

# AGENDA

**Ordinary meeting of the**

**Joint Shareholders Committee**

**Friday 15 April 2016  
Commencing at 1.30pm  
Council Chamber  
Civic House  
110 Trafalgar Street, Nelson**

Membership: Her Worship the Mayor Rachel Reese, Deputy Mayor of Nelson Paul Matheson, Councillors Pete Rainey, Brian McGurk, Ian Barker, and Eric Davy, His Worship the Mayor of Tasman Richard Kempthorne (Chairperson), Councillors Tim King (Deputy Chairperson), Michael Higgins, Judene Edgar, Trevor Norriss and Stuart Bryant

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

- All councillors, whether or not they are members of the Committee, may attend Committee meetings (SO 2.12.2)
- At the discretion of the Chair, councillors who are not Committee members may speak, or ask questions about a matter.
- Only Committee members may vote on any matter before the Committee (SO 3.14.1)

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

**1. Apologies**

Nil

**2. Confirmation of Order of Business**

**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

**4. Public Forum**

**5. Confirmation of Minutes**

5.1 20 November 2015

**7 - 10**

Document number M1616

Recommendation

***THAT the minutes of the meeting of the Joint Shareholders Committee, held on 20 November 2015, be confirmed as a true and correct record.***

5.2 20 November 2015 – Public Excluded

**11 - 12**

Document number M1617

Note: As the business transacted in public excluded is now public information, these minutes can be confirmed in public. In accordance with the Local Government Official Information Meetings Act, no reason for withholding this information from the public exists.

Recommendation

***THAT the minutes of part of the meeting of the Joint Shareholders Committee, held with the public excluded on 20 November 2015, be confirmed as a true and correct record.***

**6. Port Nelson Ltd Half Yearly Report 13 - 20**

Document number R5675

Recommendation

***THAT the report Port Nelson Ltd Half Yearly Report (R5675) and its attachment (A1518795) be received.***

**7. Tasman Bay Heritage Trust - Statement of Intent and Half Yearly Report 21 - 58**

Document number R5612

Recommendation

***THAT the report Tasman Bay Heritage Trust - Statement of Intent and Half Yearly Report (R5612) and its attachments (A1457758, A1512578, A1512577 and A1528731) be received;***

***AND THAT the Joint Shareholders Committee notes the delivery of the Tasman Bays Heritage Trust Draft Statement of Intent 2016/17 (A1512578) as required under the Local Government Act 2002;***

***AND Either***

***THAT the Councils provide the following feedback to the Tasman Bays Heritage Trust Board:***

***OR***

***THAT the Tasman Bays Heritage Trust draft Statement of Intent 2016/17 meets the Councils' expectations and is approved as the final Statement of Intent for 2016/17.***

**8. Nelson Airport Half Yearly Report 59 - 78**

Document number A1528812

Recommendation

***THAT the Joint Shareholders Committee receives the Nelson Airport Ltd - Half Yearly Report (December 2015) report.***



## PUBLIC EXCLUDED BUSINESS

### 9. Exclusion of the Public

Recommendation

***THAT, in accordance with section 48(5) of the Local Government Official Information and Meetings Act 1987, Simon Orr and Paul Steere remain after the public has been excluded, for Item 3 and 4 of the Public Excluded agenda (Nelson Airport Ltd Statement of Intent 2016/17, Nelson Airport Ltd – Director Appointments), as they have knowledge that will assist the Council;***

***AND THAT, in accordance with section 48(6) of the Local Government Official Information and Meetings Act 1987, the knowledge that Simon Orr and Paul Steere possess relates to Nelson Airport Ltd.***

Recommendation

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

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

<b>Item</b>	<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Particular interests protected (where applicable)</b>
<b>1</b>	<b>Nelson Airport Ltd Statement of Intent 2016/17</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"><li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li><li>• Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and</li></ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
			industrial negotiations)
2	<b>Nelson Airport Ltd – Director Appointments</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>• Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person</li> <li>• Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities</li> </ul>

## 10. Re-admittance of the public

Recommendation

**THAT the public be re-admitted to the meeting.**

## **Minutes of a meeting of the Joint Shareholders Committee**

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

**On Friday 20 November 2015, commencing at 1.32pm**

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Present: Her Worship the Mayor of Nelson R Reese (Chairperson),  
Nelson City Councillors B McGurk and I Barker, His Worship  
the Mayor of Tasman R Kempthorne, and Tasman District  
Councillors M Higgins, J Edgar and S Bryant

In Attendance: Nelson City Councillor L Acland, Chief Executive of Nelson City  
Council (C Hadley), Group Manager Corporate Services Nelson  
City Council (N Harrison), Chief Executive of Tasman District  
Council (L McKenzie), and Administration Adviser (S McLean)

Apologies: Deputy Mayor of Nelson P Matheson, Nelson City Councillor P  
Rainey, Deputy Mayor of Tasman T King, and Tasman District  
Councillor T Norriss

### **1. Apologies**

Resolved JSC/2015/007

***THAT apologies be received and accepted from  
Nelson City Councillors Matheson and Rainey, and  
Tasman District Councillors King and Norriss.***

Her Worship Mayor Reese/His Worship Mayor Kempthorne

Carried

### **2. Confirmation of Order of Business**

There was no change to the order of business.

### **3. Interests**

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

### **4. Public Forum**

There was no public forum.

**5. Confirmation of Minutes**

5.1 2 September 2015

Document number M1427, agenda pages 6 - 11 refer.

Resolved JSC/2015/008

***THAT the minutes of the meeting of the Joint Shareholders Committee, held on 2 September 2015, be confirmed as a true and correct record.***

McGurk/Higgins

Carried

**6. Review of Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations**

Document number R4403, agenda pages 12 - 21 refer.

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

Several changes to the policy were agreed:

1. Clause 3.2, replace reference to Port Nelson Limited with 'Council Controlled Organisation' for consistency
2. Adjust heading for Section 5 to 'Process for Reappointment...' for consistency
3. Clause 8.2, adjust first sentence to read 'vary the procedures outlined in Sections 4 and 5 in this policy... that such variation is not contrary to the requirements of the Local Government Act 2002 and conforms to relevant trust deed...' to allow greater flexibility if a variation matter is not covered under the Local Government Act.

Resolved JSC/2015/009

***THAT the report Review of Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (R4403) and its attachments (A1449972 and A537882) be received;***

***AND THAT the reviewed and amended Policy for the Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations (A537882) be adopted with amendments by the Joint Shareholders Committee.***

His Worship Mayor Kempthorne/Edgar

Carried

## 7. Exclusion of the Public

Her Worship Mayor Reese advised the public excluded reason for the Port Nelson Limited Proposed Constitution Changes was to be corrected to Section 7(2)(i) to carry out negotiations.

Resolved JSC/2015/010

***THAT the public be excluded from the following parts of the proceedings of this meeting.***

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

Higgins/Her Worship Mayor Reese

Carried

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<b>Joint Shareholders Committee Meeting - Public Excluded Minutes - 2 September 2015</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>Section 7(2)(a) To protect the privacy of natural persons, including that of a deceased person.</li> <li>Section 7(2)(h) To enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</li> <li>Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</li> </ul>
2	<b>Port Nelson Limited Proposed Constitution Changes</b>	Section 48(1)(a)  The public conduct of this matter would be likely to result in disclosure of information for which	The withholding of the information is necessary: <ul style="list-style-type: none"> <li>Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage,</li> </ul>

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
		good reason exists under section 7	negotiations (including commercial and industrial negotiations).

The meeting went into public excluded session at 1.45pm and resumed in public session at 1.54pm.

### 8. Re-admittance of the Public

Resolved JSC/2015/011

***THAT the public be re-admitted to the meeting.***

Her Worship Mayor Reese/Edgar

Carried

There being no further business the meeting ended at 1.54pm.

Confirmed as a correct record of proceedings:

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

**PUBLIC EXCLUDED**



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**Minutes of part of a meeting of the Joint Shareholders Committee**

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

**On Friday 20 November 2015, commencing at 1.45pm**

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- Present: Her Worship the Mayor of Nelson R Reese (Chairperson),  
Nelson City Councillors B McGurk and I Barker, His Worship  
the Mayor of Tasman R Kempthorne, and Tasman District  
Councillors M Higgins, J Edgar and S Bryant
- In Attendance: Nelson City Councillor L Acland, Chief Executive of Nelson City  
Council (C Hadley), Group Manager Corporate Services Nelson  
City Council (N Harrison), Chief Executive of Tasman District  
Council (L McKenzie), and Administration Adviser (S McLean)
- Apologies: Deputy Mayor of Nelson P Matheson, Nelson City Councillor P  
Rainey, Deputy Mayor of Tasman T King, and Tasman District  
Councillor T Norriss

**1. Confirmation of Order of Business**

There was no change to the order of business.

**2. Interests**

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

**3. Confirmation of Minutes**

3.1 2 September 2015

Document number M1428, agenda pages 3 - 7 refer.

Resolved JSC/2015/012

***THAT the minutes of part of the meeting of the  
Joint Shareholders Committee, held with the  
public excluded on 2 September 2015, be***

M1617

1

Joint Shareholders Committee Minutes - 20 November 2015

6. Confirmation of Public Excluded Minutes 20 November 2015 - Attachment 1 - M1617 - Joint Shareholders Committee Public Excluded Minutes 20 November 2015

**PUBLIC EXCLUDED**

*confirmed as a true and correct record.*

Her Worship Mayor Reese/Barker Carried

**4. Port Nelson Limited Proposed Constitution Changes**

Document number R4959, agenda pages 8 - 49 refer.

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

Resolved JSC/2015/013

***THAT the report Port Nelson Limited Proposed Constitution Changes (R4959) and its attachments (A1444678, A1444658, A1444675 and A1444866) be received.***

Bryant/McGurk Carried

Recommendation to Council JSC/2015/014

***THAT Council agree to amend the Port Nelson Limited Constitution accordingly by special resolution of the shareholders (A1444678) in accordance with Clause 48.1(a) of the existing Port Nelson Limited Constitution;***

***AND THAT this resolution be subject to a similar resolution being passed by both Tasman District Council and Nelson City Council.***

Bryant/McGurk Carried

There being no further business this part of the meeting ended at 1.54pm.

Confirmed as a correct record of proceedings:

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



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## **Port Nelson Ltd Half Yearly Report**

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

- 1.1 To receive the half yearly report to 31 December 2015 from Port Nelson Limited (Attachment 1).

### **2. Delegations**

- 2.1 The Joint Shareholders Committee is responsible for all matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including half yearly reports.

### **3. Recommendation**

***THAT the report Port Nelson Ltd Half Yearly Report (R5675) and its attachment (A1518795) be received.***

### **4. Background**

- 4.1 The Port Companies Act 1988 requires delivery of the half year report within two months of the end of the period to the shareholders and the Minister of Transport. This requirement has been met.
- 4.2 The Port company presented on the six monthly result at the Joint Committee of Nelson City and Tasman District Council held on 29 March 2016.

### **5. Discussion**

- 5.1 The half yearly report of Port Nelson for the period ending 31 December 2015 is included as Attachment 1.
- 5.2 For the first six months of this financial year Port Nelson reported profit before tax (PBT) of \$4.4 million which is 1.5% below budget. Profit before tax was 3.5% higher than the same time last year.
- 5.3 Cargo volumes for the first half of the year were slightly ahead of budget with 1.252 million revenue tonnes handled against the budget of 1.220 million, and slightly up on the 1.229 million handled at the same time last year.

