

Date: Monday 17 May 2021
Time: 9.30 am
Meeting Room: Tasman Council Chamber
Venue: 189 Queen Street
Richmond

Deliberations Meeting

Supplementary Report-1

Supplementary Report

3 REPORTS

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3 REPORTS

3.3 SUPPLEMENTARY REPORT 1 - LONG TERM PLAN DELIBERATIONS

Decision Required

Report To:	Submissions Hearing
Meeting Date:	17 May 2021
Report Author:	Mike Drummond, Corporate and Governance Services Manager
Report Number:	RSH21-05-4

1 Summary

- 1.1 A summary of the consultation results and a summary of public feedback along with staff comments on Choice 2 - Waimea Community Dam (WCD) allocation of additional irrigator capacity costs, are contained in the main report.
- 1.2 Confidential advice including legal advice and current commercial terms are contained in the Supplementary Report 2 to the main report. This second confidential supplementary report will not be directly discussed at the meeting. If Councillors wish to refer to matters in that report, they need to request the chair to move into a public excluded session. For legal matters Jonathan Salter from Simpson Grierson will be in attendance until approximately 12 noon on 17 May 2021.
- 1.3 Choice 2 – *Do you support the Council's preferred option to share the cost of the irrigators' share across affiliated irrigators as well as general ratepayers?* Submitters had four options:
 - Preferred Option A – a mixture of targeted and District-wide rates;
 - Option B – all ratepayers pay a District-wide rate;
 - Option C – a targeted rate on all properties in the 'Zone of Affiliation'; and
 - Option D – a new targeted rate solely on irrigators.

This supplemental report proposes an amended Option A – a mixture of contractual arrangements and District-wide rate limited to five years.
- 1.4 As a result of ongoing negotiations with the other stakeholders, Waimea Irrigators Ltd (WIL), Waimea Water Ltd (WWL) and Crown Irrigation Investments Ltd (CIIL), an opportunity for an update to the Council's proposal (Option A) has become available. This revised option would see some Council and irrigator capacity debt in relation to cost overruns held in WWL and serviced through the WWL water charges to the Council and WIL.
- 1.5 The allocation of Waimea Community Dam irrigator capacity cost overruns through WIL to their shareholders would result in a much better alignment of the cost recovery with water take consents and WIL shareholdings, than can be achieved through the available rating mechanisms.

- 1.6 The proposed movement of debt from the Council to WWL will reduce the Council net debt level from circa \$282 million down to \$247 million. The debt would still be considered by the Local Government Funding Agency Ltd (LGFA) and Standard and Poors when assessing the Council's financial position.
- 1.7 This revised Option A was not specifically consulted on as part of the Long Term Plan 2021-2031 as it was not available at the time the consultation document was prepared and approved by the Council. Under this revised proposal the Council would no longer be funding the \$14.6 million of irrigator cost overruns by way of targeted rate and has limited the District-wide funding of the remaining \$10.6 million to five years.
- 1.8 While not consulted on, this approach does not adversely affect the general ratepayer any differently. It does give partial effect to those submissions that did not support Option A. In part, it gives effect to those who supported the principle behind Option D where costs fall to the irrigator beneficiaries of augmented water but in a more direct way. Staff consider that this approach carries a much lower level of litigation risk than a targeted rate approach as envisioned under Option D.
- 1.9 The Revenue and Financing Policy will need to be amended to reflect the option the Council adopts being either the proposed revised Option A or option A-D as consulted on through the LTP process once a final decision is made on 4 June 2021.
- 1.10 Staff recommend that the Council pursues the revised Option A as it provides a better overall outcome than the alternatives. If the revised Option A arrangements cannot be settled by 4 June 2021 then the original proposal Option A should be given effect.

