
MINUTES
of the
FULL COUNCIL MEETING
held
9.30 am, Thursday, 18 March 2021
at
Tasman Council Chamber, 189 Queen Street, Richmond

Present: Mayor T King, Councillors S Bryant, C Butler, B Dowler, M Greening (via Zoom), C Hill (via Zoom), K Maling, C Mackenzie, D McNamara, D Ogilvie, T Tuffnell, A Turley, T Walker and D Wensley (via Zoom)

In Attendance: Chief Executive (J Dowding), Executive Assistant to the Mayor (R Scherer), Community Development Manager (S Edwards), Corporate and Governance Services Manager (M Drummond), Engineering Services Manager (R Kirby), and Environment and Planning Manager (D Bush-King)

Part Attendance: Acting Strategy & Policy Manager (J Neame), Finance Manager (M McGlinchey), Activity Planning Manager (D Fletcher), Senior Policy Adviser (A Bywater), Resource Consents Manager (T Harris), Team Leader, Biosecurity and Biodiversity (G Coleman), Principal Legal Adviser (L Clark), Executive Assistant to the Chief Executive (H Simpson), Audit New Zealand Director (John Mackey) (via Zoom) and Motueka Board Member (D Armstrong)

1 OPENING, WELCOME

Mayor Tim King welcomed everyone to the meeting and opened proceedings with a karakia. He advised the Council that the Waimea Water Ltd report would be the first item for discussion on today's agenda.

2 APOLOGIES AND LEAVE OF ABSENCE

There were no apologies.

3 PUBLIC FORUM

Nil

4 DECLARATIONS OF INTEREST

Nil

5 LATE ITEMS

Nil

6 CONFIRMATION OF MINUTES

Nil

7 PRESENTATIONS

Nil

8 REPORTS

8.2 Waimea Water Ltd 2020 Mid-Year Report

Corporate and Governance Services Manager, Mike Drummond presented the report which was taken as read. He noted the revised scope of costs for the Waimea Community Dam project and explained how they are proposed to be funded. This funding has been included in the draft Long Term Plan (LTP) consultation document.

Mr Drummond said that the request for additional funding of up to \$400,000 noted in the draft resolution would allow future hydropower generation to be included in the Waimea Community Dam project.

In response to a question, Mr Drummond said that Waimea Water Limited had recently chosen to remove the hydropower generation option as a cost-saving measure.

Mr Drummond was questioned about the impact of increased amounts of sedimentation material being deposited at the bottom of the dam. In response, Mr Drummond noted that this was a technical question and he undertook to ask Waimea Water Ltd for an explanation which he will report back to the Council.

In response to a question about increased insurance costs for the Waimea Community Dam project, Mr Drummond said that these costs stem from the extended time it will take for the project to be completed.

Cr Wensley asked that some clarity around the Council's position in moving forward with the dam project should be included in the resolution. She suggested that the Council needs to direct more effort in gaining funding support from other entities, i.e., central government and Nelson City Council.

In response, Mayor King reminded the Councillors that he had written to both the Ministers of Finance and Economic Development asking them for central government funding assistance. He said that the Ministers are well aware of the challenges facing the Council with the dam costs.

He had also met with the local Members of Parliament who support our request for central government funding support. However, he noted that the Government is dealing with a large number of funding requests from across the country.

It was suggested that the Council should endeavour to get both Government Ministers, the local members of Parliament and Nelson City Council to meet with the Council in person to discuss the concerns about the ability of Tasman District Council to continue to fund cost overruns for the Waimea Community Dam. It was decided that staff would try to facilitate this meeting before

the end of April 2021.

It was agreed to amend the draft resolution to include the Councillors concerns about the ability of the Council to continue to fund the cost overruns of the magnitude recently provided to complete the Waimea Community Dam.

The Councillors urged staff, through Waimea Water Ltd, to ensure that cost overruns are signalled to them much earlier.

The Councillors discussed the options of an independent investigation to look into the management of the dam project and the cost overruns. In response, Mayor King agreed that if the Council desires an independent investigation it can resolve to do that. However, he noted that the Council is committed to completing this project. He invited Councillor McNamara to consider a foreshadowed resolution to that effect.

The option of exiting the dam project was discussed. Mayor King reminded the Council that a commitment was made to build the dam and that the Council has a contractual obligation to complete it.

Cr Turley called for a division.