- 5.4 The report shows that Port Nelson have largely met their SOI targets for the first six months except for:
- 5.4.1 Lost time injury (LTI) frequency rate of 2.2 versus a budget of less than 1.5 (but is lower than the same time last year of 2.99).
  - 5.4.2 Capital expenditure programme is below budget due to the delayed commencement of the Seafood Precinct and warehouse development along with later progress payments in regards to the new tug being built.
  - 5.4.3 Return on average shareholder's funds and funds employed are slightly below budget and this is due to a lower than budgeted profit before tax.
  - 5.4.4 Gross shipping tonnes are 200,000 tonnes below budget. While there has been an increase in the number of ship visits the size of vessels visiting have been smaller. These have tended to be an increase in fishing vessels.
- 5.5 The Statement of Corporate Intent for Port Nelson Limited is not due to be received until 31 July 2016 and will be brought to the August Joint Shareholders Committee meeting.

## **6. Options**

- 6.1 There is no decision to be made on the half yearly report. The company has complied with the legislation in preparing and presenting the report to Council.

## **7. Alignment with relevant Council policy**

- 7.1 This decision is a statutory process.

## **8. Assessment of Significance against the Council's Significance and Engagement Policy**

- 8.1 This is not a significant decision in terms of the Council's Significance and Engagement Policy.

## **9. Consultation**

- 9.1 No consultation has been carried out in relation to the report.

## **10. Inclusion of Māori in the decision making process**

- 10.1 No specific consultation has been carried out with Maori.

## **11. Conclusion**

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

Nikki Harrison  
**Group Manager Corporate Services**

**Attachments**

Attachment 1: A1518795 - Port Nelson Ltd Half Yearly Report for the six months to 31Dec2015

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

**From:** Phil Lough, Chairman

**Date:** 16 February 2016

**Re: Six Monthly Report to Shareholders for the six month period ended 31 December 2015**

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**PURPOSE OF THE PAPER**

To update the shareholders on company performance for the six month period ended 31 December 2015.

**CARGO**



Cargo volumes to the end of December were slightly ahead of budget at 1,252,000 tonnes versus the budget of 1,220,000 tonnes and also slightly up on the 1,229,000 handled in the same period last year.

Logs volumes came back strongly in the second quarter with increased demand out of China as inventory reduced and fish volumes were also strong.

**SHIPPING**



To the end of December we remain ahead of budgeted levels for vessel visits with 419 visits as against the 387 budgeted and the 358 handled in the same period last year. The bulk of this increase has been in the area of smaller fishing vessels which has a limited effect on overall revenue figures.

**STEVEDORING**



Stevedoring remains a challenging part of our business as competition within the sector remains fierce and margins are small but it is important importers and exporters have a number of options for this service. Activity has increased as demand for logs has been on the rise and we are currently undertaking training to ensure we are manned accordingly for the upcoming peak season.

A1518795

**PROPERTY**



Piling on the Plant and Food Akersten Street site was completed in late December and at this stage the commencement of the main build is due to start in late February / early March. PNL assumed ownership of the former NCC owned western end of Wildman Ave and part of Graham St in late December and by the end of March 2016 these will be incorporated inside the security operational areas of the Port, principally for log and container storage. The former Rattrays building on the corner of Wildman Ave and Low St is also scheduled for demolition in the first quarter of 2016, to be followed by the demolition of the former Anchor Engineering and Shipping House buildings on Graham St in April / May 2016.

**HEALTH AND SAFETY**



The New Zealand ports have finished an initial draft of Health and Safety guidelines on five key areas which have currently gone out to other industry parties and Unions for review and feedback.

**STRATEGIC DEVELOPMENT**



PNL have recently been successful in securing a long term contract with OI Glass for the unpacking, storage and distribution of their glass in the South Island. The majority of this glass comes through the Port of Nelson for the Blenheim area and is stored in warehousing in both Nelson and Marlborough. Long term the intention is the majority of storage will be held in Nelson with just in time delivery to the end customer.

**CAPITAL EXPENDITURE**



The second quarter was a major period for capital expenditure with the following projects approved by the Board.

- Upgrade of the log yard (\$1.5 million)
- Reefer towers (\$1.08 million)
- Paving Wildman Ave (\$535,000 )
- Rattrays building demolition (\$159,000 )
- Additional terminal Tractor (\$127,000)
- Plant and Food Building (\$7.5 million)
- New tug purchase (\$8.6 million)

**FINANCIALS**

**STATEMENT OF COMPREHENSIVE INCOME**  
For the 6 month period ended 31 December 2015

	Actual	Budget	Last Year
<b>REVENUE</b>			
Operations	18,198	18,076	17,362
Property	2,658	2,717	2,817
<b>TOTAL REVENUE</b>	<b>20,856</b>	<b>20,793</b>	<b>20,179</b>
Operating Expenses	15,721	15,505	14,973
<b>RESULTS FROM OPERATING AND PROPERTY ACTIVITIES</b>	<b>5,135</b>	<b>5,288</b>	<b>5,206</b>
Net Finance Costs	762	846	954
<b>PROFIT AFTER FINANCE COSTS</b>	<b>4,373</b>	<b>4,442</b>	<b>4,252</b>
Share of Profit from Associate / Contamination Provision	-	-	(26)
<b>NET SURPLUS BEFORE TAXATION</b>	<b>4,373</b>	<b>4,442</b>	<b>4,226</b>
Taxation	1,340	1,312	1,192
<b>NET SURPLUS AFTER TAXATION</b>	<b>3,033</b>	<b>3,130</b>	<b>3,034</b>

**BALANCE SHEET**  
As at 31 December 2015

	Actual	Budget	Last Year
<b>Current Assets</b>	<b>5,383</b>	<b>5,221</b>	<b>5,693</b>
Current Liabilities	5,135	7,987	4,007
<b>WORKING CAPITAL</b>	<b>248</b>	<b>(2,766)</b>	<b>1,686</b>
Non-Current Assets	182,986	187,316	183,077
Non-Current Liabilities	32,464	33,291	36,145
<b>TOTAL NET ASSETS</b>	<b>150,770</b>	<b>151,259</b>	<b>148,618</b>
<b>SHAREHOLDER FUNDS</b>			
Issued Capital	6,046	6,046	6,046
Retained Earnings	52,414	52,329	49,581
Asset Revaluation Reserves	93,673	94,180	94,180
Other Reserves	(1,363)	(1,296)	(1,189)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	<b>150,770</b>	<b>151,259</b>	<b>148,618</b>

**STATEMENT OF CASH FLOWS**  
For the 6 month period ended 31 December 2015

	Actual	Budget	Last Year
<b>FUNDS FROM OPERATING ACTIVITIES</b>			
Net Surplus	4,373	4,441	4,226
Impairment (profit on sale of assets)	16	(36)	
Depreciation	2,657	2,655	2,618
Tax Paid	(3,054)	(1,768)	(2,552)
Working Capital Movements	966	3,694	(774)
<b>Net Cash flow from Operating Activities</b>	<b>4,958</b>	<b>8,986</b>	<b>3,518</b>
<b>FUNDS PROVIDED FOR INVESTING ACTIVITIES</b>	<b>(5,268)</b>	<b>(9,477)</b>	<b>(2,789)</b>
<b>FUNDS PROVIDED FOR FINANCING ACTIVITIES</b>	<b>(300)</b>	<b>523</b>	<b>(2,750)</b>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>(610)</b>	<b>32</b>	<b>(2,021)</b>
OPENING CASH BALANCE	852	72	2,358
<b>CLOSING CASH BALANCE</b>	<b>242</b>	<b>104</b>	<b>337</b>

**PERFORMANCE TARGETS AND OTHER MEASURES**  
For the 6 month period ended 31 December 2015

	Actual	Budget	Last Year
Shareholder funds to total assets ratio	80%	79%	79%
Return on average shareholder's funds	5%	6%	6%
Return on funds employed	10%	11%	8%
Annual cargo tonnes (t)	1.3M	1.2M	1.2M
Annual ships visits	419	387	356

**STATEMENT OF CORPORATE INTENT**

**PERFORMANCE TARGETS AND OTHER MEASURES  
For the 6 month period ended 31 December 2015**

Objectives	Performance Measure	Actual	Budget	Last Year	2016 Target	Last Year
		(6 months to 31 Dec. 2015)	(6 months to 31 Dec. 2015)	(6 months to 31 Dec. 2014)	Full Year	Full Year
<b>People</b>	Lost Time Injury ('LTI') frequency rate	2.2	<1.5	1.33	< 1.5	2.99
<b>Financial Results</b>	Shareholder funds to total assets ratio	80%	79%	79%	70%	79%
	Debt to Equity ratio	16%	16%	18%	< 45%	14%
	Dividends declared	\$Nil	\$Nil	\$1.0M	\$4.8M	\$5.7M
	Return on average shareholder's funds	5.0%	6.3%	6.0%	3.0%	5.1%
	Return on funds employed	9.9%	11.1%	8.0%	5.0%	7.1%
	Revenue	\$21M	\$21M	\$20M	\$43M	\$42.2M
	Capital expenditure	\$5.6M	\$9.7M	\$3.2M	\$22.7M	\$3.6M
<b>Environment and Community</b>	Incidents leading to pollution of harbour <i>Note: This measure relates to port operational area only (excludes port lease areas)</i>	Nil	Nil	Nil	Nil	Nil
	Compliance with all resource consent conditions	100%	100%	100%	100%	100%
	Compliance with NZ maritime safety standards in respect of:	100%	100%	100%	100%	100%
	- Dredged channels compliant with charts					
	- Navigation aids					
	- Pilotage					
	Compliance with Noise Variation	100%	100%	100%	100%	100%
	Maintain ISO14001 certification	100%	100%	100%	100%	100%
<b>Customer</b>	Annual cargo tonnes (t)	1.3M	1.2M	1.2M	2.7M	2.6M
	Annual ships visits	419	387	356	722	747
	Gross shipping tonnes (gross registered t)	4.8M	5.0M	4.3M	9.4M	9.2M

**LOOKING FORWARD**



Log export volume estimates remain encouraging for the third quarter of the 2015 / 16 financial year but it is unclear where demand will go after that as the Chinese economy softens. Predictions of the overall effect of the December hail damage on the apple export crop also vary with reports of anywhere between 15-20% of the total crop having been lost. Wine related cargo volumes remain encouraging and with a large grape harvest expected for the end of March / early April this increase should continue.



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## **Tasman Bay Heritage Trust - Statement of Intent and Half Yearly Report**

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

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

### **2. Delegations**

- 2.1 The Joint Shareholders Committee has the power to decide on all matters relating to jointly owned Council Controlled Organisations and Council Controlled Trading Organisations, including statements of intent, and half yearly reports.

### **3. Recommendation**

***THAT the report Tasman Bay Heritage Trust - Statement of Intent and Half Yearly Report (R5612) and its attachments (A1457758, A1512578, A1512577 and A1528731) be received;***

***AND THAT the Joint Shareholders Committee notes the delivery of the Tasman Bays Heritage Trust Draft Statement of Intent 2016/17 (A1512578) as required under the Local Government Act 2002;***

***AND Either***

***THAT the Councils provide the following feedback to the Tasman Bays Heritage Trust Board:***

***OR***

***THAT the Tasman Bays Heritage Trust draft Statement of Intent 2016/17 meets the Councils' expectations and is approved as the final Statement of Intent for 2016/17.***

## 4. Background

- 4.1 Under the Local Government Act, TBHT is required to complete a draft Statement of Intent (SOI) on an annual basis no later than 1 March each year.
- 4.2 The Councils have an opportunity to provide feedback to the Board of Nelmac within two months of this date and the company has until 30 June to deliver the final SOI to the Shareholders.
- 4.3 On 3 November 2015, the Joint Committee of Nelson and Tasman District Councils resolved:

*THAT the Committee confirm the specific matters to be included in the Statements of Expectation letters as:*

*- Tasman Bays Heritage Trust – understand timeline for implementation of strategy review, lead role in collaboration with other heritage sector organisations, evidence of collection rationalisation, consideration of archive rationalisation.*

- 4.4 A letter of expectation (Attachment 1) was sent to TBHT in November outlining the general expectations and specific matters that the Councils would like to see addressed in the Statement of Intent for the 2016/17 year.
- 4.5 TBHT delivered a draft Statement of Intent (Attachment 2) and a half yearly report to December 2015 (Attachment 3) on 29 February 2016, meeting the requirements of the Local Government Act. The Trust also sent a cover letter to address the points raised by the letter of expectation (Attachment 4).
- 4.6 The Chairperson, Olivia Hall and the Chief Executive, Lucinda Blackley-Jimson, will be in attendance at the meeting to present the information and to answer questions.

