1.2 Implement at least one new accessibility initiative by 30 June 2022
		2.1.3 Implement at least one new initiative to encourage repeat family visitation by 30 June 2022

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	2.2 Consolidating and attaining visitation targets in post-COVID environment	2.2.1 Achieve target visitation of 44,500 across all venues (excluding education) by 30 June 2022 <i>*based on average performance of the Museum over the 2017-20 pre-Covid operating period, minus 20% drop in overseas visitation</i>
	2.3 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning)	2.3.1 Achieve annual Ministry of Education visitation target of 5,500 (including remote learning) by 31 December 2021* <i>*noting that the LEOTC programme ends at that time and details of what will replace it are not available at time of writing</i>
	2.4 Provide a high-quality customer service and visitor experience	2.4.1 Twice yearly customer surveys with rating of at least 85% satisfaction
	2.5 Provide a high-quality educational service	2.5.1 Teacher evaluation satisfaction levels of at least 90%
3. To actively support and collaborate with iwi and Nelson Tasman cultural heritage organisations	3.1 Providing content to district museums.	3.1.1 Provide at least one exhibition or public programme to a Tasman district museum by 30 June 2022

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	3.2	3.2.1
	Providing advice, guidance, mentoring and support to smaller galleries, libraries, archives and museums within Nelson Tasman	Provide 50 hours of assistance to Te Taihu district museums and cultural organisations by 30 June 2022
		3.2.2 Organise at least two regional museum hui by 30 June 2022
	3.3	3.3.1
	Collaborating with Nelson Tasman cultural heritage organisations and iwi	Participate in at least one collaborative project with a Nelson Tasman cultural heritage organisation or iwi by 30 June 2022.
4. To continue to develop and provide appropriate care for a strong Collection which is relevant and valued by, and accessible to, Nelson Tasman communities	4.1	4.1.1
	Actively collecting objects that are strongly related to the history and cultural story of Nelson Tasman	Collect at least two relevant contemporary local objects or taonga by 30 June 2022
	4.2 Provide access for our visitors to connect with the Collection, digitally, on-site and in the community	4.2.1
		4.2.2
		Provide at least five relevant outreach programmes by 30 June 2022.
		Develop one new digital project by 30 June 2022

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	4.3 Prepare collection for relocation	4.3.1 Project plan for Collection relocation in place by 30 June 2022
5. To improve our sustainability performance.	5.1 Measure and identify energy savings	5.1.1 Undertake and implement EMSOL Audit and Energy Management Plan Year 1 by 30 June 2022
	5.2 Implement actions to improve sustainability performance	5.2.1 Implement at least one new staff driven initiative by 30 June 2022

TASMAN BAYS HERITAGE TRUST

PROJECTED OPERATING STATEMENT OF FINANCIAL PERFORMANCE

	COVID					
	Actual June 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast June 2024	Forecast June 2025
	CPI %1.9%	1.50%	1.50%	1.50%	1.50%	1.50%
Revenue						
TDC Operating Grant	875,688	892,326	905,711	919,297	933,086	947,082
NCC Operating Grant	875,688	892,326	905,711	905,711	905,711	905,711
NCC Operating Grant Extra	74,194	75,398	76,529	76,529	76,529	76,529
Total Councils	1,825,570	1,860,050	1,887,951	1,901,536	1,915,326	1,929,322
Contracts - Education LEOTC	82,190	82,190	82,190	82,190	82,190	82,190
Project Grants	51,220	7,000	65,000	65,000	65,000	30,000
Other	228,190	76,677	253,270	257,069	260,925	264,839
Total Revenue	2,187,170	2,025,917	2,288,411	2,305,795	2,323,441	2,306,351
Staffing	1,035,139	959,813	1,109,858	1,126,506	1,143,403	1,102,555
Education	84,374	92,679	81,612	82,836	84,078	85,340
Property	169,250	196,310	196,310	196,310	196,310	196,310
Other	249,467	117,900	225,486	228,868	232,301	235,786
Total Direct Costs	1,538,230	1,366,702	1,613,266	1,634,520	1,656,093	1,619,990
Gross Surplus	648,940	659,215	675,145	671,275	667,348	686,361
Overheads	219,864	222,384	237,830	241,397	245,018	248,694
Interest Costs	72,636	57,116	57,116	57,116	57,116	57,116
Trustee Fees	56,280	65,331	66,311	67,306	68,315	69,340
Total Expenses	348,780	344,831	361,257	365,819	370,450	375,150
Operating Surplus	300,160	314,384	313,888	305,456	296,898	311,211
Depreciation	333,129	368,870	369,000	369,000	369,000	369,000
Operating Net Surplus/Deficit	(32,969)	(54,486)	(55,112)	(63,544)	(72,102)	(57,789)
ARC Funding***	-	1,500,506	5,559,000	4,409,000	121,500	-
Net result before revaluations	(32,969)	1,446,020	5,503,888	4,345,456	49,398	(57,789)

*** see ARC Indicative Reports

In the 5 years to 2025 the building of the ARC Facility is planned to be constructed.

Significant revenue from grants and fundraising will form part of the annual profit and loss for the Trust.

In these early stages these funds are shown below the line so focus remains on operating performance.

The costs of construction and directly related expenditure will be capitalised.

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TASMAN BAYS HERITAGE TRUST

PROJECTED OPERATING STATEMENT OF FINANCIAL POSITION

	Actual June 2020	Actual Dec 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast July 2024	Forecast August 2025
Assets							
Cash & Bank	10,195	291,718	8,977	10,000	7,553	9,067	9,895
Debtors	21,508	17,756	11,650	11,650	11,650	11,650	11,650
Stock on Hand	23,036	17,580	23,700	23,700	23,700	23,700	23,700
Investments	160,000	160,000	160,000	160,000	160,000	250,000	325,000
Non Current Assets	19,620,701	19,525,098	19,321,720	19,212,720	18,903,720	18,594,720	18,315,720
Total Assets	19,835,440	20,012,152	19,526,047	19,418,070	19,106,623	18,889,137	18,685,965
Liabilities							
Bank overdraft *	25,050	0	10,000	102,519	0	0	0
Creditors	78,501	43,956	61,800	61,800	61,800	61,800	61,800
GST	(7,625)	(12,973)	(1,612)	(1,612)	(1,612)	(1,612)	(1,612)
Wage & Holiday Pay Accrual	71,420	72,508	45,000	45,000	45,000	45,000	45,000
Grants Received in Advance	1,245	3,432	1,245	1,245	1,245	1,245	1,245
Loan ex NCC/TDC **	1,154,963	1,154,963	993,825	848,441	703,057	557,673	412,289
Total Liabilities	1,323,554	1,261,886	1,110,258	1,057,393	809,490	664,106	518,722
Net Assets	18,511,886	18,750,266	18,415,789	18,360,677	18,297,133	18,225,031	18,167,243
Equity							
Retained Earnings	18,544,855	18,511,886	18,470,275	18,415,789	18,360,677	18,297,133	18,225,031
Current Year Earnings	(32,969)	238,380	(54,486)	(55,112)	(63,544)	(72,102)	(57,789)
Total Operating Equity	18,511,886	18,750,266	18,415,789	18,360,677	18,297,133	18,225,031	18,167,242
ARC Facility Assets & Equity***	820,000	2,320,506	7,879,506	12,288,506	12,410,006	12,410,006	0
Combined Equity							
Retained Earnings	19,364,855	19,364,855	19,364,855	20,865,361	26,424,361	30,833,361	30,954,861
Current Year Earnings	0	0	1,500,506	5,559,000	4,409,000	121,500	0
Total Equity	19,364,855	19,364,855	20,865,361	26,424,361	30,833,361	30,954,861	30,954,861

* Revolve credit facility due for renewal May 2022.

** Loans shown at fair value, amount repayable as at 30 June 2025 will be \$125,000 to each Council.

*** see ARC Indicative Reports

In the 5 years to 2025 the building of the ARC Facility is planned to be constructed.

The balance sheets are not combined at this early stage to better manage operating assets.

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TASMAN BAYS HERITAGE TRUST

PROJECTED OPERATING STATEMENT OF CASHFLOWS

	Actual June 2020	Actual Dec 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast June 2024	Forecast July 2025
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>							
Council Operating Grants	1,823,845	934,202	1,860,050	1,887,951	1,901,536	1,915,326	1,929,322
Contracts	112,176	41,095	82,190	82,190	82,190	82,190	82,190
Interest Received	4,678	1,928	3,200	3,000	3,000	3,000	3,000
Receipts from Other Revenue	258,196	207,157	80,477	315,270	319,069	322,925	291,839
Payments to Suppliers & Employees	(1,784,253)	(804,907)	(1,654,417)	(1,917,407)	(1,943,223)	(1,969,427)	(1,938,024)
Interest Paid	(2,264)	(40)	(2,498)	(2,500)	(2,500)	(2,500)	(2,500)
Goods and Services Tax (Net)	(4,892)	(5,349)	-	-	-	-	-
Net Cash from Operating Activities	407,486	374,086	369,002	368,504	360,072	351,514	365,827
<u>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</u>							
Maturing/Sale of Investments	271,927	160,000	160,000	160,000	160,000	160,000	250,000
Purchase of Property	(79,889)	(67,513)	(80,000)	(260,000)	(60,000)	(60,000)	(90,000)
Purchase of Investments	(160,000)	(160,000)	(160,000)	(160,000)	(160,000)	(250,000)	(325,000)
	32,038	(67,513)	(80,000)	(260,000)	(60,000)	(150,000)	(165,000)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>							
Cash from/(to) Overdraft (revolve credi	(240,639)	(25,050)	(90,000)	92,519	(102,519)		
Repayment of Council Borrowings	(200,000)	-	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
	(440,639)	(25,050)	(290,000)	(107,481)	(302,519)	(200,000)	(200,000)
Net Increase (Decrease) in Cash	(1,115)	281,523	(998)	1,023	(2,447)	1,514	827
Opening Cash Balance	11,310	10,195	9,975	8,977	10,000	7,553	9,067
Closing Cash Balance	10,195	291,718	8,977	10,000	7,553	9,067	9,895
ARC Cash ***	0		150,506	373,506	285,506	535,506	3,006
Combined Cash Balance	10,195	291,718	159,483	383,506	293,059	544,573	12,901

***** see ARC Indicative Reports**

In the 5 years to 2025 the building of the ARC Facility is planned to be constructed.

In these early stages separate cash flows have been prepared to distinguish operating and capital cash.

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**TASMAN BAYS HERITAGE TRUST
ARCHIVE RESEARCH COLLECTION FACILITY
INDICATIVE STATEMENT OF FINANCIAL PERFORMANCE**

	Actual June 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast June 2024	Forecast June 2025
Revenue						
TDC ARC Grant			1,500,000	1,500,000		
NCC ARC Grant		1,500,000	1,500,000			
Total Councils	0	1,500,000	3,000,000	1,500,000	0	0
ARC Grants			2,050,000	2,400,000		
Other		506	509,000	509,000	121,500	
Total Revenue	0	1,500,506	5,559,000	4,409,000	121,500	0
Operating Surplus	0	1,500,506	5,559,000	4,409,000	121,500	0
Depreciation						
Net Surplus/Deficit	0	1,500,506	5,559,000	4,409,000	121,500	0

Grant and other timing is indicative.

Costs directly attributed to the construction of the ARC Facility will be capitalised.

Other costs are included in the Trust operating Profit and Loss.

Other costs are planned to be funded by way of grant, sponsorship or in kind.