2 Draft Resolution

That the Council, in response to hearing and considering submissions on the Proposed Long Term Plan 2021-2031:

- 1. receives Supplementary Report 1 - Long Term Plan Deliberations RSH21-05-4; and**
- 2. notes that the Council consulted on a range of options for funding the irrigators contribution to the cost overruns in respect of the Waimea Community Dam through the Long Term Plan 2021-2031 Consultation Document in Choice 2; and**
- 3. notes that the option proposed in this report (revised Option A) is a modified version of Option A in the Consultation Document; and**
- 4. agrees that it has a good understanding of the community's views and preferences on the options outlined in the Consultation Document and that those views and preferences provide a good basis for input into the decision making on revised Option A, noting that it is not inconsistent with some views expressed in submissions; and**
- 5. notes that revised Option A does not affect the general ratepayer any differently during the first five years of the Long Term Plan and improves the outcome for them in later years compared to Option A contained in the Consultation Document; and**
- 6. notes that revised Option A changes the mechanism for how the irrigators share of the cost overruns will be collected compared to Option A in the Consultation Document in a manner that is more acceptable to the Waimea Irrigators Shareholders**

- and in a way that means the Council carries less debt on its balance sheet which is beneficial to all ratepayers; and
7. notes that if the Council had to re-consult on revised Option A, it would not be in a position to finalise the Long Term Plan 2021-2031 on or before 30 June 2021 as required under the Local Government Act 2002 and this would delay the setting of the rates for the 2021/2022 financial year until the Plan was adopted; and
 8. agrees that given parts 4, 5, 6 and 7 above of this resolution, the Council will not consult the public further prior to making a decision on whether to proceed with the revised Option A or any of the other options in the Consultation Document; and
 9. notes that when considering the options for Choice 2 for inclusion in the Consultation Document in terms of the requirements of section 101(3) of the Local Government Act 2002, the Council decided that its preferred option to address the overall impact of the allocation of liability for the irrigators share of the cost overruns was Option A, which appropriately spread the liability for revenue collection across both the general rate and a targeted rate on properties with or supplied from an affiliated water take consent (irrigators); and
 10. agrees that the revised Option A would achieve the same split of liability for revenue collection across both the general rate and the irrigators, as was proposed in Option A, which is still considered appropriate for the current and future well-being of the community, notwithstanding that the irrigator share would no longer be collected through a rating mechanism; and
 11. agrees that revised Option A is a reasonably practicable option now that the irrigators as represented by Waimea Irrigators Limited are willing to consider it, and as such the Council needs to consider it alongside the other options outlined in the Consultation Document; and
 12. agrees to proceed with revised Option A for Choice 2 - Waimea Community Dam (WCD) allocation of additional irrigator capacity costs, subject to:
 - a. the formal agreement of Waimea Irrigators Ltd (WIL), Crown Irrigation Investments Ltd (CIIL) and Waimea Water Ltd (WWL) having followed due process to enter into the contractual arrangements by 4 June 2021; and
 - b. the execution of the final contractual agreements by all parties ; and
 13. notes that the full Contractual Agreements will be considered for execution by the Council at the Full Council Meeting scheduled for 4 June 2021; and
 14. agrees that if the contractual arrangements to give effect to revised Option A are not agreed by all parties by 1 June 2021 then the Council adopts Option A as set out in Choice 2 of the Long Term Plan 2021-2031 Consultation Document as being the next best preferred option; and
 15. authorises all external costs involved in negotiating these agreements, whether they proceed or not, be added to the current Waimea Community 'Sunk Cost ' Loan; and
 16. if agreement on revised Option A is reached by 4 June 2021 agrees to incorporate the proposed changes (as modified for revised Option A), in the final Revenue and Financing Policy; and

Item 3.3

- 17. instructs the Chief Executive to advise WIL, WWL, CIIL and Nelson City Council of the Council's decision.**