## 5. Discussion

### Half Yearly Report

- 5.1 The half yearly report shows that TBHT is on track to meet its targets for visitor numbers, with numbers well up on the previous year for the six months to December.
- 5.2 Revenue and Net Surplus are both ahead of budget and the Board has continued to exercise sound financial management of the Trust.
- 5.3 A review of Health and Safety and risk management has been undertaken, and a Health and Safety Committee has been established.

- 5.4 The Trust has engaged in a number of outreach activities across the region and has been working more closely with the Suter and the Councils' libraries and heritage teams

### **Draft Statement of Intent**

- 5.5 TBHT is going through a transitional phase with a new Chair and new Chief Executive. Further change is likely in the strategic direction of the Trust, and this year's SOI should be received in that context.
- 5.6 The Trust has revised upwards its visitor targets for the 2016/17 year by 2100 people and has committed to carrying out improvements to improve the visitor experience at the museum.
- 5.7 The Trust continues to work through the recommendations from its strategic review and has indicated timeframes for various milestones in the SOI.
- 5.8 Repayment of the loans to the Trust from the two Councils will increase this year to \$100,000 per Council.

## **6. Options**

- 6.1 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.
- 6.2 In relation to the SOI, the Committee can choose to either submit feedback to the Board of TBHT or accept the SOI as the final version (with any minor amendments). If the Committee does submit substantive feedback then the amended SOI will be brought back to the Committee in August.

## **7. Alignment with relevant Council policy**

- 7.1 This decision is a statutory process.

## **8. Assessment of Significance against the Council's Significance and Engagement Policy**

- 8.1 This is not a significant decision in terms of Council's Significance and Engagement Policy.

## **9. Consultation**

- 9.1 No consultation has been carried out in relation to the report.

## **10. Inclusion of Māori in the decision making process**

- 10.1 No specific consultation has been carried out with Māori. Local Iwi are represented on the TBHT board.

## **11. Conclusion**

- 11.1 TBHT has complied with the Local Government Act 2002 in preparing a half yearly report and draft SOI. The Committee has the opportunity to request changes or additions to the draft SOI. Officers are not recommending that any substantive change is required and the Committee may decide to approve the draft SOI as the final SOI for the 2016/17 year.

Chris Ward

**Group Manager Community Services**

### **Attachments**

- Attachment 1: A1457758 - Letter of expectation - Tasman Bays Heritage Trust 2016/17
- Attachment 2: A1512578 - Tasman Bays Heritage Trust Statement of Intent 2016/17
- Attachment 3: A1512577 - Tasman Bays Heritage Trust Half Yearly Report July-Dec
- Attachment 4: A1528731 - TBHT Cover Letter to draft Statement of Intent 2016

30 November 2015

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

Dear Olivia

**LETTER OF EXPECTATION**

This Letter of Expectation is intended to inform the Tasman Bays Heritage Trust board of the councils' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2016-2017. 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 2016-17**

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 activities and services it delivers and what success looks like. In line with the Local Government Act 2002, the councils are particularly interested in efficiency and effectiveness.

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

Both councils wish to support the trust in delivering a good SOI. We appreciate that your staff may not be familiar with council processes or SOI requirements. To assist, we have assigned a senior manager to each CCO. In your case the person assigned is Chris Ward. Chris is available to your team to assist throughout the process.

The general expectations for all CCOs are as follows:

- Your SOI should be in a plain style, concise, relevant, and focused on meeting the needs of the councils and the communities they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current, future).
- Your SOI must include a complete set of summary prospective financial statements for the statutory three years but preferably five years. This means a Statement of Comprehensive Income, Statement of Financial Position and Cash Flow Statement. These need to be Generally Accepted Accounting Principles (GAAP) compliant but are special purpose reports so can be at a high summary level. Full compliance with FRS 42 is not required.
- Your SOI must disclose
  - Working Capital
- Full compliance with the requirements of Schedule 8 of the Local Government Act 2002.
- Compliance with legislation and reporting on Health and Safety matters are to be given due emphasis.
- Shareholders expect the Boards of the jointly held CCTOs/CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review H&S systems and performance.
- Non-financial performance measures which allow the trust's performance against its wider objectives to be measured must be included.
- Capital expenditure and asset management intentions should be disclosed.

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

- Shareholders would like to understand the timeline for the implementation of the strategic review recommendation.
- Shareholders would like to see TBHT take a lead role in collaborating with other organisations in the heritage sector to ensure efficient and effective use of public funds.
- Shareholders would like to see evidence of collection rationalisation.
- Shareholders would like to see consideration of rationalising the libraries and archive collection across TBHT, NCC and TDC public libraries.

A1457758

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

Please note that you will be notified of Council meeting dates for 2016 as soon as these have been confirmed.

Yours sincerely



**Rachel Reese**  
Mayor of Nelson



**Richard Kempthorne**  
Mayor of Tasman

cc CEO Nelson Provincial Museum



# TASMAN BAYS HERITAGE TRUST Statement of Intent

February 2016

DRAFT

## CONTACT DETAILS

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## Introduction

This statement is submitted by the Tasman Bays Heritage Trust (the Trust) as a Council Controlled Organisation of Nelson City Council and Tasman District Council (the stakeholders), and in accordance with Section 64 of the Local Government Act, 2002, and sets out the intentions and expectations of the Trust for the period **1 July 2016 - 30 June 2017**.

## Statement of Intent for 2016-2019

This SOI defines **eight strategic objectives** with associated activities and KPIs, which underpin the strategic plans for the next decade. The goals of that strategic plan are largely derived from the perceived priorities and stated objectives of TBHT, combined with the expressed expectations of our two stakeholder Councils:

1. To increase visitor numbers and expand the visitor base into non-traditional audiences, reflecting the diverse communities of Nelson Tasman.
2. To consolidate, expand and diversify partnerships and relationships.
3. To maintain, grow and diversify the revenue sources.
4. To professionally manage and maintain all TBHT assets, including the Regional Heritage Collection.
5. To ensure the organisational framework and operating policies best deliver on strategic goals.
6. To develop programmes in response to a better understanding of our communities.
7. To increase online visitor engagement with our collections and programmes.
8. To develop a five-year plan to consolidate all museum operations at one site.

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

## Vision

Nelson Provincial Museum will become the cultural hub for Nelson Tasman, with broad appeal across demographics, by telling relevant stories in fun, interactive and unexpected ways for residents and visitors.\*

\* Note that this Vision statement is provisional. Work on the Vision and Strategy will be undertaken in 2016 with the TBHT Board, Te Tai Ao Komiti, external consultants, staff and community consultation, which is expected to refine this statement.

## Mission

The Nelson Provincial Museum is the most substantial regional museum in Nelson Tasman. The Museum is the repository for material culture and a proponent of local, distinctive intangible culture, and as such will display regional history, natural history, mātauranga Māori and contemporary narratives through profiling its collection, and with an ongoing programme of displays and events; by maintaining its collection and records; and providing lifelong learning opportunities to challenge, inform, and engage the wider community including manawhenua iwi, as well as attracting tourists, both local and international.

## Values

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

- To be culturally inclusive by celebrating and respecting Aotearoa New Zealand'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 that contributes to our distinctive regional identity;
- To be innovative, with imaginative approaches and solutions to all activities we undertake;
- To be customer focussed: a primary objective of the Museum is to serve its visitors – it will therefore be responsive to their needs;
- To act professionally, upholding quality museum practices within a context of scholarship and the Museums Aotearoa Code of Ethics;
- To be relevant to our community;
- To preserve our region's important heritage items and protect them for future generations;
- To be a good employer, and
- To be commercially positive, attracting resources and revenues that will underpin our Vision, Mission, and related activities.

## 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 acquire, manage, interpret, preserve and make accessible the Museum's collection for the benefit of those residents and visitors.
- To promote understanding and appreciation of the region's rich cultural heritage and environs.
- To develop and maintain partnerships that mutually benefit the Museum, the community, and allied organisations.

## Key Priorities

Key priorities in the current three-year timeframe:

- The aim is for a significantly more vibrant and dynamic museum experience with increased visitation across demographics, particularly youth and children, through exhibitions with cross-generational appeal and interactivity.
- In part this will be achieved by better utilisation of the centrally located exhibition and education facilities.
- Develop an innovative and exciting exhibition and events programme that will include increased numbers at public programmes, increased online visitors and significant numbers of visitors to exhibitions in regional locations.
- Continue support for both formal and informal learning providers to enrich and enhance the relevance of the visitor experience throughout the province, with increased numbers of outreach programmes provided by our Educators in the Tasman region.

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This will be achieved through:

- A visioning process based upon the recommendations in the 2014 strategic review, incorporating a clear and agreed statement of value. This will form the basis for the strategic plan.
- The CEO will undertake a functional analysis as part of this process, identifying what roles are required to deliver on the resulting strategic targets. The resulting organisational framework will better enable the Museum to deliver its core business.
- The Trust will strengthen relationships with our iwi, heritage and community groups, and with regional museums.
- The Museum will review our collection policy framework, including de-accession, to prepare the collection stores for relocation.
- The Museum will prioritise enabling a healthy team culture of teamwork, acknowledging the impact of the geographical divide between the current facilities and instituting measures to minimise this disruption in the period before physical consolidation.
- The Museum will instigate discussions with NCC and TDC about the best location for the Library & Archives unit, with a focus on minimising duplication of services and consolidation of core business. A recommendation to Councils will be delivered by late 2016.
- The Museum will explore the possibility of developing shared non-collection stores and workshops in partnership with Founders Park and other institutions.
- The Museum will undertake a 'whole of business' facility plan.
- The Museum will develop a bi-cultural and bi-lingual strategy in consultation with the Iwi Advisory Komiti in order to increase relevance to manawhenua iwi and to better incorporate mātauranga Māori in Museum activities across the board.
- The Museum will review retail, sponsorship and commercial opportunities to better generate revenue.

#### **Strategic Goals**

Looking beyond the current three-year Statement of Intent the Trust has identified six longer term **strategic goals**:

We will:

- identify and scope a long term solution to collection storage and research facility needs, with a view to consolidating all Museum operations into one building within five years.
- offer an enhanced and improved visitor experience – on-site, out-reach and on-line – resulting in increased uptake.
- contribute to the vibrancy of what the region offers its iwi, residents, national and international visitors.
- have increased heritage (historical, cultural and environmental) engagement across the region.
- maximise digital and online opportunities.
- actively seek to diversify funding sources and increase earned revenue.

#### **Alignment with NCC/TDC outcomes**

- Our unique natural environment is healthy and protected – we will profile a variety of environmental issues and encourage engagement with, and protection of, our regional biodiversity through education, exhibitions and events.
- Our urban and rural environments are people-friendly, well-planned and sustainably managed, ensuring our communities have access to a range of social, educational and recreational facilities and activities – we will create a welcoming and engaging Museum that is recognised as the place to understand the cultural heritage of the region, activating the museum as a dynamic social space.
- Our infrastructure is efficient, cost effective and meets current and future needs – we will create a must-experience cultural hub that promotes the region’s unique attributes, as well as through employment, exhibitions, and through local and international tourism.
- Our communities are healthy, safe, inclusive and resilient – we provide opportunities for community engagement and provide opportunities for life-long learning.
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity - through a range of exhibitions reflecting the multicultural diversity of Nelson Tasman, and our preservation of the region’s treasures.
- Our communities have access to a range of social, educational and recreational facilities and activities – we provide social engagement across demographics and opportunities for life-long learning, recreation and leisure.
- Our Council provides leadership and fosters partnerships, a regional perspective and community engagement – the Museum will promote positive engagement of the wider community to develop an appreciation of Nelson Tasman heritage, and aim to be recognised as the key custodian of significant material and intangible culture of the region.
- Our region is supported by an innovative and sustainable economy – the Museum is commercially positive and contributes to the central business district by encouraging visitation and dwell time.