Bryant	For
Butler	For
Dowler	For
Greening	Against
Hill	For
King	For
Mackenzie	For
Maling	For
McNamara	Against
Ogilvie	For
Tuffnell	For
Turley	Against
Walker	Against
Wensley	For

CARRIED

Moved Cr Maling/Cr Tuffnell

CN21-03-1

That the Full Council

- 1. receives the Waimea Water Ltd Mid –Year Report 1 July 2020 – 31 December 2020 report, RCN21-03-8 and;**
- 2. notes:**
 - a. the update from Waimea Water Ltd on the revised scope and estimated cost to complete the project of \$158.4m; and**
 - b. that the draft Long Term Plan 2021-2031 consultation document provides for the additional costs and funding; and**

- c. that under the Waimea Community Dam – Project Deed, the Council is bound to fund \$1.5m of the first \$3m in cost overruns and all cost overruns above the first \$3m; and
 - d. that this funding of project cost overruns is a contractual obligation and failure to provide the funding would involve the Council in litigation and large damages claims and put the overall project at risk; and
 - e. that the Council has provided a revised approach to the allocation of the (irrigator capacity) costs of project overruns in its draft Revenue and Financing Policy which is being consulted on in conjunction with the Long Term Plan 2021-2031; and
 - f. notes the Mayor (or his delegate) will vote the Council's shares in Waimea Water Ltd in favour of the necessary variations to the Waimea Dam Ltd construction contracts arising from the revised project costs in order to meet the Council's contract obligations to allow the project to continue and to enable Crown Irrigation Investments Ltd (CIIL) funding to continue; and
3. approves an additional Council contribution to project costs of up to \$400,000 to provide for outlet works and bifurcation for a future Hydropower option; and
 4. notes the concerns about the ability of Tasman District Council to continue to fund cost overruns of this magnitude; and
 5. requests staff make available the Waimea Water Ltd Mid-Year Report, 1 July 2020 – 31 December 2021 on the Council's website within seven (7) days of this decision.

CARRIED

The meeting adjourned at 10.35 am and reconvened at 10.44 am.

Following discussion about an independent investigation into the costs of the Waimea Dam, the following resolution was put to the Council.

Moved Cr McNamara/Cr Turley

CN21-03-2

That the Council requests that Council staff report back on the option of an independent inquiry/investigation into the costs of the Waimea Community Dam, including the potential scope and costs of any such inquiry.

CARRIED

8.1 Tasman's 10-Year Plan 2021-2031 Consultation Document, Concurrent Consultations and Supporting Information

In introducing the report, Mayor King thanked the Council staff and Audit New Zealand personnel for the extraordinary amount of work that had been done in a very short period to ensure the Long Term Plan Consultation Document could be released on time.

Mr Drummond, Acting Strategy and Policy Manager, Jenna Neame and Finance Manager, Matt McGlinchey spoke to the report which was taken as read. It was noted that staff had been required to make some changes to the Consultation Document in response to the audit process.

These changes were circulated to the Councillors and tabled at this meeting. They include:

Consultation Document

Section	Page
Waimea Community Dam – allocation of additional irrigator capacity costs. Some change of order of sentences and additional wording designed to make it clear that whilst some risks have been factored into the WWL cost estimate range, there is still a risk that the final costs could be higher than this range. Details of the different loans being used to fund the \$54.5m in overruns have been added	18
Our Preferred Option – debt servicing costs added. Noted that all options increase debt by \$54.5m.	21
Option B – First sentence to include debt servicing costs.	23
Option C - First sentence to include debt servicing costs.	24
Option D - First sentence to include debt servicing costs.	25
Noted that the Option A is Port Nelson company board's preferred option and that Option C is Nelson Airport company board's preferred option.	28
Where the money comes from, where the money goes. Two replacement graphs	43

Draft Financial Strategy

Section	Page
Revenue Chart 4	15
Treasury Policy Risk Management Policy Limits table	19

Draft Accounting Information

Section	Page
Prospective Statement of Comprehensive Revenue and Expense	21-22
Prospective Statement of Financial Position	23-24
Statement of Cashflows	25-26
Prospective Funding Impact Statement	29-30
Depreciation and Amortisation of Expenses by Group of Activities	31-32
Council Net Debt to Operating Revenue	42
Prescribed Net Debt to Operating Revenue	43
Debt Affordability - Net Interest to Operating Revenue	43
Debt Affordability - Net Interest to Annual Rates	44
Balanced Budget Benchmark	45
Essential Service Benchmark	46