3. Purpose of the Report

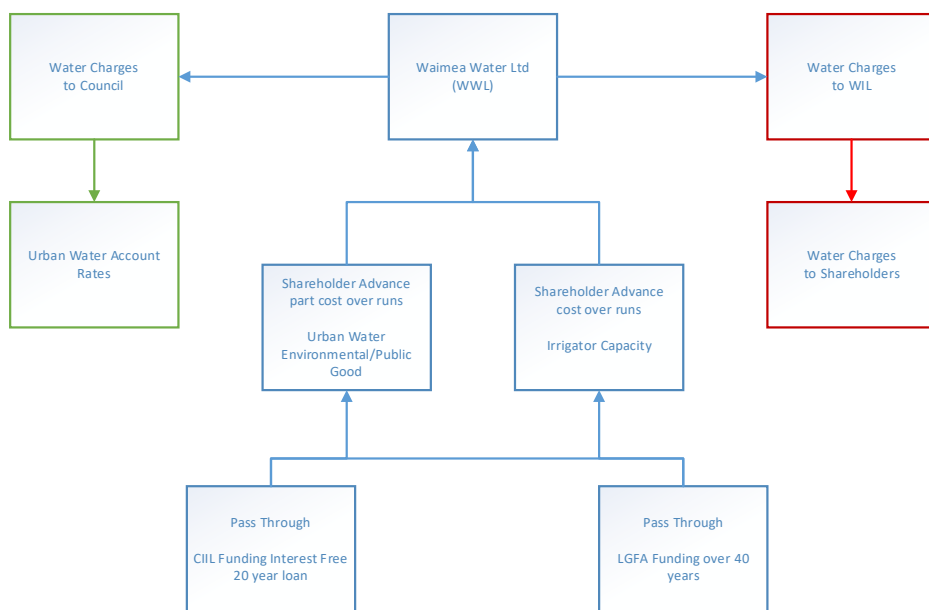
- 3.1 This is a supplementary report to **RSH21-05-2**.
- 3.2 This supplementary report relates to the Council’s deliberations on *Choice 2 – Waimea Community Dam – Allocation of Additional Irrigator Capacity Costs* of the LTP 2021-2031 Consultation Document.
- 3.3 The purpose of this report is to:
 - (a) present new information that was not available at the time the agenda was prepared;
 - (b) outline an amended Option A for the Council’s consideration; and
 - (c) provides the relevant public information to assist the Council in its deliberations.

4. Background and Discussion – Revised Option A

- 4.1 The revised Option A approach has become an option since the parties have reconsidered their positions in light of the impacts of the proposed targeted rates. It is subject to formal approval of CIIL, WIL, WWL and the Council. The process for those approvals will proceed (in particular for WIL) following today’s decision by Council.
- 4.2 Under the current contractual arrangements Council is responsible for covering all the costs and any cost overruns over the first \$3 million. Council is entitled to be issued with ordinary shares and non-voting shares for the payment of cost overruns. The non-voting shares are issued once Council holds 75% of the ordinary-voting shares.

WWL – Shareholder Advances Funding proposal

- 4.3 The model of the proposal is as follows:



- 4.4 Under this approach we utilise the Council’s ability to access low cost funding from CIIL and the LGFA and pass that through to WWL by way of shareholder advances. In that regard the

financial terms of the shareholder advances are the same as the underlying funding. The shareholder advances are secured but rank behind the CIIL lending to WWL.

4.5 Key elements of the proposed approach:

- 4.5.1 There are two new shareholder advances proposed. One to cover the irrigator capacity share of the cost overruns. The other to cover a part of the Council's share of the remaining cost overruns. The shareholder advance facilities are being sized on the \$164 million top of the risk range estimate. For modeling purposes we are using the current \$158.4 million estimated cost to complete.
- 4.5.2 The total value of additional shareholder advances is estimated to be between \$31.5 million and \$39.3 million based on a cost to complete (CTC) range of \$148 million - \$164 million. For the estimated CTC of \$158.4 million it would be circa \$36.6 million. This is subject to WWL board approval and maintaining a reasonable debt to equity ratio for WWL of around 40% to 45%.
- 4.5.3 This approach avoids the Council being issued with circa \$18 million to \$24 million of non-voting shares. This is an outcome of the limit on the Council of holding a maximum of 75% of the ordinary shares. There is currently no mechanism to convert these non-voting shares to ordinary shares in the future. These shares do not entitle the Council to a higher share of the company's assets on liquidation. We have a clear indication that these non-voting shares would likely need to be written down for accounting purposes. That would mean a write down loss would need to be put through the Council's books.
- 4.5.4 The pass through funding from the LGFA to WWL is back-to-back so it goes in at the marginal cost of borrowing from the LGFA. That provides a lower cost to irrigators than the irrigator targeted rating approach. Under that current targeted rate approach the targeted rate is based on the average cost of Council borrowing. The pass through funding from the LGFA to WWL will mean that the Council does not need to utilise as much funding outside of its Treasury Policy (as previously authorised, Report RCN21-02-13 to 25 February 2021 Full Council).
- 4.5.5 The shareholder advances are both intended to be 'evergreen' in that they are not expected to be repaid in the foreseeable future. They have a nominal term of 40 years. This is consistent with the existing \$8.75 million shareholder advance term. Prior to the loan maturity date, the Council would negotiate with WWL either the rollover of repayment of the advances. If repaid the advances would likely be replaced with commercial debt.
- 4.5.6 If WIL chooses to fund repayments on the irrigators capacity related shareholder advance, then WIL is entitled to be issued ordinary shares for the repayment. This is better for irrigators than the proposed targeted rate where shares would be issued to the Council and paid for using the targeted rate on irrigators. CIIL require that their debt in WWL (\$25m) in relation to WIL be repaid by WIL before this debt.
- 4.5.7 The Council's share of the ordinary (voting) shares in WWL will peak at circa 70% which is well short of the maximum of 75%. After all debt in the project is repaid (shareholder advances, CIIL borrowing) then the ordinary shares will be held 51% by the Council and 49% by WIL. The respective shareholdings does not impact on the allocation of operating costs which are fixed at 51% Council and 49% WIL.