### **Key Strategic Objectives, Performance Measures and Targets 2015 - 2018**

#### **Visitors**

To increase visitor numbers and expand the visitor base into non-traditional audiences:

- A reduction in Council spend per visitor through a 5% increase in attendees per year.
- Actively participate in a broad range of regional activities and events by holding one event per quarter and report on both the Museum input and community outcomes.
- Monitor visitor satisfaction and maintain 80%+ satisfaction ratings with results reported to Councils at mid and end of year.
- Increase programmes and exhibitions that are shared with Tasman museums each year through identifying their needs and scheduling a touring exhibition programme.
- Develop a programme of visible changes in the Museum including a new window treatment to capitalise on street frontage, signal positive change, promote the Museum and drive increased visitation; website refresh phased over 2016 and 2017.

#### **Partnerships and Relationships**

To consolidate, expand and diversify partnerships and relationships:

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- Play a lead role in maintaining and activating the Museum and gallery network of Nelson Tasman, through working with National Services Te Pāerangi to host and support at least one workshop for regional staff annually, and facilitating quarterly regional meetings.
- Undertake robust consultation with manawhenua iwi and support them in their aspirations and goals with respect to acquisition, care and display of taonga in Nelson Tasman.
- Institute a programme of cultural learning and understanding for staff, to help facilitate the Museum to embrace a bi-cultural perspective and engagement with the diverse communities of the region.
- Maintain & expand the value of the Museum to educational agencies (including Ministry of Education, NMIT, Kura Kaupapa Māori, Schools, pre-school, formal and informal regional adult education providers, etc.) by meeting LEOTC targets and working with Brook Waimarama Sanctuary to support their mission with our Education resources.

#### **Revenue**

To maintain, grow and diversify revenue sources:

- Maintain and strengthen relationships with current sponsors, and develop relationships with other potential sponsors.
- Ensure fundraising and sponsorship is integrated into operational planning and priorities including the business case for all exhibitions, events, collection projects and building works.
- Ensure costs are effectively managed to achieve the high value use and minimal waste by operating within budgets and undertaking robust tender processes to ensure we select the most cost-effective options.
- Increase Museum-generated revenue, producing products and projects as budgeted.

#### **Collections**

To professionally manage and maintain all assets, including the Regional Heritage Collection:

- Review and revise all collection policies to ensure appropriate and contemporary collection development, management and research standards are achieved and maintained as well as collection rationalisation and preparation for relocation.
- The Trust will work with Councils and other major stakeholders to progress the establishment of a new Research Facility, with a recommendation in place by December 2016.
- The care and storage of Collections is taken into consideration through policy and practice, and is specifically reported on to CEO and Board outlining improvement actions when required, including swift pre-emptive action taken when significant risks are identified.

#### **Organisational Alignment**

- Ensure organisational structure is fit for purpose to deliver revised vision and strategy based on the findings of the 2014 Strategic Report by December 2016; including the revision of the vision, functional analysis of capability gaps, consultation with staff and Board, and alignment of organisational structure to vision and strategy.
- The health and safety of staff, visitors and volunteers is taken into consideration through policy and practice, and is specifically reported on. H&S Committee holds monthly meetings, reporting to CEO and Board with improvement actions undertaken where needed.

- Review Human Resources systems to ensure they are managed in a way that supports organisational culture and is aligned with the operation of the Trust as a good employer. Ensure a staff satisfaction survey is undertaken each year, and implement KPIs and training programme.

#### **Programming for our Visitors**

To develop programmes in response to a better understanding of our communities:

- Broaden the range of experiences (including exhibition, virtual, online, events, public programmes, education etc.) to ensure the focused and strategic use and activation of the Trust collections and resources.
- Present a forward-facing exhibition programme to ensure balance between cultural, environmental, historical and contemporary focus with a three year plan approved by the end of 2016.
- Attract a broader range of visitors, including those who are traditionally under-represented in visitation statistics, with formative evaluation to test interest and two experiences per year targeting non-visitors with reporting on success and utilisation.

#### **Online engagement**

To increase online visitor engagement with our collections and programmes:

- Redevelop website to improve visitor engagement and collection access, measuring improvement with Google Analytics.
- Increase virtual access to the collections and review options for optimisation including the redevelopment of the website and maintaining the rate of collection records on NZ Museums website annually (2,000 per month).
- Investigate the option of an online resource for local regional museums.
- Increase and monitor engagement of the regional community through news and social media marketing, increasing followers on Facebook, Instagram and Twitter by 10% annually over the next three years.

#### **Consolidate Museum Operations**

To develop a five-year plan to consolidate all museum operations at one site:

- To examine building options to consolidate Museum operations at one site as recommended in the 2014 Strategic Report by canvassing options through a process of internal, stakeholder and public consultation by December 2017 and recommending a preferred option to stakeholders by 30 March 2018.
- Investigate the incorporation of TBHT Library/Archive collections with NCC and TDC Libraries. Recommendation provided by TBHT to stakeholders by December 2016.

## Appendices

### Appendix I

#### I. Principal Objectives

The aim of the Trust shall be to:

- foster, promote and celebrate a sense of history and awareness of the importance of the Nelson and Tasman region's heritage and identity and the relationship of the Tangata Whenua as kaitiaki of taonga Māori within the rohe of Te Tau Ihu; and
- be a good employer; and
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and conduct all trading affairs in accordance with sound business practice.

#### II. 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 Councils 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 Financial Position for the preceding month and year to date.
  - Statement of Financial Performance for the preceding month and year to date.



- 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).

- The Board will ensure that relevant training opportunities and an induction kit are made available to Trustees.

**Code of Conduct:**

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

**III. Significant Policies in Place for Accountability**

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

**Risk Management Policies:**

- The Board shall ensure that appropriate insurance is maintained on all insurable risks of the Trust, and in particular public liability insurance.
- The Board shall ensure that the Trust has systems in place to achieve compliance with the Health & Safety in Employment Act 1992 and subsequent amendments.
- The Board shall review appropriate security measures to safeguard assets (cash, collection, archives) and staff handling of such assets.

**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.

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

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

#### **V. Accounting Policies**

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

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

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

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

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

#### **Measurement Base**

The financial accounting policies recognised 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.

#### **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 2008-9 to consider all financial and accounting information and to identify and assist in the management of the risk framework.

#### **VI. 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 TA 445 to the public for 363 days per year. Operate within the annual budget at all times.
- Care for the NPM Collection in accordance with Museums standards and legal requirements.

## VII. Reporting to Stakeholders

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

### Draft Statement of Intent (SOI)

The Trust will begin development of the SOI by 30 November in each year. No later than 28 February in each year, the Trust will deliver to the stakeholders a DRAFT Statement of Intent [SOI], Strategic Plan and Budgets which 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.

### Strategic Plan

A Strategic Plan prepared in accordance with Section 29 of the Deed of Trust will be included in the DRAFT and FINAL SOI. The Strategic Plan will include:

Performance objectives and Proposed budget (year 1) and Indicative budgets (years 2 and 3).

### 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 29 February).

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

### Annual Report

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

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

The non-financial part and the draft financials will be delivered to TDC and NCC Councils on or before 5 August 2016. Finalised financials will be delivered on or before 19 August 2016.

#### **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 \$65,000pa] and Nelson City Council has made a grant of \$70,480pa available for work on the Collection Inventory project. The confirmation of funding requires the approval of each Council by resolution. Council provisions for the Trust will be disclosed in each Council's ten year Long Term Plan [LTP], annual plans and annual reports. The Trust will submit all funding requests to the two Councils in accordance with due process.

#### **Estimate of the Trusts Value**

The net asset worth of TBHT at 30 June 2015 was **\$19,263,876**. The Museum Collection was valued at \$15,316,700 with an effective date of 28<sup>th</sup> August 2015. This was carried out by independent valuers Dunbar Sloane. Significant donations are examined by independent valuers and are noted in the annual accounts.

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

The Trust has entered into a loan arrangement with the Nelson City Council and Tasman District Council for their respective loans. The Trust will repay the amount of \$100,000 to each Council commencing June 2016 for a period of 3 years. After the three year period, the Trust will review its repayments. As the loans are at nil interest these are discounted to their fair value upon receipt.

#### **Dividend Policy**

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

#### **Insurance**

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

Appendix II

Financials

Projected Statement of Cashflow 2015-18

	2015-16 Actual @ 31/12/15	2016-17	2017-18	2018-19
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Council Operating Grants	869,341	1,740,496	1,742,236	1,743,978
Contracts	41,095	82,190	82,190	82,190
Interest Received	9,854	10,000	10,010	10,020
Receipts from Other Revenue	82,081	154,500	169,595	169,765
Payments to Suppliers & Employees	(896,651)	(1,756,368)	(1,670,953)	(1,672,624)
Interest Paid	(2,881)	-	-	-
Goods and Services Tax (Net)	(8,681)	(121)	-	-
<b>Net Cash from Operating Activities</b>	<b>94,158</b>	<b>230,697</b>	<b>333,078</b>	<b>333,329</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Maturing/Sale of Investments	300,000	307,082	316,295	325,784
Purchase of Property	(43,389)	(105,000)	-	-
Purchase of Investments	(307,082)	(316,295)	(325,784)	(335,558)
	(50,471)	(114,213)	(9,489)	(9,774)
<b><u>CASH FLOWS FROM FINANCIAL ACTIVITIES</u></b>				
Repayment of Borrowings	(57,539)	(200,000)	(200,000)	(200,000)
	(57,539)	(200,000)	(200,000)	(200,000)
<b>Net Increase (Decrease) in Cash</b>	<b>(13,852)</b>	<b>(83,516)</b>	<b>123,589</b>	<b>123,555</b>
Opening Cash Balance	184,594	170,742	87,226	210,815
<b>Closing Cash Balance</b>	<b>170,742</b>	<b>87,226</b>	<b>210,815</b>	<b>334,370</b>

**Projected Statement of Performance 2015-18**

<b>TBHT FINANCIALS</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Reserve Bank CPI - 31 December	Act. CPI @ 0.8%	Act. CPI @ 0.1%	Est. CPI @ 0.1%	Est. CPI @ 0.1%
<b>REVENUE</b>				
Operating Grant – TDC	834,138	834,972	835,807	836,643
Operating Grant – NCC	834,138	834,972	835,807	836,643
Addnl Op Grant – NCC	70,480	70,552	70,622	70,692
<b>TOTAL COUNCILS</b>	<b>1,738,756</b>	<b>1,740,496</b>	<b>1,742,236</b>	<b>1,743,978</b>
LEOTC Contract (Fixed)	82,190	82,190	82,190	82,190
Project Grants Exhibitions	32,000	30,000	30,030	30,060
Other	99,689	134,500	149,575	149,725
<b>TOTAL REVENUE</b>	<b>1,952,635</b>	<b>1,987,186</b>	<b>2,004,031</b>	<b>2,005,953</b>
<b>EXPENDITURE</b>				
Staffing	862,647	987,243	988,230	989,218
Education Contractors	82,190	85,529	85,615	85,701
Property	178,580	177,956	178,134	178,312
Other	123,860	180,830	136,967	137,104
<b>DIRECT COSTS</b>	<b>1,247,277</b>	<b>1,431,558</b>	<b>1,388,946</b>	<b>1,390,335</b>
Projects – Strategic	40,000	-	-	-
<b>GROSS SURPLUS</b>	<b>665,358</b>	<b>555,628</b>	<b>615,085</b>	<b>615,618</b>
Overheads	246,477	220,290	220,510	220,731
Interest Costs	4,260	-	-	-
Interest Costs – Councils	-	58,195	50,850	50,894
Trustee Fees	61,375	61,436	61,497	61,558
<b>TOTAL EXPENSES</b>	<b>312,112</b>	<b>339,921</b>	<b>332,857</b>	<b>333,183</b>
<b>OPERATING SURPLUS</b>	<b>353,246</b>	<b>215,707</b>	<b>282,228</b>	<b>282,435</b>
Less DEPRECIATION	352,638	329,000	329,329	329,658
<b>NET SURPLUS/DEFICIT</b>	<b>608</b>	<b>(113,293)</b>	<b>(47,101)</b>	<b>(47,223)</b>