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**TASMAN BAYS HERITAGE TRUST
ARCHIVE RESEARCH COLLECTION FACILITY
INDICATIVE STATEMENT OF FINANCIAL POSITION**

	Actual June 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast June 2024	Forecast June 2025
Assets						
Cash & Bank	0	150,506	373,506	285,506	535,506	3,006
Debtors			250,000	250,000	60,000	
Investments		1,350,000	6,000,000	6,000,000	1,000,000	
Non Current Assets	820,000	820,000	1,256,000	5,753,000	10,814,500	12,407,000
Total Assets	820,000	2,320,506	7,879,506	12,288,506	12,410,006	12,410,006
Net Assets	820,000	2,320,506	7,879,506	12,288,506	12,410,006	12,410,006
Equity						
Retained Earnings	820,000	820,000	2,320,506	7,879,506	12,288,506	12,410,006
Current Year Earnings	0	1,500,506	5,559,000	4,409,000	121,500	0
Total Equity	820,000	2,320,506	7,879,506	12,288,506	12,410,006	12,410,006

At this early stage construction timing is indicative only.
No provision for GST or creditors as too early to anticipate timing.
Debtors are estimated as 50% of fundraising pledged but received in following year.

**TASMAN BAYS HERITAGE TRUST
ARCHIVE RESEARCH COLLECTION FACILITY
INDICATIVE STATEMENT OF CASH FLOWS**

	Actual June 2020	Forecast June 2021	Forecast June 2022	Forecast June 2023	Forecast June 2024	Forecast June 2025
CASH FLOWS FROM OPERATING ACTIVITIES						
Council Operating Grants		1,500,000	3,000,000	1,500,000		
ARC Grants			2,050,000	2,400,000		
Interest Received		506	9,000	9,000	1,500	
Receipts from Other Revenue			250,000	500,000	310,000	60,000
Net Cash from Operating Activities	0	1,500,506	5,309,000	4,409,000	311,500	60,000
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES						
Maturing/Sale of Investments		0	1,350,000	6,000,000	6,000,000	1,000,000
Purchase of Property		0	(436,000)	(4,497,000)	(5,061,500)	(1,592,500)
Purchase of Investments		(1,350,000)	(6,000,000)	(6,000,000)	(1,000,000)	0
	0	(1,350,000)	(5,086,000)	(4,497,000)	(61,500)	(592,500)
Net Increase (Decrease) in Cash	0	150,506	223,000	(88,000)	250,000	(532,500)
Opening Cash Balance	0	0	150,506	373,506	285,506	535,506
Closing Cash Balance	0	150,506	373,506	285,506	535,506	3,006

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TBHT STATEMENT OF INTENT 2021/22 FY

APPENDIX 1**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 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 presents regional history, natural history, mātauranga Māori and contemporary narratives in stimulating and provocative ways, by making its collection accessible on-site, online and in the community.

- We are a highly valued repeat destination for local visitors;
- We provide exceptional taurima (caring for and entertaining) for all of our audiences, regardless of their culture, language, or abilities;
- We 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 contribute to the activation of the upper Trafalgar Street precinct and the heart of the CBD by fulfilling our building's existing potential, including the use of the roof garden, foyer and adjacent kerbside;
- We honour the Museum's commitment to bi-culturalism, collaborating with mana whenua iwi across Nelson Tasman to tell their stories in their own words, and facilitating connection to their taonga;
- We actively collect, care for, and preserve objects of regional, national and international significance – both historical and contemporary – and create innovative ways of sharing these with the community;
- We are developing a new, fit-for-purpose Archives, Collection and Research Facility (ARC) to enable us to preserve the treasures of the regional Collection for current and future generations;
- We are relevant to 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 are recognised as a provider of dynamic storytelling and top-quality content with a strong connection to local communities, told through a variety of formats and media including onsite experiences, outreach, and digital channels; and

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- We actively collaborate across the region, sharing our knowledge and expertise to support the aspirations of the cultural organisations including the Tasman district museums.

Values

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

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

Activities

Nature and scope of activities to be undertaken:

- To manage and operate the Museum for the benefit of the residents of Nelson Tasman and visitors to the region;
- To strengthen, care for, manage, interpret, preserve and make accessible the Museum's regional heritage collections for the benefit of mana whenua iwi, residents and visitors;
- To promote understanding and appreciation of the region's rich cultural heritage and natural environments;
- To develop and maintain partnerships that mutually benefit the Museum, the community, and allied organisations;
- To professionally manage and maintain all of the Trust's assets, including the regional heritage Collection; and
- To be a good employer and foster a culture of staff excellence and well-being.

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APPENDIX 2**Alignment with Joint Community Outcomes**

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

1. Our unique natural environment is healthy, protected and sustainably managed

The Museum profiles a variety of environmental issues and encourages engagement with, and protection of, our regional biodiversity through education, exhibitions and events.

We are implementing internal initiatives and measures for sustainability.

2. Our urban and rural environments are people friendly, well-planned, accessible and sustainably managed

The Museum works to create a welcoming and engaging social space contributing to the activation of the Upper Trafalgar precinct. The Museum is free to visit for Nelson Tasman residents (except for occasional major touring exhibitions for which there may be a small reduced entry fee charged on a cost recovery basis). Our contribution to the vibrancy of the region is especially important in the post-COVID environment, providing community engagement in the heart of the city and a domestic tourism destination. We will continue to support cultural heritage activities across the region through outreach to district museums, galleries, libraries and historic and heritage facilities and organisations.

3. Our infrastructure is efficient, cost effective and meets current and future needs

The Archive, Research and Collections Facility capital works project will ensure that we can provide an appropriate facility that provides the most cost-effective long-term solution for the care of the regional heritage Collection for future generations.

We are also in the process of upgrading air-conditioning facilities at the Trafalgar Street building to reduce costs and provide increased temperature and humidity protections for objects and taonga on display.

4. Our communities are healthy, safe, inclusive and resilient

We provide many opportunities for community engagement, lifelong learning and playful experiences, which are needed more than ever given the impact of COVID-19 on the region's families, iwi, workers and businesses. Our core activities are free for Nelson Tasman residents to access and our programming will increasingly cater to the bi-cultural and multi-cultural diversity of the region. Our public programmes focus on inclusivity. Bespoke programmes are available for groups with sight or hearing impairments on request.

5. Our communities have opportunities to celebrate and explore their heritage, identity and creativity

Our core business is to enable local residents to connect with their heritage, both cultural and environmental. We do this through a range of programmes at the Museum, in the

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community and, increasingly, digitally, making the region's treasures available for visitors and locals alike. We are focused on ensuring engagement across the region as well as increasingly catering to a broader demographic.

6. Our communities have access to a range of social, cultural, educational and recreational facilities and activities

We provide social engagement across demographics and opportunities for life-long learning, recreation and leisure. In the last year we have delivered free-of-charge programmes to almost 8,000 school-aged children, plus tertiary groups, English as a Second Language (ESL) classes, pre-schoolers, aged communities, special interest groups and the general public.

7. Our Council provides leadership and fosters partnerships, a regional perspective and community engagement

The Museum works with the community to create opportunities for engagement on-site, on-line and in the community. We provide leadership and guidance within and across the sector, to support the activities of local museums and heritage parks, heritage houses, historic organisations, galleries and libraries.

8. Our region is supported by an innovative and sustainable economy

As the most visited cultural tourism attraction in the region, the Museum supports and complements the region's tourist offerings. High-impact window displays, good visibility into the foyer, exciting programming, an enhanced digital experience and an attractive retail area has markedly improved the Museum's value proposition and helps bring destination traffic to the Upper Trafalgar precinct.

We attract innovative and creative people from around New Zealand and the world to work at the Museum, and to contribute to the regional arts and cultural sector and the local economy.

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TBHT STATEMENT OF INTENT 2021/22 FY

APPENDIX 3:**ADDITIONAL INFORMATION****Governance Statement: Structure, Function and Obligations of the Board****The Role of the Board**

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

Composition of the Board

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

Guidance and Resources Provided to Board Members

Resources available to Board members to carry out their duties:

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

Code of Conduct:

- All Board members shall observe the Governance Charter, 2008

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- 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 a review of their performance every 18 months and work towards rectifying any issues identified

Significant Policies in Place for Accountability

The Board shall ensure the Trust complies with the reporting requirements of the Local Government Act, the Trust Deed and those outlined in 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 The Health and Safety at Work Act 2015 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. Risks identified include natural hazards and information technology failures (malicious and otherwise) causing business interruption.

Remuneration

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

Nature and Scope of Activities

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

- To manage and operate the Museum in accordance with the Strategic Plan, to manage the Trust’s assets and facilities, and acquire and manage the Collections, including research collections of archives, library and photographs, and to operate them for the benefit of the residents of the region and the public generally, in accordance with the Strategic Plan

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- 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 the Museum in Nelson City and the Collections 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 physical and electronic access to Collections
- To collaborate with other museums and facilities within the region to maximise community input into heritage issues
- To develop and maintain partnership programmes with other museums
- To consult with and seek input from the community generally by whatever manner the Trustees deem appropriate to enable the services provided by the Trust and the Museum to be in accordance with the wishes of the community
- To retain Acquisition, Deaccession, Exhibition and Collection Policies for the Trust
- To provide all financial, administration, marketing, technology and other services required for the Trust facilities
- To acquire land and other assets where such land or other assets can be used in conjunction with the Trust facilities or to promote the aims and objectives of the Trust
- To ensure that all facilities are managed effectively
- To comply with all relevant legislation and regulations and, where practicable, observe and support all international conventions and treaties as they relate to museums and items held by museums
- To protect and manage for the benefit of the Museum all intellectual property, including trademarks, copyright and any reproduction rights Generally, to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects and aims of the Trust set out above.

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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 Accounting Standards Framework implemented by the Financial Accounting External Reporting Board to effect changes enacted by the Financial Reporting Act 2013. For Financial Reporting purposes the Trust is a “Not-For-Profit Public Benefit Entity”. The Trust reports under the Tier 2 PBE Accounting Standards. All transactions in the financial statements are reported using the accrual basis of accounting. The Trust reports internally on a monthly accounting cycle with actuals for the Statement of Financial Performance and Statement of Financial Position being presented to Management and the Board monthly. Progress against budgets and forecasts is regularly monitored internally and reported against.

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

Measurement Base

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

Goods and Services Tax

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

Fixed Assets

Tasman Bays Heritage Trust has the following classes of assets:

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

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

Depreciation

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

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

TBHT STATEMENT OF INTENT 2021/22 FY

Financial Instruments

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

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

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

Employee Entitlements

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

Audit and Risk Management Committee

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

Annual Objectives

As detailed in the Strategic Plan document.

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

Governance Obligations

- Operate within the annual budget at all times
- Consult with Te Tai Ao Komiti to assist with kaitiakitanga of taonga Māori
- Maintain the Research Library and catalogue and care for the NPM collection at Isel Park
- Prioritise strategies that contribute towards sustainable growth and future certainty
- Open the Nelson city facility at 270 Trafalgar Street to the public for 363 days per year
- Care for the NPM Collection in accordance with Museum standards and legal requirements.

Reporting to Stakeholders

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

Draft Statement of Intent (SOI)

TBHT STATEMENT OF INTENT 2021/22 FY

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:

- 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)

TBHT STATEMENT OF INTENT 2021/22 FY

The non-financial part and the draft financials will be delivered to TDC and NCC Councils on or before 13th August 2021. Finalised financials will be delivered on or before 20th August 2021.

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 Trust's 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. A collection valuation will be carried out in the 2020/21 FY.

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

Loan Agreements

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 until the loans are repaid, subject to adequate ongoing operational grant funding from both Councils. As the loans are at nil interest these are discounted to their fair value upon receipt. Loan facility agreements are in process and are expected to be in place by 30 June 2021.

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

TBHT STATEMENT OF INTENT 2021/22 FY

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.