- 4.5.8 The revised proposal includes keeping the District-wide funding element but limits it to the first five years of the LTP. This is an affordability provision especially for those with small holdings. WWL will incur higher costs in its first years of its operations. Those additional costs and the increases over budget in other operating costs also directly impact on irrigators, this is particularly relevant for those with small and marginal operations. As a result of reworking the draft LTP finances and reducing the estimates of the ECTC to \$158.4 million plus \$350,000 for hydro, we have revised down the interest only loan related to irrigator capacity from \$10.6 million to \$10.15 million. This will have a small but positive impact on the proposed District-wide rate. The total cost of this provision to an average residential ratepayer is now estimated to be \$5 per year for five years.
- 4.5.9 The revised approach also would see costs being allocated to WIL shareholders on a per share basis (see WIL Shareholding – Water charges allocation - para 4.8 below). This has the advantage of addressing the concerns raised in submissions on the difficulties small shareholders face with the targeted rate on land value. The allocation of costs in proportion to WIL shareholding is not available through any rating option.

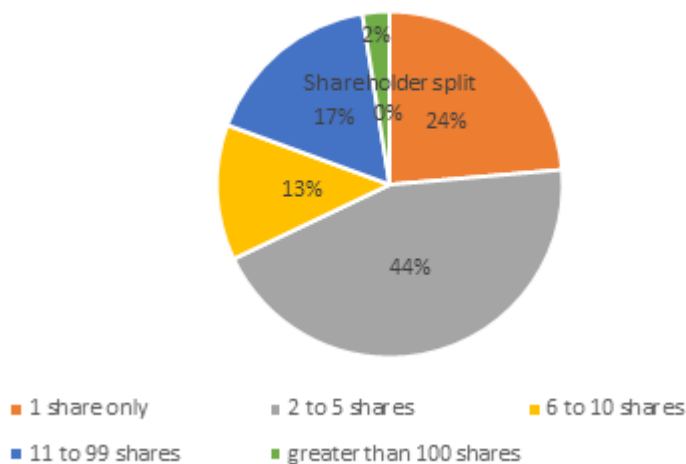
Revenue and Financing Policy (R&F Policy) – Provisions

- 4.6 If this approach was adopted, there would need to be consequential changes to the R&F Policy that was consulted on. The agreements will contain a provision that restricts target rating irrigators for any cost they are meeting through the shareholder advances that they are servicing. There will remain in the provisions in the R&F Policy for the funding of future cost overruns (not managed through irrigator services SHA) or defaults on these arrangements to be covered by imposing a targeted rate on properties with or receiving water from an affiliated water consent.

WIL Shareholding

- 4.7 As at 20 June 2020, WIL had issued 3,096 water shares. The shares are held predominately in small shareholdings. The impact of this is a consideration when assessing the options.

Shareholder Split



Shareholder split	Number of Shareholders		Total Shares
1 share only	56	24%	732
2 to 5 shares	105	44%	1372
6 to 10 shares	30	13%	392
11 to 99 shares	40	17%	523
greater than 100 shares	6	3%	78
Total	237	100%	3096

WIL Shareholding – Water charges allocation

- 4.8 As at 20 June 2020, WIL had issued 3,096 water shares. Each water share entitles the affiliation of a water consent. Each share is for 300 m³ of water per week.
- 4.9 Water charges are currently charged on a per water share basis. WIL reserves the right to determine a different rate. Their PDS states that WIL has no current plans to differentiate between shareholders. WIL has confirmed to us that they are intending to recover costs on an equal per water share basis. These cost recovery charges will comprise of WIL's operating costs and recovery of any charges to WIL by WWL.
- 4.10 The water charges are payable by shareholders whether or not the shareholder takes water or has an affiliated permit.
- 4.11 WIL has also issued 2000 convertible notes (at \$5,500 each). These notes are held by Century Water Ltd and convert to water shares on a one-for-one basis. There were 1954 outstanding convertible notes at 30 June 2020. Once the notes convert to water shares those additional shares will be subject to the water charges.
- 4.12 The allocation of costs through WIL to their shareholders would result in a much better alignment of costs with both the water consents and shareholdings than can be achieved through the available rating mechanisms.