2016-17 NOTATIONS TO BUDGET

- 31 Dec 2015 CPI rate of 0.1%. The total funding from Councils is for operational costs (including trustee fees).
- Other Revenue includes admissions, donations, sales, interest and retail rental.
- Primary Loan (Westpac) will be fully repaid in the 2015/16 financial year.
- Staffing costs have increased by approximately \$104k as a result of structural realignment recommended in the Strategic Review.
- The 2016/17 budget includes estimated capital expenditure of \$105,000.
- The net fair value adjustment for Council Loans has been included in the budget for 2016/17 and future years. This calculation is based on repayments to each Council of \$100,000 for 3 years commencing June 2016.
- The Council interest costs were not budgeted for in the 2015/16 financial year, without the fair value adjustment, the 2016/17 result would be a deficit of \$55,098 (future years a surplus of \$3,749 and \$3,671 respectively).



Projected Statement of Position 2015-18

	2014-15	2015-16	2016-17	2017-18	2018-19
	Actual	Actual @ 31/12/2015			
<b>Assets</b>					
Cash & Bank	184,594	170,742	87,226	210,815	334,370
Accounts Receivable	10,425	506,241	4,938	4,938	4,938
Prepayments	-	35,217	-	-	-
Stock on Hand	4,507	4,507	4,507	4,507	4,507
Investments	300,000	307,082	316,295	325,784	335,558
Non Current Assets	20,503,853	20,374,211	20,150,211	19,820,882	19,491,224
<b>Total Assets</b>	<b>21,003,379</b>	<b>21,398,000</b>	<b>20,563,177</b>	<b>20,366,926</b>	<b>20,170,597</b>
<b>Liabilities</b>					
Creditors	63,233	31,931	31,000	31,000	31,000
GST	(2,526)	58,347	(7,040)	(7,040)	(7,040)
Accruals - Holiday Pay Accrual	81,854	44,327	44,327	44,327	44,327
Grants Received in Advance	3,635	435,916	-	-	-
Loan ex NCC/TDC	1,458,277	1,458,277	1,316,472	1,167,322	1,018,216
Loan ex Westpac - Fixed Term	135,030	77,491	-	-	-
<b>Total Liabilities</b>	<b>1,739,503</b>	<b>2,106,289</b>	<b>1,384,759</b>	<b>1,235,609</b>	<b>1,086,503</b>
<b>Net Assets</b>	<b>19,263,876</b>	<b>19,291,711</b>	<b>19,178,418</b>	<b>19,131,317</b>	<b>19,084,094</b>
<b>Equity</b>					
Retained Earnings	19,521,364	19,263,866	19,291,711	19,178,418	19,131,317
Current Year Earnings	(257,488)	27,845	(113,293)	(47,101)	(47,223)
<b>Total Equity</b>	<b>19,263,876</b>	<b>19,291,711</b>	<b>19,178,418</b>	<b>19,131,317</b>	<b>19,084,094</b>



# TASMAN BAYS HERITAGE TRUST

## Six-month report

February 2016

**NELSON PROVINCIAL MUSEUM**  
PO Box 853,  
Nelson 7040  
[www.museumnp.org.nz](http://www.museumnp.org.nz)

**CEO**  
Lucinda Blackley-Jimson  
[ceo@museumnp.org.nz](mailto:ceo@museumnp.org.nz)  
027 246 1881

**CHAIR**  
Olivia Hall  
[olivia.a.hall@gmail.com](mailto:olivia.a.hall@gmail.com)  
021 025 39048

## Half Year Period 1 July 2015 – 31 December 2015

### REPORT FROM THE CHIEF EXECUTIVE OFFICER

The former CEO Peter Millward retired on 28 August 2015. Incoming CEO Lucinda Blackley-Jimson was welcomed at a powhiri on Whakatu marae for new staff and trustees on 9 November, also attending the AGM and Te Tai Ao Komiti meeting that week before returning to Auckland. Ms Blackley-Jimson commenced full-time work on 30 November.

As is to be expected during the absence of a CEO, current projects and BAU continued while strategic issues, such as those raised in the 2014 Strategic Report remained in abeyance. These will be the focus of the remainder of the 15/16 FY.

#### 1. Visitor Admissions

Visitor admissions are tracking significantly ahead of last year's numbers, with 28,846 visitors during the 1 July – 31 December 2015 period. This puts the Museum in an excellent position to meet the annual visitation target of 47,050.

A highly varied exhibition programme – 'Dinosaur Footprints', 'Rembrandt Remastered', 'Mirror Magic' and 'Women of Empire' – targeted different audiences and attracted an enthusiastic and diverse range of demographics of local visitors.

Total Visitation 1 <sup>st</sup> July – 31 <sup>st</sup> December 2015	
Museum (TA 445)	25,601
Research facility at Isel Park	292
Education	3038 <i>(including accompanying adults)</i>
<b>TOTAL</b>	<b>28,931</b>

Comparative monthly visitation by year	2012/13 Full Year	2013/14 Full Year	2014/15 Full Year	2015/16 Half-year
July	2947	3066	2364	5974
August	2765	3984	3358	4143
September	2713	2831	3436	3233
October	3583	2651	3294	4554
November	3170	2481	2611	5517
December	2625	2767	4293	5525
January	3626	5805	4918	
February	2926	3132	5021	
March	2969	4187	5001	
April	4709	4353	6377	
May	5099	3926	4908	
June	5389	3199	3221	
<b>Total</b>	<b>42,521</b>	<b>42,382</b>	<b>48,802</b>	<b>28,946</b>

EXHIBITION VISITATION	Dates	Total Visitation	Number of Days	Average Daily Visitors
Dinosaur footprints	7 <sup>th</sup> July – 13 <sup>th</sup> September	9017	72	125
Rembrandt Remastered	12 <sup>th</sup> October – 15 <sup>th</sup> November	5537	34	163
Mirror Magic*	27 <sup>th</sup> November – 31 <sup>st</sup> December*	3890	34	114*
Women of Empire**	2 <sup>nd</sup> December – 31 <sup>st</sup> December **	3360	30	112**

\*Mirror Magic continued to 13<sup>th</sup> January 2016, with a final daily penetration rate of 171 visitors daily.

\*\*Women of Empire continued to 1<sup>st</sup> February 2016, with a final daily penetration rate of 160 visitors daily.

Dinosaur Footprints	
Local Adults	3777
Local Children	2929
Visitor Adults	1024
Visitor Children	179
Education Children	870
Education Acc. Adults	238
<b>Total</b>	<b>9017</b>
Number of Days	72
Average Daily Visitors	125.24

<b>Rembrandt Remastered</b>	
Local Adults	3411
Local Children	506
Visitor Adults	906
Visitor Children	26
Education Children	618
Education Acc. Adults	70
<b>Total</b>	<b>5537</b>
Number of Days	34
Average Daily Visitors	162.85

<b>Mirror Magic (Until 31 Dec)</b>	
Local Adults	1324
Local Children	1089
Visitor Adults	1081
Visitor Children	165
Education Children	190
Education Acc. Adults	41
<b>Total</b>	<b>3890</b>
Number of Days	34
Average Daily Visitors	114.41

<b>Women of Empire (Until 31 Dec)</b>	
Local Adults	1200
Local Children	1012
Visitor Adults	988
Visitor Children	160
Education Children	0
Education Acc. Adults	0
<b>Total</b>	<b>3360</b>
Number of Days	30
Average Daily Visitors	112

## 2. Donations and Sponsorship

During the six months we received grants, donations and sponsorship totaling **\$34,100** from the following:

### Donations:

A & Jean Coulthard	\$1,200	
Nelson Bays Community Foundation	\$600	towards Cawthron Centenary
Nola Leov	\$6,000	Library & Archives

### Sponsors:

Nelson Pine	\$10,000	Rembrandt Remastered \$21,300
Robin Whalley	\$5,000	
H D Baigent	\$1,000	
NZMT Industrial & Marine Turbocharges	\$1,000	
Scott Construction	\$1,000	
Bayleys Real Estate	\$1,000	
Westpac Bank	\$500	
Bett Trustees	\$5,000	WWI

## 3. Health and Safety

In order to prepare for the introduction of new H&S legislation, the Trust commissioned a review of H&S and risk management by Anne Churcher, AC Audit. A programme to institute recommendations has been implemented.

AN H&S Audit was undertaken by Chapman Employment. The report was received in late November, and the incoming CEO and TBHT are working to implement recommendations by 30 June 2016.

An internal H&S Committee has been established and meets monthly. H&S

matters are also addressed at each monthly all-staff meeting, Operations Team and SMT meetings, and reported to the TBHT Board.

#### 4. Education

3,024 students visited the Museum in the period 1 July – 31 December. The Museum’s LEOTC target is 5,500 for the 15/16 FY, pushing the Museum 5% ahead of target for the first six months.

An external Education Reference Group has been convened. This includes Robyn McLaren of Nelson Central and Gareth Edwards of St Josephs, along with the Museum CEO and Education staff. The group discussed the education programme going forward and the Education representatives were very excited about the Museums plans and proposals for future education events and programme.

The Te Reo Maori Educator (200 hours annually) resigned in 2015 and the TBHT Board and CEO are working with Te Tai Ao Komiti to secure a replacement. This represents a significant opportunity for the Museum to support the kaupapa of local iwi.

#### 5. Museum outreach and partnerships

‘Rembrandt Remastered’ saw the first joint exhibition between NPM and the Suter Art Gallery. By all accounts, the synergies created in this partnership were beneficial for both institutions. The Suter and NPM are keen to identify future collaborations.

July 2015	<ul style="list-style-type: none"> <li>• A Pandemonium of Parrots at TDC Library</li> <li>• NZDF (New Zealand Digital Forum) Barcamp, hosted at the Museum, 23<sup>rd</sup> July</li> </ul>
August 2015	<ul style="list-style-type: none"> <li>• Suter Art Society exhibition was hosted by NPM to support the Suter during its redevelopment</li> </ul>
September 2015	<ul style="list-style-type: none"> <li>• Jack Dunn WWI art exhibition installed at Motueka Museum</li> <li>• Memories (WWI) at TDC Library</li> <li>• Staff talk, NZ Genealogical Society (Nelson branch), 28<sup>th</sup> September</li> </ul>
October 2015	<ul style="list-style-type: none"> <li>• Rembrandt Remastered, joint venture between Suter Art Gallery and Museum</li> <li>• Tasman Heritage Collections Network meeting at Pigeon Valley Steam Museum and Willowbank, Wakefield (organised by Museum and National Services Te Paerangi), 19<sup>th</sup> October</li> </ul>
November 2015	<ul style="list-style-type: none"> <li>• Memories (WWI) at NCC Library</li> </ul>

## 6. Research Facility at Isel Park

The Research Facility has many physical challenges for staff. It should be considered an end-of-life facility, with future strategic focus on consolidating all Museum operations under one roof, creating more unified and efficient institution.