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TBHT STATEMENT OF INTENT 2021/22 FY

APPENDIX 4**RESPONSE TO STATEMENT OF EXPECTATIONS**

As requested in the letter sent to the Tasman Bays Heritage Trust Chair by Mayor Reese and Mayor King, dated 18 December 2020

1.1	SOIs/SOCI must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.	See Financial Statements pp11-13
1.2	SOIs/SOCI should disclose measures like Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e, CCTOs.	See Financial Statements pp11-13
1.3	SOIs must fully comply with Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.	See Governance Statement: Structure, Function and Obligations of the Board pp20 – 27
1.4	In the Public Records Act 2005, a local authority includes a (council controlled) organisation. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.	See Governance Statement: Structure, Function and Obligations of the Board pp20 - 27
1.5	Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.	See Governance Statement: Structure, Function and Obligations of the Board pp20 – 27
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.	See Financial Statements pp11-13

TBHT STATEMENT OF INTENT 2021/22 FY

1.7	Capital expenditure and asset management intentions should be included.	See Financial Statements pp11-13
1.8	CCOs should use the same information for both managing the business and reporting through to the councils/shareholders, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.	See Strategic Goals and KPIs pp 2- 10
1.9	SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).	See Strategic Goals and KPIs pp 2-10
1.10	To be effective the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.	See Strategic Goals and KPIs pp 2-10
1.11	The main aspects of the SOI performance story are: - Strategic context - Specifying and presentation of the outcomes framework - Main measures and targets, outcomes and objectives - Linking the strategy outputs performance together.	See Strategic Goals and KPIs pp 2-10
1.12	Risk management: shareholders would like to understand better in the SOI how the boards are considering and managing risks, including natural hazards and climate change.	See Governance Statement: Structure, Function and Obligations of the Board pp20 - 27

TBHT STATEMENT OF INTENT 2021/22 FY

1.13	Sustainability - the councils would like to understand better in the SOI how the boards are addressing sustainability including carbon emissions and waste minimisation,	See Strategic Goal 5 and KPI 5 pages 6 and 10
1.14	<p>Health and safety - given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for the councils to set out their expectations in relation to Health and Safety in the CCOs.</p> <ul style="list-style-type: none"> • 1.14.1 Under Section 44 (3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation. • 1.14.2 However, as owners and key funders, it is still appropriate to set out expectations of Health and Safety management in CCOs. • 1.14.3 The Councils expect the boards of the jointly held CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance, 	<p>A robust Health and Safety Policy is in place and guides reporting.</p> <p>The Health and Safety Staff Committee, made up of management and staff representatives, meets regularly and reports monthly to the Trust Board.</p> <p>A Risk Register is maintained and is reviewed quarterly by the Audit & Risk Committee. The Trust Board reviews the top five risks monthly. The Risk Register process was reviewed by an external expert in February 2021.</p>

TBHT STATEMENT OF INTENT 2021/22 FY

1.15	<p>Governance performance - in order to aid the councils when making decisions on director/trustee remuneration and appointments, the boards should undertake regular evaluation of their own performance.</p> <p>The councils expect these reviews to be carried out at least once every eighteen months.</p> <p>The chairs of the boards should reference this evaluation when making recommendations on the re-appointment or recruitment of board members.</p>	<p>A self-evaluation exercise was undertaken by the Trustees in November 2020 and will be repeated this coming FY</p>
1.16	<p>The councils require that CCOs, before making a decision that may significantly affect land or a body of water, must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wahi tapu, valued flora and fauna, and other taonga.</p> <p>This is a provision in the LGA.</p>	<p>This is observed through the Trust's relationship with Te Tai Ao Komiti.</p>
1.17	<p>The shareholders request that all CCOs include in their SOIs how they are intending to respond to the challenges of COVID-19 including the likely economic downturn.</p>	<p>A drop of 20% visitation is forecast for the coming year due to COVID-19 and the absence of international visitors.</p> <p>See Strategic Goal 2 for impact on visitation p4 and Financial Statements for impact on budget pp11-13</p>
	<p>Specific expectations to be included in the Museum SOI</p>	

TBHT STATEMENT OF INTENT 2021/22 FY

1.18	Asks that the Trust set out its plans regarding the project to build a new Archive Research and Collections (ARC) facility for the Nelson Provincial Museum, in particular regarding funding opportunities, timelines and project management;	See Strategic Goal 1 p 3 and Strategic KPI 1 p7
1.19	Asks that the Trust outline how it will respond to the effects of COVID-19 including: - Impacts on visitor numbers and budgets; and - How the Nelson Provincial Museum's activities contribute to and align with regional recovery efforts;	A drop of 20% visitation is forecast for the coming year due to COVID-19 and the absence of international visitors. See Strategic Goal 2 for impact on visitation pp3 and Financial Statements for impact on budget pp11-13
1.20	Asks that the Trust sets out its succession plan for Trustees noting that four Trustees are due to complete their term in November 2021.	All four Trustees have signalled their intention to stand again in November 2021

TBHT STATEMENT OF INTENT 2021/22 FY

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18 December 2020

Olivia Hall
Chair
Tasman Bays Heritage Trust
PO Box 853
Nelson 7040

Tēnā koe Olivia

STATEMENT OF EXPECTATIONS

This Statement of Expectations is intended to inform the Tasman Bays Heritage Trust (TBHT) Board of the Councils' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2021/22. 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 2021/22

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 Trust, providing a clear and succinct understanding of the Trust's purpose, the 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. As you know, the Local Government Act 2002 Amendment Act 2019 made a number of changes to the LGA that impact on CCOs. There is a replacement Schedule 8 in the LGA, which more clearly sets out the requirements for SOIs, differentiating between matters to be covered in all SOIs and those that are specific to trading and non-trading CCOs.

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 the Group Manager Community Services at Nelson City Council (Mark Preston-Thomas until 5 February 2021, then Andrew White from 9 February onwards) who is available to assist your team throughout the process.

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

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Item 6.2

Attachment 1

The general expectations for all CCOs are as follows:

General expectations applicable to TBHT to be included in the SOI

- 1.1 SOIs/SOCI must include a complete set of summary prospective financial statements for at least three years (preferably five years) i.e. Statement of Comprehensive Income, Statement of Financial Position and cash flow statement.
- 1.2 SOIs/SOCI should disclose measures like Earnings before interest and tax (EBIT) and Earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable i.e. CCTOs.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act. This is to ensure a consistent approach across all CCOs.
- 1.4 In the Public Records Act 2005, a local authority includes a (council-controlled) organisation. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.
- 1.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 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/shareholders, i.e. the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, accessible and focused on meeting the needs of the shareholding councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective the SOI must disclose the performance story for the CCO, providing a clear and succinct understanding of the CCO purpose, the goods and services it delivers and what success looks like. Providing a clear message to the boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
 - Strategic context
 - Specifying and presentation of the outcomes framework
 - Main measures and targets, outcomes and objectives
 - Linking the strategy outputs performance together.

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Item 6.2

Attachment 1

- 1.12 Risk management: shareholders would like to understand better in the SOI how the boards are considering and managing risks, including natural hazards and climate change.
- 1.13 Sustainability – the councils would like to understand better in the SOI how the boards are addressing sustainability including carbon emissions and waste minimisation.
- 1.14 Health and safety - given the requirements of the Health and Safety at Work Act 2015 (the Act), it is appropriate for the councils to set out their expectations in relation to Health and Safety in the CCOs.
 - 1.14.1 Under Section 44 (3) of the Act elected members do not have a duty to exercise due diligence to ensure that any council-controlled organisation complies with its duties or obligations under the Act unless that member is also an officer of that council-controlled organisation.
 - 1.14.2 However, as owners and key funders, it is still appropriate to set out expectations of Health and Safety management in CCOs.
 - 1.14.3 The councils expect the boards of the jointly held CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 1.15 Governance performance - in order to aid the councils when making decisions on director/trustee remuneration and appointments, the boards should undertake regular evaluation of their own performance.
 - 1.15.1 The councils expect these reviews to be carried out at least once every eighteen months.
 - 1.15.2 The chairs of the boards should reference this evaluation when making recommendations on the re-appointment or recruitment of board members.
- 1.16 The councils require that CCOs, before making a decision that may significantly affect land or a body of water, must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga. This is a provision in the LGA.
- 1.17 The shareholders request that all CCOs include in their SOIs how they are intending to respond to the challenges of COVID-19 including the likely economic downturn.

Specific expectations to be included in the SOI

- 1.18 Asks that the Trust set out its plans regarding the project to build a new Archive Research and Collections (ARC) facility for the Nelson Provincial Museum, in particular regarding funding opportunities, timelines and project management; and

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Item 6.2

Attachment 1

- 1.19 Asks that the Trust outline how it will respond to the effects of COVID-19 including:
- Impacts on visitor numbers and budgets; and
 - How the Nelson Provincial Museum’s activities contribute to and align with regional recovery efforts; and
- 1.20 Asks that the Trust sets out its succession plan for Trustees noting that four Trustees are due to complete their term in November 2021.

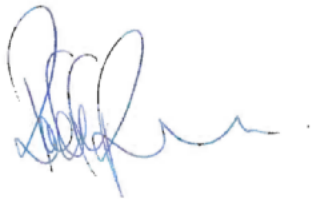
Important Dates 2021

We will notify you of the committee meeting dates for 2021 when they have been confirmed, to assist you with your planning.

Council officers will be in touch with you to finalise the loan agreements, which were referred to as a specific expectation in our advice letter to TBHT dated 30 January 2020.

If you have any queries, please contact Mark Preston-Thomas on (03) 546 0421 / mark.preston-thomas@ncc.govt.nz in the first instance.

Nāku noa, nā



Rachel Reese
Mayor of Nelson



Tim King
Mayor of Tasman

cc Lucinda Blackley-Jimson, CEO, Nelson Provincial Museum

6.3 PORT NELSON LIMITED - INTERIM FINANCIAL REPORT - FOR THE SIX MONTH ENDED 31 DECEMBER 2020

Information Only - No Decision Required

Report To:	Joint Shareholders Committee
Meeting Date:	6 April 2021
Report Author:	Mike Drummond, Corporate and Governance Services Manager
Report Number:	RJSC21-04-1

1 Purpose of Report

- 1.1 To receive the Interim Financial Report to 31 December 2020 from Port Nelson Limited (PNL).

2 Report Summary

- 2.1 The Interim Financial Report from PNL was received within the Port Companies Act 1988 mandated time frame.
- 2.2 The Port presented and provided an update at the Joint Committee Meeting on the 16 March 2021
- 2.3 The financial performance (net profit (after tax)) is up on the same period last year at \$4.3m compared to \$3.7m.
- 2.4 The report shows that PNL have largely met their Statement of Intent (SOI) targets for the first six months.
- 2.5 Significant disruptions to vessel scheduling are expected to continue and to impact on the final year end results. The Port is forecasting that year-end container volumes will meet expectations.
- 2.6 There are no matters in particular staff wish to bring to the Shareholders' attention.