5. Options

- 5.1 The options are outlined in the following table – refer to the modified Option A. Information on the Options A-D is contained in the Tasman's 10 Year Plan 2021-2031 Consultation Document, the supporting information and in the Council report (RCN21-02-13) to the 25 February 2021 Full Council meeting.

Option	Advantage	Disadvantage
Adopt a revised Option A (recommended)	<p>Debt is held in WWL not on the Council Balance Sheet.</p> <p>No Non-Voting Share in WWL issued to Council.</p> <p>Pass through debt is interest only at marginal cost of borrowing from the LGFA</p>	<p>Was not directly consulted in the LTP consultation process but this can be managed.</p> <p>Still proposing a level of district wide funding for interest costs albeit only for five years and at a reduced level.</p>

	<p>District Wide Funding is limited to five years</p> <p>The \$282 million Council Net Debt Cap can be reduced by the debt held in WWL</p> <p>Ability to target rate for future cost over runs of if there is a default will remain in Councils R&F policy</p> <p>More equitable as all WIL shareholders would share costs in proportion to their shareholding.</p> <p>Lower administrative costs</p> <p>More equitable as WIL would be issued shares if they repay the irrigator capacity advance.</p> <p>Leverages investment to date in developing and progressing this proposal.</p> <p>A much lower risk of litigation from irrigators through WIL than either Option A or D</p>	<p>Cannot be implemented without the full agreement of WWL, CIIL, WIL and the Council.</p> <p>This option disadvantages the larger shareholders in WIL who will be required to pay more under this option than the targeted rating options (A,C or D)</p>
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6. Strategy and Risks

- 6.1 The key risks are litigation risks in relation to this proposal or adopting Option D. It is assessed that this is a much lower risk option than Option D and would provide a more balanced outcome. Option D the full cost recovery or a variant of this option where the full \$25 million of irrigator cost overruns is recovered, is considered to likely carry a higher risk of legal challenge particularly by WIL on behalf of their shareholders given the high level of targeted rates in particular on small shareholders in WIL.
- 6.2 The acceptance of this approach requires the agreement of WIL, CIIL, WWL and the Council. For those approvals to be forthcoming then agreement and compromise needs to occur from all parties. A failure to reach an agreement has serious consequences for the Council, as it would need to fall back on the rating options and likely face a significant and costly litigation.
- 6.3 While no board decision has been made yet, Waimea Water Ltd have advised that notwithstanding that the matter is yet to be formally considered by the WWL Board, they don't see any significant reasons as to why this alternative proposal cannot proceed, providing:
 - 6.3.1 the Board properly considers and approves the proposal;
 - 6.3.2 shareholders agree to the material change as required in the constitution;
 - 6.3.3 the SHA loan agreements contemplate the refinancing risk through the Council offering a backstop roll-over provision of the long term debt at the end of the proposed 40 year term.

- 6.4 A revised Letter of Comfort (LoC) may be required from the Council and WIL that covers the proposal specifically including that the individual WWL Directors are not liable, and have no risk imposed on them, from the proposed structure involving the debt facility, as the existing LoC may not cover the anticipated funding arrangement.
- 6.5 The Chair of Waimea Irrigators Ltd has advised that the board will put the revised Option A to a meeting of their shareholders in the first week in June (likely 3 June 2021). The revised Option A constitutes a major transaction for WIL and therefore requires a special meeting of shareholders to approve it. At that meeting the WIL board will explain the merits and pros and cons of the proposal. The chair has indicated that in order to resolve matters they will be recommending the revised Option A to shareholders. There is a risk that that should WIL shareholder approval not be achieved, that the Council will need to revert to another Consultation Document option.

7. Policy / Legal Requirements / Plan

- 7.1 This revised Option A was not specifically consulted on as part of the Long Term Plan 2021-2031 Consultation Document. As noted earlier in this report, use of a shareholder advance has only become an option since the parties have reconsidered their positions in light of the impacts of the proposed targeted rate.
- 7.2 Under this revised proposal, the Council is no longer funding the \$14.6 million of irrigator cost overruns by way of targeted rate and has limited the district wide funding of the remaining \$10.15 million to five years. While not consulted on, this approach does not adversely affect the general ratepayer any differently during the first five years and improves the outcome for them for later years. It does, in part, give effect to those submissions that did not support Option A. It gives effect, in part, to those who supported the principle behind Option D where costs fall to the irrigator beneficiaries of augmented water but this would occur in a more direct way. The proposal effectively gets to an irrigator pays situation (as consistent with the intent of Option D) after the first five years. The Council could reasonably expect that the community will not be particularly concerned about the actual mechanism used to ensure that the irrigators cover their share of the cost overruns. During the first five years, the revised approach aligns more closely with Option A in the Consultation Document. This means that during the first five years a share of the cost overruns will be paid for on a district-wide basis. The likely total cost to an average residential ratepayer over this five years is in the order of \$5 per year. Staff consider that this revised approach is more equitable carries a much lower level of litigation risk than a targeted rate approach as envisioned under Option A or D.
- 7.3 If the Council was of a view that it needed to consult the community further on the options, it would not be in a position to strike targeted rates this year. That would delay any rate until the 2022/2023 rating year. It may also require an audited amendment to the LTP.
- 7.4 The Council's legal obligations in relation to planning, decision making and accountability are covered in the following paragraphs.
- 7.5 It is up to the Council to decide the extent to which the principles of consultation in section 82 of the Local Government Act 2002 are observed in any circumstances taking into account the extent to which the current views and preferences of persons who will or may be affected or have an interest in the decision are known to the Council. So, there is no legal obligation to further consult in this case if you consider you have an understanding of what the views

and preferences of the community are likely to be. You may consider that the consultation undertaken through the Long Term Plan Consultation Document provides you with a good enough understanding of the community's likely views and preferences relevant to the revised option. For example, the majority of submitters (83%) favoured Option D, which had all of the costs falling on the irrigators, which is the position this revised option gets to after the first five years. As you will know, there is no obligation to take a position that is advocated to you – even one that has majority support.

- 7.6 There are other factors that the Council must have regard to in complying with the decision making provisions in the Local Government Act 2002 including the principles in s.14 of the Act, the Council's resources and the extent to which the nature of the decision, or the circumstances in which it is taken allow the Council the scope to consider options, or the views and preferences of persons. The present circumstances include the need for the Council to fund the cost overruns through some mechanism and the legislative timeline for the Long Term Plan to be finalised and adopted by the Council on or before 30 June 2021. Any mechanism which involves rating for some or all of the cost overruns will need to be included in the Long Term Plan adopted by 30 June. This timeframe makes further consultation by the Council on any alternative proposals very problematic.
- 7.7 Among the s 14 principles that are relevant here are –
- 7.7.1.1 Openness and transparency;
 - 7.7.1.2 Giving effect to the Council's identified priorities and desired outcomes in an efficient and effective manner;
 - 7.7.1.3 The views of all communities;
 - 7.7.1.4 Community well-being and the interests of future as well as current communities;
 - 7.7.1.5 Your (strategic) priorities and desired outcomes;
 - 7.7.1.6 Collaboration with other bodies;
 - 7.7.1.7 Prudent stewardship of resources; and
 - 7.7.1.8 Effective future management of assets.
- 7.8 In addition to the matters considered above, the Council must also turn its mind to the matters in section 101(3) of the Local Government Act 2002. When the Council considered the options for Choice 2 for inclusion in the Consultation Document it decided that its preferred option to address the overall impact of the allocation of liability for the irrigators share of the cost overruns was Option A, which appropriately spread the liability for revenue collection across both the general rate and a targeted rate on properties with or serviced through an affiliated water consent (irrigators).
- 7.9 The revised Option A would achieve the same split of liability for revenue collection across both the general rate and the irrigators, as was proposed in Option A. Staff still consider this split is appropriate for the current and future of the well-being of the community, notwithstanding that the irrigator share would no longer be collected through a rating mechanism.