**Visitor and Enquiry Statistics - July to December 2015**

Department	On-site research enquiries (excluding physical enquiries not to do with the museum)	Website, email and phone Research/Collection Enquiries	Collections On-Line Visitor Adding Comments	Total visitors (Research Visitors On & Off-site)	Reproduction Requests	Micro Film Users
Online records	215 online records accessed (no staff involvement)					
Library	93	461	0	554	3	22
Photo	62	162	51	244	86	0
General	73	101	0	174	3	0
<b>TOTALS</b>	<b>228</b>	<b>724</b>	<b>51</b>	<b>972</b>	<b>92</b>	<b>22</b>



**Reproduction Statistics - July to December 2015**

	The number of requests in each of the categories * = multiple category	\$ value (gross)	Number of Orders completed	Number of Images Ordered
Family History	27	\$1,465.50	84	363
Publication – print media	24	\$1,471.50		
Private Display	8	\$345.00		
Public Display	21	\$2,113.00		
Publication – web / digital	2	\$0.00		
Publication - film	1	\$850.00		
Personal Research	5	\$160.00		
<b>Total</b>		<b>\$6,245.00</b>		

  

Format of Images Ordered	
Prints	0
Digital	311
Image not req'd	52

**Glass Plate Negative Project**

The Glass Plate Negative project is aimed at preserving, digitising and making accessible the Nelson Provincial Museum’s nationally significant collection. As at 31<sup>st</sup> December, rehousing and digitization is 83% complete, with completion expected in October 2016.

- 131,313 digitised and rehoused (83%)
- 69,596 online (53% of those digitised)
- 26,598 awaiting digitisation & rehousing (17%)

**7. Digital Engagement**

NPM has a growing digital presence, expanding the reach of our collections through targeted promotion via e-news and social media.

The NPM website itself reached **37,655** unique visitors in the six months ended 31 December 2015.

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the Period 1 July - 31 December 2015**

	<b>Actual 2015</b>	<b>Budget 2015</b>	<b>Actual 2014</b>
Revenue	1,002,436	976,820	1,050,788
Less Direct Costs	620,978	635,911	625,772
<b>Gross Profit</b>	<b>381,458</b>	<b>340,909</b>	<b>425,016</b>
Less Expenses	180,440	146,162	145,172
<b>Operating Profit</b>	<b>201,018</b>	<b>194,747</b>	<b>279,844</b>
Less Depreciation	173,172	176,310	182,607
<b>Net Surplus / (Deficit) for Period</b>	<b>27,846</b>	<b>18,437</b>	<b>97,237</b>

DRAFT

**STATEMENT OF FINANCIAL POSITION**  
**For the Period 1 July - 31 December 2015**

	2015	2014
<b><u>Assets</u></b>		
Cash & Bank	170,742	185,315
Debtors	506,241	530,813
Term Deposit – Tagged Funds	307,082	150,000
Prepayments – Ins/ACC	35,217	28,911
Stock on Hand	4,507	4,399
Non Current Assets	20,374,211	19,828,258
<b>Total Assets</b>	<b>21,398,000</b>	<b>20,727,696</b>
<b><u>Liabilities</u></b>		
Creditors	31,931	51,308
GST	58,347	64,498
Grants Received in Advance	435,916	432,929
Accruals – Annual Leave	44,327	61,270
Term Liabilities	1,535,768	1,347,368
<b>Total Liabilities</b>	<b>2,106,289</b>	<b>1,957,373</b>
<b>Net Assets</b>	<b>19,291,711</b>	<b>18,770,323</b>
<b><u>Equity</u></b>		
Retained Earnings	19,263,866	18,673,086
Current Year Earnings	27,845	97,237
<b>Total Equity</b>	<b>19,291,711</b>	<b>18,770,323</b>

**Notation:**

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

**STATEMENT OF CASH FLOWS**  
**For the Period 1 July - 31 December 2015**

<b>Cash Flows from Operating Activities</b>	
Council Operating Grants	869,341
Contracts	41,095
Interest Received	9,854
Receipts from Other Revenue	82,081
Payments to Suppliers & Employees	(896,651)
Interest Paid	(2,881)
Goods and Services Tax (Net)	(8,681)
<b>Net Cash from Operating Activities</b>	<u>94,158</u>
<b>Cash Flows from Investing Activities</b>	
Maturing/Sale of Investments	300,000
Purchase of Property, Plant and Equipment	(43,389)
Purchase of Investments (Tagged Funds)	(307,082)
<b>Net Cash from Investing Activities</b>	<u>(50,471)</u>
<b>Cash Flows from Financing Activities</b>	
Repayment of Borrowings	(57,539)
<b>Net Cash from Financing Activities</b>	<u>(57,539)</u>
<b>Net Increase (Decrease) in Cash</b>	(13,852)
Opening Cash Balance at 1 July 2015	184,594
<b>Closing Cash Balance at 31 December 2015</b>	<u>170,742</u>

29 March 2015

Nelson City Council  
Attention: Mayor of Nelson  
Rachel Reese  
PO Box 645  
Nelson 7040

Tasman District Council  
Attention: Mayor of Tasman  
Richard Kempthorne  
Private Bag 4  
Richmond 7050

Dear Rachel and Richard

Thank you for the Letter of Expectation dated 30 November 2015. This letter is in response to that and accompanies the submission of our Statement of Intent (SOI) 2016-2017.

**Statement of Intent 2016-2017**

We have taken on board the recommendation that our SOI should tell the performance story of Tasman Bays Heritage Trust (TBHT) and give a clear and succinct outline of our purpose, the activities and services we deliver and what success looks like at TBHT.

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

- Implementation of the strategic review recommendations - these are ongoing and included in the eight strategic objectives in our SOI. We will be undertaking a further Strategic Planning exercise with Tim Walker on 7 April 2016 and will communicate directly with NCC and TDC as our shareholders as to the outcome of this planning.
- TBHT to take a lead role in collaborating with other organisations in the heritage sector to ensure efficient and effective use of public funds - we continue to collaborate with other entities, in particular libraries and museums within NCC and TDC boundaries. Further information regarding our increased focus on partnerships and relationships is found in strategic objective 2 in the SOI. Please note that we only lead when mutually agreeable to other collaborators and we focus solely on the efficient and effective use of public funds that are spent on TBHT.

P.O Box 853, Nelson 7040, New Zealand  
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enquires@museumnp.org.nz | www.nelsonmuseum.co.nz

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Supported by Nelson City Council and Tasman District Council

- Collection rationalisation - TBHT is in the process of revising our accession and de-accession policies as well as a collection cataloging exercise to ensure our collection is fit for purpose for our current and the future needs of TBHT, and in turn our Shareholders. Further information regarding our strategic focus on this for the coming year is included in Strategic Objective 4 of the SOI.
- Consideration of rationalising the libraries and archive collection across TBHT, NCC and TDC public libraries - in keeping with our strategic review undertaken last year, we are looking to rationalise our TBHT library and archive collection in the coming years. When we have done that and are clear on what our options and desired way forward is, we will discuss this with relevant parties, including NCC and TDC public libraries, to see where opportunities may lie. Further information can be found in the SOI strategic objective 4.

We hope that the information contained within our SOI and Six-Month report meets your expectations. If you require further information, please do not hesitate to contact myself, or our TBHT CEO Lucinda Blackley-Jimson.

Kind regards



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Chairman  
Tasman Bays Heritage Trust  
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cc Lucinda Blackley-Jimson, CEO Tasman Bays Heritage Trust  
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cc Mike Drummond, Tasman District Council

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**0.0 NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2015)****Decision Required**

<b>Report To:</b>	Joint Shareholders Committee
<b>Meeting Date:</b>	15 April 2016
<b>Report Author:</b>	Mike Drummond, Corporate Services Manager
<b>Report Number:</b>	

**1 Summary**

- 1.1 The Nelson Airport Ltd interim financial report for the six month period ended 31 December 2015 is attached. The Board presented to the Joint Committee of the Tasman District and Nelson City Councils meeting on 28 March 2016. Included in the presentation was commentary on the half year performance of the Company.
- 1.2 Fiscal performance was ahead of budget with revenue up 5% on budget and profit before tax up 19% on budget and well ahead of the 2014/15 first half results.
- 1.3 The directors' report covers key performance matters including the increase in flights and passenger numbers, along with the capital programme to address issues with parking and the capacity of the existing terminal.
- 1.4 Health, safety and wellbeing recorded good results with only minor incidents that have been appropriately dealt with.

**2 Draft Resolution**

**That the Joint Shareholders Committee receives the Nelson Airport Ltd - Half Yearly Report (December 2015) report.**



**NELSON AIRPORT LTD - HALF YEARLY REPORT (DECEMBER 2015)****3 Purpose of the Report**

- 3.1 To receive the half yearly report to 31 December 2015 from Nelson Airport Ltd. (Attachment 1).

**4 Background and Discussion**

- 4.1 The six monthly report for the period ended 31 December 2015 is attached as part of this report. The report was received within the timeframe set in the Local Government Act 2002 and the Company's Statement of Intent (SOI). The report meets the requirements set out in the SOI.
- 4.2 The directors' report included as part of the half yearly report covers the key matters affecting the Company or the half year, including:
- Good results for health, safety and wellbeing.
  - The increase in passengers and inward flights.
  - The pressure on the existing terminal facilities
  - The 5 yearly review of aeronautical charges will commence mid 2016. This includes a review of valuation of airside assets whose values feed into the determination of charges.
  - The Ministry of Transport review of domestic airport security and the implications for Nelson Airport.
  - The company's successful rebranding
  - Financial results and the capital works programme
- 4.3 The report also includes achievements and progress against the performance measures set out in the Statement of Intent.

**5 Policy / Legal Requirements / Plan**

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



**6 Attachments**

1. Attachment 1 - Nelson Airport Ltd Half Yearly Report



# **NELSON AIRPORT LIMITED**

## **INTERIM FINANCIAL REPORT**

**For the 6 Months Ended  
31 December 2015**



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



## Directors' Report

For the 6 Months Ended 31 December 2015

### Operations

The six months ending December 2015 saw a significant transformation in commercial airline activity.

Commencing as a response to a rationalisation of the regional network by the national carrier, smaller airlines including new entrants took up the challenge, and Nelson's central location along with its active passenger history and professional service ability became an integral destination for these new services. This was enhanced with the announcement by Qantas to extend its low cost subsidiary Jetstar to encompass regional New Zealand, with Nelson Airport again a preferred choice. By the end of December some four new routes were underway with three additional carriers – an annual increase of 3,300 inward flights which is expected to rise by another 2,000 during 2016.

Accommodating and servicing the new airline needs for check-in and baggage retrieval have been very effectively accomplished within the terminal. Airside gate allocations have come under pressure but again these demands have been effectively managed within the existing infrastructure. Nevertheless with peak hour patronage already straining the capacity of the 1975 Terminal and likely to impact further with expected growth, the Terminal upgrade has had to be reviewed in light of these changing patronage and operating requirements. We now forecast that we will have achieved a one million passenger annual volume by November 2016, which continues to place Nelson as the leading Regional domestic airport.

Importantly, the five year review of aeronautical charges is due mid-2016. Aeronautical charges provide compensation for the airline services we provide, including infrastructure, and are designed to transparently reimburse operating costs plus provide a modest return on capital deployed, all based on airline use. With the new Terminal expected to be completed in the next five year term of the charges and airline use rising by over 25% from the previous period, we expect to see some movement in charges (remaining competitive against other regional airports) as the additional assets including airside land are brought to account. Consultation with airline users will commence shortly.