3 Recommendation

That the Joint Shareholders Committee

- 1. receives the Port Nelson Limited - Interim Financial Report - for the six month ended 31 December 2020 report.**
- 2. notes the delivery of the Interim Financial Report – for the six month ended 31 December 2020 report as required under the Port Companies Act 1988.**

4 Background and Discussion

- 4.1 The Port Companies Act 1988 requires delivery of the half-yearly report within two months of the end of the period to the Shareholders' and the Minister of Transport. This requirement has been met.
- 4.2 The Port Company provided a six monthly strategic presentation to the Joint Committee of Nelson City and Tasman District Councils was held on 16 March 2021.
- 4.3 Hugh Morrison (CEO) will be in attendance at the meeting to answer any questions on the Interim Financial Report.
- 4.4 The Interim Financial Report of PNL for the period ending 31 December 2020 is included as **Attachment 1**. The Performance commentary is set out on page 4 and 5 of the report. Key highlights are:
- The interim net profit (after tax) was \$4.4m compared to \$3.7m for the same period last year.
 - Revenue was up by \$2.1m on the same period on the prior year.
 - The Port continues to invest including work on the widening of the port entry channel and the main wharf north. The port is also considering several property development opportunities.
 - Cargo volumes (revenue tonnes) and container throughput to 31 December 2020 were \$1.59M and 53.17k respectively compared to \$1.61M and 52.25k for the same period last year. Log export volumes, representing 34% of total cargo volumes, have recovered from the COVID-19 shutdown to be on budget for the six months to 31 December 2020.
 - Significant disruptions to vessel scheduling, impacting containers and cargo movements, are expected to continue and influence the final year-end results.
 - Health, safety, and wellbeing continue to be a high priority for Port Nelson.
 - The stormwater upgrade of the log yard area to improve filtration is underway. Other initiatives include the purchase of replacement plant that is 40% more fuel efficient and has 50% less tyre burn.
 - Port Nelson continues to be active in facilitating regional prosperity through community sponsorships.
 - Positive dialogue is being opened up with local iwi towards establishing an open and proactive communication path.
- 4.5 The report (pages 6-7) shows that PNL have largely met its Statement of Intent (SOI) targets for the first six months but in some cases are not expected to achieve the full year expected outcomes as set out below:
- 4.5.1 Our customers- Cargo volumes, container throughput and gross register tonnes
- 4.5.2 Our Environment – One pollution incident.
- 4.5.3 Our Community – No open day due to Covid-19

4.5.4 Our Shareholders – Reduced revenue, return on equity and return on assets.

- 4.6 The Statement of Corporate Intent (SOCl) for PNL is not due to be received until 31 July 2020 and will be brought to the 24 August 2020 Joint Shareholders' Committee meeting.

5 Considerations for Decision Making

Considerations for Decision Making	
1. Fit with Purpose of Local Government	<p>In accordance with the PNL SOCl, the Directors are to deliver a half-yearly report to the Shareholders, within two months of the period end.</p> <p>The Port Companies Act 1988 section 16 also requires:</p> <ul style="list-style-type: none"> • Within two months after the end of the first half of each financial year of a port company, the directorate of the port company shall deliver to the shareholders and the Minister a report of its operations during that half-year. • That report must include the information required to be included by the SOCl. <p>The Joint Shareholders' Committee has delegated authority for all matters relating to jointly owned CCO's and Council Controlled Trading Organisations, including SOI's, SOCl's, half-yearly reports, the appointment of directors and setting of directors' fees.</p>
2. Consistency with Community Outcomes and Council Policy/Legal requirements	<p>The operation of the Port supports the Community Outcome that 'our infrastructure is efficient, cost-effective and meets current and future needs'</p> <p>The Port company has met its obligations under the Port Companies Act in providing the Interim Financial Report on time and in accordance with its SOCl.</p>
3. Strategy and Risks	<p>There is low risk to Council in receiving the Port Nelson Limited Interim Financial Report – for the six months ended 31 December 2020.</p>
4. Financial impact/Budgetary implications	<p>The Company has indicated in the Performance commentary that they expect to meet the dividend level set out in the Statement of Corporate Intent. There are no budgetary or financial implications in receiving the report.</p>

<p>5. Degree of significance and level of engagement</p> <p>This matter is of low significance therefore no engagement has been undertaken.</p>
<p>6. Climate Impact</p> <p>Climate change responsiveness has been identified by the Council as a specific matter of interest in the Companies Statement of Expectation letter. Port Nelson Limited has outlined in the Interim Financial Report that they are improving filtration systems with a storm water upgrade of the log yard area, but also achieved 50% less tyre burn. The Company continues to develop strategies to improve their environmental plan.</p> <p>There is no climate impact in receiving the report.</p>
<p>7. Inclusion of Māori in the decision making process</p> <p>No engagement with Māori has been undertaken in preparing this report</p> <p>The Joint Shareholders Committee has the following delegations to consider the draft Statement of Intent:</p> <p><i>Areas of Responsibility:</i></p> <ul style="list-style-type: none"> • <i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, statements of corporate intent, half yearly reports, and the appointment of directors and setting of director fees.</i> <p><i>Powers to Decide:</i></p> <p><i>All matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading organisations, including statements of intent, statements of corporate intent, half yearly reports, and the appointment of directors and setting of director fees.</i></p>

6 Conclusion and Next Steps

- 6.1 PNL has complied with the Port Companies Act 1988 in preparing a half-yearly report. The report notes a number of matters that the shareholder councils' may wish to turn their mind to. There are no matters in particular that staff wish to bring to the Councillors' attention.

Attachments

- | | | |
|----|---|-----|
| 1. | Port Nelson Limited Interim Financial Report - For the six months ended 31 December 2020. | 139 |
|----|---|-----|

PORT NELSON



**INTERIM
FINANCIAL REPORT**

For the six months ended 31 December 2020



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- Statement of Cash Flows 11
- Summary of Significant Accounting Policies..... 12

Performance Commentary

For the six months ended 31 December 2020

Our Shareholders

Port Nelson Limited has reported an interim Net Profit after Tax for the six months to 31 December 2020 of \$4.3M compared to \$3.7M for the same period last year.

Revenue for the six months to 31 December 2020 was \$35.7M, up to \$2.1M compared to the same period last year driven by increased QuayConnect revenue, Port Nelson's fourth-party logistics and supply-chain solution services provider.

Port Nelson continues to invest in critical infrastructure for the sustainability of regional port services. Geotechnical findings are currently being considered regarding widening of the port entry channel. The new replacement crane was commissioned during December. Work on replacing and strengthening 100m of Main Wharf North continues and is anticipated to be completed later this financial year.

Property investment is a critical part of the Port's business. Several opportunities to grow its property development portfolio are being considered, including the development of a Science and Technology Hub. Other broader efforts are continuing including the development of a long-term port master plan for the purpose of future investment decisions.

Our Customers

Cargo volumes (revenue tonnes) and container throughput (twenty-foot equivalent units) to 31 December 2020 were 1.59M and 53.17k respectively compared to 1.61M and 52.25k for the same period last year.

Log export volumes, representing 34% of total cargo volumes, have recovered from the COVID-19 shutdown to be on budget for the six months to 31 December 2020. The log market remains strong, driven by low stock levels in China and export prices. Fuel volumes are yet to return to pre-COVID-19 levels, being well down on the same period last year, while all other commodities have performed to expectations.

Significant disruptions to vessel scheduling, impacting containers and cargo movements, are expected to continue and influence the final year-end results. Further, the region experienced a severe hailstorm on Boxing Day, causing an estimated \$100M damage to the apple and kiwifruit crops. Consequently, we are

forecasting year-end container volumes to be down on expectations.

QuayConnect continues to focus on growing the Port's supply chain service offering.

Our People

Health, safety, and wellbeing continue to be a high priority for Port Nelson. Many initiatives in this area are underway including fatigue risk management education and monitoring and critical risk analysis and mitigation. Port Nelson has also started the process of creating a 'Wellbeing' brand to communicate the Port's wellbeing initiatives.

The Port has been facilitating COVID-19 testing on-site with Port employees, specifically frontline border employees, requiring testing each week. Employees have had an overwhelmingly positive attitude towards required testing and the Port continues to safeguard the community with rigorous procedures.

Our Environment

The stormwater upgrade of the log yard area to improve filtration is underway. Other initiatives include the purchase of replacement plant that is 40% more fuel-efficient and has 50% less tyre burn, the commencement of a project to reduce dust from the log yard area, and the engagement of a consultant to develop carbon targets using science-based methodologies.

The management of noise stemming from Port operations continues to be a priority for Port Nelson and investment is being made in infrastructure and equipment to lessen these issues. There have been no significant noise events >85dBA which meets the Port's target. There have also been no serious environmental incidents at the Port. The Port is looking to refresh its environmental plan in the second half of the financial year.

Our Community

Port Nelson continues to be active in facilitating regional prosperity through community sponsorships. So far this year, the Port has sponsored; Hearing Nelson's School Dangerous Decibel Workshops, Nelson Tasman Chamber of Commerce: Port Nelson Export Hub, Maitahi Outrigger Canoe Club's radio equipment, Navy Cadet's new rescue boat as well as roll-over sponsorships such as the Haulashore Trapping programme, Port Nelson's Charity Golf Tournament in aid of LifeLine and QuayConnect's key sponsorship of the Marlborough Wine Show.

Port Nelson signed on to sponsor the Tasman Mako, including sponsoring the Rippa Rugby Tournament for an additional 3 years under the Port Nelson brand. This sponsorship initiative also includes additional benefits for our employees with 50 tickets to each home game.

Positive dialogue is being opened up with local iwi towards establishing an open and proactive communication path.

Opportunities to operate the slipway to further support the Nelson marine services industry's competitiveness continue to be explored.



Statement of Corporate Intent

For the six months ended 31 December 2020

Purpose

To facilitate regional prosperity.

Objectives

The Company's purpose of facilitating regional prosperity is underpinned by five pillars; customers, environment, people, community, and stakeholders.



Provide leading port and logistics operations and drive supply chain innovation



Improve our environment



Build and keep safe a high-performing team



Improve our community



Deliver strong returns to our shareholders

Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes	Annual Targets	Mid-Year Actuals		21FY Expected Outcomes				
	Dec-20	Dec-19			Dec-20	Dec-19			Dec-20	Dec-19			Dec-20	Dec-19					
Cargo Volumes of 3.38mil Revenue Tonnes	1.6m	1.6m	✘	Fuel reduction of >1% on 2020 litres per Revenue Tonne	0.29L/RT Cargo	0.31L/RT Cargo	✔	Critical Risk Verification Reviews >40 per year	14	N/A	✔	Dividends paid to shareholder of \$4 million	-	\$800k	✔	Revenue of \$75mil	\$36m	\$34m	✘
Container Throughput of 119,000 TEU	53,000	52,000	✘	Maintaining Port Nelson's ISO 14001 Certification	Yes	Yes	✔	Lost Time Injury Frequency Rate reduced by 20% on FY20 (2.9)	1.91	3.72	✔	Sponsorship spend of \$110k	\$71k	N/A	✔	EBIT of \$13.4mil	\$7.6m	\$6.6m	✔
Vessel Visits of 742	376	388	✔	No significant noise events >89 dbA LMAX	0	1	✔	High risk events reduced by 20% on FY20 (6)	2	8	✔	Operate the Slipway in support of the Nelson Marine Engineering and fishing clusters	Yes	N/A	✔	NPAT of \$7.4mil	\$4m	\$4m	✔
Gross Registered Tonnes of 9.77mil	4.90m	4.49m	✘	A Port Nelson sponsored initiative to halt the loss of biodiversity/ prevent the extinction of threatened species	Yes	Yes	✔	New Zealand Certificate in Port Operations - Heavy Plant. 38 employees completed	On Track	N/A	✔	Port Nelson will hold a public open day	N/A	N/A	✘	Return on Equity of 3.5%	3.9%	7.2%	✘
				No pollution incidents to the coastal marine area	1	0	✘					Port Nelson will provide port tours to community groups and schools	Yes	Yes	✔	Net Debt to Equity of < 45%	31.4%	29.8%	✔
				Commence the Port Nelson Log Yard redevelopment	No	N/A	✔									Return on Assets of 4.5%	4.2%	7.6%	✘
				Compliance with all resource consent conditions	Yes	Yes	✔												
				Compliance with NZ Maritime safety standards	Yes	Yes	✔												
				Compliance with noise variation	Yes	Yes	✔												

✔ Expected To Be Achieved
✘ Expected Not To Be Achieved

Statement of Comprehensive Income

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Revenue		
Port Operations	32,782	30,897
Property	2,962	2,794
Total revenue	35,744	33,691
Expenses		
Employee Benefit Expenses	10,418	10,226
Other Operational and Property Expenses	13,144	12,720
Earnings before Interest, Tax, Depreciation and Amortisation	12,182	10,745
Depreciation and Amortisation	4,572	4,112
Earnings before Interest and Tax	7,610	6,633
Net Financing Costs	1,508	1,528
Net profit before income tax	6,102	5,105
Income Tax	1,764	1,431
Net profit after income tax	4,338	3,674
Other comprehensive income		
Movements in Hedging Reserve	880	293
Total comprehensive income	5,218	3,967