8. Consideration of Financial or Budgetary Implications

- 8.1 Under this approach there are overhead cost savings for the Council. The proposed targeted rate is complex to determine and set, as it uses two separate sets of information and systems. It is also not possible to be dynamic during the year as consents and water takes change. This will in itself lead to a number of enquiries and complaints. These costs can generally be avoided if a targeted rate on irrigators is not implemented.
- 8.2 The interest only cost resulting from the funding of \$5.8 million of the irrigator share of cost overruns would reduce annual interest charges by circa (from 3.8% to 1.37%) by \$230,000 per annum.
- 8.3 Staff have modelled the collective changes recommended. The results for rates revenue increases and net debt are shown in Table 9 and Table 10 respectively.

Table 9: Rates Revenue Increase Incorporating All Recommended Changes

Year	1	2	3	4	5	6	7	8	9	10
Modelled rates revenue increase (%)	4.39	4.20	4.04	6.84	6.92	4.21	1.96	2.92	4.48	3.13
Proposed rates revenue increase caps as per Consultation Document (%)	4.54	4.57	4.50	7.0	7.0	4.5	4.5	4.5	4.5	4.5
Comparison with proposed rates revenue increase caps	Within	Within	Within	Within	Within	Within	Within	Within	Within	Within

Table 10: Net Debt Incorporating All Recommended Changes

Year	1	2	3	4	5	6	7	8	9	10
Modelled net debt (\$ million)	229.5	230.6	245.8	247.0	237.8	232.1	226.5	234.8	234.7	232.9
Comparison with proposed net debt cap of \$282 million	Within	Within	Within	Within	Within	Within	Within	Within	Within	Within

9. Significance and Engagement

- 9.1 The overall level of significance of this decision is moderate to high. The matter received the highest number of submissions of any of the key issues in the LTP Consultation Document. The decision will have a duration of 40 years and impact on irrigators for that length of time. However, the duration and impact on other ratepayers across the District will be for five years. The proposal has been consulted on with WWL, WIL and CIIL and this revised option is preferred to the options outlined in the Consultation Document. While this proposal has not been consulted on with the community, the outcomes for ratepayers across the wider District are similar to those under Option A for the first five years and under Option D for

future years. Staff consider that the Council is likely to have a sufficient understanding of the community's views and preferences in relation to the proposal for it not to need to undertake consultation on this revised option.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	High for irrigators and some people in the community Moderate across the District	This decision is in relation to a key choice consulted on as part of the LTP 2021-2031 consultation.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	This is a decision to replace a proposal to levy a targeted rate with an alternative charging method that better aligns with the underlying benefits. This is a decision to levy a modest district wide rate for 5 years.
3.	Is there a significant impact arising from duration of the effects from the decision?	High for irrigators Low for wider ratepayers	This decision will impact Irrigators for up to 40 Years, but will only impact on wider ratepayers for 5 years.
4.	Does this activity contribute or detract from one of the goals in the Tasman Climate Action Plan 2019 ?	No	This decision is focused on allocation of costs.
5.	Does the decision relate to a strategic asset?	No	This decision is focused on allocation of costs.
6.	Does the decision create a substantial change in the level of service provided by Council?	No	This decision is focused on allocation of costs.
7.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Moderate	This decision impacts on targeted rates and to a lesser extent district wide rates. If approved this decision will reduce budgeted debt levels and rates increases.
8.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	This decision is focused on allocation of costs.

	Issue	Level of Significance	Explanation of Assessment
9.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
10	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
11	Does the proposal require inclusion of Māori in the decision making process (consistent with s81 of the LGA)?	No	

10. Conclusion

10.1 As a result of the ongoing negotiations with the other stakeholders Waimea Irrigators Ltd (WIL), Waimea Water Ltd (WWL) and Crown Irrigation Investments Ltd (CIIL), an opportunity for an update to the Council's proposal (Option A) has become available. The revised Option A is a reasonably practicable option now that the irrigators as represented by Waimea Irrigators Limited are willing to consider it, and as such the Council needs to consider it alongside the other options outlined in the Consultation Document; This revised Option A provides better outcomes than the other options.

10.2 Staff recommend that the Council pursues the revised Option A as it provides a better overall outcome than the alternatives. If the revised Option A arrangements cannot be settled by 4 June 2021 then the original proposal Option A should be given effect to.

Attachments

Nil