Scheduled rent reviews for airport property have been undertaken with a professional and open approach to market rates and additional revenue has resulted. Similarly we have commenced our own advertising management and this has been advantageous with good net gains compared to previous out-sourcing.

Growth of passengers is only sustainable if we attract visitors to the region rather than just local users. To that end we have initiated a range of marketing projects with Nelson Tasman Tourism, other tourism marketing bodies, and partner airports to stimulate inbound and outbound traffic. This activity will continue to grow given the wider rewards.

The company has engaged with the Ministry of Transport in their review of Domestic Security at Regional airports. We are mindful of potential security needs which may be punitive for our wider precincts as Nelson remains the only airport with reasonable boundary access.

During the six months we rebranded the Nelson airport image – it now graphically reflects our pre-eminence as a gateway to the region and our reach around the world.

Health, Safety and Wellbeing recorded good results and while there were minor incidents from patrons in the Terminal and forecourt, response and mitigation were excellent.

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

## Directors' Report

### For the 6 Months Ended 31 December 2015

#### Fiscal Performance

We are pleased to report our financial results for the period showed good growth, buoyed by parking revenues including rental parking and supported by our advertising initiatives. Continuing efficiency was achieved in most controllable costs.

6 months ended	December 15	Budget	December 14
Revenue	\$2.837m	+5%	+11%
Profit before Taxation	\$1.267m	+19%	+29%

Expectations are for revenue to achieve a record \$6.0million in the full year and a profit after tax of \$2.0million - a 21% return on opening shareholders equity.

#### Capital Programme

Work on the Terminal development continues apace and is currently subject to challenge as to economic merit in addition to its future functional attributes and regional representative values. We anticipate this work being completed in the next four months. This is a major project for the region and with a need to remain operational in the same area the timetable will be extended over two years.

Concurrently, work is in progress with Airways Corporation on the location and build of a standalone tower facility, with the relocation of the Doppler VOR to the Monaco causeway also well advanced.

The inadequacy of our parking precinct has been clear for some time and there have been an increasing number of days when our parking areas are full. The terminal forecourt and parking areas are somewhat governed by the new Terminal intentions and these have been taken into account by our capital works specialists. We anticipate parking development preceding the Terminal work and have already upgraded the electronic processing of ticketing to make the process much improved for users.



Paul Steere  
Chair

29 February 2016



Paul McGuinness  
Deputy Chair

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## Performance Targets

For the 6 Months Ended 31 December 2015

### SUMMARY OF PERFORMANCE TARGETS AND MEASURES

Objective	Performance Measure	2015/16 Target	Achievement/Progress
Customers & Revenue	Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$3.0m	Forecast EBITDA for 2015/16 at Feb 2016 = \$3.2m.
	Ground transport revenues	+ 8%	Full Year forecast is 16% up on 2014/15. Various ground transport initiatives being introduced during 2015/16.
	Advertising revenue	+ 50%	Full Year Forecast is over 400% above prior year and 145% up on budget due to taking management of this key activity in house during the year. Accounting for any additional costs attributable to managing this activity in-house reduces the increase over previous year actual to 260%
	Number of Passengers through airport.	815,000	Full Year forecast is 884,800 passengers.
Environment & Operations	Number of Nelson Airport Noise Environment Advisory Committee (NANEAC) Meetings held.	4	The NANEAC Committee has resolved to move from 4 to 2 meetings per year.
	Bird-strike incidents	5% reduction	Bird-strike incidents for 2015 increased over 2014.
	Civil Aviation audit report findings	None	2 CAA Audits held with no findings.
	Lost time injuries	None	No lost time injuries.
Infrastructure & Assets	Master Plan to 2035 completed.	By June 2016	Draft completed by Nov 2015. Final scheduled to be completed by June 2016.
	Detailed design of ground transport facilities completed.	By June 2016	Carpark feasibility & Business Case underway. Design phase scheduled to be underway at the beginning of 4Q 2015/16.
	Detailed design of redeveloped terminal and control tower completed.	By June 2016	Concept Design completed Dec 2015. Developed design underway and scheduled to be completed by June 2016.
People & Corporate Services	Performance review process implemented.	By Dec 2015	Comprehensive Personal Development process designed and implemented by Dec 2015.
	Risk management framework, including risk registers developed.	By June 2016	Planning to develop framework by June 2016.
Financial Performance	Total Revenue	\$5.6m	Latest forecast : \$6.0m
	Earnings before interest and tax (EBIT)	\$2.3m	Latest forecast : \$2.6m
	Profit after tax	\$1.7m	Latest forecast : \$2.0m
	Capital expenditure	\$2.8m	Latest forecast : \$2.2m
	Return on equity	18%	Latest forecast : 21%
	Total ordinary dividend payable	\$587.6k	Latest forecast : \$587.6k

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## Performance Targets

For the 6 Months Ended 31 December 2015

### CUSTOMERS & REVENUE

Ref	Activity / Milestone	Target	Achievement/Progress
1	Deliver the initiatives below to deliver a positive impact on Earnings before interest, tax, Depreciation and Amortisation (EBITDA).	Achieve EBITDA of \$3.0m	Latest EBITDA Full Year Forecast : \$3.2m.
2	Complete a detailed relationship matrix to prioritise relationships based on value, value creation potential and risk to the business.	Matrix complete by Sept 2015.	Matrix completed by Sept 2015.
3	Create and implement a new airport brand and raise profile via new technologies, marketing and PR.	New brand created and implemented by Oct 2015. Routine use of new technologies for marketing & PR by Dec 2015.	New brand created and implemented by Oct 2015. Routine use of facebook for marketing/PR by Dec 2015.
4	Leverage Nelson Tasman Tourism marketing agreement to ensure alignment and delivery of market development & passenger results.	Tailored Nelson Tasman Tourism Services Agreement completed by Sept 2015.	NTT Services Agreement in place prior to Sept 2015 however new airline developments have resulted in the need for further work beyond the existing agreement.
5	Develop Community Engagement Plan and PR Strategy.	Community Engagement Plan & PR Strategy delivered by March 2016.	In progress. Plan and Strategy scheduled to complete by March 2016.
6	Monitor total passenger throughput and define, establish and monitor <i>Income per Passenger</i> as a metric.	Passenger statistics obtained from all Airlines and monitored by the business by Sept 2015. <i>Income per Passenger</i> defined, calculated and monitored by Sept 2015.	Passenger statistics monitored by Sept 2015. <i>Income per passenger</i> established as a metric and reported monthly by Sept 2015. Currently adopting "Lime Intel" – a sophisticated analysis tool further develop reporting in this area.
7	Design and hold a significant event to showcase airport development and future opportunities to the community.	Significant event held by June 2016.	Planning in progress. Scheduled to be held prior to June 2016.
8	Review and implement a new strategy for all ground transport operations to deliver increased revenues.	Increase in ground transport revenues for current financial year, over July 2015 annualised rate, of 8%.	Full Year forecast is 16% up on 2014/15. Various Ground Transport initiatives being introduced during the 2015/16 Year. 4Q revenues are forecast up 28% on 1Q. New parking hardware infrastructure is on order to replace aging infrastructure and deliver additional functionality.
9	Improve advertising revenue through a new commercial agreement or structure and digital enhancements.	Improve advertising revenue by 50%, over FY 2014/15, for FY 2015/16.	Total Full Year Forecast is over 400% above prior year and 145% up on budget due to taking management of this key activity in house during the year.

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## Performance Targets

For the 6 Months Ended 31 December 2015

### ENVIRONMENT & OPERATIONS

Ref	Activity / Milestone	Target	Achievement/Progress
1	Pro-actively facilitate the Nelson Airport Noise Environment Advisory Committee, noise complaints and relevant third parties to deliver best practice noise and noise complaint management.	Facilitate at least four Nelson Airport Noise Environment Advisory Committee (NANEAC) meetings per year. Respond to all noise complaints received within five working days. Maintain record of all complaints received and actions taken.	NAL supported NANEAC's recommendation to move to 2 meetings per year. The meetings will continue to be facilitated by NAL. All complaints are dealt with within 5 working days and full records of complaints & actions retained.
2	Implement improved alternatives in wildlife management techniques to reduce bird strike numbers.	Reduce bird-strike incidents by 5% year on year.	Remote controlled gas cannons now routinely in use. Currently running grass-length trials to assess impact on bird control.
3	Establish an informed position on taxiway separation.	Complete an Aeronautical Study on Taxiway separation by June 2016 and submit to the Civil Aviation Authority.	Aeronautical Study underway. Scheduled to complete by June 2016.
4	Engage and pro-actively manage airline operations, improve efficiencies for them and reinforce our Friendly, Safe and Secure Facilities ("FSSF") theme.	Establish pro-active apron planning procedures and protocols for all airlines. Finalised by Dec 2015.	Monthly Apron Safety Forum, including airside operators, established. Forum establishes procedures and protocols for Apron operations.
5	Manage repairs and maintenance contracts to deliver better value to the business.	Review at least three significant Repairs and Maintenance contracts by June 2016 with demonstrable value delivery.	Major cleaning contract reviewed and new contractor engaged on revised terms. Flight Information Display System agreement reviewed and new service procured at added value and reduced cost.
6	Conduct business in such a way as to utilise best practice compliance with Aviation regulatory requirements.	Achieve Civil Aviation Authority Audit reports with no findings.	CAS Security Audits conducted in Nov 2014 and Sept 2015. No findings in either audit.
7	Establish an online Health & Safety Management System, accessible by all staff, with 100% engagement.	New online Health and Safety Management System implemented and available to all staff by Sept 2015. All staff trained in its use by Sept 2015.	Online Health & Safety system (GOSH) implemented and in use by all staff, plus Rescue Fire staff, by Sept 2015.
8	Process all reported issues, concerns and comments to ensure all Health and Safety concerns are addressed and any actions implemented to ensure risk is managed and accidents do not happen.	No Lost Time Injuries.	No lost time injuries.
9	Review energy management, waste and recycling to improve sustainability performance.	Develop a Sustainability Policy by Dec 2015. Sustainability Policy to encompass contractors and airport tenants.	Policy is being developed in conjunction with the terminal design project which will deliver improved energy management of water, waste and recycling. Completion due June 2016.

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## Performance Targets For the 6 Months Ended 31 December 2015

### INFRASTRUCTURE & ASSETS

Ref	Activity / Milestone	Target	Achievement/Progress
1	Complete a new, comprehensive Master Plan to 2035.	Master Plan completed by June 2016.	Draft completed by Nov 2015. Final scheduled to be completed by June 2016.
2	Actively Engage In the Nelson Regional Management Plan process and ensure the airport's interests are met and likely Master Plan requirements are provided for.	The Company as an active participant in the Nelson Regional Management Plan (NRMP) process. No NRMP related impediments to Master Plan.	NAL is actively engaged in the NRMP process. No NRMP related impediments to Master Plan anticipated.
3	Continue with development of ground transport facilities.	Complete detailed design of Ground Transport Facilities by June 2016.	Phase I underway including new parking infrastructure hardware on order for installation Feb 2016 delivering additional reliability and functionality for customers. Pickup/drop off zone changes planned to complete in current year to deliver additional safety and efficiency. Phase II feasibility & business case study underway. Phase II design phase scheduled to be underway at the beginning of 4Q 2015/16.
4	Continue with development of an improved terminal facility.	Complete detailed design of redeveloped Terminal and Airways Control Tower by June 2016.	Detailed Design to commence end June following completion of Developed Design. Airways Control Tower will be located outside of Terminal with design & construction controlled by Airways Corporation.
5	Encourage progress towards taxiway lighting and taxiway straightening.	Actively lobby Airways for improvements in taxiway lighting and straightening of taxiway.	NAL continues to lobby for these improvements.
6	Investigate options with Air New Zealand for relocation of sound shelter.	Have costed alternatives for sound shelter by June 2016.	This item has now been included in the Master Plan process.
7	Review airside fuel supply arrangements.	Full review of airside fuel supply arrangements and options by Dec 2015.	Following review of airside fuel supply arrangements Z are proceeding with a new fuel installation.
8	Implement a formal asset management process for all buildings.	Implement a complete asset management plan including; Asbestos Management Plan; Seismic Evaluation ; Building Code & Condition ; Property Valuation. Plan to be implemented by June 2016.	Asset Management Plan scheduled for completion by end year end.