Statement of Changes in Equity

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Balance at 1 July 2020	250,360	190,371
Total Comprehensive Income	5,218	3,967
Dividends	-	800
Balance at 31 December 2020	255,578	195,538

Statement of Financial Position

As at 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Current assets		
Cash and Cash Equivalents	322	287
Trade and Other Receivables	11,089	10,925
Inventories	594	748
Prepayments and Accruals	1,786	1,395
Assets Intended for Sale	15	15
Total Current Assets	13,806	13,370
Less current liabilities		
Trade and Other Payables	3,584	3,706
Employee Benefit Entitlements	2,375	1,907
Tax Payable	304	(116)
Derivatives - Cash Flow Hedges	262	262
Noise Mitigation	169	16
Calwell Basin Dredging and Stabilisation Provision	-	13
Total Current Liabilities	6,694	5,788
Working capital	7,112	7,582
Non-current assets		
Property, Plant and Equipment	326,953	241,914
Intangible Assets	953	1,060
Investment Properties	25,484	25,135
Derivatives - cash flow hedges	13	-
Total Non-Current Assets	353,403	268,109
Less non-current liabilities		
Employee Benefit Entitlements	246	227
Deferred Tax Liability	18,720	8,855
Term Loan	80,670	68,550
Derivatives - Cash Flow Hedges	4,644	3,996
Noise Mitigation	196	525
Lease Liabilities	461	-
Total Non-Current Liabilities	104,937	82,153
Net assets	255,578	193,538
Shareholders' funds		
Issued Capital	6,046	6,046
Retained Earnings	78,883	73,864
Asset Revaluation Reserve	174,276	116,664
Hedging Reserve	(3,427)	(3,036)
Total shareholders' funds	255,578	193,538

Statement of Cash Flows

For the six months ended 31 December 2020

	Dec 2020	Dec 2019
	\$000	\$000
Cash flows from operating activities		
Cash was provided from:		
Receipts from customers	32,949	29,870
Rent received	2,986	2,729
Interest received	-	1
	35,935	32,600
Cash was applied to:		
Payments to suppliers and employees	26,031	25,009
Interest paid	1,505	1,561
Taxes paid	1,536	3,942
Net GST paid/(received)	48	(973)
	29,120	29,539
Net operating cash inflows	6,815	3,061
Cash flows from investing activities		
Cash was provided from:		
Sale of property, plant and equipment	4	36
	4	36
Cash was applied to:		
Purchase of property, plant and equipment	13,580	5,109
Purchase of intangibles	693	24
	14,273	5,133
Net investing cash (outflows)	(14,269)	(5,097)
Cash flows from financing activities		
Cash was provided from:		
Loans borrowed	10,170	6,700
	10,170	6,700
Cash was applied to:		
Dividend paid	2,500	4,800
Payment of lease liabilities	114	25
	2,614	4,825
Net financing cash inflows	7,556	1,875
Net increase/(decrease) in cash held	102	(161)
Cash and cash equivalents at 1 July	220	448
Cash at 31 December 2020	322	287

Summary of Significant Accounting Policies

About this report

Reporting Entity

Port Nelson Limited (Port Nelson) is a for-profit company incorporated under the Companies Act 1993 and created pursuant to the Port Companies Act 1988.

Port Nelson operates in one industry and one geographical segment providing marine services including pilotage, towage, navigation aids, berths and wharves; container terminal and cargo handling services; slipway services, cargo logistics including warehousing and distribution, investment properties and supply chain and 4PL solution services at the port of Nelson and within the wider Nelson/Marlborough region.

Basis of Preparation

These interim unaudited financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for profit-orientated entities.

The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

To assist the reader further, these interim financial statements should be read in conjunction with the financial statements and related notes as presented in the Port Nelson Limited Annual Report for the year ended 30 June 2020.

Basis of Measurement

Those accounting principles considered appropriate for the measurement and reporting of results and financial position under the historical cost method, modified by the revaluation of land, buildings, wharves, investment property and financial instruments have been followed.

Judgements and Estimates

In preparing these financial statements Port Nelson has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations or future events that are expected to be reasonable under the circumstances.

There are no estimates and assumptions in the view of the Directors that have a risk of causing a significant adjustment to the carrying amounts of assets and liabilities within the next financial year.

Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Capital items are converted at the exchange rate ruling at balance date or the forward exchange contract rate where derivatives have been used to hedge the exposure.

Standards and Interpretations Issued and Not Yet Adopted

Port Nelson has applied all new and revised accounting standards and interpretations that are effective in the year. This did not result in a material impact on the financial statements.

Accounting Policies

There have been no changes in accounting policies during the financial year disclosed in the Financial Statements.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided below.

Revenue

Revenue is recognised over-time as Port Nelson performs the service and the client simultaneously benefits from that service. Progress towards complete satisfaction of each service is estimated based on the service portion performed to the customer, determined using the percentage completion method.

Revenue is measured based on the service price specified in the specific customer contract. Due to the way our contracts are negotiated and structured, the stated contract price for each service performed reflects the value transferred to the customer. There are no material variable consideration, financing or non-cash components to consider in determining the transaction price.

Revenue derived from customers that do not have contracts with Port Nelson is not considered significant and therefore has not been separately disclosed.

Property lease revenue is accounted for on a straight line basis. Rentals are payable in advance.

Non-cancellable operating leases represent undiscounted future expected lease receipts arising from the leasing of Port Nelson property.

Expenses

Administration and other expenses are recognised as an expense when they are incurred.

Impairment of Assets

At each reporting date Port Nelson reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the carrying amount of the asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that asset. Where the impairment loss is greater than the balance in the revaluation reserve, the excess impairment is expensed through the profit or loss. For assets not carried at a revalued amount the impairment loss is recognised in the profit or loss.

Net Financing Costs

Finance revenue represents interest revenue received. This is recognised on a time proportion basis using the effective interest method.

Finance costs are recognised as an expense when incurred. Financing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, applying a capitalisation rate of 3.95%, are added to the cost of those assets until such a time as the assets are substantially ready for their intended use.

Taxation

The income tax expense for the financial year is the tax payable on the current financial year's taxable income based on the income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for unused tax losses (if any).

Deferred tax assets and liabilities are recognised for temporary differences at the rate expected to apply when the assets are recovered or liabilities are settled. The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax is charged or credited to the profit or loss, except where it relates to items charged or credited directly to equity, in which case the tax is dealt with in other comprehensive income.

Property, Plant and Equipment

Property, Plant and Equipment, except land, buildings, wharves and infrastructural assets are stated at valuation taken over from the Nelson Harbour Board on 1 October 1988 and subsequent additions at cost. Land, buildings and wharves are stated at fair value. Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefit or service potential associated with the item will flow to Port Nelson and the cost of the item can be reliably measured.

Dredging is not amortised. The cost of maintaining the dredged depth is expensed.

Depreciation is written off depreciable assets on a straight-line basis over the estimated economic lives of the assets, ranging as follows:

Plant, Furniture and Equipment	4 to 51 years
Infrastructural Assets	10 to 51 years
Wharves and Berths	3 to 76 years
Buildings	8 to 56 years
Intangible Assets	3 to 14 years

Valuation Basis

The asset classes that are subject to revaluation are assessed at each balance date to ensure that the values are not materially different from fair value. Where the carrying value is materially different from fair value a revaluation is undertaken. Gains and losses on

disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses are included in the profit or loss. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Land and Buildings are valued at least every three to five years respectively. Land and Buildings are stated at fair value. Fair value was determined as at 30 June 2020 using a market based approach, where evidence can be reliably analysed or income based approach where evidence cannot be reliably analysed, validated by a depreciated replacement cost valuation. The Land and Buildings valuation was completed by Ian McKeage, Registered Valuer, FNZIV, FPINZ of Telfer Young. Telfer Young have recent experience in the location and category of the items being valued.

Wharves are valued at least every five years. Wharves are stated at fair value. Fair value was determined as at 30 June 2020 using a market based approach, where evidence can be reliably analysed or income based approach where evidence cannot be reliably analysed, validated by a depreciated replacement cost valuation. The valuation was prepared by Fraser Clarke, Infrastructure Analyst of WSP.

Intangible Assets

Intangible assets, comprised of software and licences, have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Port Nelson are recognised as intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and if Port Nelson intends to and has sufficient resources to complete development and to use or sell the asset.

Directly attributable costs that are capitalised as part of the software include employee costs.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses.

The amortisation expense of intangible assets is included in the Depreciation and amortisation expense total disclosed in the Statement of Comprehensive Income.

There are no material contractual commitments for the acquisition of intangible assets at balance date.

Investment Properties

Investment Property which is property held to earn rentals and capital appreciation is measured at its fair value at the reporting date. Gains or losses from changes in the fair value of investment property are included in the profit or loss in the period in which they arise. Investment Properties are not depreciated.

Valuation Basis

Investment properties are revalued every year. Investment properties were valued on 30 June 2020 by Ian McKeage, Registered Valuer, FNZIV, FPINZ of Telfer Young. The valuer's have recent experience in the location and category of the item being valued.

Fair Value Measurements

The valuation of Land, Buildings, Wharves and Investment Property requires estimation and judgement. At each reporting date, the independent valuation reports are subject to internal review by the management team. The review focuses on checking material movements and ensuring all additions and disposals are captured. A summary report on valuation movements is provided to the Board and full copies of the 'valuer's reports are available to Directors. Valuations are categorised within a three tier fair value hierarchy table based upon the observability of valuation inputs.

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 inputs: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, as prices, or indirectly, derived from prices.

Level 3 inputs: Inputs for the asset or liability that are not based on observable market data, that is, unobservable inputs.

Financial Risk Management

Port Nelson's operations expose it to a variety of financial risks which it seeks to manage through the application of its Treasury Policy. This policy provides guidance to management on carrying out appropriate financial risk management activities including the use of derivative financial instruments to manage this risk. Port Nelson does not enter into speculative trades.

Interest rate risk

Port Nelson is exposed to interest rate risk on the cash flows arising from its variable rate borrowings. The Board does not consider there is any significant exposure to interest rate risk on its investments.

Port Nelson's interest rate exposures are managed in accordance with specific borrowing parameters outlined in the Treasury Policy which requires the fixing of interest rates for specified portions of borrowings based upon the term remaining and outlines the approved derivative instruments that can be used to do this. Port Nelson currently manages this risk by using Interest Rate Swaps (IRS) which swap the floating rate exposure on a notional amount of borrowings for a fixed rate.

Financial Derivatives

Port Nelson designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. Such derivatives are held at fair value.

At the inception of the hedge relationship, Port Nelson documents the nature of the risk being hedged, the economic relationship between the hedged item, the instrument for effectiveness testing along with its risk management objectives for undertaking various hedge transactions.

The hedged item creates an exposure to pay interest on the notional value, settled at intervals prescribed by the hedge agreement. The interest rate swap on the same notional value creates an equal and opposite interest receipt and a fixed interest payment, therefore creating an exact offset for this transaction resulting in a net fixed interest payable.

Assessment of hedge effectiveness is done at inception of the hedge, at each subsequent reporting date (30 June and 31 December) and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

The effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to any ineffective element is recognised immediately in the profit or loss.

Credit Risk

Port Nelson is exposed to credit risk on its cash and cash equivalents from the possibility of counter-parties failing to perform their obligations. This risk is represented by the carrying value in the Statement of Financial Position. We consider this risk to be immaterial.

Trade and Other Receivables

Trade and Other Receivables arise in the ordinary course of Port Nelson's business and are initially valued at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment. Port Nelson invoices for services as they are performed, generally on a monthly basis. They are non-interest bearing and have payment terms of generally the 20th of the month of receipt of invoice but vary on a case-by-case basis between 7 to 45 days.

Port Nelson always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The allowance is estimated by reference to past default experience of the debtor, an analysis of the debtor's current financial position as well as forward looking information. Port Nelson writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off are subject to enforcement activities.

Currency Risk

Port Nelson is exposed to currency risk on purchases of plant and equipment from overseas which it undertakes from time to time. Management actively monitor the currency risk exposure and will enter into forward foreign exchange contracts to hedge this risk where required by the Treasury Policy.

Liquidity Risk

Liquidity risk is the risk that Port Nelson will encounter 'difficulty' raising funds to meet commitments as they fall due. Liquidity risk is managed by maintaining sufficient cash. This is achieved by ensuring the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Multi-Option Credit Facility

Port Nelson has financing arrangements with Westpac Banking Corporation totalling \$100,000,000 for a multi-option credit facility made up of a three facility agreement. The first is for a funding facility of \$40,000,000 commencing April 2018 expiring July 2021. The second is for a funding facility of \$30,000,000 commencing November 2017, expiring July 2022. The third is for a funding facility of \$30,000,000 commencing July 2020, expiring July 2023.

Security for the multi-option credit facility is by a first and exclusive debenture charge over the assets and undertakings of Port Nelson. Port Nelson classifies its borrowings as non-current liabilities.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where this differs from face value.

Trade and other payables are recognised at fair value on receipt of goods and services. Payment normally occurs within 30 days. These are non-interest bearing.

Fair Value of Financial Instruments

Port Nelson considers that the carrying values of financial assets and financial liabilities recorded in these financial statements approximate their fair values.

The financial instruments carried at fair value are the Interest Rate Swaps which are fair valued at a total liability of \$4.395m (2019: liability of \$3.734m) at balance date.

Provisions

Provisions are recognised when a present obligation exists as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee Entitlements

Provision is made in respect of Port Nelson's liability for annual leave, long service leave and retirement gratuities. Annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay and retirement gratuities calculated at current rates of pay assuming the payment will be made upon retirement.

Noise Mitigation

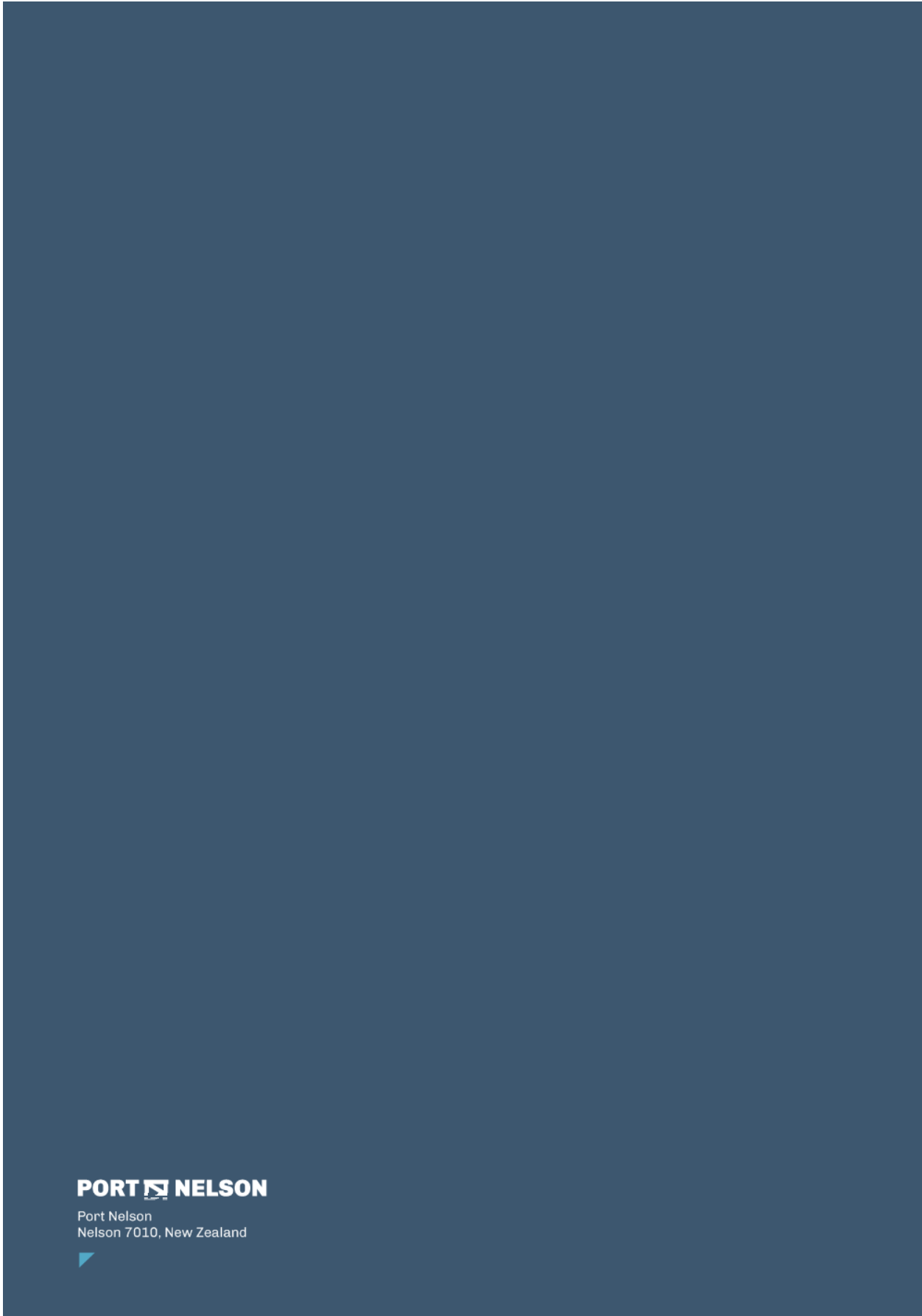
Port Nelson reviews its Noise Mitigation provision each year as the mitigation work is undertaken. The provision relates to Stages One, Two and Three. The Noise Variation within the Nelson City Resource Management Plan became operative on the 23 February 2012. Port Nelson has quantified the costs of its obligation as at 30 June 2020.

Port Nelson recognises it has an obligation to assist with noise mitigation works for noise-affected properties adjacent to the port. Noise mitigation costs may include building work, professional fees, building consents, preparation of drawings and project management.

Noise-affected properties are separated into three stages based on the level of port noise received. For properties in Stage One, those properties that are exposed to night time Ldn (day/night average sound level) from port generated noise of 65 dBA or more, Port Nelson is required to make offers to either fully fund noise mitigation work or to purchase the properties.

There were 14 properties designated Stage One properties, and at 30 June 2020, seven properties have had this obligation met (2019 - nine properties). During the prior financial year, the contour lines were redesignated by the Council, which saw an additional three properties move into Stage One, and two properties moved from Stage One to Stage Two. For properties in Stage Two, those properties that are exposed to night time Ldn from port generated noise of between 60 to 64.9 dBA area, Port Nelson has offered to contribute up to 50% of noise mitigation costs. For properties in Stage Three, those properties that are exposed to night time Ldn from port generated noise of between 55 to 59.9 dBA, property owners can request Port Nelson to provide technical advice and a contribution of up to 50% of noise mitigation costs. There is no obligation on Port Nelson to make offers for the purchase of either Stage Two or Stage Three properties.





PORT NELSON

Port Nelson
Nelson 7010, New Zealand



6.4 NELSON AIRPORT LIMITED - HALF YEARLY REPORT ENDING 31 DECEMBER 2020

Decision Required

Report To: Joint Shareholders Committee
Meeting Date: 6 April 2021
Report Author: Nikki Harrison, Group Manager Corporate Services
Report Number: RJSC21-04-3

1 Purpose of Report

- 1.1 Please find attached Nikki Harrison's report, Group Manager Corporate Services NCC on the Nelson Airport Limited – Half Yearly Report ending 31 December 2020 and its attachment, the Nelson Airport Limited Interim Report 2020.

2 Recommendation

That the Joint Shareholders Committee

1. **Receives the report Nelson Airport Limited - Half yearly Report ending 31 December 2020 and its attachment, the Nelson Airport Limited Interim Report 2020-2021. (A2585196).**

Attachments

1. Nelson Airport Limited 6-month Interim Report 2020 -Report and Attachements 161



Joint Shareholders Committee

6 April 2021

Item 6.4

REPORT R22715

Nelson Airport Limited - half yearly report to 31 December 2020

Attachment 1

1. Purpose of Report

- 1.1 To receive the Nelson Airport Limited half yearly report to 31 December 2020.

2. Recommendation

That the Joint Shareholders Committee

- 1. Receives the report Nelson Airport Limited - half yearly report to 31 December 2020 (R22715) and its attachment (A2585196).***

3. Background

- 1.2 Section 66 of the Local Government Act requires Nelson Airport Limited to deliver a half yearly report on performance within two months of the end of that period. This requirement has been met.
- 1.3 The half yearly report of the Airport for the period ending 31 December 2020 is included as Attachment 1.

2. Discussion

- 2.1 The half yearly report shows that Nelson Airport Limited (NAL) is on track to meet the majority of its Statement of Intent objectives for 2020/21 (see page 6 and 7 of Attachment 1). There have been some delays to the capital expenditure programme largely due to concerns over the re-emergence of COVID-19.
- 2.2 For the first six months of this financial year NAL reported profit before tax (PBT) of \$629,000 compared with a budgeted loss of \$1.25 million. Total revenue was \$5.2 million compared to a budget of \$3.2 million Passenger numbers were 324,773 year to date compared with budgeted numbers of 185,645 (but down on average 32% on the same period last year).
- 2.3 Nelson Airport Limited is forecasting to exceed the financial targets for the full year (excluding capital expenditure) assuming no major COVID-19 lockdowns.

Item 6.4

- 2.4 Nelson Airport Limited will be attending the Confidential part of this meeting to present the results and the draft Statement of Intent 2021/22.

Attachment 1

Author: Nikki Harrison, Group Manager Corporate Services

Attachments

Attachment 1: A2585196 - Nelson Airport Limited Interim Report Dec 2020 - March 2021



INTERIM REPORT

For the Six months to 31 December 2020



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DIRECTORS' AND CEO'S REPORT

For the Six Months Ended 31 December 2020

	Actual	Budget	Result
Total Revenue	\$5.21m	\$3.20m	+ 62.8%
EBITDA	\$2.62m	\$1.08m	+ 142.6%
Net Profit before Tax	\$0.63m	(\$1.25m)	+ 150.4%
Passenger numbers	324,773	185,645	+ 74.9%

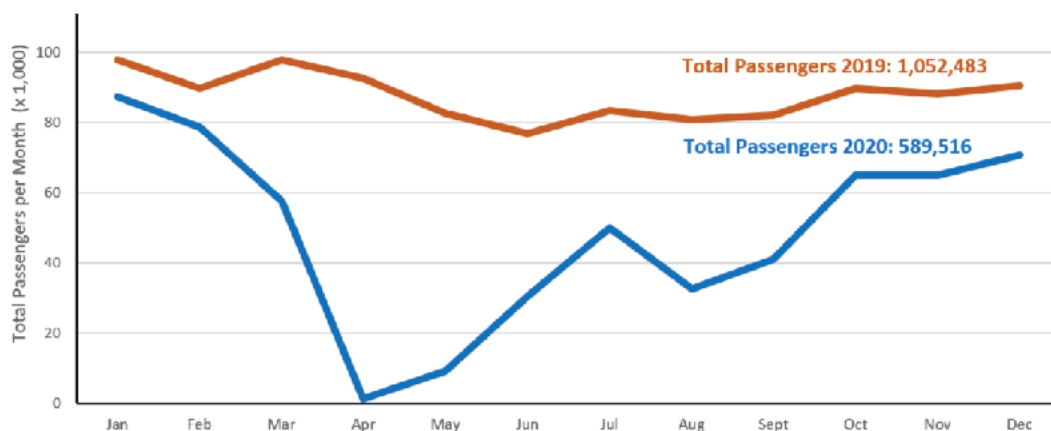
This period was a real challenge for aviation across all aspects of the sector. For Nelson Airport Limited (NAL) the challenge was to react positively to the changes caused by Covid-19 and keep the airport moving forward. We benefited from strong commitment from the airlines that operate from our airport and from the operators who work on the precinct.

OPERATIONS

For the period July to December, NAL continued to feel the impacts of Covid-19, however the passenger demand was stronger than the projected forecast. Through this period leisure was the key driving market and the school holidays falling in July and September/October also provided positive increases. Business travel was a slow return averaging 60% on the previous year up until the Auckland alert level changes in August.

Nelson continues to be a highly valuable destination point within the Air New Zealand network and is also well supported by Sounds Air and Originair. Passenger numbers across the six months to 31 December 2020 were down an average of 32% on the same period last year. Across the October – December 2020 quarter, passenger numbers showed an improving trend to be only 25% down versus last year. The seat capacity in market followed a very similar trend to the passengers. Wellington replaced Auckland as our strongest performing route.

PASSENGER COMPARISON 2019 vs 2020 (CALENDAR YEARS)



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

Our new terminal won a number of awards for design and construction. The judges for the regional NZIA awards stated:

'The roof forms of Nelson Airport, shaped to reflect the adjacent mountain ranges, signal this important gateway to the Nelson region. Articulated timber structures and surfaces provide warmth and familiarity to a highly resolved single volume. Open to the east and west, the terminal both contains and reveals the complexity of airport operations. The building successfully integrates innovative timber structural and seismic design, prefabrication technology, climate resilience and environmental systems.'

It was great to reach the milestone of the terminal being officially signed over from Naylor Love to NAL by 31 December 2020. Despite the level of uncertainty, NAL continues to develop the airport with work approved in the period to be carried out on the apron to improve resilience and lighting. We have enjoyed the terminal activations developed in conjunction with WoW Car Museum, Brook Sanctuary and the Extraordinary Experience Tourism Group.

Property revenues grew compared to both the first half and second half of the 2018/19 financial year and continue to grow in importance for the airport business.

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HEALTH, SAFETY & RISK

Any aviation business depends on an impeccable safety record to ensure success. NAL is dedicated to ensuring our workplace is accident free and that the health of everyone in our workplace is protected. It is the duty of every NAL employee to be familiar with the company's Health and Safety policies, procedures and practices. NAL supports training in safety and encourages open and honest reporting of all safety and health hazards.

NAL requires all its employees, tenants, contractors and other stakeholders to work both individually and as a team to ensure a safe workplace. Success of the Safety Management System across our precinct will only be achieved through collaboration and open communication.

We have systems in place to ensure regular audits of the Health and Safety manuals, policies, and procedures and encourage all staff to provide input into these matters. We monitor industry activity to remain up to date on best practices and to incorporate these into our own practices where it is possible and practicable to do so.

Our measurement of success as a company will include an accident free and healthy workplace.

Safety and Security initiatives and highlights over the six months ended 31 December 2020 include:

- Monthly Safety and Security meetings with operators and tenants to discuss risks, identify hazards/mitigations and promote collaboration in safety across airport operations.
- Installation of an accelerometer in the terminal to measure any earthquake intensity and provide real time data to inform response.
- Regular contact with industry and Government to ensure a consistent approach to post-Covid-19 operations.
- Professional refresher training provided to front line staff on managing aggressive persons.
- Security audit completed by Civil Aviation Authority with no findings.
- Identification and mitigation of intrusions into protected airspace following professional survey.
- Collaboration with Port Nelson to mitigate the effects of protected airspace intrusion from new cranes.
- Commenced work to identify and purchase upgraded Airport Firefighting truck.
- Regular safety communications to all Nelson Airport operators and tenants via a quarterly newsletter.



Paul Steere
Chair
26 February 2021



Andy Wotton
Interim Chief Executive Officer
26 February 2021

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SERVICE PERFORMANCE REPORT

For the Six Months Ended 31 December 2020

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

The following table provides a commentary of achievement towards the targets published in the 2020/21 Statement of Intent.

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
Infrastructure and Planning	Commence a programme for the gradual upgrade of stormwater services and protections against sea level rise	30 June 2021	On target. An investigation relating to stormwater improvements has begun with work expected to commence in 2021/22 and accomplished over several stages. An independent study examining coastal erosion of the airport perimeter and the requirement for subsequent prevention/ remediation is set to be carried out in early 2022.
	Complete permanent rental car facilities for on-site operators	30 June 2021	Not expected to be achieved. Deferred until the 2021/22 financial year with scheduling subject to the extent of recovery following the ramifications of Covid-19. Funds have been allocated to the 2021/22 capital expenditure budget.
	Nelson Resource Management Plan (NRMP) – complete submission	31 December 2020	Airport documentation due in second tranche of NRMP. Timing deferred by Nelson City Council until July 2021 due to Covid-19.
	Complete updated Master Plan 2020-2040	31 December 2020	Completed.
People	Lost time injuries	Nil	Achieved. There have been no staff lost time injuries reported as at 31 Dec 2020.
	Undertake a staff engagement survey	30 June 2021	On target. Staff engagement survey expected to be conducted prior to year-end.
Risk and Compliance	Compliance with Civil Aviation Authority and the Airport Operator Certificate	No audit findings	Achieved.
	Compliance with audit standards	Unmodified audit opinion (for 2020/21)	Not achieved. Modified opinion for 2019/20 will feed through to 2020/21. Modification relates to the deferral in securing revaluations due to Covid-19.

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

STRATEGIC AREA	PERFORMANCE MEASURE	TARGET	PERFORMANCE V TARGET
Financial Results	EBITDA	\$2.6m	On target to exceed. NAL is cautiously optimistic and assuming no major Covid-19 lockdowns, current projections indicate an EBITDA of \$4.7m at year-end.
	Total revenues	\$6.7m	On target to exceed. NAL is cautiously optimistic and assuming no major Covid-19 lockdowns, current projections indicate total revenues of \$9.7m at year-end.
	Capital expenditure	\$4.0m	Concerns over the re-emergence of Covid-19 community cases has delayed budgeted capital expenditure. Several budgeted capital expenditure items have been deferred until the 2021/22 financial year. Current projections indicate total capital expenditure of \$2.9m at year-end.
	Dividends declared	Minimum \$850k	On target. NAL is projecting to achieve this target.
Customers	Implement a customer experience benchmarking plan	Plan completed and benchmark parameters set	On target. Customer experience benchmarking plan and corresponding benchmark parameters are projected to be completed by year-end with implementation of plan to be carried out in 2021/22.
	Passengers numbers	403,000	On target to exceed. NAL is cautiously optimistic and assuming no major Covid-19 lockdowns, the latest reforecast indicates total passenger numbers in the range of 550,000 – 600,000 at year-end.
	Iwi engagement	Form a strategy and policy for relationship development	On target. To be completed by financial year-end.
Sustainability	Establish ongoing measurement and reporting of reduction in energy use and waste	June 2021	On target. In progress.
	A new business case completed for alternative energy source(s)	June 2021	On target. As at 31 Dec 2020, preliminary work in exploring alternative energy sources has begun.

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 2020

	Note	Dec 2020 \$000s	Dec 2019 \$000s
Revenue	2	5,210	6,983
Operating costs	3	1,832	1,685
Administration expenses	3	762	846
Depreciation and Amortisation	3	1,720	1,523
		4,314	4,055
Operating Profit		896	2,928
Interest Revenue		0	4
Finance Costs	3	(268)	(184)
Net Financing Income		(268)	(180)
Gain on Sale of Fixed Assets		1	-
Investing Income		1	-
Profit before Tax		629	2,748
Income tax expense	13	152	777
Profit after Tax		477	1,971
Other Comprehensive Income		-	-
Total Comprehensive Income		477	1,971

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 2020

	Note	Dec 2020 \$000s	Dec 2019 \$000s
Opening Retained Earnings		17,468	16,433
Total Profit for the Period		477	1,971
Distributions to Equity Holders		-	(20)
Retained Earnings as at Period End		17,945	18,384
Opening Asset Revaluation Reserve		47,591	47,692
Asset Revaluation as at Period End		47,591	47,692
Share Capital		2,400	2,400
Closing Equity as at Period End		67,937	68,477

Note

The Opening Equity at 1 July 2020 was \$67,460k.

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 2020

	Note	Dec 2020 \$000s	Jun 2020 \$000s
Assets			
Current Assets			
Trade and Other Receivables	11	1,392	402
Cash and Cash Equivalents	12	167	309
Equipment Spares and Consumables		58	-
Total Current Assets		1,617	711
Non Current Assets			
Property, Plant and Equipment	5	106,548	108,051
Intangible Assets		145	157
Total Non Current Assets		106,693	108,207
Total Assets		108,310	108,918
Liabilities			
Current Liabilities			
Trade and Other Payables	14	613	1,662
Derivative Financial Liabilities	15	336	375
Current Income Tax Liability		493	563
Employee Entitlements		147	178
Interest Bearing Loans	16	18	16
Total Current Liabilities		1,608	2,794
Non Current Liabilities			
Deferred Tax	13	5,399	5,402
Derivative Financial Liabilities	15	997	1,243
Interest Bearing Loans	16	32,370	32,019
Total Non Current Liabilities		38,765	38,665
Total Liabilities		40,373	41,459
Net Assets		67,937	67,460
Equity			
Issued Share Capital		2,400	2,400
Retained Earnings		17,945	17,468
Asset Revaluation Reserve		47,591	47,591
Total Equity		67,937	67,460

For and on behalf of the Board



Paul Steere
Chair
26 February 2021



Catherine Taylor
Deputy Chair
26 February 2021

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 2020

	Note	Dec 2020 \$000s	Dec 2019 \$000s
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from airport users		4,324	6,808
Interest received		0	4
		4,324	6,812
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(3,137)	(3,238)
Interest paid		(554)	(225)
Income tax paid		(225)	(806)
Net GST Movement		153	458
		(3,763)	(3,811)
Net Cash Flows from Operating Activities	4	562	3,001
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Sale of property, plant & equipment		2	0
		2	0
<i>Cash was disbursed to:</i>			
Purchase of property, plant & equipment		(205)	(7,256)
Purchase of Intangible Assets		(3)	(93)
		(207)	(7,349)
Net Cash Flow from Investing Activities		(206)	(7,348)
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
Increase in term loans		1,952	5,250
		1,952	5,250
<i>Cash was disbursed to:</i>			
Dividends paid		(850)	(800)
Decrease in term loans		(1,600)	-
		(2,450)	(800)
Net Cash Flow from Financing Activities		(498)	4,450
Net increase/(decrease) in cash and cash equivalents		(142)	103
Opening cash and cash equivalents		309	541
Closing cash and cash equivalents		167	643

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 Six Months Ended 31 December 2020

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 2020.

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.

- 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.
- 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.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in New Zealand dollars and all values are rounded to the nearest thousand dollars. This may result in some rounding calculation differences in financial statements and notes. The functional currency of Nelson Airport Limited is New Zealand dollars (NZ\$).

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

2. REVENUE

	Dec 2020 \$000s	Dec 2019 \$000s
Contract Revenue		
Aeronautical Charges	2,517	3,775
Ground Transport Revenues	873	794
Advertising Revenue	63	108
Property Revenues	8	-
Sundry Income	1	1
Total Contract Revenue	3,462	4,678
Other Revenue		
Aeronautical Charges	7	105
Ground Transport Revenues	348	1,097
Retail Revenue	159	155
Property Revenues	1,138	948
Wage Subsidy	96	-
Total Other Revenue	1,748	2,305
Total Revenue	5,210	6,983

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

3. EXPENSES

a) Operating Costs

	Dec 2020 \$000s	Dec 2019 \$000s
Employee Entitlements	1,003	768
Other Operating Expenses	828	913
Loss on Disposal of Assets	2	4
	1,832	1,685

b) Administration Costs

	Dec 2020 \$000s	Dec 2019 \$000s
Auditors Remuneration	27	18
Auditors Remuneration - Disclosure Accounts	-	15
Directors' Fees	73	73
Insurance & Rates	370	413
Other Administration Expenses	292	328
	762	846

c) Depreciation and Amortisation

	Dec 2020 \$000s	Dec 2019 \$000s
Depreciation	1,697	1,511
Depreciation - Right of Use Assets	8	-
Amortisation of Intangible Assets	15	13
	1,720	1,523

d) Finance Costs

	Dec 2020 \$000s	Dec 2019 \$000s
Interest Expense	551	225
Interest Expense - Lease Liabilities	2	-
Movement in Unhedged Derivative Financial Liability	(286)	(40)
	268	184

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

4. RECONCILIATION OF COMPREHENSIVE INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Dec 2020 \$000s	Dec 2019 \$000s
Net Profit for the Year	477	1,971
Add/(less) non cash and non operating items:		
(Gain)/Loss on Disposal of assets	1	4
Depreciation and Amortisation	1,720	1,523
Movement in deferred taxation	(3)	80
Movement in derivative financial instrument	(286)	(40)
Movement in working capital:		
(Increase)/Decrease in receivables	(1,048)	(198)
Increase/(Decrease) in current tax payable	(70)	(109)
Increase/(Decrease) in payables	(229)	(231)
Net cash flows from operating activities	562	3,001

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

5. PROPERTY, PLANT & EQUIPMENT

31 December 2020	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
Cost or Valuation								
Balance as at 1 July 2020	32,652	47,304	19,592	13,554	518	268	807	114,695
Reclassification	-	-	-	21	-	42	(63)	-
Additions	-	38	-	6	11	33	116	205
Disposals	-	-	-	-	(8)	(5)	-	(13)
Balance at 31 December 2020	32,652	47,342	19,592	13,581	521	338	860	114,887
Accumulated Depreciation and Impairment Losses								
Balance as at 1 July 2020	-	2,573	1,823	1,862	301	86	-	6,644
Depreciation	-	908	479	267	33	18	-	1,705
Disposals	-	-	-	-	(6)	(5)	-	(10)
Balance at 31 December 2020	-	3,481	2,302	2,128	328	100	-	8,339
Net Book Value at 31 December 2020	32,652	43,861	17,291	11,453	194	238	860	106,548

31 December 2019	Land & Improvements \$000s	Buildings \$000s	Airfield Infrastructure \$000s	Landside Infrastructure \$000s	Equipment \$000s	Fixtures & Fittings \$000s	Capital Work in Progress \$000s	Total \$000s
Cost or Valuation								
Balance as at 1 July 2019	32,652	30,528	19,571	12,359	364	239	11,002	106,714
Reclassification	-	15,880	9	1,706	48	29	(17,765)	(93)
Additions	-	6	12	13	35	3	7,119	7,188
Disposals	-	-	-	-	(2)	(10)	-	(12)
Balance at 31 December 2019	32,652	46,414	19,593	14,078	444	261	356	113,797
Accumulated Depreciation and Impairment Losses								
Balance as at 1 July 2019	-	934	865	1,578	229	79	-	3,685
Depreciation	-	730	479	264	24	12	-	1,511
Disposals	-	-	-	-	(2)	(6)	-	(8)
Balance at 31 December 2019	-	1,665	1,344	1,842	252	85	-	5,188
Net Book Value at 31 December 2019	32,652	44,749	18,249	12,235	193	176	356	108,609

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

VALUATION

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

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

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

As identified in the 2020 Annual Report, a fair value assessment as at 30 June 2020 had not been completed for the land and improvements asset class. Nelson Airport Limited consulted with professional advisors, who recommended the company roll over its asset values at current book values and to undertake a revaluation in 2021. This was because the Covid-19 pandemic had created a high degree of uncertainty in the property market, in terms of building costs, rentals, property yields and general market conditions. Nelson Airport Limited intends to carry out a fair value assessment for the land and improvements asset class prior to year-end and will subsequently be represented in the 2021 Annual Report.

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

Airfield infrastructure was last valued as at 30 June 2018 by Opus International Consultants Limited in accordance with the 2017 International Valuation Standards (fair value \$16,190,000).

Landside infrastructure was last valued as at 30 June 2015 by Opus International Consultants Limited in accordance with the 2017 International Valuation Standards (fair value \$4,228,000). Additions to landside infrastructure since 2015, including the relevant components of the terminal redevelopment, have been included at cost.

An updated independent valuation was scheduled for year-end 2020. Once the Covid-19 lockdown occurred in the final quarter of 2019/20 the Board considered that Nelson Airport Limited was unable to obtain a reliable valuation as at 30 June 2020. The Board's decision not to obtain a revaluation for landside infrastructure at 30 June 2020 was supported by management and left a \$3.1m portion of the carrying value of landside infrastructure outside of the five-year revaluation cycle and therefore outside Nelson Airport Limited's policy on revaluations. After consultation with professional advisors, Nelson Airport Limited was able to conclude that the fair value of landside infrastructure was not materially different from its carrying value.

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 NCC amounting to \$275,186 (2019: \$259,680) and the balance included as owing in trade payables as at 31 December 2020 is \$17,731 (2019: \$22,532).

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

TRANSACTIONS WITH ENTITIES OWNED BY SHAREHOLDERS

Nelmac Limited is a 100% subsidiary of Nelson City Council. Nelson Airport Limited paid grounds maintenance and other fees to Nelmac Limited amounting to \$89,542 (2019: \$8,478) and the balance included as owing in trade payables as at 31 December 2020 was \$8,078 (2019: \$8,030).

TRANSACTIONS WITH ENTITIES RELATED TO KEY MANAGEMENT PERSONNEL

During the period, Nelson Airport Limited paid \$518 (2019: \$nil) to Scott Family Winemakers Ltd, of which Paul Steere is Chairman.

Nelson Airport Limited has at 31 December 2020, \$1,677 (2019: \$nil) included in trade receivables as owed by New Zealand King Salmon Co Ltd, of which Paul Steere is a Director.

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. DISTRIBUTIONS TO SHAREHOLDERS

No interim dividend has been declared for the period ending 31 December 2020. The final dividend for the 2019/20 financial year was paid to Shareholders on 10 July 2020.

8. CONTINGENCIES

There are no material contingent liabilities as at 31 December 2020.

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

9. SUBSEQUENT EVENTS

As at 1 January 2021, Air New Zealand has permanently relocated its regional heavy maintenance from Nelson Airport.

In connection with the above, on 1 January 2021, Nelson Airport Limited acquired property and airside infrastructure from Air New Zealand, with Nelson Airport Limited subsequently realising a gain on acquisition of fixed assets of \$2.49m. A full independent valuation on the assets will be carried out prior to year-end. In addition, Air New Zealand and Nelson Airport Limited agreed on a cash settlement to surrender lease agreements in relation to the associated property and ground revenue. Nelson Airport Limited are confident that due to ongoing demand for commercial property and the growth in the aviation sector, a replacement tenant(s) will be established by year-end.

Mark Greening's tenure as Director ended on 10 January 2021. Replacement Director, Quinton Hall, was officially appointed on 12 February 2021.

10. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 December 2020.

11. TRADE AND OTHER RECEIVABLES

	Dec 2020 \$000s	Jun 2020 \$000s
Trade Receivables - Contract Revenue	753	284
Trade Receivables - Other Revenue	103	103
Less: Provision for Impairment	-	(5)
Accrued Debtors	0	1
Prepayments	211	20
Other Receivables	325	-
	1,392	402

12. CASH AND CASH EQUIVALENTS

	Dec 2019 \$000s	Jun 2020 \$000s
Cash on Hand	9	9
Bank Balance	158	300
	167	309

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

13. INCOME TAX

Components of Income Tax Expense

	Dec 2020 6 months \$000s	Dec 2019 6 months \$000s
Current Tax Expense	180	788
Prior Years Tax Under/ (Over) Provided	(24)	(91)
Deferred Tax Expense	(3)	80
	152	777

Relationship between Tax Expense and Accounting Profit

	Dec 2020 6 months \$000s	Dec 2019 6 months \$000s
Operating Profit Before Taxation	629	2,748
Prima Facie Tax @ 28%	176	770
Adjustment for Timing & Taxation Differences	3	17
Adjustment for Permanent Differences	0	1
Prior Years Tax Under (Over) Provided	(24)	(91)
Adjustments for Deferred Tax	93	7
Adjustments for Deferred Tax - Property, Plant & Equipment	(97)	73
Income Tax Expense	152	777

Deferred Tax

	Dec 2020 6 months \$000s	Dec 2019 6 months \$000s
Property, Plant and Equipment		
Opening Balance	(5,893)	(6,045)
Charged to Profit & Loss	97	(73)
Closing Balance	(5,796)	(6,118)
Employee Entitlements		
Opening Balance	31	26
Charged to Profit & Loss	(9)	4
Closing Balance	22	30
Derivative Financial Liability		
Opening Balance	453	318
Charged to Profit & Loss	(80)	(11)
Closing Balance	373	307
Other Provisions		
Opening Balance	7	2
Charged to Profit & Loss	(4)	0
Closing Balance	3	2
Total	(5,399)	(5,779)

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

14. TRADE AND OTHER PAYABLES

	Dec 2020 \$000s	Jun 2020 \$000s
Trade Payables	299	550
Trade Payables (Related Parties)	26	27
Dividends Payable	-	850
Accruals	48	139
GST Liability	205	52
Lease Income in Advance	35	44
	613	1,662

15. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 2020 \$000s	Jun 2020 \$000s
Derivative Financial Liabilities		
Interest Rate Swaps		
Current Portion	336	375
Non-Current Portion	997	1,243
	1,332	1,618

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

16. INTEREST BEARING LOANS

	Dec 2020 \$000s	Jun 2020 \$000s
Repayable as follows:		
Less Than 1 Year	-	-
Between 1 and 5 Years	32,360	32,000
Finance Lease Liabilities:		
Less Than 1 Year	18	16
Between 1 and 5 Years	10	19
	28	36

Nelson Airport Limited arranged for a line of credit with Westpac to finance the business during, and post, the construction of the recently completed 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.

The interest rate applying at balance date to the loan was 1.95%. (2019: 2.70%).

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

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the board of directors on 26 February 2021.

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

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COMPANY DIRECTORY

Directors

Paul Steere — Chair
Catherine Taylor — Deputy Chair
Matthew Clarke
Matthew McDonald
Mark Greening

Registered Office

Nelson Airport Management Offices
Trent Drive, Nelson 7011
Telephone 03-547-3199
Email office@nelsonairport.co.nz

Chief Executive

Andy Wotton - Interim Chief Executive

Senior Leadership Team

Sally Russ — Airline Partnerships and Landside Operations
Simon Orr — Corporate Services Manager
Simon Barr - Commercial Manager
James Middlewick - Compliance Manager

Auditor

Audit New Zealand on behalf of the Auditor-General

Accountant

Johnston Associates Chartered Accountants

Banker

Westpac Banking Corporation

Lawyer

Ford Sumner Lawyers

7 CONFIDENTIAL SESSION

7.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

That the public be excluded from the following part(s) 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 follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

7.2 Nelson Airport Draft Statement of Intent 2021-2022

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.