Draft Council Activities Summaries

Section	Page
Intro summary table	1
Engineering summary table	28
Water Supply Financial Impact Statement	62
Waste Management and Minimisation FIS	95

Draft Water Supply Activity Management Plan

Section	Page
Financial Impact Statement	121

Draft Waste Management and Minimisation Activity Management Plan

Section	Page
Funding Sources	89
Financial Impact Statement	89-99
Total Expenditure Graph	101
Total Income Graph	102
Total Operating Graph	103

Draft Revenue and Financing Policy

Section	Page
Funding sources and rationale	33

Mr McGlinchey explained the changes to two items that were adjusted in the Statement of Financial Performance (P&L) to reflect best practice. They related to the Nelson Tasman Regional Landfill Business Unit joint venture and the recognition of additional costs for the Waimea Community Dam. Mr McGlinchey confirmed that the changes were related to classification and were relatively minor.

Mr Drummond advised that the Council will gain some additional voting shares and non-voting shares in the Waimea Community Dam company as a result of funding the cost increases. He said that staff are yet to resolve how the non-voting shares will be managed and accounted for.

Audit New Zealand Director, John Mackey thanked the Council and staff for their help in what had been a challenging process. Mr Mackey noted that he will be issuing his Audit Opinion once a few minor changes he has requested, and which have been agreed with staff, have been incorporated. He outlined the content of his Audit Opinion including the matters of emphasis relating to the Waimea Community Dam risk of further overspends and the uncertainty relating to the Government's three-waters reform. He noted that the three-waters reform matter of emphasis will apply to all unitary and territorial councils.

As part of his auditor role, Mr Mackey formally asked the Councillors if they were aware of any fraudulent activity that would affect the Council's Consultation Document. A show of hands indicated that the Councillors agreed that there was no fraudulent activity they were aware of.

In response to a question, Mr Mackey said that he was not concerned that the review of staff accommodation was not included in the LTP. Due to the uncertainty of the solution, he noted

that the forthcoming three-waters reforms also creates uncertainty around what accommodation might be required and therefore there are no concrete options to present to the community.

Several Councillors conveyed their thanks to the staff for their commitment and hard work to get the Consultation Document finalised.

In response to a question about the information that supports the Long Term Plan, Ms Neame outlined the Long Term Plan development process which had commenced 18 months previously. While most of the supporting information was discussed in Council workshops, she said that any decision points had been presented to the Council in a decision report prior to finalising the draft Long Term Plan for consultation.

The Councillors discussed the proposed net debt cap, the proposed rates income increases cap, the present holding company option for Port Nelson and the Nelson Airport and the Waimea Dam estimated cost overruns that are included in the draft Long Term Plan Consultation Document.

In his right of reply, Mayor King spoke about the number of significant issues that were facing the Council including the many Government reform packages that will impact on the Council including the three-waters reforms, freshwater quality improvements, climate change and the Resource Management Act legislation reform. Along with these reforms, the Council is also reviewing the Tasman Environment Plan. The Mayor encouraged Councillors to engage with residents and ratepayers at the upcoming LTP consultation meetings.

Moved Mayor King/Cr Dowler

CN21-03-3

Part 1:

That the Full Council:

- 1. receives Tasman's 10-Year Plan 2021-2031 Consultation Document, Concurrent Consultations and Supporting Information Report RCN21-03-7; and**
- 2. notes the verbal advice from Audit New Zealand that subject to some minor amendments (the tenor of which were outlined) to the 10-Year Plan 2021-2031 Consultation Document and supporting information, Audit New Zealand will issue its Audit Opinion for inclusion in the Consultation Document; and**
- 3. authorises the Mayor and the Chief Executive Officer to receive the Audit Opinion on behalf of the Council for inclusion in the Consultation Document, noting that it will be tabled at the next Ordinary meeting of the Council; and**

Supporting Information

- 4. adopts the following with amendments tabled at this meeting as supporting information for Tasman's 10-Year Plan Consultation Document as required by section 93G of the Local Government Act 2002:**
 - Draft Financial Strategy (Attachment 1)**
 - Draft Infrastructure Strategy (Attachment 2)**
 - Draft Accounting Information (Attachment 3)**
 - Draft Funding Impact Statement (Attachment 4)**