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## Performance Targets For the 6 Months Ended 31 December 2015

### PEOPLE & CORPORATE SERVICES

Ref	Activity / Milestone	Target	Achievement/Progress
1	Integrate a comprehensive performance review process that is aligned with airport strategy and key result areas.	Implement a Performance Review process that is aligned to Airport Strategy and Goals, for all staff by Dec 2015.	Comprehensive Personal Development and Performance Review process designed and implemented by Dec 2015.
2	Create and implement a staff training and educational support policy.	Staff Training & Educational Support Policy completed by Dec 2015.	Not achieved. Plan to complete prior to June 2016.
3	Ensure all staff are engaged with Airport strategy, goals and progress towards the same.	Establish monthly forum involving all staff to review business performance and exchange ideas.	Successful monthly forum established.
4	Ensure effective management of risk.	Develop a Risk Management Framework and risk registers by June 2016.	Planning to develop framework by June 2016.
5	Ensure all Marketing, Branding and Communication activities are aligned with the strategic objectives.	Develop and Implement a Public Relations Strategy by Sept 2015.	Development of a Public Relations Strategy scheduled to complete by June 2016.
6	Deliver a high standard of internal and external reporting.	Secure an unmodified Audit Opinion from Audit New Zealand on an Audit Report citing no material misstatements, an effective Internal Control System and no Urgent Recommendations.	Achieved.

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## Condensed Statement of Comprehensive Income

For the 6 Months Ended 31 December 2015

	Note	Budget	Dec 2015	Dec 2014
Revenue	2	2,701,600	2,837,105	2,562,854
Operating costs	3	1,250,700	1,194,702	1,159,709
Administration expenses	3	414,500	421,925	455,299
		<u>1,665,200</u>	<u>1,616,627</u>	<u>1,615,008</u>
<b>Operating Profit</b>		<b><u>1,036,400</u></b>	<b><u>1,220,478</u></b>	<b><u>947,846</u></b>
Interest Revenue		25,400	46,601	99,071
Interest Expenditure		-	(66)	(66,800)
<b>Net Financing Income</b>		<b><u>25,400</u></b>	<b><u>46,535</u></b>	<b><u>32,271</u></b>
<b>Profit before Tax</b>		<b><u>1,061,800</u></b>	<b><u>1,267,014</u></b>	<b><u>980,117</u></b>
Income tax expense	10	297,500	354,764	274,815
<b>Profit after Tax</b>		<b><u>764,300</u></b>	<b><u>912,250</u></b>	<b><u>705,302</u></b>
Other Comprehensive Income		-	-	-
<b>Total Comprehensive Income</b>		<b><u>764,300</u></b>	<b><u>912,250</u></b>	<b><u>705,302</u></b>

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## Condensed Statement of Changes in Equity

For the 6 Months Ended 31 December 2015

	Note	Dec 2015	Dec 2014
Opening Retained Earnings as at 30 June		8,950,483	7,909,553
Total Comprehensive Income for the Year		912,250	705,302
Distributions to Equity Holders	6	-	-
Retained Earnings as at Year End		<u>9,862,733</u>	<u>8,614,855</u>
Share Capital		2,400,000	2,400,000
Closing Equity as at 31 December		<u>12,262,733</u>	<u>11,014,855</u>

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## Condensed Statement of Financial Position

As at 31 December 2015

	Note	Dec 2015	Dec 2014
<b>Assets</b>			
<b>Current Assets</b>			
Trade and Other Receivables		684,752	627,928
Cash and Cash Equivalents		342,183	145,048
Other Financial Assets		2,602,633	3,288,000
<b>Total Current Assets</b>		<b>3,629,568</b>	<b>4,060,976</b>
<b>Non Current Assets</b>			
Property, Plant and Equipment		9,848,745	9,096,141
Intangible Assets		4,397	6,521
<b>Total Non Current Assets</b>		<b>9,853,143</b>	<b>9,102,662</b>
<b>Total Assets</b>		<b>13,482,711</b>	<b>13,163,638</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		391,384	329,258
Current Income Tax Liability		104,756	40,721
Employee Entitlements		84,258	70,792
Interest Bearing Loans		-	1,934
<b>Total Current Liabilities</b>		<b>580,398</b>	<b>442,705</b>
<b>Non Current Liabilities</b>			
Deferred Tax		639,579	705,281
Interest Bearing Loans		-	1,000,797
<b>Total Non Current Liabilities</b>		<b>639,579</b>	<b>1,706,078</b>
<b>Total Liabilities</b>		<b>1,219,978</b>	<b>2,148,783</b>
<b>Net Assets</b>		<b>12,262,733</b>	<b>11,014,855</b>
<b>Equity</b>			
Issued Share Capital		2,400,000	2,400,000
Retained Earnings		9,862,733	8,614,855
<b>Total Equity</b>		<b>12,262,733</b>	<b>11,014,855</b>

For and on behalf of the Board



Paul Steere  
Chair

29 February 2016



Paul McGuinness  
Deputy Chair

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

## Condensed Statement of Cash Flows

### For the 6 Months Ended 31 December 2015

	Note	Dec 2015	Dec 2014
<b>Cash Flows from Operating Activities</b>			
<i>Cash was provided from:</i>			
Receipts from airport users		2,817,671	2,581,476
Interest received		48,985	81,163
		<u>2,866,655</u>	<u>2,662,639</u>
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(1,334,654)	(1,299,508)
Interest paid		(66)	(66,800)
Income tax paid		(452,355)	(453,859)
Net GST Movement		(14,631)	19,481
		<u>(1,801,705)</u>	<u>(1,800,686)</u>
<b>Net Cash Flows from Operating Activities</b>	<b>4</b>	<b><u>1,064,950</u></b>	<b><u>861,953</u></b>
<b>Cash Flows from Investing Activities</b>			
<i>Cash was provided from:</i>			
Decrease in term deposit/other financial assets		-	296,756
		<u>-</u>	<u>296,756</u>
<i>Cash was disbursed to:</i>			
Increase in term deposit/other financial assets		(302,633)	-
Purchase of property, plant & equipment		(558,953)	(150,375)
Purchase of Intangible Assets		(345)	-
		<u>(861,931)</u>	<u>(150,375)</u>
<b>Net Cash Flow from Investing Activities</b>		<b><u>(861,931)</u></b>	<b><u>146,381</u></b>
<b>Cash Flows from Financing Activities</b>			
<i>Cash was provided from:</i>			
		-	-
		<u>-</u>	<u>-</u>
<i>Cash was disbursed to:</i>			
Dividends paid	6	(515,500)	-
Decrease in term loans		(1,892)	(200,766)
		<u>(517,392)</u>	<u>(200,766)</u>
<b>Net Cash Flow from Financing Activities</b>		<b><u>(517,392)</u></b>	<b><u>(200,766)</u></b>
Net increase/(decrease) in cash and cash equivalents		(314,373)	(950,199)
Opening cash and cash equivalents		656,557	1,095,247
Closing cash and cash equivalents		<u>342,184</u>	<u>145,048</u>

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





## Notes to the Condensed Financial Statements For the 6 Months Ended 31 December 2015

### 1. Statement of Accounting Policies

#### REPORTING ENTITY

Nelson Airport Limited (The Company) 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. The Company 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, and 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 2015.

#### 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 the New Zealand Institute of Chartered Accountants.

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 financial instruments.

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

### 2. Revenue

The six month revenue is inclusive of all operating and non-operating income for the period 1 July 2015 to 31 December 2015.

The six month comparative revenue is inclusive of all operating and non-operating income for the period 1 July 2014 to 31 December 2014.

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### 3. Expenses

Operating costs include total direct costs and depreciation for the period 1 July 2015 to 31 December 2015.

The six month comparative operating costs include direct costs and depreciation for the period 1 July 2014 to 31 December 2014.

Administration costs consist of total administration costs, insurance, rates, water rates and accounts receivable write-offs for the period 1 July 2015 to 31 December 2015.

The six month comparative administration costs consist of total administration costs, insurance, rates, water rates and accounts receivable write-offs for the period 1 July 2014 to 31 December 2014.

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

	Dec 2015	Dec 2014
Comprehensive Income to 31 December	912,250	705,302
<i>Add/(less) non cash and non operating items:</i>		
Depreciation and Amortisation	270,448	317,666
<i>Movement in working capital:</i>		
(Increase)/Decrease in receivables	(17,051)	714
Increase/(Decrease) in current tax payable	(97,591)	(136,810)
Increase/(Decrease) in payables	(3,106)	(4,026)
<b>Net cash flows from operating activities</b>	<b>1,064,950</b>	<b>882,846</b>

### 5. Transactions with Related Parties

#### Transactions with Shareholders

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

The Company paid rates and maintenance costs to the NCC amounting to \$196,179 (2014:\$194,185) and the balance included as owing in trade payables as at 31 December 2015 is \$14,734 (2014: \$14,536).

The Company pays 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. The Company paid grounds maintenance and other fees to Nelmac Limited amounting to \$37,762 (2014:\$44,332) and the balance included as owing in trade payables as at 31 December 2015 was \$6,422 (2014: \$6,620).

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





Tourism Nelson Tasman Limited is 100% owned by Nelson City Council. The Company paid for tourism marketing services from Tourism Nelson Tasman Limited of \$10,000 (2014: \$15,000) and the balance included as owing in trade payables as at 31 December 2015 is Nil (2014: Nil).

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

During the period the Company paid for services from NZ Red Cross Society, for which Paul Steere is a Trustee. These services amounted to \$104 in 2015 (2014: Nil) and the balance owing in trade payables as at 31 December 2015 was Nil (2014: Nil).

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.

**6. Distribution to shareholders**

No dividend was declared during the first 6 months of the financial year (2014: Nil). A dividend of \$515,500 was declared on 30 June 2015 and was paid on 20 July 2015.

**7. Contingencies**

There are no known contingencies as at 31 December 2015 (2014: Nil).

**8. Subsequent Events**

There were no subsequent events post 31 December 2015. Post 31 December 2014, in January 2015, the Company repaid in full the Westpac No.2 Loan with a balance of \$1,000,000 as at 31 December 2014.

**9. Capital Commitments**

Nelson Airport Limited has \$1,357,771 of capital commitments contracted for as at 31 December 2015 (2014: Nil). These commitments relate to New Terminal Development Work, New Carpark Equipment and Works, and costs relating to the Doppler VOR (Navigational Aid) move.

**10. Income Tax**

The income tax provision for the 6 months ending 31 December 2015 has been calculated on a prima facie basis at 28%. No taxation adjustments, permanent or otherwise, have been reflected in the calculation.

	Dec 2015	Dec 2014
Current year income tax provision	354,764	274,815
	354,764	274,815

**11. Approval of interim financial statements**

The interim financial statements were approved by the board of directors on 29 February 2016.

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



## Directory

### Directors

Paul Steere (Chair)  
Paul McGuinness (Deputy Chair)  
Matthew Clarke  
Catherine Taylor  
Judene Edgar

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### Chief Executive

Robert Evans

### Managers

Operations: James Middlewick  
Corporate Services: Simon Orr

### Auditor

Audit New Zealand on behalf of the Auditor-General

### Accountant

Johnston Associates Chartered Accountants Limited

### Bankers

Westpac Banking Corporation

### Solicitors

Pitt & Moore

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