- **Draft Council Activities Summaries (Attachment 5)**
 - **Draft Activity Management Plans (Attachment 6)**
 - **Draft Development of ngā iwi and Māori capacity to contribute to decision making processes statement (Attachment 7)**
 - **Tasman Growth Projections 2021-2051 (Attachment 8)**
 - **A New Company Model for Nelson Airport and Port Nelson supporting information (Attachment 17)**
 - **Rates Example properties 2021/2022 to 2023/2024 (Attachment 18)**
5. **notes that the Council adopted a set of Forecasting Assumptions as supporting information for the Consultation Document at its meeting on 18 December 2020; and**
 6. **adopts the amendments to and the additional forecasting assumptions (Attachment 9) as supporting information for the Consultation Document; and**
 7. **agrees to the Mayor and the Chief Executive Officer approving any further minor editorial amendments to these documents, including the expected amendments requested by Audit New Zealand, prior to them being published and made available for public consultation; and**

Concurrent Consultations

8. **notes that both Tasman's 10-Year Plan Consultation Document and the Revenue and Financing Policy Consultation Information include a proposed new land value based targeted rate on properties in the proposed Waimea Community Dam Extractive Use Rating Area which include properties that have access to water supplied by a water consent affiliated through a shareholding in WIL. This is proposed to fund the first \$14.6 million of the Council's share of the irrigator capacity resulting from additional costs of the Waimea Community Dam; and**
9. **notes that the Council's share of the irrigator capacity costs above the \$14.6 million, is proposed to be met from the general rate; and**
10. **notes that the Consultation Document also includes the following alternative options to fund the additional costs of the irrigator capacity for the Dam:**
 - **a District-wide rate**
 - **a targeted rate on all properties in the 'zone of affiliation' with a differential, and**
 - **a new targeted rate solely on irrigators; and**
11. **adopts the following with amendments tabled at this meeting as supporting information for concurrent consultations:**
 - **Draft Revenue and Financing Policy (Attachment 13)**
 - **Draft Rates Remission Policy (Attachment 14)**
 - **Draft Development and Financial Contributions Policy (Attachment 15); and**
12. **agrees that the most appropriate means of consulting on the documents in Resolution 9 is a similar process to that of a Special Consultative Procedure; and**

13. adopts the Revenue and Financing Policy Consultation Information (Attachment 10) for concurrent consultation under the provisions of s82 of the Local Government Act 2002; and
14. adopts the Rates Remission Policy Consultation Information (Attachment 11) for concurrent consultation under the provisions of s82 of the Local Government Act 2002; and
15. adopts the Development and Financial Contributions Policy Consultation Information (Attachment 12) for concurrent consultation under the provisions of s82 of the Local Government Act 2002; and
16. agrees that these documents will be made available to the public on or before 24 March 2021; and
17. agrees that the submission period for these document closes at 4.00pm on 24 April 2021; and
18. agrees to the Mayor and the Chief Executive Officer approving any further minor editorial amendments to these documents, including the expected amendments requested by Audit New Zealand, prior to them being published and made available for public consultation; and

CARRIED

Moved Mayor King/Cr Wensley

CN21-03-4

Part 2:

That the Full Council:

Tasman's 10-Year Plan 2021-2031 Consultation Document

19. agrees, that having considered the Council's Significance and Engagement Policy and the importance of other matters to the District and its communities, that the key issues and choices facing the Council and the District for the LTP 2021-2031 are:
 - **Homes for our Community**
 - **Waimea Community Dam – allocation of additional irrigator capacity costs**
 - **A New Company Model for Nelson Airport and Port Nelson**
 - **Responding to Climate Change; and**
20. agrees that the Consultation Document in Attachment 16 to this report provides a fair representation of the matters that are proposed in the LTP 2021-2031; and
21. adopts with amendments tabled at this meeting the Consultation Document in Attachment 16 to this report incorporating any minor amendments agreed at the meeting for release as the basis for community consultation in accordance with sections 83, 83A, 93A, 93B, 93C, 93F, and 93G of the Local Government Act 2002; and

Consultation Period

22. agrees that the Consultation Document, concurrent consultations and supporting information be made available through Council offices, libraries, other public offices and on the Council's dedicated Long Term Plan website; and
23. agrees these documents will be made available to the public on or before 24 March 2021; and
24. agrees that the submission period for these consultations closes at 4.00 pm on 24 April 2021; and
25. agrees to the Mayor and Chief Executive Officer approving any further editorial amendments in these documents, including the addition of the Audit Opinion to the Consultation Document, prior to them being published and made available for public consultation.

CARRIED

9 CONFIDENTIAL SESSION

Nil

Cr Mackenzie closed the meeting with a karakia.

The meeting concluded at 11.40 am.

Date Confirmed:

Chair: