Notice is given that an ordinary meeting of the Full Council will be held on:

Date:	**Thursday 13 December 2018**
Time:	**1.30 pm**
Meeting Room:	**Tasman Council Chamber**
Venue:	**189 Queen Street Richmond**

Full Council

AGENDA

MEMBERSHIP

Mayor	Mayor Kempthorne	
Deputy Mayor	Cr King	
Councillors	Cr Brown	Cr McNamara
	Cr Bryant	Cr Ogilvie
	Cr Canton	Cr Sangster
	Cr Greening	Cr Tuffnell
	Cr Hawkes	Cr Turley
	Cr Maling	Cr Wensley

(Quorum 7 members)

Contact Telephone: 03 543 8400
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Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted.

AGENDA

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation
That apologies be accepted.

3 PUBLIC FORUM

4 DECLARATIONS OF INTEREST

5 LATE ITEMS

6 CONFIRMATION OF MINUTES

That the minutes of the Extraordinary Full Council meeting held on Thursday, 25 October 2018, be confirmed as a true and correct record of the meeting.

7 PRESENTATIONS

Nil

8 REPORTS

9 CONFIDENTIAL SESSION

8 REPORTS

8.1 ADOPTION OF FREEDOM CAMPING BYLAW AMENDMENT

Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Sarah Holman, Policy Advisor
Report Number:	RCN18-12-1

1 Summary

1.1 This report asks the Council to consider the recommendations of the Hearing Panel on the proposal to amend the Council's Consolidated Bylaw – Chapter 11 – Freedom Camping Bylaw. The proposed amendment is to add Fittal Street, Richmond to Schedule 3 so that camping is allowed subject to certain restrictions. This report then asks the Council to adopt the Bylaw amendment (**Attachment 1**).

1.2 We are planning to install an accessible, double toilet facility and a rubbish compactor at Fittal Street and to demarcate 17 time-limited parks for freedom campers. This site currently has a campervan dump station and a potable water supply. The toilet facility will be connected to the reticulated water and wastewater system.

1.3 The proposal was open for submissions between 20 October and 21 November 2018. We received a total of 20 submissions with five in support, one supporting camping in self-contained vehicles only, and 14 in opposition. At the hearing, only one submitter spoke to their submission.

1.4 The Hearing Panel heard and deliberated on all submissions on 27 November 2018 and has recommended no changes to the proposal to amend the Bylaw.

1.5 This report seeks the Council's approval to adopt the amended Bylaw in **Attachment 1**.

2 Draft Resolution

That the Full Council

1 receives the Adoption of Freedom Camping Bylaw Amendment report, RCN18-12-01; and

2 notes the recommendation of the Hearing Panel relating to the submissions on the proposed Freedom Camping Bylaw Amendment, contained in the minutes of the Hearing Panel deliberations held on 27 November 2018; and

3 adopts the amended Consolidated Bylaw – Chapter 11 – Tasman District Council Freedom Camping Bylaw to include Fittal Street, Richmond in Schedule 3 as

contained in Attachment 1, pursuant to section 11 of the Freedom Camping Act 2011 and Sections 76 to 79 of the Local Government Act 2002; and

4 agrees to the Mayor and Chief Executive Officer approving any minor editorial amendments to the Bylaw amendment; and

5 agrees that the amended Bylaw will come into effect on 14 January 2019.

3 Purpose of the Report

3.1 This report asks that the Council adopt the Hearing Panel's recommendations to amend the Consolidated Bylaw – Chapter 11 – Freedom Camping Bylaw to include Fittal Street, Richmond into Schedule 3.

4 Background and Discussion

4.1 The Freedom Camping Act 2011 does not allow a local authority to prohibit freedom camping across its entire area. It does allow us to define areas where freedom camping is restricted or prohibited.

4.2 The Council's Freedom Camping Bylaw 2017 (Bylaw) defines and identifies locations where:

- No camping may take place (Schedule 1)
- Camping is restricted to certain types of vehicles (Schedule 2)
- Camping is allowed subject to certain restrictions (Schedule 3)

4.3 In March 2018, the Council received funding from the Ministry of Business, Innovation and Employment's Responsible Camping Fund to assist with projects that help manage freedom camping in our District. Part of the funding will provide toilet and waste facilities for freedom campers in non-self-contained vehicles at Fittal Street, Richmond.

4.4 We are planning to install an accessible, double toilet facility and a rubbish compactor and to demark 17 time-limited parks for freedom campers. We will connect the toilet facility to the reticulated water and wastewater system. The site currently has a campervan dump station and a potable water supply. In order to allow non self-contained freedom camping at Fittal Street, we are required to add the site to Schedule 3 of our Bylaw.

4.5 On 18 October 2018, the Council approved the release of the Statement of Proposal to amend the Bylaw and appointed Councillors Hawkes (Chair), Brown and Turley to the Hearing Panel. Consultation was restricted to adding Fittal Street and not the wider parts of the Bylaw. General opposition to freedom camping was outside the scope of the consultation.

Submissions and Deliberations

4.6 Public consultation on the proposal was open from 20 October to 21 November 2018. We received 20 submissions, five in support, one supporting camping in self-contained vehicles only and 14 in opposition (**Attachment 2**).

4.7 The Submission Hearing and Deliberations meeting took place on 27 November 2018. Staff prepared a report for the meeting providing a summary of the submissions and staff comment and recommendations to assist with deliberations (see RSH18-11-1).

4.8 Of the five submitters in support, many asked that we provide additional monitoring and signage. In terms of monitoring freedom camping activities, we received funding of $35,000 from Government for compliance monitoring across our District.

4.9 One submitter in support requested that we provide a separate dishwashing sink. Although this matter is operational and falls outside the scope of the Bylaw amendment, the Hearing Panel was in favour of adding two separate sinks – one for dishes and one for clothes washing. This was particularly if the costs were covered by the Government funding received.

4.10 Three submitters stated they would only support self-contained vehicles at the site. This is effectively the status quo as self-contained vehicles are already permitted to camp at Fittal Street.

4.11 Of the 14 submitters that opposed the proposed amendment, six did not provide any comment to support their objection. Of those that did, there were four main themes:

a) the cost to ratepayers of providing the additional facilities, ongoing maintenance and servicing; and

b) a preference for funds to be spent on monitoring rather than providing facilities; and

c) access to the existing dump station at Fittal Street; and

d) intentional damage to nearby premises.

4.12 The costs of the new toilet and rubbish facilities at Fittal Street are fully funded by the Government's Responsible Camping Fund. The ongoing maintenance and servicing costs will however fall on ratepayers, and will be met from the Reserves and Facilities budget. To alleviate parking issues and access to the dump station, overnight camping will be restricted to between 7pm and 9am. Under our Freedom Camping Bylaw campers are only allowed to stay for two nights in any calendar month or consecutive four-week period. We will do additional compliance monitoring to make sure these provisions are adhered to. We are not aware of any evidence linking freedom camping and property damage in this area.

4.13 Of the submitters that objected to the proposal, seven also raised issues outside the scope of the consultation. These included general opposition to freedom camping, and requests for the Council not to provide facilities and to direct campers to established campgrounds.

4.14 After considering the submissions received, the Hearing Panel resolved not to make any changes to the proposed Bylaw amendment and to recommend it to Full Council for adoption.

5 Options

5.1 Option 1 Preferred Option - Approve the Hearing Panel's recommendation to adopt the amended Freedom Camping Bylaw

a) Advantages – amending the Bylaw will help us to address freedom camping pressures in our District, particularly the potential adverse effects of those using non self-contained campers. The funding provided by central government meets the cost of providing the extra facilities and the facilities can also be used by cyclists and walkers using the nearby cycle trail.

b) Disadvantages - other users of the Fittal Street carpark and some nearby business owners may be unhappy with the potential increase in freedom campers. The Council will face ongoing costs associated with cleaning and maintaining the facilities.

5.2 Option 2 – Maintain the status quo and not adopt the amended Bylaw

a) Advantages – it maintains the status quo with camping at the site restricted to self-contained vehicles.

b) Disadvantages – it does not provide the much needed facilities for non-self-contained freedom campers, meaning campers would be displaced elsewhere. This adds to the pressure already being experienced at other sites throughout our District, and the associated ongoing adverse effects.

6 Strategy and Risks

6.1 The Bylaw amendment will allow non self-contained campers at the Fittal Street car park. Staff consider there is a low risk that those campers will negatively impact other users of the Fittal Street car park facilities. In order to reduce those risks, we intend to limit overnight stays to between the hours of 7pm and 9am. We will also do regular monitoring to enforce the Bylaw provisions.

7 Policy / Legal Requirements / Plan

7.1 To meet the requirements of the Freedom Camping Act, the Council has followed the Special Consultative Procedure of the Local Government Act 2002 to amend the Bylaw.

8 Consideration of Financial or Budgetary Implications

8.1 The new accessible toilets, rubbish bins and additional monitoring and compliance costs are being met by central government funding.

8.2 The maintenance and servicing costs associated with the new facilities will be met by the Reserves and Facilities budget.

9 Significance and Engagement

9.1 Overall, staff consider that adopting the Bylaw amendment is of low significance. We have undertaken consultation through a special consultative procedure, as required under the Local Government Act 2002 and this report is the outcome of that consultation.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low	While freedom camping can generate a high level of public interest, adoption of this Bylaw amendment is of low interest with only 20 submissions received. Fittal Street is predominantly a commercial area and the carpark already provides facilities for self-contained vehicles.
Is there a significant impact arising from duration of the effects from the decision?	Low	At present the Bylaw restricts camping to self-contained vehicles. The Bylaw amendment would allow non self-contained vehicles to also camp overnight.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	N/A	
Does the decision create a substantial change in the level of service provided by Council?	No	
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	

10 Conclusion

10.1 The Hearing Panel has considered the submissions received and deliberated. The Panel resolved not to make any changes and to recommend to the Council to adopt the Bylaw amendment.

10.2 Adopting the Bylaw amendment provides another much needed site in the District for non-self-contained campers, thus helping to alleviate the current pressures we are experiencing from freedom campers. The cost of the additional toilet and waste facilities for Fittal Street are fully funded by central government. The Council also received additional funding to help monitor freedom camping activities.

10.3 This report seeks that the Council adopt the proposed Bylaw amendment.

11 Next Steps / Timeline

11.1 If adopted, the Bylaw will come into effect on 14 January 2019. We will publicly notify the amendment and will make information available through the normal media channels.

11.2 We will advise submitters of the decision and will provide reasons for either accepting, accepting in part, or not accepting their submissions.

12 Attachments

Proposed addition to Freedom Camping Bylaw 2017 - Schedule 3

The following map and information will be included in Schedule 3 of the Bylaw to allow freedom camping in the specific areas shaded green.

4. **Permitted Area**: Fittal Street, Richmond
Legal Description: Road Reserve and Part Lot 2 DP 16384

Additional Information:

All signage must be obeyed.

People camping here overnight must park in the designated parking spaces and leave the car park by the times indicated on the signs.

Occupants of non-self-contained vehicles must use the available toilets.

In all other areas of the car park freedom camping is prohibited.

Reason for restriction

To allow access to other users of this area as well as campers.

Freedom Camping Bylaw Amendment – Fittal Street, Richmond - Submissions

ID	Full Name	Organisation	Support Proposal	Submission
19408	Mr Stephen Gray		Yes	Yes I support the proposal however a toilet block is insufficient. Non self contained campers need somewhere to wash their dishes and clean their teeth etc. A stainless steel bench with a sink and tap outside the toilet block, as a minimum, seems to be necessity to me.
19419	Ms Jane Murray	Nelson Marlborough Health	Yes	NMH supports Council's proposal to amend Council's Freedom Camping Bylaw to allow freedom camping at Fittal Street. Given the provision of the new toilets at Fittal Street carpark and their proximity to the Great Taste Trail, signage regarding the toilets should be installed in the trail so that cyclists and recreational walker can utilise the facilities. The facilities at the Fittal Street may be used more frequently by local residents and freedom campers therefore NMH recommends that TDC reviews the frequency in which litter receptacles at Fittal Street car parking area are emptied in light of the proposed amendments to the bylaw. Information about safe drinking water should also be communicated to freedom campers to reduce the risk of waterborne illnesses. Council should ensure that other water sources which are not suitable for drinking, e.g. from taps in public toilet facilities, are clearly signposted to warn campers that the water is not of drinking quality and should be boiled before use. NMH recommends that TDC ensures freedom campers know where they can refill potable water.
19421	Miss Cherie Halsey		Yes	Yes I support the changes to allow 17 spaces to self-contained and non self-contained vehicles. I agree that there needs to be a time limit in place but wonder how this will be monitored. As a younger person, I would have loved to have seen more places like this available so I could have seen more of our beautiful country at a lower cost.

ID	Full Name	Organisation	Support Proposal	Submission
19422	Mr Jack Currie		Yes	We have travelled extensively in Australia and New Zealand by Motorhome and are of the opinion that the foreign travellers have little respect for our country with regard to their efforts to free camp to save money while travelling. We commend the TDC for making an effort to tidy this problem up but feel it will need to be followed up with more vigilant policing. As I write this submission I am looking out my window at a Van that has stayed overnight in the Easby Park carpark which is happening more often these days. We also wonder why we have to spend so much money ensuring our Motorhome is compliant when others can sleep in vehicles with no amenities and get away with it. Personally I think this is a problem that should be addressed by the government. In closing we support changing the Regulations to enable the facilities to be installed at the Fittal street carpark.
19432	Ms Susan Vavasour		Yes	
19388	Mr Don Lovett		Yes but only self-contained	I believe it should be self contained vehicles only
19393	Mr Allan Hardaker		No	Strongly object! Rates go up every year with more and more add ons, there are plenty of camp sites available at reasonable cost, even a council one at Tahunanui. Yet you seem hell bent on giving every camper and bum every thing for nothing, at rate payers expense. You are suppose to be doing your best for the rate payers not every free loader that comes into the district. Where is the logic behind this decision? How are they bringing revenue into the district when everything is free? The libraries give them free internet, they camp for nothing, etc. Whenever you get anything for nothing it soon turns into a utter mess, as seen in the past and then someone has to pay to clean it up. When people get things for nothing they do not value, respect or appreciate it. As a rate payer I think you should reconsider this decision.

ID	Full Name	Organisation	Support Proposal	Submission
19406	Mr Ronald Burt		No	I do not support the freedom campers being allowed to park in this area. Responsible campers in self contained vehicles need to be limited in their numbers. Access to the dump site is presently difficult enough if other vehicles are parked in the area. ie others dumping camper waste or cars parked to use the cycle trail. I have been there when five vehicles were lined up to use the dump. My observation of freedom campers is that many do not obey signage or use the facilities provided. ie. the Takaka river site
19407	Mrs Shirley BURT		No	I do not support the proposal. It is already difficult to access the dump site if there are other vehicles waiting or parked by the cycle way and 17 more would be a disaster. Signage is a waste of resources as I have never seen freedom campers take notice of it at the Takaka River site. They park on the river bank, light fires by the fire by permit only sign and fail to use the povided toilet.
19409	Mr Mark Quinney	Quinneys Bush Camp	No	No, I do not not support adding Fittal Street nor any other method of encouraging freedom campers to camp anywhere else apart from TDC registered campgrounds. I would rather see funds being directed towards the monitoring of present freedom camping sites to move them along to existing registered campgrounds. There are always issues with providing other places for them to set up and I just don't see how TDC can look at setting up any free facilities which take business away from their own camps or other camps that have to comply with their own regulations. I strongly disagree that freedom campers bring a vitality to the region and help contribute to the economy. They simply bring their rubbish and waste which they want to dump somewhere for free which ends up costing us, the ratepayers.

ID	Full Name	Organisation	Support Proposal	Submission
19410	Mr Craig Allen		No	No - I just read on Stuff.co.nz that the number of freedom campers has increased from about 10,000 in the early 2000s to "well over 100,000 in 2016...". I think this volume of visitors need to be directed towards a proper facility (i.e. camping ground) or we'll have ongoing issues, as we've been seeing. Source: https://www.stuff.co.nz/travel/news/100328366/trying-to-find-a-way-forward-on-freedom-camping
19414	Mr Paul Smith		No	No I don't support Fittal street as a freedom camp. If it were only for self contained yes . Not for anyone else. I do not believe they contribute enough to the region. I cycle from rabbit island 2/3 days a week over summer and talk to a lot of people who believe we have enough cheap camping areas for freedom campers in the area. The cost of the facilities and on going expenses just go to rate payers
19423	Miss Colleen Homer		No	No I do not support ANY regulations to allow freedom camping within the Tasman District. There are plenty of camping grounds, holiday parks and designated parks available for the mobile home association. Visitors should be camping overnight in these facilities already made available for their use. I don't go over to their countries and park up in their streets or car parks to save a few dollars in accommodation. Also they become intimidating to the locals, expecting to be able to park wherever they like, and regulations like this just encourages that sort of mentality and behavior. I think it is disgusting for the local community (and other visitors to our region) to have to put up with people washing themselves and dishes in public toilet hand basins - as I have already struck in Takaka and Nelson on more than one occasion, and we do not need this unhygienic trend to continue.
19424	Ms Colleen Bradley	Nelson Forktrucks Ltd	No	I DO NOT support adding Fittal Street Richmond to Schedule 3 of the Freedom Camping Bylaw. As a business owner in the area I am concerned about having extra people in the area after hours. This is area is mostly vacant after 5 pm and on the weekends. Over the years our business has been broken into on a number of occasions, we have 'hoons' down this area doing skids on the weekend and after hours, also Police presence looking for stolen cars, drug deals etc. I feel having more people in this area would put our business at more risk of these issues after hours. Thanks Colleen

ID	Full Name	Organisation	Support Proposal	Submission
19425	Mr Dave Verry	Store It	No	
19426	Ms Chris Condon		No	
19428	Mr Wayne Verry		No	
19429	Mr Grant Daubney		No	
19430	Ms Trudy Daubney		No	
19431	Ms Karen McLachlan	Store It	No	

MINUTES
of the
SUBMISSIONS HEARING MEETING
held
1.00pm, Tuesday, 27 November 2018
at
Tasman Council Chamber, 189 Queen Street, Richmond

Present: Cr P Hawkes (Chair), Crs A Turley and S Brown

In Attendance: Strategic Policy Manager (S Flood), Policy Advisor (S Holman), Executive Assistant (G Crichton)

1 OPENING, WELCOME

The Chair opened the meeting.

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation
That apologies be accepted.

3 REPORTS

3.1 Submissions and Hearings Deliberations Report on the Proposed Freedom Camping Bylaw Amendment 2017 - Fittal Street, Richmond

Policy Advisor, Sarah Holman, gave a brief background to the proposal and proceeded to talk to the report providing a summary of submissions received to amend the Freedom Camping Bylaw.

Moved Cr Hawkes/Cr Brown
SH18-11-3

That the Submissions Hearing Panel:

1. **receives the Submissions and Hearings Deliberations Report on the Proposed Freedom Camping Bylaw Amendment 2017 - Fittal Street, Richmond report RSH18-11-1; and**
2. **provides staff with recommendations on whether to accept, accept in part or not accept matters raised in the submissions received on the proposal to amend the Freedom Camping Bylaw; and**

3. agrees that the final proposal to amend the Freedom Camping Bylaw be presented to Full Council for consideration and adoption on 13 December 2018.

CARRIED

4 HEARING OF SUBMISSIONS

Mr M Quinney submission 19409

Mr Quinney spoke to his submission. He said another camp operator, Mr Colin Ball from the Tapawera district supported his submission. He does not believe that freedom campers give anything back to the community, are of no benefit to our region, and are undermining local businesses.

Freedom campers use his camp's facilities without paying, and he asked why Council was not supporting ratepayers who are camp ground and back packers operators that are required to meet Council regulations. He believes Council should be encouraging freedom campers to go to a proper campground and be charging other freedom campers $20 each. Mr Quinney also believes the Motor Home Association should be paying Council for parking in school grounds.

Councillors explained to Mr Quinney that Council is governed by Central Government's directives on freedom camping, and is unable to collect any fees from freedom camping. They encouraged Mr Quinney to lobby his local Member of Parliament to make changes to the Freedom Camping Act.

5 DELIBERATIONS

Councillors considered all the submissions received. Councillors discussed the proposal of adding washing facilities as requested by one submitter. Councillors were in favour of adding two outside sinks, one for laundry and the other for dish washing. Councillors requested that signs be erected above the sinks to be written in several languages so that each sink is clearly marked what its purpose was.

Ms Holman stated that staff believed sinks could potentially be included within the total funding budget for the toilet installation and rubbish bins at the site, but would need to investigate this further and report back once project costs were known.

Councillors also discussed whether road markings at the site to distinguish between self-contained and non self-contained vehicle parking should be considered (as is the case at Decks Reserve). Ms Holman explained that there were not many parking spaces at the site (17) which would make allocation of parks difficult. The Strategic Policy Manager noted that Fittal Street had far fewer spaces than Decks Reserve and she would not advise allocating spaces at this point in time. Use could be monitored over Summer.

Discussion followed on the layout of the site and the dump station. Ms Flood advised that the site had been designed to allow people to move vehicles in and out freely with ample space for turning. Time limits being proposed for overnight camping were between 7.00pm and 9.00am.

Ms Flood answered Mr Quinney's questions. She confirmed that freedom camping is regulated by Central Government legislation and Council cannot prohibit freedom camping across the entire district or charge campers. She will outline this to Mr.Quinney in a follow up letter.

Councillor Turley said she has had feedback from similar camp ground owners about freedom camping. She also asked if signage from Lower Queen Street to Fittal Street is adequate as not all people use freedom camping apps. Ms Holman said she could not recall what signage exists to the existing dump station at Fittal Street from Lower Queen Street. Councillor Brown suggested staff inform our Engineering Department of the decision and ask that they consider the need for signage for larger numbers of traffic.

Councillor Turley noted that we need to make sure our potable water is adequately marked and other distinguished not for drinking. Ms Holman said the supplies were already marked.

Councillor Brown talked about the issue of theft raised by one submitter. She noted that not all freedom campers are irresponsible. Ms Holman commented that she had discussed this with the Regulatory Services Manager and he says Council has not had any issues with vandalism at Fittal Street to date.

Conclusion

The Hearing Panel agreed to proceed with Option 1 of the report, to present the proposed amendment to the Freedom Camping Bylaw to Full Council on 13 December 2018 for consideration and adoption.

The meeting concluded at 1.40 pm

Date Confirmed: Chair:

8.2 ANNUAL PLAN 2019/2020 - CONSULTATION AND ENGAGEMENT

Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Alan Bywater, Senior Policy Advisor; Matthew McGlinchey, Finance Manager; Kelly Kivimaa-Schouten, Revenue Accountant; Sharon Flood, Strategic Policy Manager
Report Number:	RCN18-12-2

1 Summary

1.1 The Annual Plan for the 2019/2020 year contains a minor rate rise (2.74%) compared with the corresponding year in the Long Term Plan (LTP) 2018-2028 (2.42%). In order to achieve a deliverable work programme and keep within our Financial Strategy debt limit, we propose changes to the scheduling of some capital projects. For the majority of these projects, the changes are for technical and operational reasons.

1.2 The proposed net debt level for 2019/2020 is $184 million. This is comparable to the forecast LTP net debt level of $194.4 million for the same year.

1.3 Under the Local Government Act 2002 (the Act), we are only required to consult on our Annual Plan if there are changes for the corresponding year in the LTP that are significant or material. If we carry out consultation, this must be consistent with the principles in section 82 of the Act.

1.4 Staff have undertaken an assessment of the proposed changes and our view is that there are no significant or material changes proposed. As discussed at our workshops, we recommend that you undertake an informal communication process with our community during March/April 2019.

1.5 We have a number of fees and charges that we review and set each year. This process requires consultation using the Special Consultative Procedure, which we propose to undertake in March/April 2019.

2 Draft Resolution

That the Full Council

1. **receives the Annual Plan 2019/2020 - Consultation and Engagement report, RCN18-12-02; and**
2. **agrees that the proposed changes to the work programme, debt levels and rates for 2019/2020, compared to those set out in year 2 of the Long Term Plan 2018-2028, are not significant or material; and**

3. **agrees not to produce an Annual Plan Consultation Document for 2019/2020; and**
4. **instructs staff to prepare a less formal communication process which does not involve calling for submissions from the community; and**
5. **notes that a final Annual Plan and rates resolution will be brought to a Council meeting in May 2019 for consideration and adoption; and**
6. **notes that a report and Statement of Proposal will come to the Council in February 2019 outlining the proposed Schedule of Charges for 2019/2020; and**
7. **agrees to include a budget of $100,000 in 2018/2019 for the design of the Mapua Water Trunk Main Renewal in the Water Supply activity; and**
8. **agrees to increase the Resource Recovery Centre Pavement Renewals budget in the Solid Waste activity by $164,000 in 2018/2019.**

3 Purpose of the Report

3.1 To provide information on the proposed rates, debt level and capital programme changes for our Annual Plan 2019/2020. We also seek a decision on whether Council wishes to undertake formal community consultation prior to adopting the final Annual Plan.

4 Background and Discussion

4.1 At workshops on 27 November 2018 and 5 December 2018, Councillors discussed the changes in rates, debt level, capital programme, key rate movements and reviewed the impact on example properties for the 2019/2020 year. The key points covered at the workshop were:

4.1.1 The proposed total rates income increase in the Annual Plan will stay below our 3% self-imposed financial cap at 2.74%; and

4.1.2 The proposed net debt level for 2019/2020 and subsequent years will stay below our $200 million Financial Strategy cap.

4.1.3 There are a number of changes proposed for our capital work programme in 2019/2020.

4.1.4 For our 26 sample properties, the variances in rates compared with the LTP are between 2% less to 1.2% more rates. In dollar terms this equates to between $59 less for a ratepayer and up to $376 more for another. Please note that due to timing, rates impacts are interim and subject to the completion of quality control procedures and legal review.

4.1.5 The property that has the largest rates increase ($376) compared to the LTP, is a property with a capital value of $77m with total rates of more than $170,000. The increase from this property is only 0.2% when compared with the LTP.

4.2 We do not propose to change the levels of service as set out in year 2 of our LTP 2018-2028.

Rating Changes

4.3 The proposed total rates income increase is 2.74%, compared with 2.42% for the 2019/2020 year in the LTP.

4.4 The main changes to our operating budgets that result in this increase are:

4.4.1 A $100,000 increase in the Rivers activity account to replenish the emergency fund following the financial costs associated with ex-cyclones Fehi and Gita; and

4.4.2 $250,000 for the review of the Tasman Resource Management Plan; and

4.4.3 $150,000 to action the findings of Council’s Capacity and Capability Review; and

4.4.4 higher insurance premiums of $250,000;and

4.4.5 increased staffing costs, including allowance of an additional 1% in salaries to respond to labour market pressures.

4.5 Offsetting these increased costs are infrastructure reductions of $200,000 for one-off project costs, and lower interest costs of $800,000.

4.6 While the total rates revenue increase will be 2.74%, the incidence of rates will not fall evenly across the District. This means that the impact on individual ratepayers will be variable.

Debt Changes

4.7 The proposed debt level in the Annual Plan 2019/2020 will be lower than the forecast debt for the same year in the LTP 2018-2028.

4.8 The Financial Strategy in the LTP 2018-2028 sets a limit to external debt of $200 million. Debt for the 2019/2020 year is forecast to be within this limit.

4.9 With the proposed changes to our capital works programme, the peak debt level will change in the LTP 2018-2028 from $199.6 million in 2019/2020 to $199.2 million in 2020/2021.

Changes to the Capital Programme

4.10 We are proposing a number of changes to our capital works programme in the Annual Plan 2019/2020.

4.11 Many of these changes are the result of a range of technical and/or operational issues. We have also rescheduled some projects in order to accommodate our workload carried over from the 2017/2018 year. The amended programme also attempts to address our continual carrying forward of unfinished/started projects at year end into the following year.

4.12 The major changes made to the capital programme over the period of the LTP 2018-2028 are:

Project	Change	Impacts Annual Plan 2019/2020
Champion Road Roundabout and Underpass	Reduction in the Council's share of funding due to increased contributions from external parties. Total budget and timing remains the same.	No
Brightwater Town Centre Upgrade	Reduction in the Council's share of funding due to increased contributions from external parties. Total budget and timing remains the same	No
Nelson Regional Sewerage Business Unit (NRSBU)	Pending outcomes of resource consent application, upgrade works delayed by one year. Estimate for renewal work reduced.	Yes
Washbourn Bypass and Poutama Drain stormwater improvements	Delayed by one year. Construction now scheduled to commence in 2022/2023.	No
Headingly Lane wastewater pump station and main	Pending the scope of the NRSBU upgrade works. Scope reduced to only allow for upgrade of the pump station. Upgrade of the rising main has been removed.	No

Project	Change	Impacts Annual Plan 2019/2020
Lower Queen Street bridge widening for improved stormwater capacity	Delayed by one year. Construction scheduled to commence in 2024/2025.	No
Reed/Andrews drain widening	Delayed by one year. Construction scheduled to commence in 2024/2025.	No
Wakefield water treatment plant upgrade	Delayed by two years. Construction scheduled to commence 2020/2021.	Yes
Salisbury Road water pipe upgrade	Delayed by one year. Construction scheduled to commence 2022/2023.	No
Eighty Eight Valley water treatment plant	Delayed by one year. Construction scheduled to commence 2023/2024.	No
Wakefield/Brightwater wastewater trunk main	Partially delayed by one year. Construction scheduled to commence 2023/2024.	No
Pohara/Tarakohe wastewater pump station and rising main	Delayed by one year. Construction scheduled to commence 2024/2025.	No
Resource Recovery Centre pavement renewals	Advanced from 2019/20 to 2018/2019 ($164,000).	Yes
Martin Avenue water pipe renewal	Advanced from 2020/21 to 2019/2020.	Yes
Mapua water trunk main design (Moturoa/Rabbit Island)	Design to commence in 2018/2019 and conclude in 2019/2020, prior to construction in 2020/2021. 2019/2020 budget of $250,000 reduced to $150,000. New budget of $100,000 added in 2018/2019.	Yes
Whitby Road and Whitby Way water pipe renewal	Advanced three years from 2022/2023 to 2019/2020.	Yes
Reserve Financial Contributions (RFC) Land Purchases – Across District	Reduced land purchase spend in the RFC account by $300,000 in 2019/2020.	Yes

4.13 Several of the changes to the capital programme take place after the 2019/2020 year and will be confirmed in future Annual Plans and/or LTPs.

4.14 To enable the changes in the above table, the following changes need to be made to the 2018/19 budgets:

- Resource Recovery Centre pavement renewals – increase of $164,000. This will allow pavement renewals that are planned for 2018/19 and 2019/20 to be packaged together and be delivered within 2018/19 financial year. This creates cost efficiency by minimising procurement costs.

- Mapua water trunk main renewal – increase of $100,000. This will allow design to start earlier and be undertaken over a two-year period. This reduces on-time delivery risks.

4.15 Under the Local Government Act 2002 (Act) we must publish an Annual Plan for 2019/2020 by 30 June 2019. We are only required to consult on our Annual Plan if there are changes for the corresponding year in the LTP that are significant or material. If we carry out consultation, it must be consistent with the principles in section 82 of the Act.

4.16 Staff have undertaken an assessment of the proposed changes (**Attachment 1**) and are of a view that they are not material or significant. See Section 9 below for the full discussion and assessment.

5 Options

5.1 Options

- Option 1 – **Recommended Option**. Determine that the changes in the Annual Plan 2019/2020 **are not** significant or material and prepare an informal communication plan with the key messages on the rates, debt and our capital work programme.
- Option 2 –Determine that the changes in the Annual Plan 2019/2020 **are** significant or material, prepare a consultation document and undertake a consultation process consistent with section 82 of the Act.
- Option 3 – Determine that the changes in the Annual Plan 2019/2020 **are not** significant or material, but choose to prepare a consultation document and undertake a consultation process consistent with section 82 of the Act.
- Option 4 - Determine that the changes in the Annual Plan 2019/2020 **are not** significant or material and decide not to carry out active communication on the Annual Plan 2019/2020.

5.2 The advantages and disadvantages of each option are summarised in the table below.

Option	Advantages	Disadvantages
Option 1 - Determine that the changes in the Annual Plan 2019/2020 are not significant or material and prepare an informal communication plan focusing on the key messages on the rates, debt and capital work programme.	• Provides the Council with the ability to personally communicate the changes in the 2019/2020 year to our community without undertaking formal consultation. • Means a consultation document, submissions and hearings are not required. • Annual Plan adoption earlier (end of May 2019).	• Small possibility of a legal challenge to our significant or material assessment. • Some members of the public who wish to make formal submissions to the Council may be disappointed.

Option	Advantages	Disadvantages
	• Avoids consultation fatigue for our community.	
Option 2 – Determine that the changes in the Annual Plan 2019/2020 are significant or material, prepare a consultation document and undertake a consultation process consistent with section 82 of the Act.	• Members of the public have an opportunity to lodge submissions on the changes proposed for the 2019/2020 year. • Provides the opportunity for staff and Councillors to formally consult with the community. • Legal challenge to process very unlikely.	• Resources and time required to develop a consultation document and enable the opportunity for public feedback. • Feedback likely to be received on a wide range of Council's plan for 2019/2020, not just the changes from the LTP. • Limited ability to change some of the proposals (e.g. capital projects delayed due to technical/operational reasons). • Risk of community consultation fatigue.
Option 3 – Determine that the changes in the Annual Plan 2019/2020 <u>are not</u> significant or material, but choose to prepare a consultation document and undertake a consultation process consistent with section 82 of the Act.	As per Option 2.	As per Option 2.
Option 4 - Determine that the changes in the Annual Plan 2019/2020 are not significant or material and decide not to consult the community on the key outcomes of the Annual Plan (eg rates, debt, works programmed).	• Cost and time saving as reduces staff time and resources. • Avoids eliciting feedback on proposals which we have limited ability to change (e.g. capital projects delayed due to technical and operational reasons). • Annual Plan adoption earlier (end of May 2019).	• Small possibility of a legal challenge to our assessment that there are no "significant or material" changes proposed to 2019/2020. • Does not provide staff and Councillors opportunity to communicate Council's plan for 2019/2020. • Likely to elicit queries from our community about their rates and other changes.

6 Strategy and Risks

6.1 If you decide not to carry out formal consultation on the Annual Plan, there is a possibility that someone may challenge our assessment that there are no significant or material differences from the content of year 2 of our LTP 2018-2028.

6.2 Staff consider it is unlikely that there would be a successful legal challenge based on the overall changes proposed to our rates revenue, net debt level and capital works programme.

6.3 The impact of changes in rates from the LTP for the sample properties is modest, ranging between 2.0% less to 1.2% more. The changes to individual rates are also generally modest with some individual rates increases and some individual rates decreases against Year 2 of the LTP. For example the Dovedale Rural Water Supply Differential A rate has increased by $18 and the Urban and Motueka Water Supply Service Charges have decreased between $13 and $11. Some modest changes such as the 0.2% increase in the general rate will have larger dollar value impacts on properties with higher capital values.

7 Policy / Legal Requirements / Plan

7.1 Section 95 of the Act states that the Council must prepare and adopt an annual plan for each financial year.

7.2 The Act identifies the requirement to consult in a manner that gives effect to the requirements of section 82 (under the principles of consultation, not a special consultative procedure) before adopting an annual plan. This requirement does not apply if the annual plan does not include significant or material difference from the content of the long term plan for the financial year to which the annual plan relates.

7.3 Under Council's Significance and Engagement Policy a matter or decision is considered to be significant if all the following three conditions are met:

7.3.1 It has a high level of significance; and

7.3.2 It is determined to be significant by Council through resolution; and

7.3.3 We have not previously consulted on it using a special consultative procedure, including the LTP or Annual plan.

7.4 The Act does not define what constitutes a material change from an LTP.

7.5 If you agree with our assessment of the significance and materiality of the changes from the LTP 2018-2028 (in Attachment 1), then you could adopt Option 1 and instruct staff not to prepare a consultation document but to prepare an informal communication plan.

7.6 There are also a number of fees and charges that require consultation under separate legislation, for example Resource Consent fees. We will bring a report to the February 2019 Council meeting on the Schedule of Charges, together with a Statement of Proposal for the Council's consideration.

8 Consideration of Financial or Budgetary Implications

8.1 The proposed budgets for 2019/2020 show a minor increase in overall rates income and lower debt than forecast in our LTP. The total capital expenditure programme also has relatively minor changes to what we proposed in year 2 of our LTP.

8.2 There are financial savings to the Council by not producing a consultation document or carrying out a formal consultation process. These savings include the costs of any hearings, design and printing costs, responding to submissions and advertising.

8.3 If Council chooses to carry out informal communications, some minor costs will remain.

9 Significance and Engagement

9.1 Staff have assessed the level of significance below based on the overall change to rates revenue, the impact of the rates increases on example properties and the changes to the capital programme proposed.

9.2 Councillors should note that for the changes to be ‘significant’, they would need to be not only of high significance and not consulted on using a Special Consultative Procedure, but the Council would also have to formally determine that they are significant.

9.3 We carried out a full assessment of the significance and materiality of each of the changes in the Annual Plan in Attachment 1.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Medium	Any increase in rates tends to have a high level of public interest. In this case we consider the increase to be minor at 0.32%. For most ratepayers the magnitude of change in rates is small (and in many cases positive). For those ratepayers experiencing the biggest increases, the issue is considered to be of medium significance. Public interest in the specific projects rescheduled is of medium to low interest based on the number of submissions received through the LTP process.
Is there a significant impact arising from duration of the effects from the decision?	Low	The decision on rates is for the 2019/2020 year only, but these changes are carried into the following years unless the Council makes a decision otherwise (i.e. forms the base from which future increases are calculated). The Council will publish a new Annual Plan for 2020/2021 and will consider the rates levels again at that time. The Council could revisit the timing of some of the capital projects, but they have mostly been delayed due to operational and technical reasons.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	NA	A number of projects relate to some component of our strategic assets, but the strategic assets list refers to the systems in their entirety.
Does the decision create a substantial change in the level of service provided by Council?	Medium/Low	The decision does not reduce any levels of service. In some cases improvements to levels of service will be delayed.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Medium/Low	The decision involves a relatively small increase in rates compared with that signaled in the LTP. Changing the timing of the capital projects helps to moderate debt levels and keep them below our Financial Strategy cap.

9.4 In order to determine whether or not formal consultation is required, we must consider the materiality of our proposed changes. The Act indicates that a difference or variation is material if it could, itself or in conjunction with other differences, influence the decisions or assessment of those reading or responding to the consultation document.

9.5 The Society of Local Government Managers provides some guidance for councils to use in assessing the materiality of changes from the LTP.

9.6 None of the changes proposed in our Annual Plan 2019/2020 involve a change to, or depart from our Financial Strategy. There are relatively minor changes to our Funding Impact Statement driven by the increase in rates revenue.

9.7 The proposed Annual Plan 2019/2020 changes do not in themselves drive any immediate changes to our levels of service. The change in timing of some of our capital projects however affect when improvements in levels of service (to some people) will be realised.

9.8 The proposed rates increase and capital programme changes are unlikely to alter a reasonable person's view about the affordability of the Annual Plan as a whole.

9.9 The impact of the rates increase for most example properties is considered unlikely to lead to a reasonable person making a submission. For those ratepayers with more significant rates increases, they may have liked the opportunity to make a submission.

9.10 Staff consider that taking all these factors together in the context of the entire LTP and Annual Plan, the changes are not significant or material.

9.11 Staff have provided an assessment of the changes proposed in the Annual Plan 2019/2020 for materiality and against the criteria for determining whether they are significant in Attachment 1.

10 Conclusion

10.1 The Council carried out a robust process in developing the Long Term Plan 2018-2028. The budget and programme of work for 2019/2020 is substantially aligned with that set in our LTP. A small increase in the level of rates income, and variations to the capital works programme are the main changes proposed in the Annual Plan 2019/2020.

10.2 Staff do not consider the impact of the changes from the LTP 2018-2028 in the proposed Annual Plan 2019/2020 are significant and material. Consequently, staff do not consider that formal consultation is required under the Act.

11 Next Steps / Timeline

11.1 Staff will develop a communication plan for the Annual Plan 2019/2020.

11.2 We proposed to discuss the communication plan with Councillors at a workshop in early March 2019.

11.3 Provided the Council decides to informally communicate with our community, our timeline is for the Council to adopt the Annual Plan 2019/2020 and rates resolution on 31 May 2019.

12 Attachments

ASSESSING MATERIALITY AND SIGNIFICANCE OF ANNUAL PLAN 2019/2020 CHANGES

Criteria for Determining an Issue or decision is Significant

Under Council's Significance and Engagement Policy to be 'significant' the decision or issue has to meet all of the following:

(a) Have a high level of significance.

(b) Determined to be significant by Council.

(c) Not previously consulted on using the SCP.

Materiality Criteria/assessment

Clause 95A(5) of the Local Government Act 2002 states the following:

For the purposes of this section, a difference, variation, or departure is material if it could, itself or in conjunction with other differences, influence the decisions or assessment of those reading or responding to the consultation document.

SOLGM provided the following guidance to assist in assessing whether changes in an Annual Plan are material:

- Does the difference involve a Change to the FS or FIS?
- Might the difference(s) alter a reasonable person's conclusions about the affordability of the plan?
- Might the difference(s) alter a reasonable person's conclusions about the levels of service contained in the plan?
- Might the difference(s) lead to a reasonable person deciding (or not deciding) to make a submission on any consultation document (e.g. has some policy shift been signalled)?

A 'yes' answer to any of these suggests the changes are material.

A number of Councils consider these criteria to be overly risk averse.

Change – Variations to the capital programme in 2019/2020

Total reduction of $4.7 million from the 2019/2020 year in the LTP. From total capital budget in LTP of $44.6m c.11% reduction (from the budget in the LTP). We have altered the timing of projects rather than any projects identified in the LTP 2018-2028 being removed from the programme.

Project	**Change**	**Impacts Annual Plan 2019/2020**
Nelson Regional Sewerage Business Unit (NRSBU)	Pending outcomes if resource consent application, upgrade works delayed by one year. Estimate for renewal work reduced.	Yes
Wakefield water treatment plant upgrade	Delayed by two years. Construction scheduled to commence 2020/2021.	Yes
Resource Recovery Centre pavement renewals	Advanced from 2019/2020 to 2018/2019 ($164,000).	Yes
Martin Avenue water pipe renewal	Advanced from 2020/2021 to 2019/2020.	Yes
Mapua water trunk main design (Moturoa/Rabbit Island)	Design to commence in 2018/2019 and conclude in 2019/2020, prior to construction in 2020/2021. 2019/2020 budget of $250,000 reduced to $150,000. New budget of $100,000 added in 2018/2019.	Yes
Whitby Road and Whitby Way water pipe renewal	Advanced three years from 2022/2023 to 2019/2020.	Yes
Reserve Financial Contributions (RFC) Land Purchases – Across District	Reduced Land Purchase spend in the RFC account by $300,000 in 2019/2020.	Yes

Assessing Materiality:

Criteria/assessment (A 'yes' answer to any of these suggests the changes are material).	**Change to be assessed**
Does the difference involve a Change to the Financial Strategy (FS) or Financial Impact Statement (FIS)?	Minor changes FIS. No change to FS.
Might the difference(s) alter a reasonable person's conclusions about the affordability of the plan?	No. The overall change to the capital programme for 2019/2020 is a reduction and maintains the budgeted debt below our

	$200m external debt cap through to 2028 which indicates it is affordable.
Might the difference(s) alter a reasonable person's conclusions about the levels of service contained in the plan?	No. Impacts Level of Service (LOS) in terms of the timing of some projects i.e. improved LOS not achieved as early as indicated in the LTP.
Might the difference(s) lead to a reasonable person deciding (or not deciding) to make a submission on any consultation document (e.g. has some policy shift been signalled)?	No. The reduction in the overall capital programme in 2019/2020 is unlikely to elicit submissions. We might get submissions from individuals directly affected by the capital projects being delayed, however the number of submissions on these projects in the LTP process was low. .

Assessing Significance – use the Significance and Engagement Policy

Issue	**Level of Significance**	**Explanation of Assessment**
Is there a high level of public interest, or is decision likely to be controversial?	Low/Medium	There is low Interest in the projects affected based on number of submissions to the LTP. May be interest from some who were expecting the programme in the LTP to be completed.
Is there a significant impact arising from duration of the effects from the decision?	Medium	Projects are continuing but over a longer timeframe. In most cases we cannot implement the projects as early as indicated in the LTP for a range of technical and/or operational reasons.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)		No. A number of projects relate to some components of strategic assets but strategic assets list refers to the systems in their entirety.
Does the decision create a substantial change in the level of service provided by Council?	Low	Impacts LOS in terms of the timing of some projects i.e. improved LOS not achieved as early as indicated in the LTP. In most cases we don't have the option to carry out the projects as early as indicated in the LTP for a range of technical and/or capacity reasons.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	Changing the timing of these projects helps to moderate debt levels in 2019/2020. We can accommodate these changes within the Financial Strategy debt cap. .

Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?		
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?		
Does the proposal or decision involve Council exiting from or entering into a group of activities?		

Does this decision meet all the necessary criteria to be significant?

Criteria	**Criteria Met?**
Has a high level of significance	No – Significance low/medium
Determined to be significant by Council	Council could make a decision that the changes are significant at 13 December 2018. However the low/medium significance means we could not consider the decision to be significant.
Not previously consulted on using the SCP	Yes. The changes have not be consulted on previously.

Change – Increase in rates revenue for 2019/2020

Overall change in rates revenue increase is from 2.42% in LTP to 2.74% in Annual Plan i.e. 0.32%. This is equivalent to approximately $234,000.

Of our 26 sample properties the rates level reduces for 16 and increases for 10.

In our sample properties the range of impacts the change has is as follows:

Biggest Reductions

Example Property	% change from LTP Year 2	$ change from LTP Year 2
Residential – Murchison, with 121m^3 of urban water	-2.0	-$50
Residential – Mapua, with 146m^3 of urban water	-0.9	-$34
Residential – Kaiteriteri, with 127m^3 of urban water	-0.8	-$35
Residential – Wakefield, with 151m^3 of urban water	-1.1	-$36
Residential – Richmond, with 106m^3 of urban water	-0.6	-$32
Lifestyle Tasman with 2m^3/day restrictor, Rural Water Extension to Urban Water Scheme	-0.8	-$33
Commercial – Queen St, Richmond, with 106m^3 of water, urban water supply metered connections.	-0.5	-$45
Commercial – High St, Motueka	-0.8	-$59

Biggest Increases

Example Property	% change from LTP Year 2	$ change from LTP Year 2
Dairy Farm – Collingwood-Bainham	0.5	$111
Horticultural – Waimea West, with 9 hectares with waters supply dams – Wai-iti Valley Community Dam	1.2	$97
Forestry - Motueka	0.6	$63
Horticultural - Hope	0.7	$34
Utility	0.2	$376
Lifestyle – Neudorf, with 2m^3/day restrictor, Dovedale Rural Water Scheme	1.0	$31

Assessing Materiality:

Criteria/assessment (A 'yes' answer to any of these suggests the changes are material).	**Change to be assessed**
Does the difference involve a Change to the FS or FIS?	Minor change in the FIS driven by overall rates revenue change. No change to FS.
Might the difference(s) alter a reasonable person's conclusions about the affordability of the plan?	No. The overall change in rates revenue increase is small. Relatively few properties will have larger adverse changes to their rates. The dollar

	increases are relatively small percentage increases.
Might the difference(s) alter a reasonable person's conclusions about the levels of service contained in the plan?	No change to level of service from the change in rates.
Might the difference(s) lead to a reasonable person deciding (or not deciding) to make a submission on any consultation document (e.g. has some policy shift been signalled)?	Unlikely as only a small change to overall rates revenue. Relatively few properties will have larger adverse changes to their rates. The dollar increases are relatively small percentage increases.

The likely over sensitivity of the criteria means that, whilst it could possibly be argued that the criteria is triggered for a small subset of reasonable people, we can probably conclude the changes are not material.

Assessing Significance – use the Significance and Engagement Policy

Issue	**Level of Significance**	**Explanation of Assessment**
Is there a high level of public interest, or is decision likely to be controversial?	Medium/low	There were 109 on rates levels/rates cap in the LTP process, however the proposed increase is small and overall rates increase is still modest. For most rate payers the changes are small (and in some cases positive).
Is there a significant impact arising from duration of the effects from the decision?	Low	Primary impact is on the 2019/2020 year. Council develop an Annual plan for 2020/2021 and will make decisions on the rates increase at that time.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)		No.
Does the decision create a substantial change in the level of service provided by Council?		No
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	Relatively small increase in rates revenue.
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?		

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?		
Does the proposal or decision involve Council exiting from or entering into a group of activities?		

8.3 REQUEST FOR FUNDING - RIVERS ACTIVITY

Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Giles Griffith, Rivers and Coastal Engineer; Jamie McPherson, Transportation Manager; Matthew McGlinchey, Finance Manager
Report Number:	RCN18-12-3

1 Summary

1.1 Two large and damaging storms in April 2017, and February 2018 (ex-cyclone Gita) caused a lot of damage to our districts rivers. Flood damage repairs from these storms, combined with business as usual riverworks, has driven a spike in expenditure over the last 18 months. As a result the rivers management activity is forecast to be overdrawn by approximately $2,230,000 by the end of the 2018/19 financial year.

1.2 Options are presented in this report as to how the Council could respond to the current funding shortfall.

1.3 The recommended option is that the Council grants a transfer of $2,233,000 from the General Disaster Fund, in line with the Emergency Event Funding Policy (**Attachment 1**), to bring the river account balance to a forecast zero balance at year end. The actual spend on cyclone Fehi/Gita is forecast to be $2,574,000 which means the Rivers Business As Usual Activity has funded $330,000 of the Cyclone costs.

2 Draft Resolution

That the Full Council:

1. **receives the Request for Funding - Rivers Activity report, RCN18-12-03; and**
2. **approves the transfer of $2,233,000 from the General Disaster Fund into the Rivers Activity budget so that river maintenance and flood repairs can continue in a timely manner for 2018/19; and**
3. **notes that in order to maintain the current level of service the Rivers activity is likely to require higher ongoing funding as weather patterns are expected to continue to cause significant damage.**

3 Purpose of the Report

3.1 The purpose of this report is to:

- Inform the Council of the current forecasted financial deficit if all outstanding required river works and flood repairs are completed by the end of the 2018/19 financial year; and
- Request a transfer of funds from the General Disaster Fund to the rivers activity to allow completion of this work in a timely manner.

3.2 This report also indicates that it will be prudent to increase the rivers activity income in future years if levels of service are to be maintained.

4 Background and Discussion

4.1 Over the previous seven years the rivers activity has been able to operate with an overall positive closed account balance. Responding to regular smaller floods over different catchments has made up a large proportion of the workload. This included the December 2010 event which affected the Aorere (a near- 200 year return period flood in that river) and a number of subsidised catchments, costing $3 million in total.

4.2 The $3.2 million of income for the rivers activity is largely funded by targeted rates, with around 17% of revenue coming from the Waimea berm leases and gravel extraction.

4.3 In a typical year around $2.2 million is spent through the river maintenance contract and on subsidised repairs, with the balance being spent on salary and wages, overheads, depreciation, transfer to reserves, resource consent and professional service consultancy fees.

4.4 The activity is highly reactive in response to flood events.

4.5 A storm event event during Easter 2017 affected the Dove and Moutere Rivers severely in particular, along with smaller subsidised catchments and to a lesser extent the Wai-iti River. These three rivers are rated to be fully maintained by the Council ie. there is no additional payment from landowners to undertake required works.

4.6 In quiet years the flood reserve (Classified Rivers Protection Fund) is able to build up, while being drawn down in flood-response years. The fund contributes to the overall closed account balance.

4.7 Flood repairs in all but the Wai-iti were completed by 2018, with the much more widespread ex-Cyclone Gita event in February 2018 again hitting these same rivers along with the Upper Takaka catchment, west and east bank lower Motueka and Riwaka delta and river catchments, and Marahau. A higher proportion of the damage was in subsidised catchments where landowners pay a low level of river rates but must contribute at least 50% of funds for agreed repairs.

4.8 While we can complete the outstanding works and stay within current budgets, it would take an unreasonably long time to do this, at least until January 2020 assuming no further flood events are experienced in this time. The account balance would still be in deficit and there would be no flood reserve even in this case. The probability of a flood event within this time is unknown but would be likely, taking recent history into account.

4.9 Even if funding is provided in the short term to complete works by the middle of 2019, we lack a buffer for future events and run the risk of staying in deficit and being unable to build up the flood reserve. A future ongoing increase in income to the activity will therefore also be required if we are to respond to flood events within currently expected timeframes.

4.10 Table 1.0 below shows the forecasted financial year end position if we are to complete all ex-Cyclone Gita repairs in the 2018/19 financial year.

Rivers Financial Position

	General	Emergency	Total
As at 1 July 2017 Surplus Balance	**1,101**	**1,109**	**2,210**
Actual 2017/18			
Revenue			
Rates	2,746	0	2,746
Interest Revenue	0	21	21
Total Revenue	**2,746**	**21**	**2,767**
Expenditure			
Aorore 2010 Write Off	0	1,437	1,437
Gita/Fehi	0	841	841
Normal BAU	2,894	0	2,894
Total Expenditure	**2,894**	**2,278**	**5,172**
Closing Balance 30/06/18	**953**	**-1,148**	**-195**
Forecast 2018/19			
Revenue			
Rates	3,042	0	3,042
Interest Revenue	0	0	0
Total Revenue	**3,042**	**0**	**3,042**
Expenditure			
Aorore Write Off	0	0	0
Gita/Fehi	0	1,733	1,733
Normal BAU	3,347	0	3,347
Total Expenditure	**3,347**	**1,733**	**5,080**
Forecast Closing Deficit Balance 30/06/19	**648**	**-2,881**	**-2,233**
Use Rivers Surplus to offset Fehi/Gita	-648	648	0
Forecast Closing Deficit Balance 30/06/19	**0**	**-2,233**	**-2,233**

Table 1.0 Forecast position at end of 2018/19 if all outstanding required works completed

4.11 The current focus is on programmed works in the waterways worst affected by ex-Cyclone Gita. The majority of the Dove and a significant portion of the Moutere River damage has been completed, with work well underway on the Wai-iti. Flood damage in the Upper

Motueka is nearly up to date, with the next areas being the Tadmor and Sherry Rivers once the Wai-iti is finished. Ex-Cyclone Gita-related repairs in the Upper Takaka and Waingaro Rivers were completed soon after the event.

4.12 The Upper Motueka main stem suffered only minor damage from ex-Cyclone Gita, however a smaller event in July 2018 caused quite significant damage to new areas. It was not until April that sufficient work had been identified so that extra resources could be brought in to effect repairs.

4.13 There are works in the Aorere and Kaituna yet be undertaken. Work in the Aorere River with its high rainfall catchment is generally done over January to March when access over paddocks is possible. This is a Y rated river with the largest and most frequent high flows, so individual job values are usually large.

4.14 We are deferring non-urgent items such as willow layering (pushing willows down to rejuvenate them). While there will be a flow-on effect of this with additional layering required in future years, there is more leeway to defer this work than repairing flood damage.

4.15 We have put subsidies for native riparian plantings on private property on hold, noting that the Environment and Planning Department now have a $100,000 annual fund for continuing this work.

4.16 We have considered reducing River Z subsidies for flood protection and river control work in this area that is still being funded 50/50 with landowners, however this creates inequities between landowners and we do not believe we are at the point where this is necessary. .

4.17 Our river spray programme will again be small this year (~$100,000). This is largely due to a reduction in workload as regular spraying over the last eight years has greatly reduced woody weeds in our maintained rivers. It is recommended that we do not reduce this entirely as this would lead to a greater workload next season with more seeding and larger weeds to spray.

4.18 We have also reduced our planting programme slightly, but any major reduction may mean a loss of contracting staff involved in this work. These workers will be very hard to replace given the tight labour market, skillset and attitude required for this physically demanding work.

4.19 Expertise in planting and managing both willows and natives has been rebuilt over a number of years with a committed and skilled team now in place. With our integration of hard protection works and vegetation and the additional requirements of our relatively new global river works consent, this is an area of the programme that we need to maintain if not improve our performance in. If it is done well it will provide ongoing benefit to the rivers activity and community outcomes.

4.20 Stopbank mowing, flap gate inspections and maintenance associated with drainage and flood protection schemes, is a minor cost and it is important for these valuable assets that this work continues.

5 Options

Short Term Options5.1 **Option 1** - Continue to complete required works at the current rate in both Council maintained and non-Council maintained (subsidised) waterways to repair outstanding flood damage. Funds would be transferred from the General Disaster Fund (GDF) for 2018/19 to the value of $2,233,000. This is the recommended option.

Pros

- Would mean the damage would be repaired in the shortest practical time reducing the risk of another flood exacerbating the damage further, which could otherwise lead to greater cost for the community including the Council.
- Would not cause an increase in rates.
- Using the GDF is in line with the Emergency Event Funding Policy.

Cons

- Reduces the GDF by $2,233,000. The fund is currently sitting at $4,420,000. Less funds will be available for other disasters until it builds up again.
- There is no guarantee when or if the fund will be replenished depending on the size and frequency of future flood events. More money would need to be borrowed or rates would need to increase should a significant event/damage be experienced before the fund is replenished.

5.2 **Option 2** - Cut back spending with the objective of meeting our annual budgets by the end of the 2018/19 financial year. Realistically this could not happen until early 2019 with current programmes already agreed and resourced, so there may still be a slight overspend. This would not address the account deficit. This is not the recommended option.

Pros

- Defers having to transfer funds, preserves the GDF until another significant event is experienced.

Cons

- Greater chance that existing unrepaired damage will be exacerbated in future floods, costing the community including the Council more in the long run.
- Slower response to another significant event as the contractor will take time to increase resources again to match the current rate of work production.
- An interest charge (circa 5%, $25,000 per annum for current $0.5 million deficit) will apply while the account balance is in deficit which it could remain in for quite some time.
- Not using the GDF would be inconsistent with the Emergency Event Funding Policy.

Medium to Long Term Options

5.3 Flooding is the most common natural hazard in New Zealand. There have been over 1,000 serious floods in the last 100 years. On average there has been a major damage-causing flood once every eight months in New Zealand, and predictions of climate change are that the severity of flooding events will increase. We have been fortunate up until now given that the relatively low targeted rates that fund this activity have generally been sufficient to manage the effects of flooding and erosion. However we are seeing a trend of increased storm damage more recently, along with increasing development (buildings, and other improvements such as hops and vineyards) on increasingly valuable rural land which in turn increases the likelihood that the community will expect erosion protection.

5.4 In the medium- to long-term the options are either to reduce the level of service that the Council offers to the community in its rivers activity, or to increase rates to cover any account deficit and to fund the activity to a higher level to enable works required to respond to events.

5.5 This will be considered in more detail in 2019/20 to inform the next Long Term Plan.

6 Strategy and Risks

6.1 The most obvious risk is that by taking longer to repair flood damage that the Council and landowners are exposed to an increase in cost, as a further flood in the same waterway is very likely to exacerbate the damage. This risk is difficult to determine as it is not possible to accurately forecast future flood timings, location or size. Recent observations between the Easter 2017 and ex-Cyclone Gita event are that existing river control hard structures were mostly undamaged.

6.2 Damage has largely been to new areas of unprotected riverbank. Areas that have suffered erosion and lost vegetative cover will be more susceptible than areas that are currently undamaged and have retained covering vegetation.

6.3 There is a risk to the Council's reputation in being able to respond in a timely manner. While there is no specific level of service regarding time to complete repairs, we would generally expect all flood repairs to be completed within a twelve month period. Some repairs have and are going to take more than twelve months to complete. Generally these are lower priority and smaller repairs with the worst affected waterways being attended to first. Following ex-Cyclone Gita, there were unrealistic expectations from some landowners as to our response time, but this is normal for a widespread event like this. In general we believe landowners have accepted having to wait longer than they would like.

6.4 Tasman District is unusual in that our flood and erosion protection schemes have a high level of general rates input and the targeted rates are not on a catchment-by-catchment basis. Typically in other regions, river rates are set year-by-year depending on identified works for each river. The Tasman rating system is simple and cost effective to administer and allows flexibility to spend funds in the areas that require it. However on the face of it there is a case for the targeted rates to be higher, particularly for the erosion protection scheme rivers (River Y rated) where the level of funds currently being spent exceed the rate take for Y rated properties. There would be a corresponding decrease in River Z rates.

6.5 The Activity Management Plan (AMP) for Rivers recognises climate change and customer perception as risks. An emerging risk is ongoing development such as the hop industry expansion along the floodplains of several of the rivers we manage. This development is placing additional constraints on the activity such as making access difficult in places and we believe will raise expectations for more intensive management and swifter flood damage response with private assets at risk.

7 Policy / Legal Requirements / Plan

7.1 The Council's responsibilities under the River Control and Soil Conservation Act (1941) and the Local Government Act (2002) are that we must respond to erosion and flooding issues while we are collecting rates for this purpose.

7.2 The LTP recognises that there is an expectation of increased costs in responding to extreme weather events due to climate change. Informally, the Ministry for the Environment (MfE) advice on climate change effects is taken into account for resource consenting and policy work, based on findings from the IPCC (Intergovernmental Panel on Climate Change).

7.3 The Emergency Event Funding Policy (attachment 1) describes the following factors to be considered by the Council in deciding on use of the General Disaster Fund:

- The balance in the General Disaster Fund.
- The impact of the proposed quantum of funds to be used on the overall balance of the Fund.
- The degree of replacement and improvement in service capability included in the reinstatement.
- The programmed replacement cycle of the asset and any proposed change in service capability required.
- The premise that capital works are funded from capital expenditure budgets and maintenance from operational budgets.
- The size of any local community or private contribution.
- The scale and magnitude of the event and the likely calls on the Disaster Fund across the full range of Council activities.
- The extent to which any activity specific disaster fund has been utilised and the degree to which the current budgets and surpluses in the activity have been utilised in responding to the emergency/disaster.

7.4 This request to access the General Disaster Fund is in line with the policy.

8 Consideration of Financial or Budgetary Implications

8.1 Staff are confident that if the funding is granted we have the capability to complete all outstanding flood damage repairs this financial year. In the event that the funds are not fully expended in this time period, the money will be carried over to the next financial year and will still be needed.

8.2 If the current rate of expenditure rate is to be maintained and the closed account balance brought to zero at the end of 20188/19, $2,233,000 in additional funding is required.

8.3 The GDF will be replenished through the usual funding streams and the rate of this will be determined by the 2019/20 Annual Plan.

8.4 If the transfer of funds from the GDF is not approved the current programme of work will need to be reduced.

8.5 Table 2.0 below shows where the remaining Y rated river expenditure will occur. River Z expenditure will occur in Marahau, the Brooklyn and Little Sydney, Orinoco, Wai-iti western tributaries like Pigeon Valley, and in the Buller catchment.

River **(Erosion Protection – Y rated)**	**Ex-Cyclone Gita spend remaining**
Wai-iti	$ 150,000

River **(Erosion Protection – Y rated)**	**Ex-Cyclone Gita spend remaining**
Tadmor	$ 250,000
Sherry	$ 100,000
Lower Dove	$ 50,000
Moutere **Total**	$ 88,000 **$ 638,000**

Table 2.0 Rivers with outstanding Gita works required

9 Significance and Engagement

9.1 This decision has high significance for ratepayers in the vicinity of affected river systems, but low-moderate for the rest of the district. Staff do not consider that a decision to transfer the funds requires consultation as the request is in line with the Emergency Event Funding Policy.

9.2 A decision not to transfer funds and proceed more slowly with repairs will require engagement with ratepayers to ensure they understand the timeframes for repairs.

Issue	**Level of Significance**	**Explanation of Assessment**
Is there a high level of public interest, or is decision likely to be controversial?	Medium	There is heightened sensitivity in some communities about flooding and erosion protection following the 2018 storm events.
Is there a significant impact arising from duration of the effects from the decision?	Medium	No increase in funding is likely to have a future compounding effect on costs as described.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	No	Doesn't meet the criteria for significance.
Does the decision create a substantial change in the level of service provided by Council?	Medium	A decision not to transfer from the GDF to rivers activity would mean that timeframes to respond to flood damage are longer.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	Transfer of existing funds from GDF to rivers activity.

10 Conclusion

10.1 To complete outstanding ex-Cyclone Gita flood damage repairs by July 2019 and continue with business as usual, the rivers activity requires additional funding this financial year.

10.2 A transfer of $2,233,000 from the General Disaster Fund, in accordance with the Emergency Event Funding Policy, would enable river works to continue in a timely manner.

10.3 Longer term, it would be prudent to increase funding of the Rivers activity, or alternatively reconsider the level of service provided to the community. This will be considered in the next Long Term Plan.

11 Next Steps / Timeline

11.1 Inform contractor of revised budget (or otherwise) and confirm programmed works as soon as possible.

11.2 Inform affected ratepayers regarding expected timeframes for repair work.

12 Attachments

Emergency Event Funding Policy

ORGANISATIONAL POLICY

POLICY REFERENCES	
• Sponsor:	**Mike Drummond, Corporate Services Manager**
• Effective date:	March 2018
• Internal review due:	March 2021
• Legal Compliance:	Local Government Act 2002
• Associated Documents/References	Delegation Register
• Policy Number	CS14
• Approved by Chief Executive	Yes
• Approved by Council (If Applicable)	N/A

Purpose

The purpose of this policy is to provide guidance to staff on the use of Tasman District Council's Disaster Funds following a major unforeseen event, such as a natural disaster. The funds can be used to contribute to the costs of reinstatement and necessary improvement of Council owned services/assets. The Emergency Funds can also be used to pay for significantly increased operational costs resulting from an emergency or disaster event.

Interpretation

To 'contribute' means paying up to the full cost of reinstatement but also does not require all funds to be spent on a single event.

'Reinstatement' means anything from a temporary limited service fix through to the pre-event level of service. The degree of reinstatement would need to be determined on a case by case basis.

'Necessary improvement' means reinstating an asset with improved capacity or features where that improvement is a cost effective course in the circumstances e.g. replacing an asset that is several years old with exactly the same quality and type of asset is not a sensible response.

Application of Policy

The policy applies to the following disaster funds:

- General Disaster Fund
- Rivers Classified Protection Fund
- Transportation Disaster Fund
- Parks and Reserves Disaster Fund
- Stormwater Disaster Fund
- Wastewater Disaster Fund

- Water Supply Disaster Fund

The funds can be accessed for the following type of works:

- roads & bridges
- water works
- drainage works including stormwater and sewerage
- harbour or coastal protection works
- parks and reserves
- river assets
- other important assets or service provision.

An emergency event includes:

- earthquakes
- tsunami/tidal waves
- storm surge
- flood damage/rain events
- wind storms
- slips/subsidence
- drought, hail, snow & fire
- environmental disaster e.g. chemical or oil spills
- serious and urgent biosecurity event.

The coverage specifically excludes any events related to:

- operational breakdown/failure
- maintenance expenditure
- flood damage in Z classified rivers
- any assets not 100% owned by Council.

General Sequence of Funds Use

Following a disaster or emergency event funds will be called on in the following order of priority:

1. Activity specific disaster fund;
2. Current year's budget and surpluses within the activity concerned;
3. General Disaster Fund.

The General Disaster Fund can only be accessed once any activity specific emergency fund and the current year's budget and surpluses have been fully utilised.

Maximum Levels of Disaster Funds

The maximum level of funding to be accumulated in each fund shall be determined by Council through the LTP, Annual Plan or other formal decision. Once any disaster fund reaches its agreed maximum level the relevant rating to build the fund will be discontinued through the next Annual Plan. Once a disaster fund is utilised and falls below its maximum level the relevant rating will be reintroduced through the next Annual Plan to start building the disaster fund to its maximum level once again.

Note that once a disaster fund has reached its maximum level it will continue to accrue closed account interest.

Description and Use of Funds

Classified Rivers Protection Fund	
Maximum level	$1.1 million at 1 July 2018 plus annual inflation adjustment.
Fund source	Rivers targeted rates
What can it be used for?	To reinstate or repair river assets damaged through the disaster and to create river assets required as a result of the disaster to promote/enhance river bank stability within X and Y classified river areas only. The fund can also be used to pay for significantly increased operational costs related to River X or Y protection resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Engineering Services Manager

Transportation Disaster Fund	
Maximum level	$2 million at 1 July 2018 plus annual inflation adjustment.
Fund source	General rates.
What can it be used for?	To fund Council's share of reinstatement or repair of transportation assets damaged through disasters. The fund can also be used to pay for significantly increased transportation related operational costs resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Engineering Services Manager
Notes	In many cases an NZTA contribution can be anticipated to the repair of roads following disaster damage. In the situation that NZTA funding is retrospectively received when the full cost of the repair has been paid for from this fund, the expectation is that the NZTA funding will be used to reimburse this fund.

Parks and Reserves Disaster Fund	
Maximum level	$200,000 at 1 July 2018 plus annual inflation adjustment.
Fund source	General rates.
What happens when maximum level is reached?	Stop further general rates collection for this purpose via Annual Plan
What can it be used for?	To remove and clear fallen trees or other debris, and reinstate or repair parks and reserves land and assets. The fund can also be used to pay for significantly increased parks and reserves operational costs resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Community Development Manager

Stormwater Disaster Fund	
Maximum level	$500,000 at 1 July 2018 plus annual inflation adjustment.
Fund source	Stormwater Targeted rate.
What can it be used for?	To reinstate or repair stormwater assets. The fund can also be used to pay for significantly increased stormwater operational costs resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Engineering Services Manager

Wastewater Disaster Fund	
Maximum level	$500,000 at 1 July 2018 plus annual inflation adjustment.
Fund source	Wastewater Activity Targeted rate.
What can it be used for?	To reinstate or repair Wastewater assets. The fund can also be used to pay for significantly increased wastewater operational costs resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Engineering Services Manager

Water Disaster Fund	
Maximum level	$500,000 at 1 July 2018 plus annual inflation adjustment.
Fund source	Water Activity Targeted rate.
What can it be used for?	To reinstate or repair water supply assets. The fund can also be used to pay for significantly increased water supply operational costs resulting from an emergency or disaster event.
Who makes the decision to use the fund?	Engineering Services Manager

General Disaster Fund	
Maximum level	$7.8 million at 1 July 2018 plus annual inflation adjustment
Fund source	General rates
What can it be used for?	The General Disaster Fund is considered a 'last resort fund'. Prior to the use of this Fund Council should first use alternative funds or assess other funding sources such as: • funding from external agencies, e.g. NZTA, LAPP, MCDEM or other Central Government agencies • insurance if available The General Disaster Fund can be used to contribute to the costs of repair or replacement of assets in any of Council's activities damaged as a result of the disaster. The fund can also be used to pay for significantly increased operational costs resulting from an emergency or disaster event.

tasman district council

Who makes the decision to use the fund?	Council through resolution. Delegation to Mayor and CEO up to $1 million where required to ensure immediate and adequate level of service capability is restored.

Factors to be considered by Council in deciding on use of the General Disaster Fund:
In determining whether to enable the General Disaster Fund to be utilised the following factors will be considered:

- The balance in the General Disaster Fund
- The impact of the proposed quantum of funds to be used on the overall balance of the Fund.
- The degree of replacement and improvement in service capability included in the reinstatement.
- The programmed replacement cycle of the asset and any proposed change in service capability required.
- The premise that capital works are funded from capital expenditure budgets and maintenance from operational budgets.
- The size of any local community or private contribution.
- The scale and magnitude of the event and the likely calls on the Disaster Fund across the full range of Council activities.
- The extent to which any activity specific disaster fund has been utilised and the degree to which the current budgets and surpluses in the activity have been utilised in responding to the emergency/disaster.

Any use of the General Disaster Fund should be considered for reimbursement from:

- insurance proceeds
- other proceeds received by Council in respect of the event.

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Authorised by the Chief Executive, following approval at a Council Workshop and by the Senior Management Team

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Date of approval: 28 February 2018

8.4 NATIONAL POLICY STATEMENT URBAN DEVELOPMENT CAPACITY : CAPACITY ASSESSMENT FOR TASMAN AND JOINT NELSON-TASMAN CAPACITY ASSESSMENT

Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Jacqui Deans, Urban Growth Co-ordinator
Report Number:	RCN18-12-4

1 Summary

1.1 The National Policy Statement on Urban Development Capacity (NPS-UDC), directs local authorities to carry out assessments that:

- estimate the demand for residential and business land; and
- quantify how much feasible development capacity should be provided in resource management plans (supported with planned infrastructure), to meet demand; and
- direct local authorities to carry out and report this assessment, on at least a three-yearly basis

1.2 This report provides the first Tasman capacity assessment. The assessment focuses on Richmond and surrounding areas only as this forms part of the Nelson Main Urban Area, covered by the National Policy Statement on Urban Development Capacity (NPS-UDC). This report also provides the first Nelson-Tasman joint capacity assessment for the whole Nelson Main Urban Area. If approved by the Council these reports will be provided to the Ministry of Housing and Urban Development by the end of December 2018 and published on the Council's website.

1.3 Much of the capacity assessment's content is based on the 2016 growth model review and the Long Term Plan 2018-2028. It is also informed by the quarterly housing and business market reports that the Council publishes as part of the reporting requirements under the NPS-UDC.

1.4 The Tasman capacity assessment concludes that for Richmond and surrounding areas, there is sufficient feasible development capacity for both residential and business land demands. This conclusion does however assume that for business land capacity, much of the land is dependent on the low-level trunk main from Richmond water treatment plant to the proposed low-level reservoir in Richmond South. The Council decision to uplift the deferred zoned status of these areas of land is dependent on progress of the Waimea community dam.

1.5 The joint Nelson-Tasman capacity assessment provides similar information for the whole Nelson Main Urban Area. It concludes that there are no projected shortfalls in business capacity for the whole 30 year period (subject to the comments above.) However for residential, there is a significant shortfall in the long term (11-30 years). This is due to Nelson City Council identifying a shortfall in capacity from year 9 and even when the oversupply for Richmond is combined with Nelson, a shortfall still occurs in the long term.

1.6 Nelson City Council proposes a number of measures to address the long term shortfall in housing. These include working with Tasman District Council on the Nelson Tasman Future Development Strategy and the review of the Nelson Resource Management Plan.

2 Draft Resolution

That the Full Council:

1. **receives the National Policy Statement Urban Development Capacity : Capacity Assessment for Tasman and Joint Nelson-Tasman Capacity Assessment report, RCN18-12-04; and**
2. **approves the capacity assessments to be submitted to the Ministry of Housing and Urban Development to meet the requirements of the NPS-UDC; and**
3. **notes the recommendations in the capacity assessments.**

3 Purpose of the Report

3.1 To receive the National Policy Statement Urban Development Capacity : Capacity Assessment for Tasman and Joint Nelson-Tasman Capacity Assessment.

3.2 To approve both capacity assessments to be provided to the Ministry of Housing and Urban Development to meet the requirements of the NPS-UDC.

3.3 To note the recommendations in the joint Nelson-Tasman capacity assessment.

4 Background and Discussion

4.1 The NPS-UDC came into effect on 1 December 2016 with an overarching purpose to ensure that planning enables development through providing sufficient development capacity for housing and business over the next 10 to 30 years. The NPS-UDC identifies the Nelson Urban Area as a medium growth urban area. As such, the Nelson and Tasman Councils are required to meet requirements applicable to medium growth areas in the NPS-UDC.

4.2 The Nelson Main Urban Area is defined by Statistics NZ and comprises most of Nelson City Council and Richmond and its surrounding area units in Tasman.

4.3 Policy PB1 of the NPS-UDC directs local authorities to quantify in broad terms how much feasible development capacity should be provided in resource management plans and be supported with development infrastructure, to enable the supply of housing and business space to meet demand. This policy directs local authorities to, on at least a three-yearly basis, carry out a capacity assessment that:

a) Estimates the demand for dwellings, including the demand for different types of dwellings, locations and price points, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and

b) Estimates the demand for the different types and locations of business land and floor area for businesses, and the supply of development capacity to meet that demand, in the short, medium and long-terms; and

c) Assesses interactions between housing and business activities, and their impacts on each other.

4.4 This report provides the first capacity assessment produced by Tasman, as well as a joint overview capacity assessment provided by Nelson and Tasman. In preparing these, Nelson and Tasman staff have undertaken separate capacity assessments for the territorial areas that form part of the Nelson Main Urban Area and have then produced an overview report for the whole Nelson Main Urban Area. All reports are required to be submitted to the Ministry of Housing and Urban Development by 31 December 2018. Tasman's capacity assessment is largely based on the 2016 review of Tasman's growth model that informed the Long Term Plan 2018-2028, with additional monitoring incorporated.

4.5 Other requirements of the NPS-UDC include quarterly monitoring reports on the housing and business market and these are presented to the Council before being published on our website. Medium growth councils are also encouraged to produce a Future Development Strategy and work has recently commenced on such a strategy for Nelson and Tasman. The capacity assessments subject of this report will help inform the Future Development Strategy.

4.6 Policy PA1 in the NPS-UDC states that capacity within years 1-3 is required to be feasible, zoned and serviced; capacity within years 4-10 is required to be feasible, zoned and serviced or the infrastructure project is in the LTP. Land required in years 11-30 is required to be feasible, identified in plans and strategies and the infrastructure project must be in the Infrastructure Strategy.

4.7 The Tasman capacity assessment indicates an oversupply to meet residential demand in years 1-10 (2018-2028). This is mainly due to the gazettal of five Special Housing Areas (SHAs) in Richmond, which occurred after the review of the growth model has taken place. There are two clear fronts of residential growth in Richmond – Richmond West and Richmond South. Both are dependent on new water infrastructure and improved stormwater network capacity. Richmond West is also the area proposed for business growth. As a result of the SHAs reducing business land area, that which remains is reliant augmented water from the Waimea Community Dam to ensure uplifting of deferred business zoned land in the short term. In the event of a no-dam scenario, the growth model would have had to be revisited early 2019 to identify further business land capacity to comply with the NPS-UDC.

4.8 The Tasman capacity assessment identifies that business demand for Richmond is also met, with a small oversupply. Assuming the Waimea community dam proceeds, the identified residential and business capacity complies with the NPS-UDC in that it is appropriately zoned and serviced in the short term, (or is capable of being serviced) or in the longer term identified in the LTP and Infrastructure Strategy. Some deferred business zoned land still needs the deferral to be uplifted to provide capacity in the short term and this may be able to occur once a decision on the dam is known (end 2018).

4.9 The overall Nelson Main Urban Area picture is a little different. The joint Nelson Tasman capacity assessment shows that there are no projected shortfalls in business capacity for the whole 30-year period (assuming deferred zones on some of the business land can be uplifted soon). However for residential, there is a significant shortfall in the long term (11-30 years). This is due to Nelson City Council identifying a shortfall in capacity from year 9 and even when the oversupply for Richmond is combined with Nelson, a shortfall still occurs in the long term.

4.10 The table below summarises the residential demand-capacity relationship for the Nelson Main Urban Area for the next 30 years:

	Demand (dwellings)	Capacity (dwellings)	Difference (dwellings)
Short Term (years 1-3)	2,391	3,969	1,578
Medium Term (years 4-10)	3,556	4,850	1,294
Long Term (years 11-30)	3,887	1,804	-2,083

4.11 The NPS-UDC requires under Policy PC3 that councils initiate a response within 12 months of the capacity assessment being published if there is insufficient capacity for the Nelson Urban Area in any of the short, medium or long terms.

4.12 Nelson City Council proposes a number of measures to address the long term shortfall in housing. These include working with Tasman District Council on the Nelson Tasman Future Development Strategy and the review of the Nelson Resource Management Plan. This may also need to be supported by additional infrastructure planning to support growth.

4.13 The capacity assessments are useful in identifying any potential shortfalls in capacity of housing and business land. However there is a number of constraints that are beyond the Council's control, in ensuring serviced zoned land turns into residential and business floorspace, thereby meeting identified demand. These include:

4.13.1 Land ownership concentration – much land owned by a few parties that can lead to land banking.

4.13.2 Shortage of skilled labour in the construction industry.

4.13.3 Rising construction costs.

4.13.4 Lack of legislative requirement in NZ for developers to provide genuine affordable housing.

4.13.5 Developers' and house-builders' preference to provide larger homes in places like Richmond where the majority of future demand is for small homes.

4.13.6 Policies of banks on lending finance to developers.

4.13.7 Developers' covenants on subdivisions that can lead to increased building costs.

5 Options

5.1 The Council has the option of either receiving the Tasman capacity assessment and Nelson Tasman joint capacity assessment or not and approving them to be provided to the Ministry of Housing and Urban Development (MHUD), or not. Nelson City Council is also receiving its capacity assessments at its 13 December 2018 meeting.

5.2 In receiving the capacity assessments and approving them to be provided to the Ministry of Housing and Urban Development (MHUD), the Council ensures that:

5.2.1 the requirements of the NPS-UDC are met. These are statutory requirements since section 31(1)(aa) of the RMA adds to Territorial Authorities' functions "the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the District".

5.2.2 The capacity assessments can subsequently be used as an evidence base to help inform future growth planning

5.2.3 The capacity assessments provide greater transparency to the community about planning for Richmond's growth

5.3 The consequences of not receiving the capacity assessments and approving them to be provided to the MHUD are that:

5.3.1 The requirements of the NPS-UDC are not met.

5.3.2 Nelson City Council may decide to receive its capacity assessments and make them public while the Tasman capacity assessments will not be public.

5.3.3 Staff will not benefit from an evidence base which may help guide the Future Development Strategy.

6 Strategy and Risks

6.1 There are no risks arising from receiving the Tasman capacity assessment and joint Nelson Tasman capacity assessment and approving them to be submitted to the MHUD. The risks arising from not receiving the capacity assessments and not approving them to be submitted to MHUD have been set out above under options at 5.3.

6.2 The production of the capacity assessments is in line with previous Council decisions to meet other requirements of the NPS-UDC. The quarterly monitoring reports required by the NPS-UDC are regularly provided to the Council. These monitoring reports together with the capacity assessments form an evidence base that together will inform work on the Future Development Strategy.

7 Policy / Legal Requirements / Plan

7.1 Section 31(1)(aa) of the RMA adds to Territorial Authorities' functions "the establishment, implementation, and review of objectives, policies, and methods to ensure that there is sufficient development capacity in respect of housing and business land to meet the expected demands of the District".

7.2 The Tasman capacity assessment demonstrates that we are enabling an adequate supply of housing and business land to meet demand.

7.3 The joint Nelson Tasman overview capacity assessment demonstrates that for the Nelson Main Urban Area there are no projected shortfalls in business capacity over the short (1-3 years), medium (4-10 years) or long term (11-30 years). This assumption does assume for Tasman, that some deferred business zoned land can be uplifted in the short term. For housing there is no shortfall in capacity in the short term (1-3 years) or medium term (3-10 years), but there is still a significant shortfall in the long term (10-30 years).

8 Consideration of Financial or Budgetary Implications

8.1 The monitoring, reporting and planning obligations under the NPS-UDC created additional work and budgetary implications for the Council. Additional resourcing has been provided to meet the increasing needs of the Council to plan for and manage growth in the District. This includes the creation of an “Urban growth coordinator” role in mid- 2017 to coordinate the Council’s response to growth across both strategic and operational issues. This role also leads on Government reporting including the compilation of quarterly monitoring reports, this three-yearly full assessment of capacity and demand for both residential and business land in Richmond and the development of a Future Development Strategy by July 2019.

9 Significance and Engagement

9.1 While this report requires approval of the capacity assessments, in order for them to be submitted to MHUD, much of the information contained within them has been previously shared with the public in the LTP 2018-2028 and is therefore considered to be of low significance.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	low	Much of the information in the Tasman capacity assessment has been made public before during the LTP 2018-2028 consultation
Is there a significant impact arising from duration of the effects from the decision?	no	
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	no	
Does the decision create a substantial change in the level of service provided by Council?	no	
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	no	Already considered during the preparation of the LTP 2018-2028

10 Conclusion

10.1 Policy PB1 of the NPS-UDC, directs local authorities to quantify how much feasible development capacity should be provided in resource management plans and be supported with development infrastructure, to enable the supply of housing and business space to meet demand. This policy directs local authorities to, on at least a three-yearly basis, carry out a housing and business development capacity assessment.

10.2 This report provides the first Tasman capacity assessment prepared under the NPS-UDC and the first joint Nelson-Tasman overview capacity assessment.

11 Next Steps / Timeline

11.1 Subject to Council approval these two capacity assessment reports will be provided to MHUD. Nelson City Council (subject to Council approval) will also submit its capacity assessment to MHUD.

11.2 The next capacity assessment will be due at the latest by the end of 2021, once the LTP 2021-2031 is adopted.

11.3 The capacity assessments will inform the Future Development Strategy currently being prepared and to be complete by July 2019.

12 Attachments

National Policy Statement on Urban Development Capacity:

Assessment for Tasman

November 2018

Contents

1 Executive Summary

This report is one of three that together comprise the Nelson Main Urban Area Housing and Business Capacity Assessments. This report covers Richmond, within Tasman District Council. Nelson City Council (NCC) has produced its own capacity assessment for the remainder of the Nelson Main Urban Area and there is a third bridging report prepared by both Councils, called "National Policy Statement on Urban Development Capacity Assessment – Nelson-Tasman Overview". The overview report summarises the capacity assessment for the whole Nelson Main Urban Area within both Councils.

1.1 Key Trends and Issues in the Housing and Business Capacity Assessment

1.1.1 Population Growth

Richmond's population is growing and household size is decreasing

Over the next 10 years, we expect an increase of 1,050 residents in Richmond. In order to accommodate this population growth and trend of smaller households, we anticipate a further 1,100 new dwellings will be needed and 150 new business lots created by 2028. It is not just the new residents who will need new dwellings, but also the existing population's smaller households adding to demand. This capacity assessment incorporates the extra margin of development capacity required by the National Policy Statement on Urban Development Capacity (NPS-UDC). Additional capacity for residential lots is also being provided because of the Special Housing Areas that were gazetted in Richmond in 2017. Business land is also being provided and a decision was made to provide for the extra margin of business land capacity, required under the NPS-UDC for the next 30 years, to all be provided in years 1-10.

Between 2028 and 2048, we predict a further 950 dwellings and 125 new business lots will be needed. There will be ongoing population growth over the next 20 years with the rate of growth slowing over time until it plateaus in years 2038-48 according to latest projections. In Richmond, a high population growth scenario is used to forecast residential demand for the next 10 years (2018-2028), and a medium population growth scenario is used to estimate demand beyond 2028. For business land demand, medium growth population projections were assumed for the entire period.

1.1.2 Where to Grow?

In Richmond, there is a plentiful supply of land for housing and business development in the short term and potential supply in the longer term

Supply of land in Richmond is not the problem. It is the provision of serviced land with infrastructure that is the financial challenge for a district with relatively small population and medium growth rates. Choices will need to be made in the longer term about whether continued development of high quality productive land for housing and business is appropriate or whether growth should be directed to other areas. The forthcoming Nelson Tasman Future Development Strategy will help guide such decisions.

1.1.3 Demographic Changes

Demographic Changes

Population increases for residents aged 65 years and over are forecast. The proportion of residents aged 65 years and over is projected to increase from 22% in 2018, to 37% by 2043, with a corresponding decrease in average household size. This is expected to increase demand for small dwellings. When the results of our 2018 Communitrak survey of residents were combined with household growth projections, it revealed that 30% of the future demand for housing in Richmond will be for units, townhouses, or units in retirement villages, and 40% will be for small houses[1]. With an ageing population and affordability issues, there is a risk of older people living in housing-related poverty.

1 Tasman District Council Communitrak Survey May 2018 http://old.tasman.govt.nz/policy/reports/resident-survey/

For Tasman District, NZ internal migration was the main source of population growth between 2013-2016 (2.4% of the total population growth of 4.4%).[2] Overseas migration contributed 1.5% for the same period and this excludes New Zealanders returning (0.2%). For the year ended June 2018, 0.7% of house buyers in Tasman were not NZ citizens/not NZ residents, similar to the proportion for Nelson and Marlborough. This is a relatively low proportion compared with most other local authorities, and lower than the national rate of 2.8%.[3]

1.1.4 Affordability and Tenure

Home ownership affordability – Tasman remains the third least affordable region nationally, behind only Auckland and Central Otago Lakes, creating more demand for private rented housing and social housing. However, social housing need is worsening in Tasman and the region has reportedly one of the lowest yields on residential rental property investment in 2017 at 3.5%, discouraging the private rented sector. While Tasman has traditionally been one of the highest home ownership Territorial Authorities in the country, with ownership at 75%, we are anticipating declining rates of ownership in the 2018 census as affordability worsens.

1.1.5 Commercial Feasibility of Residential Development

Commercial feasibility of some residential land for brownfield infill sites in Richmond is uncertain. Feasibility analysis of representative sites showed no or little profit margin and yet some have been successfully developed and sold. Minimal rollout of brownfield infill sites for housing in Richmond is assumed, at about eight lots per year over the next 30 years. This forecast is considered realistic, particularly given the number of recently consented infil developments and the number of proposals seeking resource consent. Commercial feasibility of representative greenfield residential sites in Richmond proved positive with profit margins of over 20%, at densities appropriate for the zoning. The proposed density however is not always profit maximizing according to the feasibility studies.

1.1.6 Business Land Availability

Tasman-Nelson economy's core productive base comprises primary and secondary sectors such as agriculture, forestry, fishing and manufacturing. There is also a growing service sector. However, over the last 15 years, the Tasman Nelson economy has become comparatively less productive in a New Zealand context. The regional economy has experienced significantly less net growth (on a per capita GDP basis) than all other regions in the South Island by a margin greater than 10%.[4]

Business land needs will be met despite losing 50 ha of deferred zoned business land in Richmond West to residential use under gazetted Special Housing Areas (SHAs). These decisions necessitated other areas of Richmond West being brought forward earlier for business land rollout. These same areas are dependent in the short term on a decision on an augmented water supply for Richmond, which will be made by the end of 2018. The Waimea community dam is the preferred solution to a looming shortage of water for urban supply and for the purposes of this capacity assessment it is assumed that it will proceed.

Ground-truthing of business land demand and supply– ground truthing of business requirements and capacity of existing business land in Richmond (including vacancies) is needed. Planned surveys and inspections in the near future will address these knowledge gaps and will inform future growth model reviews in terms of quality of supply. We will seek to achieve greater efficiencies by re-using vacant business land.

Feasibility of business land – Tasman's Growth Demand Supply Model assesses the cumulative effect of the Resource Management Plan's zoning, objectives and policies (where they exist) for each development area in Richmond. Where not yet zoned for development, the planning and infrastructure opportunities and constraints are considered and how they may affect the feasibility for future development. This analysis will be

2 https://insights.apps.treasury.govt.nz/ The New Zealand Treasury's Analytics and Insights team have recently developed the 'Insights' web app
3 https://www.stats.govt.nz/information-releases/property-transfer-statistics-june-2018-quarter
4 "Economic Demand Business Forecasting" Property Economics (2016) page 11

built upon with a visual inspection of all business sites in late 2018.

1.1.7 Infrastructure Constraints

Infrastructure to support growth is the challenge facing Tasman District Council
The required infrastructure investment, rather than availability of land, remains the major challenge to enabling development capacity. Two thirds of the population live in 17 settlements and the other third live in the rural areas. Together with the financial constraint of servicing such a large area with a relatively low population, a financial risk also exists for us of over investing in infrastructure and over supplying capacity. For residential growth, there are two clear fronts of growth in Richmond, one in Richmond West and one in Richmond South. Both of these growth areas are dependent on new water infrastructure in particular and improved stormwater network capacity.

Transport infrastructure
The existing transportation network in Richmond is coming under more pressure as the number of people living and working in Richmond grows. We have planned in our Long Term Plan (LTP) 2018-2028 a series of improvements to create road environments that are safer and better accommodate all road users. We are also currently preparing a Network Operating Framework (NOF) for Richmond with the NZTA and NCC. The NOF considers all forms of transport as well as how each mode interacts with the other.

1.2 Summary of Rollout for Housing and Business

Table 1 below shows the proposed rollout of housing land compared with the demand for housing in Richmond:

Table 1: Rollout of Residential Land Compared With Demand, Richmond

Richmond Settlement Area	Demand		
	Years 1-3 (2018/19 — 2020/21)	Years 4-10 (2021/22 — 2027/28)	Years 11-30 (2028/29 — 2047/48)
Dwellings required to meet demand (includes NPS margin)5	390	701	950
Totals planned in rollout	642	880	941
Under/over supply?	+252	+179	-9

The oversupply of housing land for Richmond is being driven by developers (through the SHAs) not Council. The risk of Council overinvestment in infrastructure is mitigated through a joint funding model between Council and developers for some key infrastructure.

Table 2 below shows the proposed rollout of business land compared with the expected demand for business lots in Richmond. The extra capacity required by the NPS-UDC for years 11-30 (16 lots), is all provided for in years 1-10:

5 Includes the additional margin of feasible development capacity over and above projected demand, of 20% for years 1-10 and 15% for years 11-30 (policy PC1 NPS-UDC).

Table 2: Rollout of Business Land Compared With Demand, Richmond

Richmond Settlement Area	Demand		
	Years 1-3 (2018/19 — 2020/21)	Years 4-10 (2021/22 — 2027/28)	Years 11-30 (2028/29 — 2047/48)
Business lots required to meet demand (includes NPS margin)	44	106	125
Totals planned in rollout	56	120	109
Under/over supply?	+12	+14	-16

The above summary assumes that the proposed Waimea Community dam will proceed. In the event that it does not, Appendix 5 of this report provides some further analysis.

1.3 The Future

The next review of the Growth Demand Supply Model (GDSM) is scheduled to commence in August 2019 in order to inform the LTP 2021-2031. Before that review takes place, it is proposed that a Future Development Strategy (FDS) for Nelson and Tasman will be completed, so it can inform at a strategic level, the next LTP and GDSM review.

In continuing to plan jointly with NCC, efforts will be made in future capacity reviews to align our growth models more closely. Our GDSM will continue to be improved, including incorporating some detailed requirements of the NPS-UDC. Quarterly monitoring reports required under the NPS-UDC are prepared regularly with NCC and these will continue to inform growth planning. They can be found on our website at https://www.tasman.govt.nz/my-council/key-documents/more/growth/housing/urban-development-capacity-reports/.

It is acknowledged that some ground truthing of business requirements and capacity of existing business land in Richmond is needed. Planned surveys and inspections in the near future will address these knowledge gaps, inform future growth reviews in terms of demand and achieve greater efficiencies in terms of supply.

By the end of 2018 a final decision on the proposed Waimea community dam will be made. This capacity assessment has been prepared on the basis that the dam will proceed. If it does not, appendix 5 of this report provides some analysis on how business growth may still be provided for, while an alternative augmentation solution is determined.

2 Introduction

The Nelson Main Urban Area is defined as a medium growth area according to the National Policy Statement on Urban Development Capacity. Its projected growth rate falls just below the 10% threshold for high growth at 9.95%. The next Territorial Authority population projections are due September 2019 based on the 2018 census. The medium and high growth areas are unlikely to be reassessed nationally before 2021. Richmond and nearby area units form part of the Nelson 'Main Urban Area' defined by Stats NZ, together with most of Nelson City's District.

2.1 Purpose

The purpose of this report is to demonstrate that we are enabling an adequate supply of housing and business land to meet demand. Its findings are based on the 2016 Growth Demand Supply Model (GDSM) review that informed the Long Term Plan (LTP) 2018-2028. Reporting is a requirement of the National Policy Statement on Urban Development Capacity (NPS-UDC) to carry out a housing and business development capacity assessment at least three yearly and to publish the assessment (policy PB1). The NPS-UDC requires Local Authorities to adapt and respond to evidence about urban development and the market activity in a timely way (Objective OC2). All medium and high growth local authorities are also required by the NPS-UDC to monitor a range of indicators on a quarterly basis and these reports are provided on our website (policy PB6). (See http://old.tasman.govt.nz/policy/reports/urban-development-capacity-monitoring-reports/).

This report is one of three that together comprise the Nelson Main Urban Area Housing and Business Capacity Assessments. This report covers Richmond, within Tasman District Council. Nelson City Council (NCC) has produced its own capacity assessment for the remainder of the Nelson Main Urban Area and there is a third bridging report prepared by both Councils, called "National Policy Statement on Urban Development Capacity Assessment – Nelson-Tasman Overview". This overview summarises the capacity assessment for the whole Nelson Main Urban Area.

Part of our District falls within the Nelson 'Main Urban Area' as defined in the NPS-UDC. The term 'urban area' originates from Stats NZ and they are statistically defined areas with no administrative or legal basis. Figure 1 below shows the Main Urban Area extent in Nelson and Tasman Districts. It includes most of Nelson City's area and the following area units in Tasman - Richmond East and West, Aniseed Hill, Bell Island, Best Island, Hope and Ranzau.

This housing and business assessment (HBA) therefore only covers Richmond and the above area units within Tasman District Council (TDC). Our growth planning undertaken since 2005 is however district wide. As the NPS-UDC states, the application of policies PB1-PB7 is not restricted to the boundaries of the Main Urban Area. We may therefore choose in the future, in responding to demand from Richmond, to make land available elsewhere. The Future Development Strategy to be prepared in 2018/19 will help guide such decisions in the future.

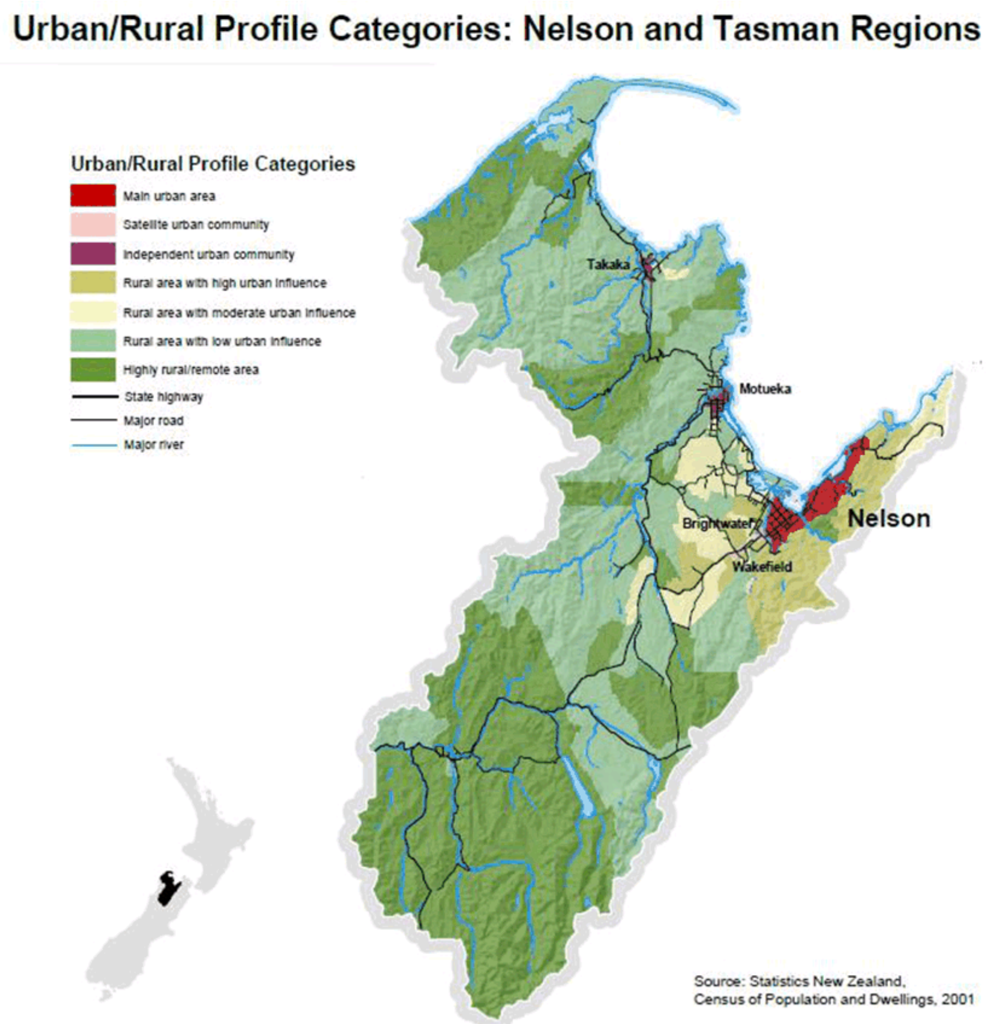

Figure 1: Nelson Main Urban Area. Source Statistics New Zealand Census of Population and Dwellings 2001

Stats NZ completed its update of population projections for urban areas in September 2017. For the Nelson Main Urban Area this concluded that population growth forecast between 2013 and 2023 has risen to 9.95%, as compared with 8.5% in 2016[6]. This means the Nelson Main Urban Area is still classified as 'medium growth', according to the NPS, falling just below the 10% threshold defining 'high growth' urban areas. The next Territorial Authority population projections are due September 2019 based on the 2018 census. We understand the medium and high growth areas are unlikely to be reassessed nationally before 2021.

6 Source – Proposed National Policy Statement on Urban Development Capacity Consultation Document, MfE & MBIE (2016)

3 Tasman's Capacity Planning Process – the Growth Demand and Supply Model

Our Growth Demand and Supply Model is reviewed every 2-3 years to inform the Long Term Plan process. The last review was in 2016. Between 2013 and 2016, most new titles and residential building consents were granted in Richmond South and Richmond East. Business building consents were mainly granted in Richmond's town centre and Richmond West. District wide our annual building consents usually hover around the 300 mark, but have risen to 400 in recent years. Residential building consents in Richmond alone exceeded 170 for the last financial year. Since 2013, in Richmond, 79% of building consents for new dwellings were for houses, 19% were for units in retirement villages, and 2% were for other units or townhouses.

3.1 Process

We have relied on our own GDSM for planning since 2005. It is a district-wide, long-term planning tool that provides population and economic projections for the 17 settlements and expected demand and supply for land and services for each settlement. Figure 2 shows the settlements.

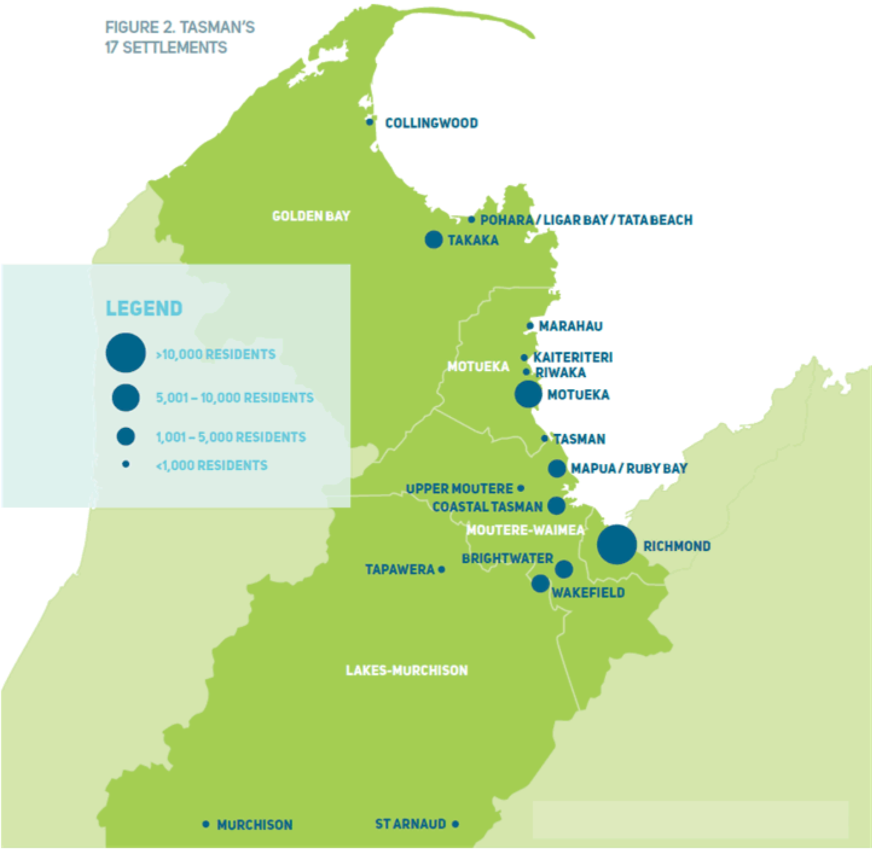

Figure 2: The 17 settlement areas within growth model (source- Infrastructure Strategy)

The GDSM itself has been well tried and tested over the years and is continually improved. The GDSM fulfils policies PB1-PB5 of the NPS-UDC in providing evidence and monitoring to support planning decisions. Details on how the model works are provided in Appendix 1. A 2017 update on the model's assumptions can be found on our website at: http://old.tasman.govt.nz/policy/growth-model/ .

Richmond is the largest urban settlement in the Tasman District by both population and land area. It is situated on the north-eastern edge of the Waimea plains close to the Waimea inlet, adjoining NCC's boundary.

In order to inform the LTP 2018-2028, the latest review of the GDSM commenced in August 2016 and was completed in January 2017. This was just after the final version of the NPS-UDC came into effect in December 2016. However, requirements such as the additional capacity margin required by the NPS-UDC featured in the draft, and they were incorporated into the 2016 GDSM review.

The GDSM is reviewed every 2-3 years, in synch with the LTP. The next review will commence in August 2019. The model itself is continually improved every two years and in 2016, a completely new platform was built. In summary, a review of the GDSM involves the following steps as shown in Figure 3:

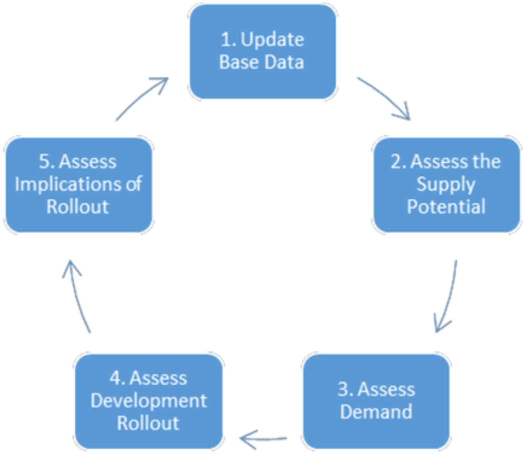

Figure 3: The GDSM Process

Building consents monitoring has shown Council (district wide) hovering around 300 residential Building consents per year since 2005, (except for 2009 and 2011 which could have been explained by the Global Financial Crisis), rising to nearer 400 in more recent years. Residential building consents in Richmond alone exceeded 170 for the last financial year. Since 2013, in Richmond, 79% of building consents for new dwellings were for houses, 19% were for units in retirement villages, and 2% were for other units or townhouses – see Figure 4 below.

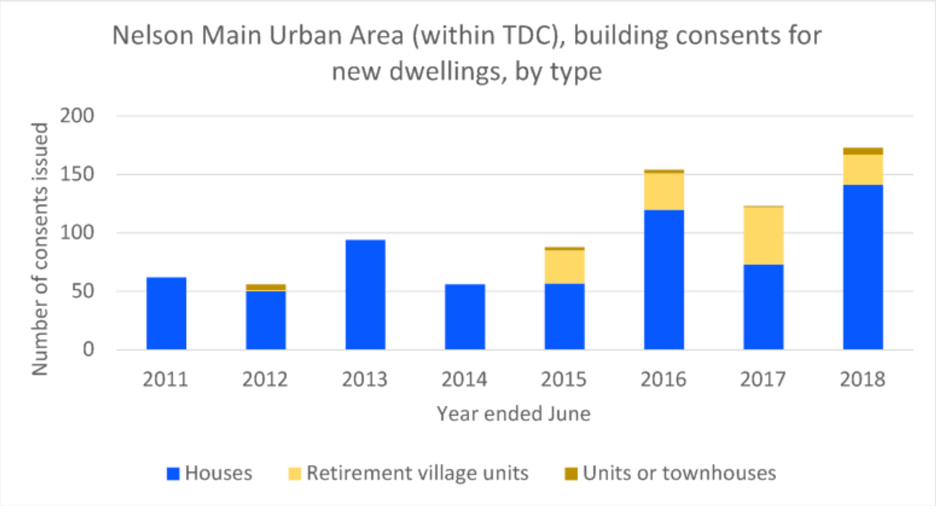

Figure 4: Residential Building Consents by Dwelling Type, Nelson Main Urban Area within TDC

The settlement area (SA) boundary for Richmond used in the GDSM is similar to the boundary of the Main Urban Area under the NPS-UDC. A map showing the difference between the two boundaries is provided in Appendix 2. The SA is reviewed every 2-3 years with consideration given to whether the boundary needs to be changed or the shape of DAs or new DAs created. The SA boundary is for planning purposes and does not indicate the extent of future development.

4 Assessment of Demand for Housing

Richmond's population has been growing by at least 1% annually since 2007. The only age bracket forecast to increase between 2018 and 2043 is 65 years plus. By 2043, the 65 year plus age bracket will form more than one third of the population. Household sizes are decreasing and most of the projected growth will be in smaller households, especially one or two people. Due to lack of housing affordability, it is anticipated that between the 2013 and 2018 censuses, ownership, traditionally very high in Tasman, will decline. However, Tasman has one of the lowest yields on residential rental property investment in 2017 at 3.5%, so this may constrain growth in the rental sector. Social housing need continues to increase, along with the number of 'priority A' applicants. The size of new dwellings in Richmond has declined over recent years, with sizes peaking at an average of 224 sq. m. in 2014 and declining to 180 sq. m. in 2018. There has also been growth in the number of units and townhouses. The growth model estimates that we need an additional 1,100 dwellings in Richmond between 2018 and 2028 to meet demand and a similar amount of dwellings between 2028 and 2048. In Richmond, it is forecast that 30% of the future demand for housing will be for units or townhouses, or units in retirement villages, and 40% will be for small houses.

4.1 Current Consumption Patterns of Population

In 2013[7], 85% of Richmond's housing stock was separate, stand-alone houses. Census data does not indicate the size of the house or whether it is on a lifestyle property. However, as an indication of size, 22% have one or two bedrooms, 44% have three bedrooms, and 34% have four or more bedrooms. 11% of Richmond's occupied housing stock was units/townhouses. Census data does not indicate which units were in retirement villages however.

In 2018, in Richmond the average size of a new house was 180 sq. m., compared with 116 sq. m. for retirement village units and 127sq.m. for other units or townhouses. The size of new dwellings in Richmond has declined over recent years, with sizes peaking at an average of 224 sq. m. in 2014. There has also been growth in the number of units and townhouses.

4.2 Future Broad Demand Patterns

4.2.1 Growth Model Outputs for Richmond

Traditionally we have used medium series population projections district wide to reflect the most likely scenario of population growth for the GDSM. However, the 2016 review ran different growth scenarios for different settlements. This was largely due to growth in the District occurring at a faster rate in some settlements than predicted by the GDSM in the 2014 review. For the larger settlements, including Richmond, Council preferred high growth population projections for 2018-2028, followed by medium growth projections for 2028-2043.

Further analysis of the Nelson Main Urban Area population growth projections was commissioned from Infometrics in July 2017. It concluded that based on recent historical population growth and the current macroeconomic and migration backdrop, the assumption that Nelson Main Urban Area will experience population growth exceeding 10% between 2013 and 2023 is entirely reasonable. Population growth in the Nelson Main Urban Area exceeded 10% over the period 2007-2016. For every year over the past decade annual

7 2013 Stats NZ Census data

population growth was 1% or above. We have also seen record net migration inflows affecting Nelson and Tasman in recent years.

On that basis, for Richmond (residential), Stats NZ's high growth population projections were used for 2018-2028 plus the NPS-UDC extra margin of capacity (+20% years 1-10, and +15% 11 – 30 years). Medium growth projections were used for 2028-2048. For business, the medium growth population projections were modelled throughout[8].

Table 3: Population Projections for Richmond from GDSM

Richmond	Years 1-3 (2018/19—2020/21)[9]	Years 4-10 (2021/22—2027/28)	Years 11-20 (2028/29—2037/38)	Years 21-30 (2038/39–2047/48)
	15112	16157	16607	16607

As table 3 shows, population growth is forecast until 2038 when it is expected to plateau.

Table 4: Household Size Projections for Richmond from GDSM

Richmond	Years 1-3 (2018/19—2020/21)	Years 4-10 (2021/22—2027/28)	Years 11-20 (2028/29—2037/38)	Years 21-30 (2038/39–2047/48)
	2.55	2.5	2.4	2.3

As table 4 shows, the average household size is expected to decrease from 2.6 people per household in 2018 to 2.3 people per household by 2043.

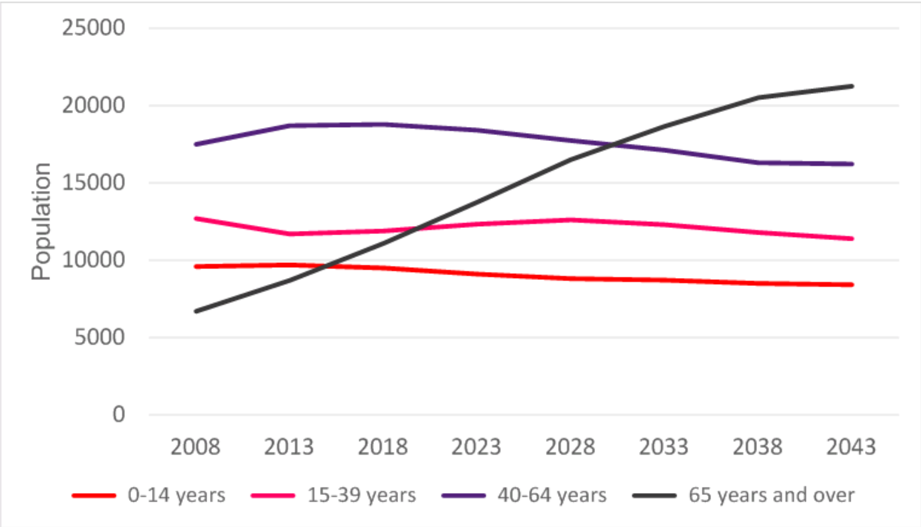

Figure 5: Tasman Population by Age Group

As Figure 5 shows, the proportion of the population aged 65 years and over is projected to increase between 2008 and 2043 and is the only age bracket to increase over this whole period. By 2043 the over 65s will form 37% of the population in our District.

8 All projections used are Statistics NZ Subnational Population Projections 2013(base)-2043 update (released 22 February 2017). The low projection uses low fertility, high mortality, and low net migration for each area. The high projection uses high fertility, low mortality, and high net migration for each area.
9 Financial years

The New Zealand Treasury's Analytics and Insights team have recently developed the 'Insights' web app[10]. For Tasman District, NZ internal migration was the main source of population growth between 2013-2016 (2.4% of the total population growth of 4.4%). Overseas migration contributed 1.5% for the same period and this excludes New Zealanders returning (0.2%). For the year ended June 2018, 0.7% of house buyers in Tasman were not NZ citizens/not NZ residents, similar to the proportion for Nelson and Marlborough. This is a relatively low proportion compared with most other local authorities, and lower than the national rate of 2.8%.[11]

The number of dwellings required for Richmond forecast by the GDSM is set out below:

Table 5: Number of dwellings required to meet demand in Richmond 2018-2048

Richmond	Demand		
	Years 1-3 (2018/19 — 2020/21)	Years 4-10 (2021/22 — 2027/28)	Years 11-30 (2028/29 — 2037/38)
Dwellings required to meet demand[12]	390	701	950

The 2017 Growth model summary at http://old.tasman.govt.nz/policy/growth-model/ provides details of the methodology for the GDSM but the model does calculate demand for dwellings for non-residents, such as holiday houses or temporary worker accommodation. Some of Council's settlements such as St Arnaud, Kaiteriteri, Marahau, Pohara/Ligar Bay/Tata Beach, and Collingwood have significant proportions of holiday homes. This is not such an issue for Richmond however.

4.2.2 Demand for Different Household Groups

According to the latest household projections from Stats NZ, most of the projected growth for Tasman will be in smaller households, particularly consisting of one or two people. It is assumed that this trend will be similar for Richmond, as it has a similar age profile to the District as a whole.

In the 2018 Communitrak Survey of residents, we asked a question about people's preferred housing type, based on their current housing needs and budget. The survey revealed that the majority of Richmond's[13] one-person households prefer smaller dwellings, either a small house[14] (46%), a unit or townhouse (17%) or a unit in a retirement village (17%); and while almost half of Richmond's couple-without-children households also prefer smaller dwellings, 37% prefer a larger house[15]. 15% would also prefer a lifestyle block.

By combining the housing type preferences from the Communitrak residents' survey and projected growth of each household type for Richmond, we can conclude that 30% of the future demand for housing will be for units or townhouses, or units in retirement villages, and 40% will be for small houses.

[10] https://insights.apps.treasury.govt.nz/
[11] https://www.stats.govt.nz/information-releases/property-transfer-statistics-june-2018-quarter
[12] Includes the additional margin of feasible development capacity over and above projected demand, of 20% for years 1-10 and 15% for years 11-30 (policy PC1 NPS-UDC).
[13] Data is for the Richmond Ward
[14] Smaller than 150m^2
[15] Bigger than 150m^2

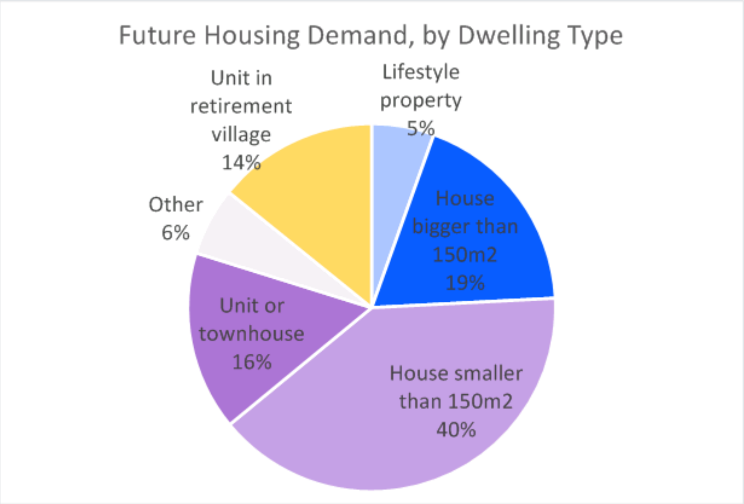

Figure 6: Future housing demand by dwelling type, Nelson Main Urban Area falling within Tasman District Council

With an ageing population and affordability issues, there is a risk of older people living in housing-related poverty.

4.3 Unmet Demand

4.3.1 Private Rental Stock

Table 6 below is from the 2013 census and shows that in Tasman 75% of dwellings were owned or in a family trust (where stated) in 2006. This is one of the highest proportions nationally. In 2013, this remained at 74.9%. The 2018 census will reveal how this has changed but it is anticipated that with affordability significantly worsening over the last five years, ownership will have declined.

Table 6: Dwelling Ownership in Tasman 2006-2013

Tasman District	2006	2013
Dwelling owned or partly owned	10,002	10,194
Dwelling not owned and not held in a family trust	3,864	4,353
Dwelling held in a family trust	2,085	2,850
Total households stated	15,951	17,400
Not elsewhere included	849	864
Total households, Tasman District	16,800	18,261

The report "A Stocktake of New Zealand's Housing" prepared for the Government in February 2018 provides some estimates of rental housing stock for Tasman between 2013-2017 as shown in Table 7:

Table 7: Regional Tenure Patterns and Estimates of Rental Housing Stock 2013-2017[16]

Region	Total housing stock 2013	% of dwellings not owned 2013	Stock not owned by occupants	Estimate of stock June 2017	Estimate of rental housing stock June 2017	% of dwellings rented in June 2017
Tasman	21,582	25%	5,400	22,700	6,100	26.9%

The report notes at page 8 that regions with the lowest proportions of rental housing nationally are Tasman (27%) and Marlborough (31%). The same report notes in Table 7 (page 55) that Tasman has one of the lowest yields on residential rental property investment in 2017 at 3.5%. Media reports and anecdotal evidence suggest that with continuing rising house prices in Tasman the rental stock is insufficient, yet with such low yields the private rental market is likely to be constrained.

4.3.2 Social Housing Need

As reported in the NPS-UDC Nelson-Tasman quarterly monitoring reports, (https://www.tasman.govt.nz/my-council/key-documents/more/growth/housing/urban-development-capacity-reports/), social housing need is increasing in Tasman. The Ministry for Social Development administers the Social Housing Register and as at December 2017 this showed for Tasman there were 40 applicants. In Tasman 27 of the 40 applicants are 'priority A' applicants (severe and persistent housing need that must be addressed immediately). According to the Social Housing Register, demand for housing in Nelson and Tasman is largely for 1 and 2 bedroom dwellings. By March 2018 the number of applicants had risen to 58 for Tasman and 44 of these are 'priority A'. According to the Housing Register, demand for housing in Nelson and Tasman remains largely for 1- and 2-bedroom dwellings.

The Housing Minister announced in March 2018 that 20 new state houses would be built in the Nelson/Marlborough region. Seven of these dwellings will be constructed in Nelson and will consist of three 2-bedroom homes and four 1-bedroom homes.

The Public Housing Plan 2018-2022 (released in August 2018) indicates that 30 public bed spaces will be provided by 2022 in 15 additional houses, for Tasman. These will likely be provided by both Housing New Zealand and Community Housing Providers.

In addition to social housing need, the need for affordable housing is pressing in the District, as shown by MBIE's housing affordability measures i.e. the number of those who earn sufficient not to qualify for social housing but insufficient to be able to afford market housing. Affordability is reported on in the quarterly monitoring reports produced by Tasman and Nelson and can be found at the link above.

[16] Table 7 "A Stocktake of New Zealand's Housing" February 2018 by Alan Johnson, Philippa Howden-Chapman and Shamubeel Eaqub

The 2016 review of the GDSM oversupplies capacity to meet demand in years 1-10 for housing in Richmond. 1,500 lots are to be provided by 2028, compared with estimated demand for about 1,100 lots. An oversupply in the short term is considered appropriate due to the increasing numbers of building consents being granted in Richmond and evident strong demand. Much of the oversupply is developer driven through Special Housing Areas. There are two clear fronts of growth in Richmond: Richmond West and Richmond South. Both of these growth areas are dependent on new water infrastructure and improved stormwater network capacity. 70% of future demand for housing in Richmond is projected to be for small houses or units. The capacity identified for Richmond complies with the NPS-UDC in that it is appropriately zoned and serviced, or in the longer term identified for servicing in the LTP or Infrastructure Strategy. The representative greenfield residential sites are all commercially feasible. The brownfield infill sites are not and yet some have since been built and sold. There also continues to be a growing number of intensive infill proposals in Richmond. Land ownership concentration is an issue with around 65% of the undeveloped residentially zoned land in the Nelson Main Urban Area owned by just ten people or companies. This is among the top three worst areas nationally for a large amount of land being held by a small number of owners.

5.1 Cumulative Effect of all Zoning, Objectives, Policies, Rules Overlays and Designations in Tasman Resource Management Plan

Round 1 of the GDSM undertakes a review of urban land supply potential (assessing opportunities and constraints for every Development Area (DA) within each settlement). It looks at land use effects, network and community services effects for each DA. This evaluation therefore assesses cumulative effect of the zoning and objectives and policies in the Resource Management Plan where they exist. Where not yet zoned for development, the planning and infrastructure opportunities and constraints are considered and how they may affect feasibility for future development.

A DA is defined as one continuous polygon within a settlement that if assessed as developable (i.e. net positive score from the criteria evaluation), is expected to contain a common end-use and density for built development. Some DAs may be assessed as unsuitable for development due to e.g. the existence of hazards.

5.2 Assessing Development Capacity (Sufficiency)

Sufficiency of development capacity is defined in the NPS-UDC as the provision of enough development capacity to meet housing and business demand and capacity that reflects the demands for different types and location of development capacity. Rounds 2 and 3 of the GDSM assess development capacity.

Round 2 of the GDSM evaluates the potential yield of positively scoring DAs and the potential supply of lots. More information is provided on this stage under "commercial feasibility of development capacity" below. Round 3 - development rollout - is the final round of the GDSM, where development of the sites supplied is forecast both in terms of location within the settlement and over a time horizon. The demand to be met is assessed at the same time. The rollout for Richmond from the 2016 review of the GDSM is shown in Table 8 below.

Table 8: Rollout for Richmond (supply of residential land) by Development Area[17]

Projections						Year Zero 2017/18 Meet demand		Years 1-3 2018/19 - 2020/21 Meet demand		Years 4-10 2021/22 - 2027/28 Meet demand		Years 11-20 2028/29 - 2037/38 Meet demand		Years 21-30 2038/39 - 2047/48 Meet demand		Remaining units Meet demand	
	DA	Score	Existing Vacant Lots	Expected New Lots	Total Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots
	1	6	21	55	76	2	8	3	13	5	6	4	10	4	10	3	8
	2	8	16	763	779	0	6	2	10	5	38	4	50	4	40	1	619
	6	1	5	624	629	0	0	0	0	0	150	0	100	0	50	5	324
	8	1	12	767	779	12	62	0	200	0	300	0	100	0	100	0	5
	24	4	32	392	424	32	238	0	100	0	54	0	0	0	0	0	0
	25	1	2	10	12	0	0	0	7	0	0	0	0	0	0	2	3
	27	8	2	301	303	0	50	0	80	0	10	1	25	1	0	0	136
	28	7	4	100	104	0	0	0	0	0	0	0	0	0	0	4	100
	33	4	29	86	115	1	4	7	18	7	30	7	24	7	10	0	0
	34	2	5	90	95	0	0	2	52	3	32	0	0	0	0	0	6
	41	8	0	167	167	0	0	0	65	0	25	0	77	0	0	0	0
	42	1	0	64	64	0	0	0	0	0	0	0	64	0	0	0	0
	44	3	4	26	30	4	26	0	0	0	0	0	0	0	0	0	0
	46	3	87	163	250	0	0	0	0	0	0	0	0	0	0	87	163
	57	4	9	885	894	0	0	0	0	0	0	0	0	0	0	9	885
	58	2	16	1746	1762	0	0	0	0	0	0	0	0	0	0	16	1746
	59	1	13	73	86	0	0	2	10	4	10	4	10	3	10	0	33
	60	8	17	71	88	1	2	2	2	5	5	5	10	4	10	0	42
	61	8	16	275	291	2	5	2	10	4	15	4	30	4	50	0	165
	62	1	17	1	18	0	0	2	0	4	0	6	0	5	1	0	0
	63	2	7	12	19	0	0	1	2	2	4	2	3	2	3	0	0
	64	1	2	43	45	0	0	0	0	2	10	0	18	0	15	0	0
	70	3	4	255	259	0	0	0	50	0	150	0	50	0	0	4	5
	71	2	6	768	774	0	0	0	0	0	0	0	0	0	0	6	768
Subtotals						54	401	23	619	41	839	37	571	34	299	137	5008

Table 9 below shows the proposed rollout of land from above compared with the demand for housing in Richmond:

Table 9: Rollout of Residential Land compared with Demand

Richmond Settlement Area	Demand		
	Years 1-3 (2018/19—2020/21)	Years 4-10 (2021/22—2027/28)	Years 11-30 (2028/29—2047/48)
Dwellings required to meet demand (includes NPS margin)	390	701	950
Totals planned in rollout	642	880	941
Under/over supply?	+252	+179	-9

5.1.2 Conclusions on Assessing Development Capacity

There are two clear fronts of growth in Richmond, one in Richmond West and one in Richmond South. Both of these growth areas are dependent on new water infrastructure and improved stormwater network capacity and this is discussed further below.

After completion of the 2016 GDSM review, a number of Special Housing Areas (SHAs) were gazette in Richmond. The GDSM was subsequently rerun to take account of these and previous assumptions to expand

[17] *Units on existing lots* means existing consented vacant lots, obtained by a count of vacant lots with a minimum size threshold of 300 sqm. *Units on new lots* means lots created by subdivision.

Richmond southwards in the longer term, were reversed. This was largely due to the significant contribution large SHAs in Richmond West on deferred Mixed Business and Light Industrial zoned land would make to overall supply. An oversupply remained after taking the SHAs into account, but this was felt to be appropriate due to the increasing numbers of building consents being granted in Richmond and evident strong demand. The additional oversupply was also developer driven through the gazetted SHAs.

5.1.3 Zoning Status of DAs for Richmond Rollout (Residential)

As policy PA1 in the NPS-UDC states, capacity within years 1-10 is required to be zoned; and within years 11-30 is to be identified in relevant plans and strategies. The table in appendix 3 shows that the DAs in the development rollout are either appropriately zoned for Residential or Rural Residential to enable the supply. Where zoned deferred, the deferral has either been uplifted to enable development or can shortly be uplifted due to the existence of a developer agreement. The TRMP explains the deferred zone in chapter 17. The removal of the deferred status and the commencement of the new effective zone as listed in Schedule 17.14A (deferred zone locations), is effected by a resolution of Council when the required services have been provided, or can be provided, to the satisfaction of the Council. The Plan is then amended without further formality from that date of resolution, to show the new effective zone. We advise landowners when we have made a resolution. (TRMP 17.14.2(d)). The deferred zone rules in the TRMP enable either the Council or any person to provide the required services and any person may propose to service any part or all of any deferred zone area. In either case, the Council has to approve the servicing proposal, before the deferred status over the relevant part of the future zone can be removed by a resolution of Council. Services may be provided either before or after removal of any deferral. (17.14.20 TRMP).

Some of the larger SHAs were established on land zoned Rural 1 deferred Mixed Business and Light Industrial. These sites will be proposed for rezoning once resource consents are granted and there is certainty of the proposals being implemented. In all cases the SHAs are progressing towards this status. In the case of DA8 that is zoned Rural 1 deferred Residential, a developer agreement exists for services and it is able to be uplifted soon. Resource consent has already been granted for development of part of this site and an application is being put together for the remainder. In the case of DA42 that is required in the longer term (years 11-20), it is dependent on the low-level reservoir in Richmond and this project is in the LTP.

5.1.4 Range of Capacity Provided

As evidenced by the explanation of zoning status for each DA in appendix 3, the TRMP enables a range of residential capacity in Richmond. Different types of dwellings can be built, including standard, compact, comprehensive, intensive (including minor units), all with different development standards (see Figure 7 below). Rural residential is also enabled in Richmond although rollout of further land for this density does not feature in this review. This was due to SHAs being gazetted on parts of the land zoned Rural Residential and ultimately proposing development at a density higher than that envisaged by the underlying zone. A recent Plan Change for Rural Area rules in the Resource Management Plan has also enabled workers' accommodation, minor dwellings/attached housekeeping units and sleep outs on rural land. Outside of Richmond, Papakainga zones exist e.g. Motueka West within Te Awhina Marae that enable housing types such as community housing, short term accommodation and kaumatua units.

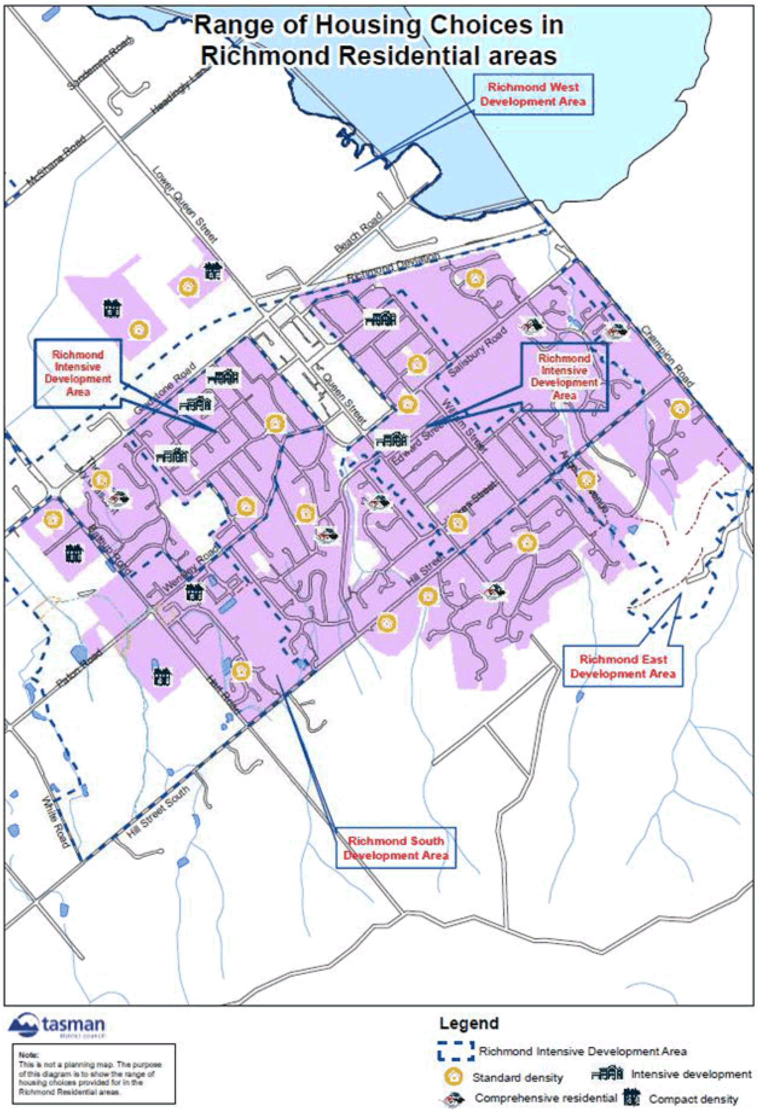

Figure 7: Different types of Urban Residential development for Richmond in the TRMP

Section 4 of this report identified that in Richmond, 30% of the future demand for housing is projected to be for units, townhouses, or units in retirement villages, and 40% is projected to be for small houses. Small houses were defined as less than 150 sq. m. in the Communitrak survey, units or townhouses were not defined by size. Round 2 of the growth model on yield assumed smaller typical lot sizes for the following DAs included in the land rollout for Richmond:

Table 10: Typical Lot Sizes assumed for Certain DAs in Richmond Residential Land Rollout

DA in Richmond	Typical Lot Size (sq. m) assumed in GDSM (round 2)	Comment
2	300	Richmond Intensive Development Area
6	450	SHA Richmond West
8	450	SHA Richmond West
24	450	Richmond South
44	250	Richmond West
59	400	Richmond East
61	350	Richmond Intensive Development Area
62	400	Waimea village
70	425	SHAs Richmond West

Remaining DAs in the Richmond land rollout all assume larger typical lot sizes. In the DAs of Richmond that feature in table 10, building coverage under the TRMP is generally 40%, rising to 50% in DAs 61 and 2 (Richmond Intensive Development Area). The average lot size in table 10 is 386 sq.m. Building coverage of 40% on a site of this size would provide a house of 154 sq. m. (less if outbuildings/garage were separate from the main house), equating to a "small" house as defined in the Communitrak survey. All the DAs in table 10 together provide just over 70% of the total rollout for Richmond. The Communitrak survey, when combined with projected growth of each household type found that 70% of the future demand for housing is projected to be for units, townhouses, or units in retirement villages, or small houses. The majority of DA70 comprises a consented retirement village currently being built. 17% of one-person Richmond households in the Communitrak survey preferred a unit in a retirement village as their housing type. This retirement village will deliver 267 units.

It is not an exact science. The GDSM predicts typical lot size based on existing or proposed zoning patterns. The subsequent resource consents may however propose a different density overall with variation within the subdivision. In the case of SHAs the eventual lot sizes can vary significantly from the underlying zoning.

In the gazetted Richmond SHAs, densities are greater than envisaged by the GDSM. For example for The Meadows SHA in DA6 the GDSM assumed 150 lots in years 1-10; the latest masterplan submitted for resource consent shows 471 lots, so a gain of 321 lots from the original forecast. Typical lot sizes are around 500 sq.m for standard residential, 300 sq.m for terraces and 350 sq.m for duplexes. DA70 comprises Arvida retirement village and The Fields SHA and the GDSM assumed 200 lots in years 1-10. Consented masterplans show 338 lots/units, so a gain of 138 lots/units from the original forecast. Similarly Applebyfield SHA (DA8), although at pre-application stage, proposes a greater number of lots than assumed in the GDSM.

5.1.5 Price efficiency indicator monitoring

In May 2018, following the release of price efficiency indicators for Nelson Main Urban Area, the data on the MBIE website was analysed. This was after extensive discussions with MBIE over some of the source data. The indicators comprise Price – Cost ratio (homes), Rural-urban land value differential and Industrial zone differential. Land ownership concentration was not available for Nelson-Tasman at that time but has since become available. The data has been monitored and the analysis is provided in Appendix 4. In summary, the analysis revealed the following:

- **Price-cost ratio indicator:** The price-cost ratio (gap between house prices and construction costs) peaked in 2004. It then declined steadily between 2004 and 2014. Since 2014, it has risen steadily with a marked increase between 2016-17. The latest ratio puts Nelson Main Urban Area just above the 'acceptable' threshold for supply of land being responsive to demand i.e. supply of land is not responsive to demand and insufficient development opportunities exist:

Table 11: Price-Cost Ratio for Nelson Main Urban Area – source MBIE dashboard

Price Cost Ratio	2014	2015	2016	2017
Year	**1.265**	**1.265**	**1.375**	**1.552**

- **Rural-urban land value differential indicator:** Nelson's Main Urban Area ratio is currently 2.10 i.e. urban land is valued at roughly twice the value of non-urban land or $153 per sq. m more. The cost per section of the rural-urban differential is estimated at $91,671 for Nelson's Main Urban Area by MBIE. Nelson Main Urban Area land values do not rise as you get closer to the town centres of Nelson and Richmond, conversely they increase steeply as you get closer to the rural-urban boundaries of both Districts. This is not the same as for e.g. Auckland and Tauranga. However, as in other cities, there is a significant drop off in land values at the rural-urban boundary itself. Since urban land in our area is worth twice the value of adjacent non-urban land, this apparently raises questions over the Main Urban Area's current plans and whether sufficient urban development capacity is provided today
- **Industrial zone differential indicator:** This indicator seems to reflect local nuances overall and may be of limited value for the capacity assessments.
- **Land ownership concentration:** Around 65% of the undeveloped residentially zoned land in the Nelson Main Urban Area is owned by just ten people or companies, with the largest land holding being 20.3%. It is difficult to determine the level of ownership concentration that will begin to have an effect on section prices but for comparison, the Nelson Main Urban Area is in the top three worst areas for a large amount of land being held by a small number of owners, along with Napier and Hamilton.

5.2 Capacity Supported by Development Infrastructure

The required infrastructure investment, rather than availability of land, remains our major challenge to delivering development capacity. Recent growth was higher than anticipated in the LTP 2015-2025 and has taken up considerable amounts of available infrastructure capacity. The combination of this and ongoing projected population growth in Richmond creates further demand for additional capacity in our infrastructure. This means bringing forward some infrastructure projects originally planned for later periods.

5.2.1 Water, Wastewater and Stormwater Infrastructure

The two main fronts of growth planned – Richmond South and Richmond West- will require completely new infrastructure in order to deliver water to the area, which will be largely funded by Development Contributions. The major infrastructure projects are:

- Low level trunk main from Richmond water treatment plant to low level reservoir
- Low level reservoir (Richmond South) tanks to provide storage for low level areas of Richmond West and South (these projects feature early in the LTP)
- Higher level reservoir in Richmond South and new trunk main proposed from Richmond water treatment plant to Richmond South – this services Richmond South in the longer term
- Borck Creek stormwater – ongoing upgrading of a new stormwater network
- Richmond water treatment plant capacity increase
- Headingly Lane pump station and rising main capacity upgrades – needed to assist with capacity arising from growth
- Lower Queen Street/Berryfield Drive intersection upgrade
- Nelson Regional Sewerage Business Unit (NRSBU) upgrades – trunk main for Richmond discharges into the Beach Road pump station that is owned and operated by NRSBU. From the pump station wastewater is pumped to Bell Island Wastewater treatment plant. Budget allowances are made in the LTP for NRSBU capital renewals
- Proposed Waimea Community dam

In Richmond West, approximately 800 new residential sections can be serviced using existing and improved services. Additional sections in Richmond West require the low-level trunk main and reservoir for water supply. This infrastructure will be provided by year 4 of the LTP. In Richmond South, 120 lots can develop without the proposed trunk main and low-level reservoir. Subsequent to this infrastructure being built, the remaining lots in Richmond South can be developed.

Stormwater infrastructure is not as critical as water for new greenfield development, as developers can always be required to provide on-site detention. However, the ongoing upgrade and widening of Borck Creek in Richmond West is important stormwater infrastructure for Richmond South and West. The transportation project upgrading the intersection of Lower Queen St with Berryfield Drive in Richmond West in year 6 of the LTP will cater for residential and commercial growth in the area.

In accordance with policy PA1 of the NPS-UDC, land required in years 1-3 is already serviced. Land required in years 4-10 is either serviced or the infrastructure project is in our LTP 2018-2028. Land required in years 11-30 depends on infrastructure either already in the LTP or Infrastructure Strategy. See LTP web links http://old.tasman.govt.nz/policy/plans/activity-management-plans/ and http://tdc.maps.arcgis.com/apps/MapSeries/index.html?appid=b784191f86a544bdbce1cf4a1d01463a for details of the projects. The Infrastructure Strategy can be found in volume 2 of LTP- http://old.tasman.govt.nz/policy/plans/long-term-plans/long-term-plan-2018-2028/.

In addition to above analysis of the GDSM rollout and infrastructure required to service that planned development, analysis has also been undertaken of how much capacity the infrastructure projects will provide for in years 1-10. Figure 8 below illustrates this; the figures on the vertical axis are number of sections.

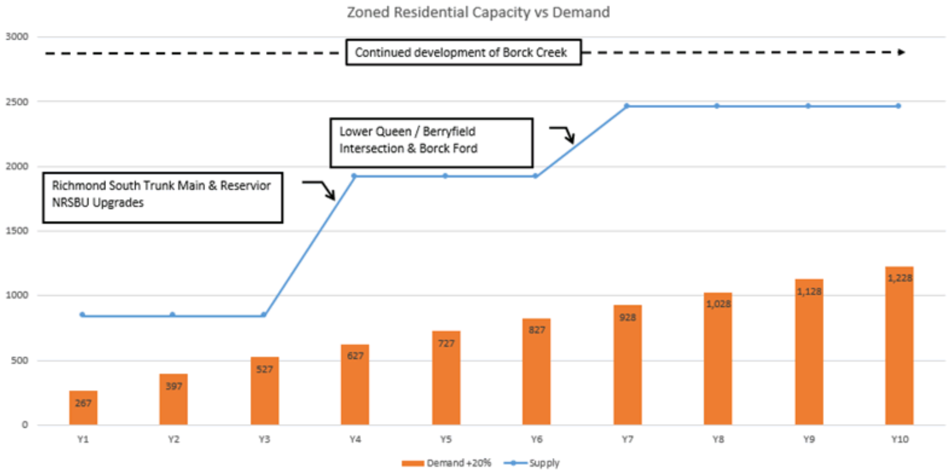

Figure 8 Residential capacity provided by infrastructure projects compared with residential demand

Analysis of the capacity provided by the infrastructure projects in the next 10 years shows that in years 1-3, 842 lots are provided for (compared with demand for 390 lots); in years 4-6 an additional 1,078 lots are provided for and in years 7-10 a further 543 lots are provided for (compared with demand in years 4-10 for 701 lots). The residential capacity provided by the infrastructure projects therefore exceeds demand in years 1-10 by 1,372 lots and this is discussed further in the joint “National Policy Statement on Urban Development Capacity Assessment – Nelson-Tasman Overview” report.

5.2.2 Proposed Waimea Community Dam

For water supply to Richmond for residential development in the longer term, the 2016 GDSM review assumed that the Waimea community dam would proceed. In September 2018, Council voted in favour of the dam proposal. It remains subject to financial close in December 2018 and a final Council vote will occur at the end of November 2018.

Analysis during growth modelling was undertaken on the implications of a no dam scenario for Richmond (and other towns it will serve). This is provided in appendix 5. For residential development, this analysis showed that without the dam, supplying water to newly zoned land becomes difficult beyond 10 years and would constrain growth. Fortunately, due to the likely outcome of the SHAs providing higher densities of housing than anticipated by the GDSM, demand in years 1-10 would still be met and a significant oversupply is likely to exist. Implications of a no dam scenario for business land would be more critical and are discussed below in the business section 7.

It is widely accepted that water augmentation is needed for the Waimea catchment, but the cost and risk of the infrastructure is contentious. If the proposed Waimea community dam does not proceed then an alternative will take a minimum of 7 years to plan, consent and build.

5.2.3 Transportation Infrastructure

The existing transportation network in Richmond is coming under more pressure as the number of people living and working in Richmond grows. Roads such as Gladstone Road (SH6), Wensley Road, Salisbury Road, Champion Road, Oxford Street and Lower Queen Street are becoming less fit for purpose. In our LTP 2018-2028, we have planned a series of improvements for local roads to create road environments, intersections and active transport corridors that are safer for and better accommodate all road users. Until these road and footpath improvements are complete, we will carefully manage its road network to minimise the impact of growth, however increasing traffic volumes will inevitably lead to increased congestion and travel times in the meantime. We are also preparing a Network Operating Framework (NOF) for Richmond with the NZTA and NCC. The NOF considers the current and future state of the transportation network including how it should operate to meet changing needs of the community. It also considers all forms of transport and how each mode interacts with the other. Working and planning in collaboration with NZTA is critical as the State Highway network provides the backbone of the overall transport network and is the first to show signs of strain.

5.2.4 Reserves, Parks and Community Facilities Infrastructure

Major projects planned for the Richmond Settlement Area in the 2018 – 2028 period include the ongoing development of parks and reserves walkways/cycleways, including the Estuary walkway and the purchase of land for a new cemetery in the 2018/2019 year. Our forward planning through to 2038 needs to cover the provision of additional public toilets on reserves. These could be provided from funding from Reserve Financial Contributions received from subdivision development. New reserves and walkway connections will be identified as subdivisions develop, including in Richmond's SHAs. Further developments are planned for the shared Saxton Field recreation complex (with NCC) within the 2018 – 2028 period including further development of new playing fields, walkways, car parks and roads, and renewal of an existing hockey turf and the athletics track.

5.3 Commercial Feasibility of Development Capacity

Round 2 of the GDSM assesses potential yield of lots for positively scored DAs that have come through round 1 i.e. the supply potential. DAs are assessed for developability and this information has been useful for some of the data inputs required by MBIE's NPS-UDC development feasibility tool, in assessing commercial feasibility of the capacity.

For Richmond, the following six representative locations have been tested for commercial feasibility:

Greenfield:

1. Berryfield Drive, Richmond West – DA8 - subsequent to growth model review, Applebyfield SHA was gazetted on this site and two resource consents granted

2. Berryfield Drive, Richmond West – DA6 - subsequent to growth model review, The Meadows SHA was gazetted on this site
3. Hart Rise, Richmond South – DA27
4. Hill Street, Richmond – DA1 - subsequent to growth model review a SHA was gazetted on this site

Brownfield infill:

5. Elizabeth Street Richmond – DA2 – existing dwelling removed and 741 sq. m title subdivided into 3 lots with 3 new units provided

6. Dorset Street, Richmond – DA61 – resource consent granted for existing dwelling to be retained on large title (2152 sq. m) and subdivision creating four new lots with 4 new dwellings. Subsequent resource consent granted in May 2018 for a 3-lot subdivision comprising larger lots and it is currently being marketed.

For the greenfield sites the MBIE NPS-UDC development feasibility tool was used (residual value analysis method). Council staff undertook the feasibility analysis, with the assistance of a valuer and developers for various data inputs as well as verification of results. The feasibilities were shared with most developers, although some were less keen to be involved. Some input data obtained by NCC from consultants was also consulted. The feasibilities are provided in appendix 6 together with assumptions made.

For the two brownfield infill sites, feasibility analysis for Dorset St was first undertaken by a stakeholder group for a plan change (residual value method) and subsequently by a valuer (hypothetical subdivision approach). For Elizabeth St, analysis was undertaken by a valuer (hypothetical subdivision approach). The feasibility analysis for these brownfield sites was completed in advance of the NPS-UDC being published in association with Plan Change 66. The summary feasibilities are provided in appendix 6.

5.3.1 Conclusions on Commercial Feasibility of Greenfield Sites

The developers who assisted with completion of some of the cost fields in the MBIE NPS-UDC development feasibility tool made some observations on its assumptions:

- Where the land is flat a pressure system for the wastewater is used, instead of gravity feed, so costs per lineal m are not available - outdated
- Where in the model is allowance for power and telecoms connections?
- The model doesn't allow for staged development, rather it is a static model
- The cost of roading does not increase with increased densities as the model suggests
- The developers also provided further advice on key input data, if the resultant land value/sq. m was unrealistic at the end of the initial analysis

The following comments apply to the individual greenfield feasibilities:

1. Richmond West (DA8) – commercial feasible at densities 15-25 dwellings/ha, providing a return of over 20%. The proposals/consents are at an overall density of around 15 dwellings per hectare, therefore the analysis suggests a higher density would be more profit maximising. There are approximately 600 lots proposed over this area
2. Richmond West (DA6) - commercial feasible at a density of 15 dwellings/ha, providing a return of over 20%. The proposals are at an overall density of around 15 dwellings per hectare and this is the profit maximising density according to the model. There are approximately 470 lots proposed over this area
3. Richmond South (DA27) – commercially feasible at densities 15-25 dwellings/ha, providing a return of over 20%. A subsequent consent for 130 lots now being implemented, is at an overall density of around 15 dwellings per hectare, therefore the analysis suggests a higher density would be more profit maximising. This DA also comprises some undeveloped land
4. Richmond East (Hill St DA1) - commercially feasible at densities of 10-25 dwellings/ha, providing a return of over 20%. The density of development is actually much less than 10 dwellings/ha on this site but the feasibility tool does not model such low densities. The density proposed is only 2 dwellings/ha with

average lot sizes of 900 sq.m. in the denser part of development and 2,100 sq. m. in the rural residential part. This development is currently under construction.

5.3.2 Conclusions on Brownfield Infill Sites

Elizabeth St - a development feasibility assessment for Elizabeth St indicated a loss. However, this development went ahead and was extremely successful, so much so that the opposite lot in Elizabeth St was subdivided and developed in exactly the same way.

Dorset St - The Richmond Residential Advisory Group (RRAG), a stakeholder group for the Richmond intensification Plan Change 66 including a valuer, surveyor, developer and real estate agent used the residual value method for the Dorset St example and the analysis resulted in a loss. Telfer Young also undertook a hypothetical subdivision approach feasibility assessment of Dorset St and it resulted in unrealistically low market values of the five resulting lots. This development has not been built to date but a subsequent resource consent was granted in May 2018 for a 3-lot subdivision comprising larger lots and it is currently being marketed.

A key input in the brownfield feasibility assessments is buildings costs. For Elizabeth St, the valuer has assumed $2,600/sq. m, whereas for Dorset St $1,800/sq. m was used on advice of a stakeholder group. This item alone accounts for the majority of the cost difference in the two feasibilities, as this is a very significant proportion of overall costs. Other key variables include whether the land is considered at its market value as a 'cost' to the developer, even where it is already owned. It is not uncommon for developers to consider surplus owned land as "free" or at historic cost, which would result in a more favourable feasibility outcome. It is also not known whether a developer has to borrow money or not to undertake the development. Modular construction and other faster forms of construction may improve feasibilities for brownfield sites by reducing construction costs and time.

Following Plan Change 66 to enable more infill in Richmond, we expect more intensive brownfield developments around the town centre. In the last 3 years there have been an increasing number obtaining resource consent and being developed. In 2017, 16 lots were consented in Richmond for comprehensive infill developments (41 Oxford St, 36 Croucher St, 2 Arbour Lea Avenue and 7 Talbot St.) Further infill consents have been granted in 2018 and now that Pan Change 66 is operative further proposals are being submitted. Total rollout of brownfield intensive infill developments in Richmond is forecast at 243 in Richmond over the next 30 years. This is a modest rate of about eight per year and based on current take up rates seems feasible.

5.3.3 Consultation

During the 2016 review of the GDSM, consultation was undertaken with the development community including with our developer's forum, the District Health Board and with organisations such as Wakatu. 3 workshops were also held between July and August 2016, which a number of developers and property consultants and Chamber of Commerce attended.

This consultation led to changes to the model such as the inclusion of certain DAs in the proposed rollout of land, the timing of proposed rollout of land in certain settlements and assumed lot sizes in certain DAs. It also conveyed the development community's thoughts on amount of business land available in Richmond.

In addition, formal consultation under the Local Government Act 2002 was undertaken on the LTP 2018-2028 with the whole community in April 2018. This included the growth strategy and relevant activity management plans.

5.3.4 Conclusions on Sufficient Development Capacity

An oversupply of residential land is being provided in Richmond in years 1-10 and this is felt to be appropriate due to the increasing numbers of building consents being granted in Richmond and evident strong demand. Much of the oversupply is developer driven as a result of the gazetted SHAs. The capacity complies with policy PA1 of the NPS-UDC in that the DAs are either appropriately zoned or where zoned deferred, part of the deferral has either been uplifted to allow rollout of serviced land in the short term, or the deferral can soon be uplifted. Some SHAs are gazetted on inappropriately zoned land but under HASHAA they can proceed to resource consent stage and be built regardless of the underlying zone.

A range of housing types is enabled by the TRMP in Richmond. Roughly 70% of the Richmond residential rollout falls within DAs where due to average typical lot size and building coverage rules, buildings of just over 150 sq. m are likely to be built. This coincides with the definition of "small" dwelling in the 2018 Communitrak survey of residents and the survey found that 70% of Richmond residents prefer small dwellings, units or townhouses (or units in retirement villages). Eventual dwelling size does however depend on the developer and is determined via a resource consent. It is not an exact science.

Price efficiency indicators show that the gap between house prices and construction costs has risen steadily to the point that Nelson Main Urban Area is just above the acceptable threshold for supply of land being responsive to demand. With the oversupply identified in this assessment and the forthcoming Future Development Strategy, it is anticipated that supply will be more responsive in the future. Land ownership concentration is a constraint in the area with 65% of undeveloped residentially zoned land in the Nelson Main Urban Area owned by 10 people/companies.

In accordance with policy PA1 of the NPS-UDC, land required in years 1-3 is already serviced. Land required in years 4-10 is either serviced or the infrastructure project is in our LTP 2018-2028 and land required in years 11-30 depends on infrastructure either already in the LTP or Infrastructure Strategy. Longer term development is reliant on an augmented water supply such as the Waimea community dam and this assessment assumes that the dam will proceed.

Proposed representative greenfield locations for residential development in Richmond have been demonstrated as commercial feasible. Brownfield locations have been less feasible according to various valuation methods yet some have since been successfully completed. The low level of assumed rollout for brownfield intensification, at only 8 lots per year for 30 years appears realistic based on current take up rates.

5 Business Demand

Tasman-Nelson's economy comprises primary and secondary sectors (agriculture, forestry, fishing and manufacturing) and a growing service sector. Over the last 15 years, however, it has experienced less net growth (on a per capita GDP basis) than all other regions in the South Island. The GDSM oversupplies demand for business lots in Richmond over the next 10 years. 176 lots will be provided compared with demand for 150 lots. Account has not yet been taken of vacancies in Industrial and Mixed Business zoned lots or buildings. Following an on-site survey planned for November 2018 greater efficiencies may result in the use of land. Capacity complies with the NPS-UDC as the DAs required for rollout are appropriately zoned. Some DAs are zoned deferred business for services and these deferrals will be uplifted as developer agreements are in place. The loss of 50ha of deferred business zoned land to SHAs at Richmond West necessitated other areas of Richmond West being brought forward for business land rollout. These same areas are dependent in the short term on a decision on an augmented water supply such as the Waimea community dam. In the event that this infrastructure does not proceed, alternative capacity scenarios are considered in this assessment. Assuming the Waimea community dam proceeds, DAs are capable of being serviced in the short term and in the longer term, the infrastructure requirements are in the LTP and Infrastructure Strategy.

6.1 The Local Economy

Tasman-Nelson economy's core productive base comprises primary and secondary sectors such as agriculture, forestry, fishing and manufacturing. There is also a growing service sector. However over the last 15 years, the Tasman Nelson economy has become comparatively less productive in a New Zealand context. The regional economy has experienced significantly less net growth (on a per capita GDP basis) than all other regions in the South Island by a margin greater than 10%.[18]

> *"The location and enabling of forecast growth in each of the Regions will be fundamental to both the long term competitiveness of the business environments and the wellbeing of the combined market as a whole. It is important to note that this will require co-operation and coordination between both TDC and NCC from a policy planning perspective, and it is essential for both councils to accommodate future business land demand in a unified market context. It is important when looking forward to ensure that enough zoned business land supply exists in the appropriate locations to facilitate future growth in the primary and secondary industries and enable the opportunity for Tasman Nelson's productive base and economy to expand and increase in relevance."* [19]

In the report commissioned by Council and NCC in 2016, Property Economics (P.E.) observes that Tasman and Nelson have similar retail compositions proportionately and that the combined market is relatively self-sufficient. For business, at a regional level the same report notes that employment is concentrated in the Stoke, Tahunanui (including Nelson airport), Port Nelson and Richmond areas. For industry, consents are occurring faster in Tasman than Nelson and Richmond is demarcated as the burgeoning hub of the industrial future for the region. Property Economics acknowledge the Richmond West hub as being in a strategic location for business activity for both regions, providing quick access to the State highway and south.

P.E.'s report notes that TDC and NCC are intrinsically linked and essentially operate as a single economic unit

[18] Economic Demand Business Forecasting" Property Economics (2016) page 11
[19] ibid

i.e. the planning boundaries are arbitrary in this context and not reflective of commercial market realities with many businesses servicing cross-boundary markets. *"This synergetic relationship is so entrenched, and will only strengthen moving forward, that the economies need to be considered as an integrated economic unit for long term planning purposes."* [20]

6.2 Assessing Demand

In 2016, an improved business land forecasting model was provided by P.E. that examines business activity and land requirements. Medium growth population projections were assumed for business demand for the entire period in the GDSM review, from 2018 to 2038.

The P.E. model incorporates national and regional economic and demographic trends to project both employment growth by industry and land requirements by activity (industrial, office, retail and commercial services). The model considers different growth scenarios, but advises that business growth based on current zoned land in the settlements across Nelson and Tasman is best. The zoned business land distribution approach of forecasting provides an appropriate recognition of the distribution of business activity on existing and zoned land and the role and function that each settlement plays in the region.

The P.E. model uses economic catchments for its forecasting for the Nelson-Tasman region, rather than separate settlement boundaries. It also produced projected demand by areas of land for three different types of business- industrial, commercial/commercial service and retail. (Commercial service includes services such as hairdressers, optometrists, dentists, law services that typically locate in retail centres but are not retail activities.) The Richmond economic catchment includes Mapua and Upper Moutere, as well as Richmond, so the business growth for the economic catchment had to be apportioned to the Richmond settlement.

To do this, demand forecasts were allocated on a pro rata basis to the settlement areas included in the catchment, based on the proportion of population in each settlement area. Medium series population growth projections were applied to P.E. business land forecast beyond 2038 to 2048 as required by the NPS-UDC, since the P.E. model only went to 2038. The categories of commercial and commercial service were combined as the TRMP does not distinguish between them. The P.E. business land forecast also included a "buffer" of 15% to cater for one off demands that cannot be predicted and to enable the market to benefit from a slight oversupply so that it doesn't suffer from artificial land price increases. This calculation resulted in the following business land requirement for Richmond settlement and the required extra margin of development capacity under the NPS-UDC has been added:

Table 12: Business Land Requirement for Richmond Settlement

Land Requirement for Richmond	Land Area Required 2016-2048
Commercial and retail floorspace	14.3 ha
Industrial land	1.7 ha

The GDSM requires demand to be expressed in the form of a number of lots rather than land area. To convert the area of land demanded to the number of lots, an estimate of the average or median lot size for the different categories of business was made. A full explanation of the method used to convert land demand for business to a number of lots is provided in Appendix 7. A survey of business land in the District to be undertaken in November 2018 will better inform future reviews with typical lot sizes by the different categories of business land.

P.E.'s economic study noted that the growth derived land requirements do not automatically translate into a net additional land requirement to be zoned for business activity, with large tracts of existing business land potentially vacant or underutilised. In the absence of data on occupancy of business land and premises for the District, the demand scenario above presents a worst-case scenario.

[20] ibid

The following demand for business lots in Richmond resulted (note retail and commercial demand is combined):

Table 13: Demand for Business Lots for Richmond from GDSM

Richmond Settlement Area	Demand		
	Years 1-3 (2018/19 — 2020/21)	Years 4-10 (2021/22 — 2027/28)	Years 11-30 (2028/29 — 2047/48)
Retail and Commercial Lots	35	83	86
Industrial Lots	0	0	9
Brightwater demand added to Richmond[21]	2	5	14
Subtotal	37	88	109
Total Business Lots required to meet Demand[22]	**44**	**106**	**125**

6.3 Existing Zoned Supply

Data for vacant industrial and commercial (office) activity in the form of either land or buildings was not available at the time of the P.E. report for our District. Vacancies for commercial (retail) floor space were, however, counted at the time of the P.E. report and commitments i.e. unimplemented resource consents were also taken into account. In November 2018, an audit will be undertaken for Richmond and other settlements of existing business land and floorspace vacancies. This data will therefore be available for future reviews of the GDSM. This will potentially add to Tasman's supply, so the study has so far presented a worst-case scenario with vacancies excluded.

Table 14 below indicates proposed rollout of business land for Richmond for development by number of lots from the GDSM:

[21] In the Property Economics report under the zoned distribution scenario Brightwater has an elevated industrial land demand due to the Carter Holt Harvey Mill (zoned industrial). This was decided to be an anomaly and that the estimated land requirements for Brightwater are more appropriately added to Richmond's future requirements – the adjacent settlement area with significantly more growth. However it was assumed that the future demand for industrial land in Brightwater was better estimated by assessing the demand for industrial land per head of population for the different year sets in Wakefield and applying it via the projected population in each year set for Brightwater.

[22] Includes the additional margin of feasible development capacity over and above projected demand of 20% for years 1-10 and 15% for years 11-30 (policy PC1 NPS-UDC).

Table 14: Rollout for Richmond (supply of business land) by Development Area[23]

Projections						Year Zero 2017/18		Years 1-3 2018/19 - 2020/21		Years 4-10 2021/22 - 2027/28		Years 11-20 2028/29 - 2037/38		Years 21-30 2038/39 - 2047/48		Remaining units	
						Meet demand		Meet demand		Meet demand		Meet demand		Meet demand		Meet demand	
	DA	Score	Existing Vacant Lots	Expected New Lots	Total Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots	Units on Existing Lots	Units on New Lots
	3	3	103	121	224	2	0	3	0	5	3	5	4	0	0	88	114
	4	2	2	3	5	1	1	1	2	0	0	0	0	0	0	0	0
	5	11	0	87	87	0	0	0	5	0	25	0	30	0	0	0	27
	7	1	4	3	7	0	0	0	0	0	3	0	0	0	0	4	0
	9	1	4	29	33	0	0	0	0	0	0	0	0	0	0	7	61
	10	2	3	42	45	0	3	0	5	3	20	0	14	0	0	0	0
	11	1	3	62	65	0	0	0	0	0	0	0	30	0	0	3	32
	12	1	17	26	43	3	0	5	0	5	0	4	0	0	0	0	26
	13	3	1	0	1	0	0	0	0	0	0	1	0	0	0	0	0
	35	4	3	11	14	1	0	2	0	0	0	0	2	0	0	0	9
	38	3	8	3	11	0	0	0	0	4	0	4	0	0	0	0	3
	43	3	2	45	47	0	20	0	0	0	0	2	10	0	0	0	15
	45	3	2	13	15	0	0	0	0	0	2	0	3	0	0	2	8
	56	2	2	89	91	0	0	0	30	0	50	0	0	0	0	2	9
	65	4	4	-1	3	0	0	3	0	0	0	0	0	0	0	1	-1
	69	1	1	265	266	0	0	0	0	0	0	0	0	0	0	3	397
Subtotals						7	24	14	42	17	103	16	93	0	0	110	700

Expressed in terms of hectares, the rollout of business land is set out in table 15 below.

Table 15: Rollout for Richmond (supply of business land) by hectares

Rollout of Land for Richmond	2016-2048
Commercial and retail floorspace	15.48 ha
Industrial land	4.05 ha

Table 16 below compares forecast rollout of business land (by lots) with demand for Richmond. As shown the extra capacity required by the NPS-UDC for years 11-30 (16 lots) is all provided for in years 1-10:

Table 16: Rollout of Business Land compared with Demand in lot numbers

Richmond Settlement Area	Demand		
	Years 1-3 (2018/19 — 2020/21)	Years 4-10 (2021/22 — 2027/28)	Years 11-30 (2028/29 — 2047/48)
Business lots required to meet demand (includes NPS margin)	44	106	125
Totals planned in rollout	56	120	109
Under/over supply?	+12	+14	-16

[23] *Units on existing lots* means existing consented vacant lots, obtained by a count of vacant lots with a minimum size threshold of 300 sq. m. *Units on new lots* means lots created by subdivision.

6.3.1 Zoning Status of DAs for Richmond Rollout (Business)

As policy PA1 in the NPS-UDC states, capacity within years 1-10 is required to be zoned; and within years 11-30 is to be identified in relevant plans and strategies. The plan in appendix 3 and accompanying table explains the current zoning status of the DAs proposed for business rollout. The DAs required for business rollout are appropriately zoned. Some DAs are zoned deferred business for services and these deferrals will be uplifted as developer agreements are in place. The final decision on the proposed Waimea community dam (November 2018) is significant in this respect.

6 Business Capacity, Feasibility and Sufficiency

7.1 Capacity, Feasibility and Sufficiency

The P.E. report (2016) found that under the zoned distribution growth scenario, Richmond West alone had enough vacant land capacity to comfortably accommodate the entire Nelson-Tasman market's future (to 2038) business land requirements providing 120 ha. This conclusion was further reinforced by the fact that vacant industrial and commercial buildings, increasing development and land use efficiency by redeveloping underutilised brownfield sites across the regions, had not been considered in the analysis.

As a result of The Meadows SHA (also comprising The Fields and Arvida sites) being gazetted on land zoned deferred for business use, a total of 50 ha of such land was lost to residential use (DAs 6 and 70). 32ha of this is zoned deferred Mixed Business and 18ha zoned deferred Light Industrial. The SHAs' gazettal led to a further review of business land capacity for Richmond. DA6 at Richmond West, assumed in the original rollout of business land, was no longer available. Therefore DA56 at Richmond West was brought forward earlier, for business land rollout.

The abundant supply of business land at Richmond West made this possible. Business demand beyond 2038 is not expected to be significant, based on the assumption that there is very little population growth projected beyond then. (Medium projections for 2038-2043 are for zero population increase in Tasman and 120 per year for Nelson).

However, the impact on the strategic business location due to fragmentation and lost economic opportunity because of less business clustering is harder to monitor. In addition, the potential for reverse sensitivity effects of such a large amount of residential land in a business destination will need to be worked through in resource consent applications.

Section 5.1 above explains how round 1 of the GDSM review assesses cumulative effect of the zoning and objectives and policies where they exist for each DA in Richmond. This includes business DAs. Where not yet zoned for development, the planning and infrastructure opportunities and constraints are considered and how they may affect the feasibility for future development. This analysis will be built upon with a visual inspection of all business sites in November 2018.

A survey of businesses in Tasman has not yet been undertaken. The Nelson Regional Development Agency, led by Wakatū Incorporation, is currently preparing a regional growth strategy, Te Tau Ihu 2077 and proposes to survey businesses as part of that project. Potentially questions could be asked in that survey concerning businesses' satisfaction with current premises and infrastructure, reasons for locating at current site, operational needs, relocation plans and future space requirements. This will be undertaken in the future to inform future capacity assessments.

7.2 Capacity supported by infrastructure

The major new infrastructure projects are:

- Low level trunk main from Richmond water treatment plant to low level reservoir
- Low level reservoir (Richmond South) tanks to provide storage for low level areas of Richmond West and South (these projects feature early in the LTP)
- Borck Creek stormwater – ongoing upgrading of a new stormwater network
- Richmond water treatment plant capacity increase
- Headingly Lane pump station and rising main capacity upgrades – needed to assist with capacity arising from growth
- Lower Queen Street/Berryfield Drive intersection upgrade
- NRSBU upgrades (as for residential)
- Proposed Waimea Community dam

Existing services enable DA5 to be made available. DAs 10 and 56 represent the bulk of the rollout of business land. These are dependent on the low-level trunk main from Richmond water treatment plant to the proposed low-level reservoir. The Council decision to uplift the deferred status of these DAs is also likely to be dependent on a decision on an augmented water supply, such as the proposed Waimea community dam.

For water supply to Richmond for business development, the GDSM assumed that the Waimea community dam would proceed. Analysis in appendix 5 highlights the significance of this infrastructure requirement for Richmond's continued supply of business land. Residential land rollout is not affected in the first ten years, in fact a greater oversupply exists largely due to the masterplans for the Richmond SHAs proposing a higher density of development than envisaged in the GDSM review.

Business land rollout is more sensitive in a no-dam scenario. Should the Waimea community dam not proceed, there is an estimated shortfall of up to 79 lots for business development in Richmond over years 1 – 10 (or until an alternative water supply is secured). Therefore a no dam scenario would impact on modelled business land availability and growth in Richmond and potentially Nelson. To address this, the GDSM would need to be quickly revisited, to ensure that as required under the NPS-UDC we continue to provide capacity to meet growth demands.

Assuming the proposed Waimea community dam proceeds: in accordance with policy PA1 of the NPS-UDC, land required in years 1-3 is already serviced. Borck Creek is an ongoing stormwater project staged to increase capacity. Land required in years 4-10 is either serviced or the infrastructure project is in our LTP 2018-2028. Land required in years 11-30 depends on infrastructure either already in the LTP or in the Infrastructure strategy. See LTP web links http://old.tasman.govt.nz/policy/plans/activity-management-plans/ and http://tdc.maps.arcgis.com/apps/MapSeries/index.html?appid=b784191f86a544bdbce1cf4a1d01463a for details of the projects. The infrastructure strategy can be found in volume 2 of LTP- http://old.tasman.govt.nz/policy/plans/long-term-plans/long-term-plan-2018-2028/.

7 Housing and Business Interactions

The GDSM classifies a DA as either residential or business, but not both. This ensures there is no double counting of development areas for each type of use, leading to over or under estimating of capacity. The TRMP does not comprise zones that allow multiple types of uses e.g. mixed use. They are either residential or business zones.

In Richmond, DA3, the town centre is the only place that has very small amounts of residential use above commercial uses (flats above shops), but this DA is counted only as a business DA in the GDSM and therefore has not been double counted for capacity.

9 Overall Conclusions

9.1 General Conclusions on the Capacity Assessment

The 2016 GDSM saw a significant deviation from past long term planning by using high growth population projections for residential demand in Richmond over 2018-2028, rather than medium. This was on the basis that development had occurred at a faster rate than predicted in the 2014 GDSM review and serviced land was being used up more quickly. Nelson Main Urban Area is currently classified as medium growth in the NPS-UDC. Until the next Census estimates and population projections are released (March 2019 and Sept 2019 respectively), little more will be known about population growth in the area. However resource consent applications and consents continue to indicate high rates of growth.

Between 2013-16, most new titles and residential building consents were granted in Richmond South and Richmond East. Most business building consents were granted in Richmond West. Residential building consents have been rising in recent years reaching 400 district wide and exceeding 170 for Richmond in the last financial year. This upward trend of building consents also formed part of the decision to adopt high growth population rates for years 1-10.

Key future trends include 30% of future demand for housing in Richmond will be for units or townhouses or units in retirement villages and 40% will be for small houses (less than 150 sq. m.); and a growing older population. 65 years plus is the only age bracket forecast to increase between 2018-2043 and will form more than one third of the population by then.

The capacity assessment proposes oversupplying residential demand in years 1-10 (2018-2028). This partly resulted following gazettal of five SHAs in Richmond, which occurred after the GDSM review. There are two clear fronts of residential growth in Richmond – Richmond West and Richmond South. Both are dependent on new water infrastructure and improved stormwater network capacity. Richmond West is also the area proposed for business growth and as a result of the SHAs, is now critically reliant on a final decision on augmented water supply to ensure uplifting of deferred business zoned land in the short term. In the absence of a decision, the GDSM will be revisited early 2019. Appendix 5 provides further information on a potential solution.

Assuming the Waimea community dam proceeds, the identified capacity complies with the NPS-UDC in that it is appropriately zoned and serviced in the short term or in the longer term identified in the LTP and Infrastructure Strategy. For residential land, where it is still zoned deferred, it can be uplifted shortly due to the existence of developer agreements. Some business deferrals still need uplifting to provide capacity in the short term and this may be able to occur once a decision on the dam is known (end 2018).

By the end of 2018, we will know whether the Waimea community dam will proceed or not. If it proceeds this will significantly reduce the risk arising from the removal of further deferred zoned land for development in Richmond – this is particularly pertinent for business. To uplift deferred zoned land now with such uncertainty over the future, increases the risk and severity of water rationing in the future. If the Waimea community dam does not proceed we will need an alternative water augmentation solution and this will take 7 years to plan, consent and build.

Representative sites for the greenfield residential capacity is commercial feasible at the proposed densities, according to MBIE's model, although the density proposed is not always the profit maximizing density. Representative sites for the brownfield infill residential capacity is apparently not commercially feasible and yet some of these sites have been built and sold successfully. A growing number of intensive residential developments have occurred recently in Richmond and a recent plan change hopes to enable many more. That said the levels of capacity identified for brownfield intensive infill development is small at approximately eight lots per year and considered realistic.

There exist a number of constraints that are beyond our control, in ensuring serviced zoned land becomes residential and business floorspace, meeting identified demand. These include:

- land ownership concentration - 65% of undeveloped residentially zoned land is owned by 10 people or companies in the Nelson Main Urban Area. This can lead to land banking, as developers release capacity on to the market at a price that maximises their return, hence there are incentives to produce new housing slowly
- capacity of skilled labour in the construction industry and the methods of housing construction
- construction costs rising several times rate of general inflation according to "A Stocktake of New Zealand's housing"[24]
- no legal requirement exists in New Zealand to provide genuine affordable housing – a problem Nelson and Tasman have faced for some time as the third least affordable region nationally[25]
- developers' and house builders' preference to provide larger homes when in places like Richmond the majority of demand is for small homes. Rising land values in some cases favour larger lot sizes and properties in order to be commercially feasible.
- policies of banks on lending finance to developers
- developer covenants on subdivisions that usually have the effect of adding to the cost of building, to a varying degree dependent on the extent of the covenants
- the recent gazettal of a number of SHAs in Richmond West on inappropriately zoned land has anecdotally had the effect of encouraging nearby landowners of business zoned land to withhold it from the market in anticipation of it being turned into further housing land as SHAs.

[24] "A Stocktake of New Zealand's Housing" February 2018 by Alan Johnson, Philippa Howden-Chapman and Shamubeel Eaqub page 24
[25] The Massey Home Affordability Index

10 Future

The next review of the GDSM will commence in July 2019 in order to inform the 2021-2031 LTP. Before that review takes place it is expected that a Future Development Strategy for Nelson and Tasman will be prepared. It should be complete by July 2019 and will therefore inform, at a high strategic level the next LTP and GDSM review. This high-level strategic policy level will help guide broad locations for future development.

In continuing to plan jointly with NCC, efforts will be made in future reviews to align our growth models. Our growth model will continue to be improved, including incorporating some detailed requirements of the NPS-UDC. Quarterly monitoring reports (under NPS-UDC) are prepared regularly with NCC and these will continue to inform growth planning.

It is acknowledged that some ground truthing of business requirements and capacity of existing business land in Richmond is needed. Planned surveys and inspections in the near future hope to address these knowledge gaps and will inform future growth reviews in terms of demand and achieve greater efficiencies in terms of supply.

By the time this assessment is submitted to Government, a final decision on the proposed Waimea Community dam will be known. If it proceeds this will significantly reduce the risk arising from the removal of further deferred zoned land for development in Richmond – this is particularly pertinent for business. To uplift deferred zoned land now with such uncertainty over the future, increases the risk and severity of water rationing in the future. If the Waimea community dam does not proceed we will need an alternative water augmentation solution and this will take 7 years to plan, consent and build. Appendix 5 offers some initial responses to ensuring that business land in Richmond is still enabled to meet demand, but the GDSM would need revisiting early. Initial responses may include:

- Bringing forward the rollout of other DAs that are serviceable that are currently assumed to be developed in years 11-30
- Including Lower Queen Street business park (750 Lower Queen Street) within the Richmond settlement area boundary – a new integrated industrial development close to central Richmond, consented since 2014 for approximately 45 lots
- Instead of also enabling supply for the NPS-UDC extra margin of 15% in years 11-30 all in years 1-10, only provide for the extra margin required (20%) in years 1-10 in this period (16 lots less)
- And/or look to providing for Richmond's business growth elsewhere in the District, outside of the Waimea catchment, as we are permitted under the NPS-UDC (policies PC1-PC4) .

Appendices

National Policy Statement on Urban Development Capacity:
Assessment for Tasman

Appendices

November 2018

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Appendix 1: Growth Demand and Supply Model Details

Each settlement is divided into a large number of 'development areas (DAs)'. These are polygons within the settlement that if scored positively overall during the review process, are expected to contain a common land use and density of development.

Each growth model review involves the following five steps:

1. Analysing and mapping of Council's actual rollout of serviced sites (cadastral & rating databases) for previous 2-3 years, before the review commences

Residential building consents (BCs) and the business BCs for previous review period are mapped.

2. Monitoring of the creation of new sections in the settlement

This is undertaken and compared with the forecast rollout of sections, under the previous iteration of the GDSM. This monitoring is used both for the GDSM and for reporting to MBIE for the Tasman Housing Accord.

3. Demand assessment

The demand for new dwellings is assessed from population projections and household growth forecasts. The demand for business premises is assessed from economic forecasts and associated land requirements.

4. Development rollout assessment (3 rounds 17 settlements):

Round 1:

Review of urban land supply potential (assessing opportunities and constraints for every DA within each settlement). In order to assess where development will occur, during round one of the GDSM review, the assessment teams evaluate land use effects, network and community services effects for each Development Area (DA). A DA is defined as one continuous polygon within a settlement that if assessed as developable (i.e. net positive score), is expected to contain a common end-use and density for built development. Some DAs are assessed as unsuitable for development due to e.g. flood risk constraints. The five land use effect factors are: settlement form; productive land value; hazard risk exposure; sensitive environment (amenity, water margin, natural and historic). The six network services effects factors are: stormwater; water supply; wastewater; transportation; greenspace; and provision of community services is the final effect.

The assessment team evaluates the individual and combined effects of potential development of the (DA) on land use, network and community services across a positive and negative scoring range, encompassing benefits and opportunities as well as costs and risks. The team comprises 20+ officers including asset managers, activity planning managers, planning policy, consents, hazards, strategic policy and reserves staff.

The aggregate evaluations of both land use and network and community service effects result in a net positive or net negative score overall for each DA. A net positive score means the DA is considered developable and will be carried through to rounds 2 and 3 of the growth model. A net negative scores means the DA is not considered developable at this stage and will not be carried through to later rollout stages of the model.

This round 1 evaluation therefore assesses cumulative effect of the zoning and objectives and policies of the Resource Management Plan where they exist. Where not yet zoned for development, the planning and infrastructure opportunities and constraints are considered and how they may affect feasibility for future development.

Round 2:

An assessment of potential yield of lots for positively scored DAs. Together with the net score for these DAs derived from round 1, this data is then fed into the model database by Information Services to calculate total potential supply of lots for development in each DA (yield). The model forecasts the number of current vacant lots (already subdivided) that could have a dwelling or business building built on them and the expected number of future lots that will be created through subdivision.

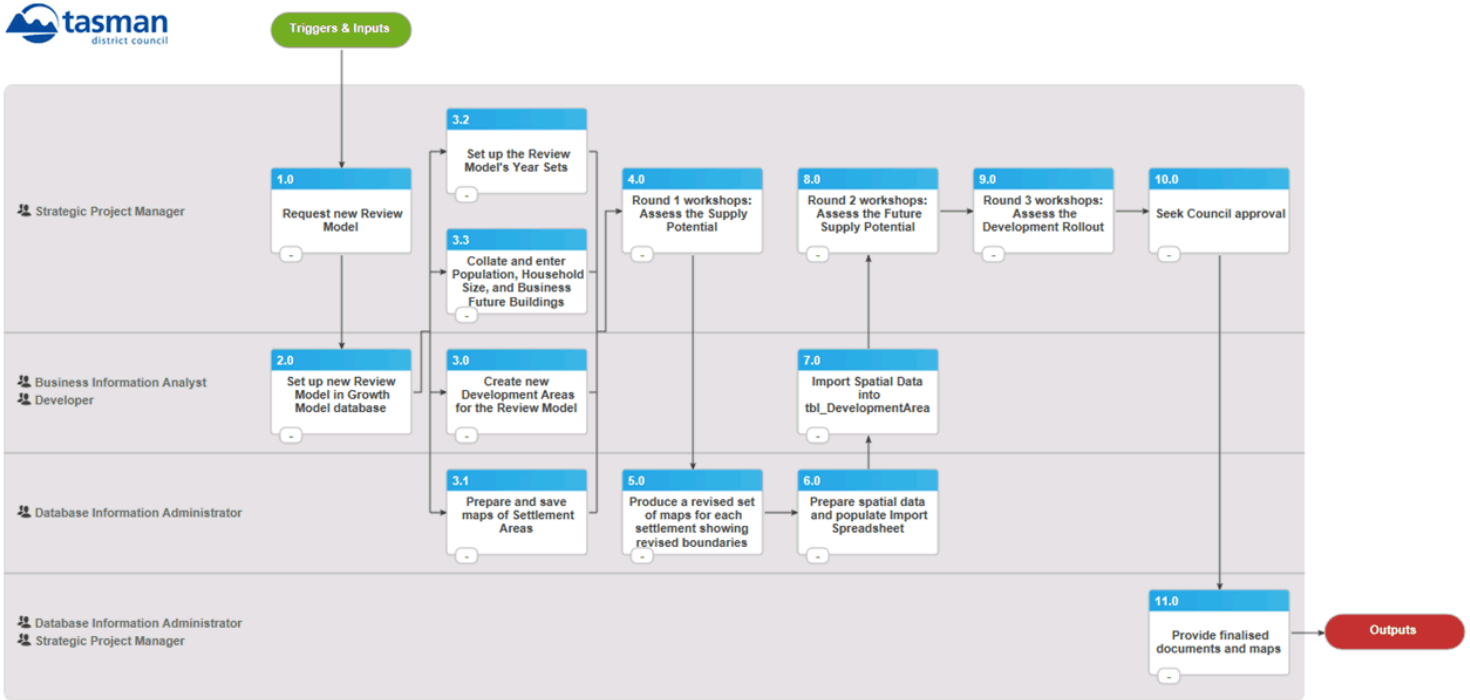
Round 3:

Development rollout for each Settlement Area, for residential and business, integrating demand and supply by DA over time on the expected sequence of contribution to supply. However Council has to first decide whether the strategy is for built lot supply to meet projected demand or to over-supply, for each of the three time periods (years 1-3, 4-10 and 11-30). The assessment team then assesses both where and when the demand for dwelling lots and business lots will be met from within the settlement and a key member of the team for this round is the consents (subdivision) officer with knowledge of forthcoming development proposals and their timing.

5. Council adopts the model's development rollout

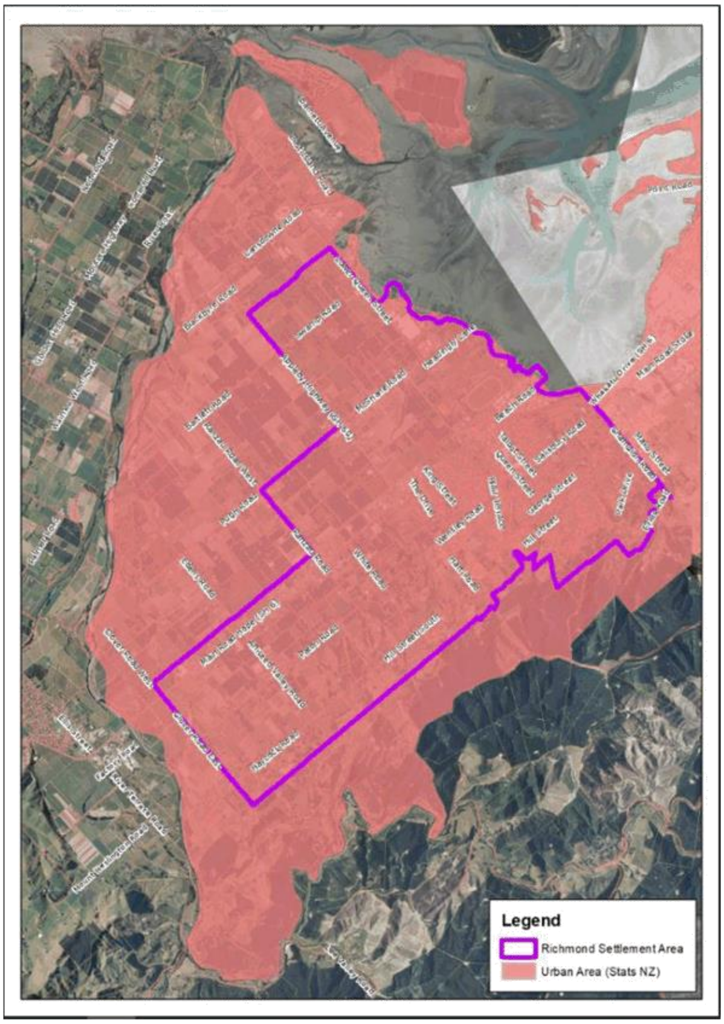
The model's roll-out then informs the strategic direction for Council's long term planning framework including: infrastructure network services, community services, Resource Management Plan policies and zonings, Activity Management Plans – work programmes and financials in the Long Term Plan including rates income, development contributions income.

The settlement area (SA) boundary for Richmond used in the GDSM is similar to the boundary of the main urban area under the NPS-UDC. A map showing the difference between the two boundaries is provided in Appendix 2.



Triggers & Inputs
Strategic Project Manager
Business Information Analyst
Developer
Database Information Administrator
Database Information Administrator
Strategic Project Manager
1.0 Request new Review Model
2.0 Set up new Review Model in Growth Model database
3.2 Set up the Review Model's Year Sets
3.3 Collate and enter Population, Household Size, and Business Future Buildings
3.0 Create new Development Areas for the Review Model
3.1 Prepare and save maps of Settlement Areas
4.0 Round 1 workshops: Assess the Supply Potential
5.0 Produce a revised set of maps for each settlement showing revised boundaries
6.0 Prepare spatial data and populate Import Spreadsheet
7.0 Import Spatial Data into tbl_DevelopmentArea
8.0 Round 2 workshops: Assess the Future Supply Potential
9.0 Round 3 workshops: Assess the Development Rollout
10.0 Seek Council approval
11.0 Provide finalised documents and maps
Outputs

Appendix 2: Map showing difference between the Nelson "main urban area" within Tasman District and the Richmond settlement area boundary used in the growth model



There is a population difference between the two areas. As at 2013, census estimates there were 13,476 people in the Settlement area boundary and approximately 15,000 in the Main Urban Area boundary.

However, the GDSM plans for growth both within the settlement areas and in the ward remainder areas in the District, of which there are 5. The Richmond ward remainder area includes the Richmond Hill area unit and part of the Ranzau area unit (the other part is with the Richmond Settlement). Growth within the ward remainder areas was calculated using medium growth scenario population projections and land was rolled out accordingly.

Therefore, demand has been projected for Richmond's ward remainder as well as the settlement area.

Appendix 3: Current Zoning Status of Richmond DAs (Residential and Business)

Table 1: Residential Land Rollout – Explanation of Zoning

Richmond Settlement Area DA	Zoning Status of DA			Comments
	First rollout in Years 1-3	First rollout in Years 4-10	First rollout in Years 11-30	
DA1	Zoned Residential, Rural Residential and Rural 2. 26 lots consented under the Special Housing Area (SHA) and they fall on appropriately zoned land			Designated SHA
DA2	Zoned Residential			Richmond Intensive Development Area
DA6		Zoned Rural 1 deferred[1] Mixed Business and Light Industrial (deferred for water, wastewater and stormwater)		Designated SHA will be rezoned when resource consents granted. Resource consent applications to be submitted Sept 2018. Developer agreement in place for services.
DA8	Zoned Rural 1 deferred Residential (deferred for water, wastewater and stormwater)			Deferral for services to be uplifted soon. Developer agreement in place for services. Designated SHA.
DA24	Zoned Residential			
DA25	Zoned Rural Residential			
DA27	Partly zoned Rural 1 deferred Residential. Deferral uplifted to allow rollout in years 1-3. Remainder of deferral to be uplifted in due course			Resource consent granted for 80 lots on land where the deferred status has been uplifted
DA33	Zoned Residential and Rural Residential			Designated Special Housing Area
DA34	Zoned Residential, Rural 2 deferred Rural Residential Serviced and Rural Residential.			Designated Special Housing Area The deferred zone does not cover the part of the DA assumed for rollout

[1] Deferred zone in the TRMP - The removal of the deferred status and the commencement of the new effective zone as listed in Schedule 17.14A (deferred zone locations) is effected by a resolution of Council when the required services have been provided, or can be provided, to the satisfaction of the Council and the Plan is amended without further formality from that date of resolution, to show the new effective zone. Council advises landowners when it has made a resolution. (TRMP 17.14.2(d)). The deferred zone rules in the TRMP enable either the Council or any person to provide the required services and any person may propose to service any part or all of any deferred zone area. In either case, the Council has to approve the servicing proposal, before the deferred status over the relevant part of the future zone can be removed by a resolution of Council. Services may be provided either before or after removal of any deferral. (17.14.20 TRMP).

DA41	Partly zoned Rural 1 deferred Residential. (Deferred for water supply)			Part of the deferral has been uplifted to enable rollout in years 1-3
DA42	Zoned Rural 1 Deferred Residential (Deferred for water supply)		Servicing solution (low level reservoir) is in the LTP	Deferral will be uplifted as project advances
DA59	Zoned Residential			Richmond Intensive Development Area
DA60	Zoned Residential			Richmond Intensive Development Area
DA61	Zoned Residential			Richmond Intensive Development Area
DA62	Zoned Residential			
DA63	Zoned Residential			
DA64		Zoned Residential		
DA70	Zoned Rural 1 Deferred Mixed Business (deferred for water, wastewater and stormwater)			Designated Special Housing Area. Will be rezoned to Residential when resource consents granted. Developer agreement in place for water

Table 2: Business Land Rollout – Explanation of Zoning Status

Richmond Settlement Area DA	Zoning Status of DA			Comments
	First rollout in years 1-3	First rollout in years 4-10	First rollout in years 11-30	
DA3	Currently zoned Central Business			
DA4	Currently zoned Mixed Business and Light Industrial			
DA5	Currently zoned Mixed Business			
DA7	Currently zoned Mixed Business and Light Industrial			
DA10	Currently zoned Rural 1 Deferred Light Industrial[2]. Part of deferral already uplifted to allow for 6 lots (deferred for water, wastewater and stormwater)			Remaining deferred area will be uplifted once a developer agreement for servicing is in place
DA11			Currently zoned Rural 1 Deferred Light Industrial (deferred for water, wastewater and stormwater)	Deferred area will be uplifted once a developer agreement for servicing is in place
DA12	Currently zoned Light industrial			
DA13	Currently zoned Rural industrial			
DA35	Currently zoned tourist services			
DA38	Currently zoned Light industrial and Rural 1			
DA43			Currently zoned Light Industrial	Deferral uplifted recently
DA45		Currently zoned Rural 1 deferred mixed business and Mixed Business (deferred for stormwater)		Deferral will be uplifted once developer agreement in place
DA56	Currently zoned Rural 1 deferred mixed business (deferred for water, wastewater and stormwater)			Deferral will be uplifted once developer agreement in place

[2] Deferred zone in the TRMP - The removal of the deferred status and the commencement of the new effective zone as listed in Schedule 17.14A (deferred zone locations) is effected by a resolution of Council when the required services have been provided, or can be provided, to the satisfaction of the Council and the Plan is amended without further formality from that date of resolution, to show the new effective zone. Council advises landowners when it has made a resolution. (TRMP 17.14.2(d)). The deferred zone rules in the TRMP enable either the Council or any person to provide the required services and any person may propose to service any part or all of any deferred zone area. In either case, the Council has to approve the servicing proposal, before the deferred status over the relevant part of the future zone can be removed by a resolution of Council. Services may be provided either before or after removal of any deferral. (17.14.20 TRMP).

Appendix 4: Analysis of price efficiency indicators for Tasman (May 2018)

Price Efficiency Indicators

Under the NPS-UDC, Local Authorities (high and medium growth) must use the price efficiency indicators along with other evidence to inform planning decisions, from 31 December 2017 (policy PB7). MBIE guidance suggests that potential planning vehicles to respond to this information include development capacity targets, plan changes, district plan reviews and future development strategies.

The price efficiency indicators are:

1. Price – Cost ratio (homes)
2. Land ownership concentration
3. Rural-urban land value differential
4. Industrial zone differential

This memo is based on MBIE guidance published on the indicators and the results published on the Urban Development Capacity dashboard. It sets out the aim of each indicator, how the indicator works, the results for the Nelson Main Urban Area, what we need to do about it if a problem exists with the indicator for our area and officers' comments on the indicator.

Summary of Results for Nelson Main Urban Area

- Price – cost ratio indicator: the price – cost ratio peaked in 2004. It then declined steadily between 2004 and 2014. Since 2014, it has risen steadily with a marked increase between 2016-17. The latest ratio puts Nelson Main Urban Area just above the 'acceptable' threshold for supply of land being responsive to demand i.e. supply of land is not responsive to demand and insufficient development opportunities exist.
- Land ownership concentration indicator – results not yet published
- Rural-urban land value differential indicator - Nelson's Main Urban Area ratio is currently 2.10 i.e. urban land is valued at roughly twice the value of non-urban land or $153 per sq m more. The cost per section of the rural-urban differential is estimated at $91,671 for Nelson's Main Urban Area by MBIE. The diagram shows that Nelson Main Urban Area land values do not rise as you get closer to the town centres of Nelson and Richmond, conversely they increase steeply as you get closer to the rural-urban boundaries of both Districts. This is not the same as the scatter diagrams for Auckland and Tauranga. However, as in other cities, there is a significant drop off in land values at the rural-urban boundary itself. Since urban land in our area is worth twice the value of adjacent non-urban land, this apparently raises questions over the Main Urban Area's current plans and whether sufficient urban development capacity is provided today.
- Industrial zone differential indicator – This indicator seems to reflect local nuances overall and may be of limited value. See detailed discussion below of various large industrial zones.

Price – Cost Ratio indicator (homes)

Aim of indicator: Are houses driven by construction or land costs? How responsive are land markets to demand, relative to construction activity?

How does the indicator work?

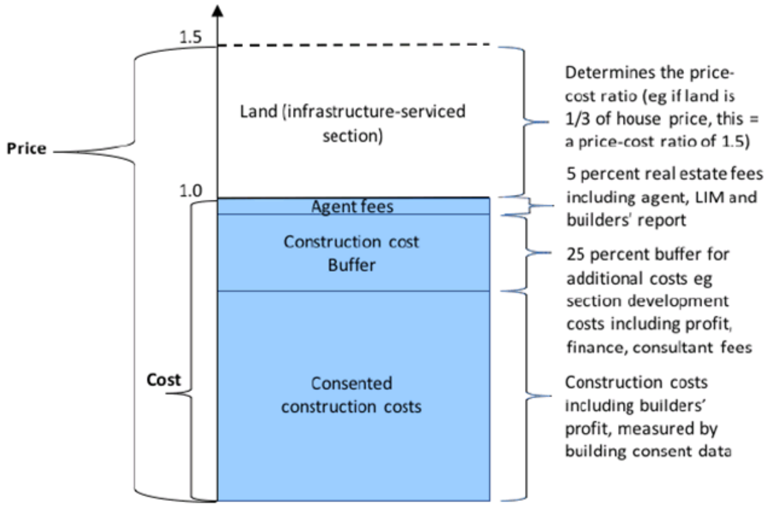
The price-cost ratio is the gap between house prices and construction costs in Nelson's Main Urban Area for stand alone dwellings i.e. the cost of the land.

If the cost of land is significant and/or increasing, relative to buildings costs, this apparently indicates a shortage of sections relative to demand. Appropriate construction costs are applied to houses already built in the past.

The price-cost ratio is 1.5 when the cost of a section (land) comprises one third of the house price. 1.5 is therefore used as a benchmark for assessment as it signals that supply of land is relatively responsive to demand. If sufficient development opportunities exist, the ratio should be below 1.5 most of the time.

Construction costs are obtained from SNZ (T1 indicator).

Figure 1: The components of the price-cost ratio



Source: MBIE

N.B. the 25% buffer also allows for construction costs being low on the Building Consent application form.

MBIE worked example – house sells for $689,000. During that quarter building consents' costs were $1,728.85 per square metre. Multiply this measure by the 25% construction cost buffer + 5% agent fees suggests total build costs of $2,247 per sq m. Applying this build cost to the size of the house (230 sq m) provides total costs of $516,810. Comparing build costs to the price produces a price-cost ratio of 1.33 in this case.

Nelson Main Urban Area results for this indicator

Price – cost ratio peaked in 2004. It then declined steadily between 2004 and 2014. Since 2015 it has risen steadily with a marked increase between 2016-17 as follows:

Price-cost ratio	2014	2015	2016	2017
Year	1.265	1.265	1.375	1.552

Source: MBIE dashboard

The latest ratio puts Nelson Main Urban Area just above the 'acceptable' threshold for supply of land being responsive to demand. However it is also noted that the ratio has risen during a time which coincides with nationally high house prices, and demand for housing.

The fact that the ratio is increasing may explain why developers are building relatively large expensive homes – since the land value is increasing, the capital value has to also be relatively high to make the development viable for a developer.

What do we need to do about it if a problem exists with this indicator?

Apparently we should look at our planning rules and consider some relaxation of them – identifying the benefits of having certain rules, i.e. do they exist?

Officer's Comment

High building costs can be a constraint to people entering the housing market as well as high land costs. If the indicator suggests land costs are not excessive, what do we do about reducing building costs? High building costs can indicate building capacity constraints. "A Stocktake of New Zealand's Housing" (2018) notes that "*output costs within the residential construction industry appear to be rising at several times the rate of general inflation." "The cost of an average house…. has risen 28% over the past five years…"*

If we take the suggested action due to the upwards trend for this ratio for our area and relax planning rules for residential development, how are the environmental costs of such actions measured? Is it not more about rolling out more supply of residentially zoned land within the current rule framework?

Other than land use regulation, MBIE acknowledges in its guidance that there are other factors constraining the supply of sections to market include geography and terrain, lack of infrastructure and concentrated land ownership. See later sections of this memo for comment on these factors. There is also an element of the housing market context and prices being pushed up due to a 'hot' market.

Given the price-cost ratio for Nelson Main Urban Area has risen most steeply during a time when house prices nationally have risen, how much of the land cost or building cost is due to a "hot market" and inflated prices?

Land Ownership Concentration Indicator

Aim of indicator : to see how undeveloped land zoned for urban residential development is distributed between all its land owners and if it is concentrated, whether this is a key explanation for high or increasing land prices relative to construction costs.

How does the indicator work?

The indicator uses the rating classifications RB, RV etc to distinguish land available for urban development. (RB is shovel ready, bare unimproved land likely to be subdivided, not titled. RV is vacant substantially unimproved land on which it is likely a house will be built – titled). As the price-cost ratio, this indicator uses the Nelson Main Urban Area as its boundary, as representative of the urban housing market. Land title data is used from LINZ with Companies Office information on land-owning companies. Certain parameters are used:

- a minimum land parcel size of 300 sq m
- building footprint of less than 20% of total area
- capital value to land value ratio of less than 1.3 (ie. If land $100,000 and capital value $300,000 ratio is 1:3, decimalised 0.33)
- land must be within the 'urban' zoned boundaries used for the rural-urban differential indicator (see below)
- a land ownership index is created to represent the ownership of the land by x number of owners. The lower the number of different owners the higher the index value. The indices of land ownership concentration and list of top land owner shares quantify how competitive the market for undeveloped residentially zoned land is
- the indicator relates only to undeveloped residentially zoned land not intensification opportunities on brownfields.

Nelson Main Urban Area results

Data not yet available for Nelson-Tasman.

What do we need to do about it if a problem exists with this indicator?

Apparently, we alter our rollout of land under the NPS-UDC accordingly. If a significant share (e.g. more than

15-20%) of the undeveloped residentially zoned land market is in the hands of one owner who is resisting bringing it to market, TDC /NCC may need to increase development capacity or locate it elsewhere.

Officer's Comment

While a capital value to land value ratio of less than 1.3 is used, there is no mention of the lower threshold. 0.7 is often used as the threshold for redevelopment feasibility, above which it is considered feasible.

As acknowledged in the guidance, the indicator does not provide information about the competitiveness of the development market i.e. how many development companies are active in the area.

All the landowners detailed in the indicator's results fall within Nelson City Council. Presumably, our large SHA sites do not feature as they are not appropriately zoned.

Rural-Urban Land Value Differential

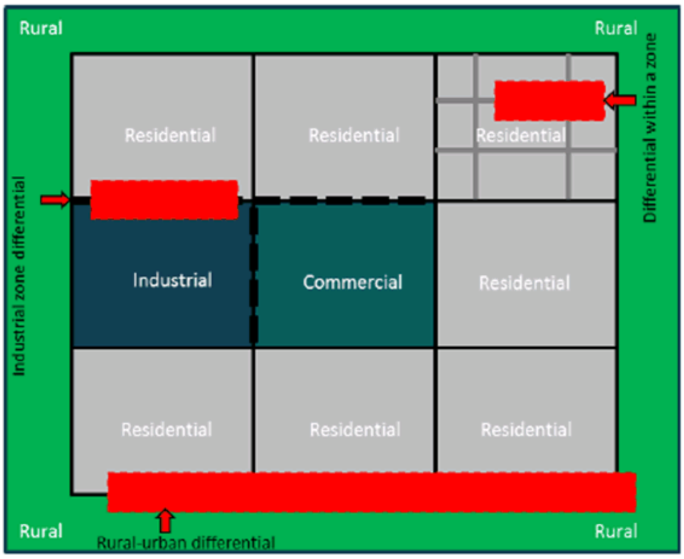
Aim of indicator: Do land prices jump at the city limit? If so, is this a cost of urban containment policies? Do the prices jump where the zoning changes? If so, are various land use regulations constraining urban development capacity?

How does the indicator work?

The values of residential land 2km either side of the boundary between urban and non-urban zones are compared, after removing the impact of differences in amenities, geographic characteristics and infrastructure. The impact of zoning is therefore assessed i.e. the rural-urban differential. Other differentials can also be calculated e.g. industrial zone differentials and differentials between properties subject to different planning rules but in the same zone.

Officers have spent some considerable time with MBIE's consultants ensuring that the zoning patterns for 'urban' and 'non-urban' for Tasman are correct as they were wholly incorrect initially. MBIE used the CoreLogic zoning codes (valuation information 2014 updated to 2017 levels) to define the land use types. We agreed with MBIE that deferred zoned land should be classified as urban and that the following zones would also be classified as urban: rural residential serviced, commercial, industrial and tourist serviced zones.

Figure 32: Stylised illustration of three types of land price differentials



Source: MBIE

Starting with raw values, statistical techniques were then applied to remove the impact of material non-regulatory factors correlated with zoning boundaries that may affect relative land values e.g. subdivision costs including DCs, amenities including town centre services and distance to water bodies, geographical features such as slope, flooding and some natural hazards. The remaining difference in values is primarily attributed to the effect of regulations. However caveats are made concerning some of the differential that may be due to e.g. urban network infrastructure costs not fully recovered by DCs or service connections being charged to these properties. It is also acknowledged that land banking may result in an artificial scarcity of urban development opportunities.

Significant and/or increasing rural-urban differentials signal that planning regulations may have high or increasing costs. This can be the case when there is rapid growth in demand for housing and land use regulations are not adjusted commensurately. A high differential can indicate that these regulations have been constraining supply and there is need to provide more development capacity.

Nelson Main Urban Area results

The results are expressed as a ratio (i.e. urban land is valued at X times the value of non-urban land) and as a dollar amount per sq m. Care needs to be taken when comparing rural-urban differentials between cities in NZ. E.g. rural land outside of the Auckland region can be twice as expensive as rural land close to other urban centres and urban land prices are also much higher. Resultant land values might produce a more significant dollar difference between rural and urban land in Auckland than is observed elsewhere.

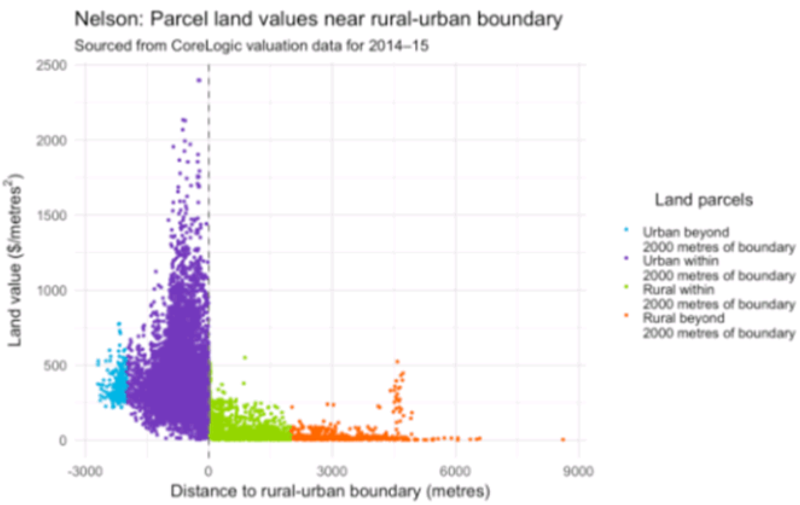
Nelson's Main Urban Area ratio is currently 2.10 according to the MBIE dashboard i.e. urban land is valued at roughly twice the value of non-urban land or $153 per sq m more.

To some extent, the significance of the ratio and dollar difference will depend on local incomes and the environmental values that are being protected. The indicator needs to be observed over time also.

The dollar per hectare difference can be divided by the typical number of sections per hectare to produce an estimate of the cost per section (or per household), for example, s.32 analysis purposes. At 600 sq m per section in Tasman, this would be 16 sections per hectare: the cost per section of the rural-urban differential is estimated at $91,671 for Nelson's Main Urban Area by MBIE.

The indicator shows that urban land is worth twice the value of adjacent non-urban land and there is a section cost of just under $100,000.

The scatter diagram below shows the actual values of each land parcel and their distance from the rural/urban boundary. The dashed vertical line represents the boundary with urban land on the left and non-urban land on the right. The diagram shows that Nelson Main Urban Area land values do not rise as you get closer to the town centres of Nelson and Richmond, conversely they increase steeply as you get closer to the rural-urban boundaries of both Districts. This is not the same as the scatter diagrams for Auckland and Tauranga. However, as in other cities, there is a significant drop off in land values at the rural-urban boundary itself.



What do we need to do about it if a problem exists with this indicator?

Since urban land in our area is worth twice the value of adjacent non-urban land, this apparently raises questions over the Main Urban Area's current plans and whether sufficient urban development capacity is provided today. This gives further strength to our proposals to cater for high growth in the short term in our main centres and to provide significant infrastructure to help boost supply of sections.

Officer's Comment

The logic is somewhat simplistic behind this indicator. The guidance indicates that land prices tend to reduce with distance from an urban centre. However where a particularly popular suburb, or a suburb close to excellent out of town amenities, or a retirement complex out of town, or a satellite new town development, or heritage protection or proximity to a National Park results in higher land values, this logic is distorted. As the scatter diagram shows for the Nelson Main Urban Area that comprises Nelson and Richmond main centres, land values do not reduce with distance from these centres. Conversely they increase. The "centre" falls somewhere around Stoke between the two Authorities.

The rural-urban price differential ratio for Nelson's Main Urban Area rose from 1.47, when MBIE initially undertook the analysis using the inaccurate Corelogic data, to 2.10 when the base data had been adjusted following checks with TDC. While this puts us in a worse position relatively, it is unclear the extent to which other Authorities verified their base data and hence the accuracy of their ratios. Given the significant extent of inaccuracy initially this is cause for concern, although perhaps other Authorities do not all have as many different zones as TDC and hence it was not as complicated to work out what is urban and what is rural.

Industrial Zone Differential

Aim of the indicator

How well does current zoning and other regulations accommodate demands for industrial land uses relative to other activities in a given location?

How does the indicator work?

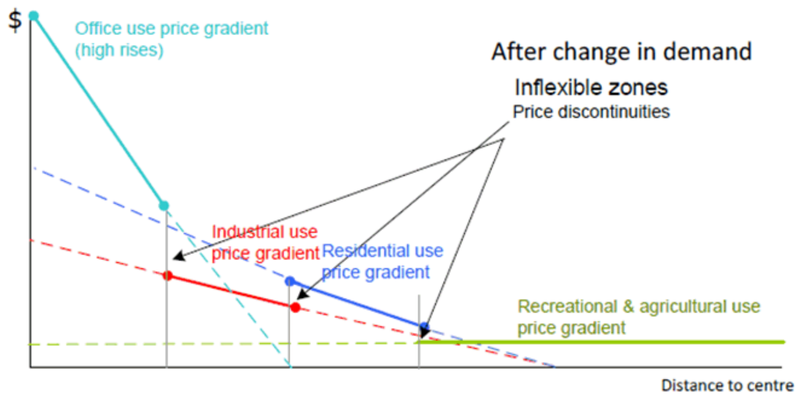
This indicator is similar to the rural-urban differential, except that the zone it is measuring the differential for is industrial versus other adjoining land use zones. It is also expressed in both ratios and dollar amounts. The values of industrial land 250m either side of the boundary between industrial and non-industrial zones are compared, so a much smaller distance than for the rural-urban differential.

Officers have again spent some considerable time with MBIE's consultants ensuring that the zoning patterns for 'industrial' for Tasman are correct as they were incorrect initially. MBIE used the CoreLogic zoning codes (valuation information 2014 updated to 2017 levels) to define the industrial land use types. These however did not properly match the zoning in the TRMP.

If the value of land jumps significantly where zoning changes between an industrial zone and other land use zone, this indicates that zoning and other regulations are not matching current relative demands for different land uses in that location. For example, residential land would be worth more than industrial land near the oast and commercial land would be worth more than industrial land in the city centre. Such a pattern shows that there is greater or increasing demand for the more expensive land use relative to the cheaper land use.

Mismatches can happen over time, if growth generates sectorial and spatial changes that make older zoning patterns less relevant. Cities often have old industrial sites in central areas that are ripe for redevelopment for commercial and/or residential uses. In this situation, the value of such industrial areas is well below that of nearby sites zoned for alternative uses:

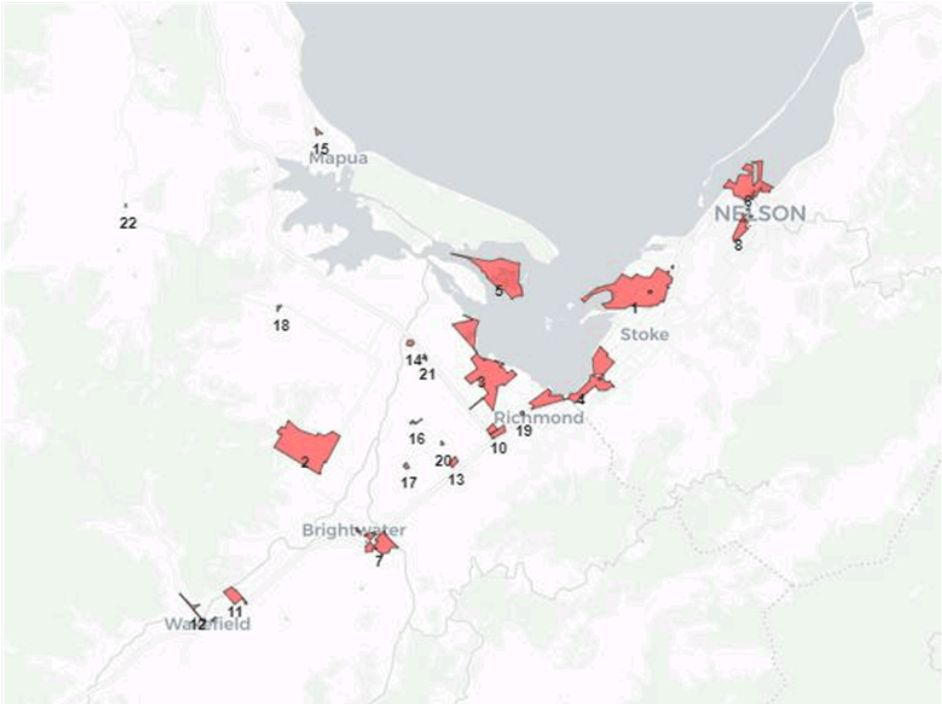
Figure 39: Locational demands of different land uses: changes in the value placed on proximity to the centre, as reflected in price differentials between zones



Caveats with this indicator include that land valuation data is used for business land and these are a proxy for sales prices and rents that may not be exact or up to date. It is also acknowledged that incompatible land uses may generate reverse sensitivities for each other, lowering the prices of both near industrial zone boundaries.

Nelson Main Urban Area results

Industrial zones in the Nelson area, as mapped on the MBIE website:



After much discussion between MBIE and TDC the industrial zones map resembles the same areas in the TRMP. The area captured starts in the Nelson Main Urban Area and buffers that contiguous area by 10km. The region of analysis extends past Brightwater all the way to Wakefield. Initially it cut Wakefield in half, so we agreed to include all of Wakefield. The industrial zones captured within the Nelson Main Urban area and 10 km beyond abut residential, rural and commercial zones. The revision of the MBIE base data has again led to significant changes in the consequential data for this indicator.

A scatter diagram is provided for 4 selected industrial zone boundaries (1. Stoke, 2. Eaves Valley, 3. Richmond West and 4. Beach Road industrial area) on the MBIE dashboard for Nelson Main Urban Area, showing parcel land values 1000m either side of these boundaries. These are industrial-commercial, industrial-residential and industrial-rural zone abutments.

One of the industrial-commercial zone boundaries shows a significant increase in the commercial value of land, but the other three industrial-commercial boundaries show little difference. In most cases industrial land is worth less than similarly located residential land per square metre, suggesting there could be a relative shortfall in development capacity for housing in these locations. One of the industrial-rural zone boundaries shows a significant increase in the rural value of land but the other three industrial-rural boundaries show little difference.

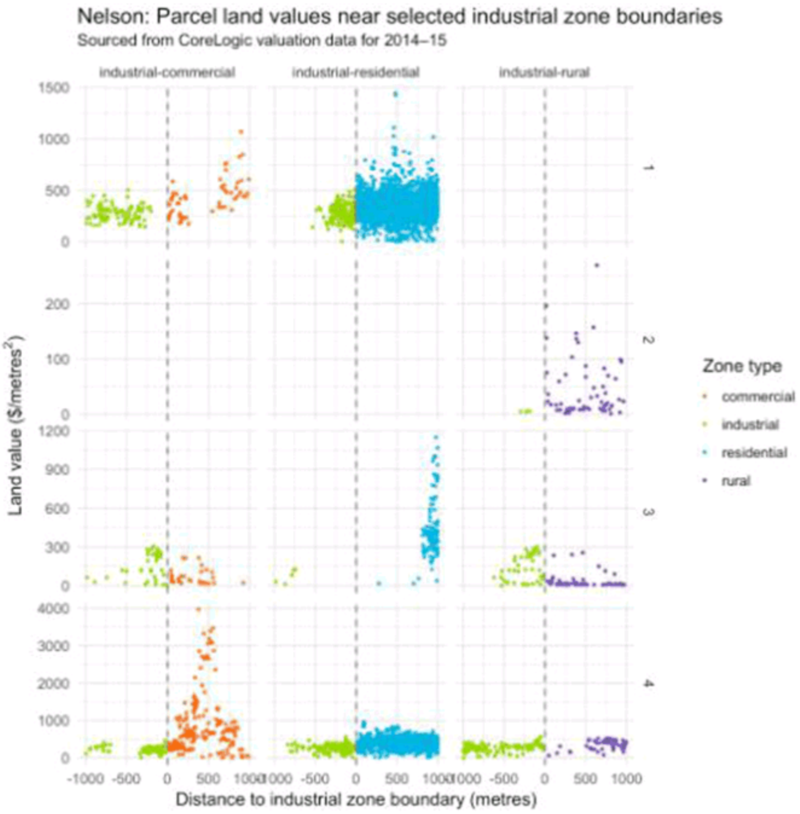
MBIE also provides a detailed table of differentials for all of the industrial zones and abutting zones in the Nelson Main Urban Area. The commentary below focuses on the largest industrial zones. In the Stoke area there is little difference between the industrial and commercial land values near the zone boundary, but there is a statistically significant difference between the industrial and residential land values $/sq m, with residential being higher. According to the MBIE guidance this may therefore suggest that in this location some of the industrial should be rezoned to residential.

The data for Eaves valley shows a significant difference between industrial and rural land values, with rural land values being higher but this is a special site, with a landfill use.

The data for Richmond West shows industrial-commercial and industrial-rural statistically significant difference in values where zones abut and particularly between industrial and rural land values with a ratio of nearly 5.0. (i.e. industrial values are nearly 5 times the value of rural land in this location).

In the Beach Road industrial area, commercial and residential land values are a lot higher than the industrial land values where they abut, whereas rural land values are a lot lower than industrial land values with a ratio of nearly 4.0. Based on the MBIE guidance these results appear a little contradictory e.g. rezone more commercial and residential land due to their higher values but more industrial land as it is worth a lot more than rural.

At Nelson port, there is little difference between the industrial and commercial land values and the industrial and residential land values. In the Brightwater industrial area there is little difference between the industrial and both commercial and rural land values but residential land values are much higher than the industrial land values where the zone abut.



The MBIE dashboard also provides a summary table of the industrial zone differentials:

Urban area	Differential type	Number of zone boundaries	Statistically significant positive differential		Statistically significant negative differential	
			Number	Share	Number	Share

Nelson	commercial	10	1	10%	3	30%
Nelson	residential	11	1	9%	5	45%
Nelson	rural	15	3	20%	3	20%

What this table summarises, is that of the 22 industrial zones examined within 10 km of the Nelson Main Urban Area, there are 10 abutments with commercial zones, 11 abutments with residential zones and 15 abutments with rural zones. The table highlights the degree of statistically significant positive and negative differentials i.e. where industrial land is either worth more or less respectively than the zone it abuts. It is saying that industrial land is especially worth less than commercial, residential and rural zones where they abut (final column).

What do we need to do about it if a problem exists with this indicator?

Consider zoning more land of type of the highest land value, where there is statistical significance at the zone boundary, e.g. if residential is a lot higher than industrial then rezone more residential, as demand exceeds supply. If there are differentials between industrial and rural land values in many locations, it may indicate that development capacity for industrial uses is in scarce supply relative to rural uses. This would therefore appear to be the case in the Richmond West and Beach Road industrial areas.

Officer's Comment

Not convinced about the logic that residential, industrial and commercial land uses should be worth about the same at boundaries. Whether under a zoning system or not elsewhere in the world these different land uses are usually worth different values.

With the Stoke example where residential land values are higher than industrial where the zones abut, MBIE guidance would suggest considering rezoning some of the industrial land here to residential. However this begs the question, where does that presumably still needed industrial land then get provided? There is not always much of a choice of location for such land.

How much in the difference between land values at abutting zone boundaries is about potential undersupply of one type of zone or is it about geographical factors eg. location? Nelson port is a good example. Industrial and residential values here are about the same. There is not much residential land there to assess which will have an impact on the results, but in any case it is near to the city centre and would therefore be of higher value.

Contradictory results with certain areas e.g. Richmond West – rezone less industrial as both residential and commercial zones are worth more, but then rezone more industrial as rural zones are worth less.

Based on the premise that where you have rural land values below industrial values in the same location, you might have a shortage of industrial land – data for our area would suggest that we need to zone more industrial land in the Richmond West and Beach Road area and yet our business capacity planning and studies undertaken by consultants has shown that we have enough in this location?

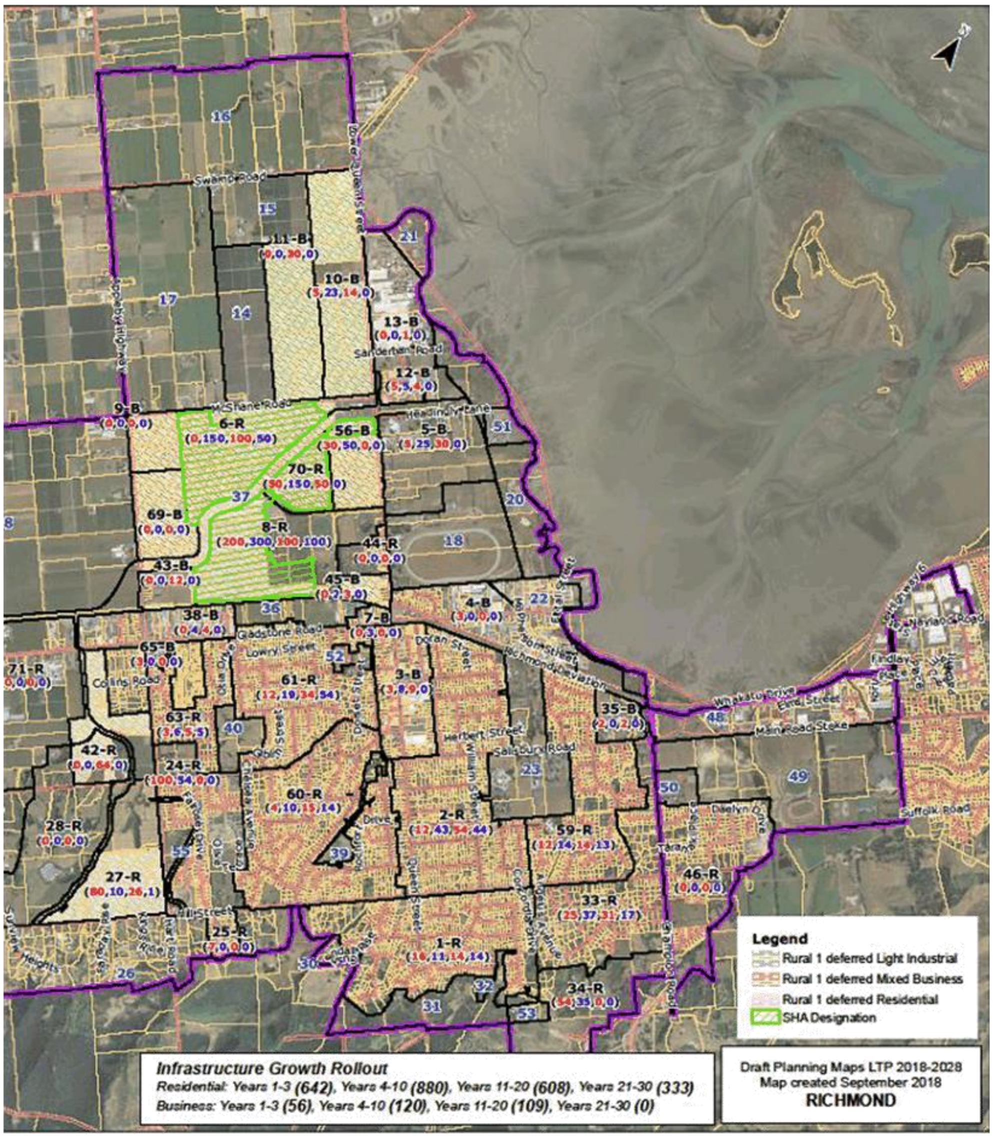
This indicator seems to reflect local nuances on the whole and may be of limited value.

Appendix 5: Analysis of No-Dam Scenario

The 2016 GDSM review has been examined for Richmond, to see what impact the Waimea community dam not proceeding would have on land rollout assumptions.

The map on the page below shows land that remains zoned deferred for services but is required in the GDSM rollout for either residential or business development. The table below looks at each of these DAs and explains the water servicing situation without the proposed Waimea community dam.

Assumptions - where a DA is zoned deferred urban and this was in place before April 2013, (in accordance with TRMP policy 30.2.3.13(b)), it is assumed that a commitment to servicing for water would continue. "Urban" is defined in the TRMP as residential, commercial, business, industrial, papakainga, tourist services. A check on the status of servicing agreements in place with developers has been done for these DAs. Where the DA was zoned deferred urban after April 2013 it is assumed there is no obligation to provide water services in the event that the Waimea Community Dam does not proceed. Similarly where a DA is not currently zoned urban, e.g. Rural 1 (not urban) and would need rezoning to provide the rollout assumed in the growth model, it is assumed that water services would not be available.


Legend
Rural 1 deferred Light Industrial
Rural 1 deferred Mixed Business
Rural 1 deferred Residential
SHA Designation
Infrastructure Growth Rollout
Residential: Years 1-3 (642), Years 4-10 (880), Years 11-20 (608), Years 21-30 (333)
Business: Years 1-3 (56), Years 4-10 (120), Years 11-20 (109), Years 21-30 (0)
Draft Planning Maps LTP 2018-2028
Map created September 2018
RICHMOND

No Waimea Community Dam Impact on Rollout Years 1-10

Richmond

Residential

DA	Rollout affected yrs 1-10 (existing lots in DA and new lots created)	Comments Years 1-10
DA27	**- 10 lots**	80 lots serviced (Arizona subdivision) yrs 1-3 only. Yrs 4-10 rollout lost as zoned deferred
DA6 (the Meadows SHA)	GDSM roll out 150 lots in yrs 1-10, latest masterplan for RC showing 471 lots: **+321 lots**	Deferred urban but developer agreement in place. Assumes developer will roll all out in 10 yrs.
DA8 (Appleby field and Wensley Road devts SHAs)	GDSM roll out 500 lots in yrs 1-10, masterplans showing 600 lots: **+100 lots**	Deferred urban but developer agreement in place. Assumes developers will roll all out in 10 yrs.
DA70 (Arvida & The Fields SHAs)	GDSM roll out 200 lots in yrs 1-10, consented masterplans showing 338 lots : **+138 lots**	Deferred urban but developer agreement in place Assumes developers will roll all out in 10 yrs.
DA42	No rollout yrs 1-10	Deferred urban
DA34 (Angelus Ave & Highland Drive SHAs – but on uplifted deferred land)	GDSM rollout out 94 lots, Angelus Ave proposing 90 lots, assume all can be serviced with developer co-operation.	Partly deferred rural residential serviced so not urban zone and not on map. SHA is on land not deferred
DA33 (Highland Drive SHA)	Highland Drive proposing 76 lots. Assume all can be serviced with developer co-operation	
DA41 (Paton Rise)	GDSM rollout 90 lots in yrs 1-10, only 48 consented: **- 42 lots**	Urban deferral remains for remainder of DA other than the consented lots
Total	**+507 lots**	GDSM assumed oversupply of 431 lots in all DAs (existing lots and new lots) (due to SHAs and the upward trend of Building consents being granted). Potentially oversupply of **938 lots** now, due to SHA masterplans providing more lots than envisaged in GDSM. Legal agreement in place for servicing for approx. only 800 lots in DAs 6, 8, and 70. However the low level reservoir in LTP (Richmond South) will provide water for the rest and will be built in 3-4 years.

Business

DA	Rollout affected yrs 1-10 (existing lots in DA and new lots created)	Comments Years 1-10
DA10	GDSM rollout 28 lots in yrs 1-10 : - **23 lots**	Deferred urban mainly, only uplifted for 5 lots. Assuming Council would not uplift remaining deferral in a no-dam scenario, shortfall exists
DA11	No affected rollout yrs 1-10	Deferred urban
DA45	- **2 lots**	Deferred urban. Assuming Council would not uplift remaining deferral in a no-dam scenario, shortfall exists
DA56	- **80 lots**	Deferred urban. Assuming Council would not uplift remaining deferral in a no-dam scenario, shortfall exists
Total	- **105 lots**	GDSM assumed oversupply of 26 lots, so now **79 lots short** yrs 1-10, assuming Council would not uplift remaining deferrals in a no-dam scenario

Conclusions

Residential land rollout is not affected in the first ten years, in fact a greater oversupply exists largely due to the masterplans for the Richmond SHAs proposing a higher density of development than envisaged in the GDSM review.

Business land rollout is more sensitive in a no-dam scenario. Should the Waimea community dam not proceed, there is an estimated shortfall of up to 79 lots for business development in Richmond over years 1 – 10 (or until an alternative water supply is secured). Therefore a no dam scenario would impact on modelled business land availability and growth in Richmond and potentially Nelson. To address this, the GDSM would need to be quickly revisited, to ensure that as required under the NPS-UDC we continue to provide capacity to meet growth demands. Initial responses may include:

- Bringing forward the rollout of other DAs that are serviceable that are currently assumed to be developed in years 11-30
- Including Lower Queen Street business park (750 Lower Queen Street) within the Richmond settlement area boundary – a new integrated industrial development close to central Richmond, consented since 2014 for approximately 45 lots
- Instead of also enabling supply for the NPS-UDC extra margin of 15% in years 11-30 all in years 1-10, only provide for the extra margin required (20%) in years 1-10 in this period (16 lots less)
- And/or look to providing for Richmond's business growth elsewhere in the District, outside of the Waimea catchment, as we are permitted under the NPS-UDC (policies PC1-PC4) .

Appendix 6: Commercial Feasibility Analysis for Richmond

Assumptions made in MBIE Feasibility Analysis

Key Inputs and Outputs

Gross site areas – obtained from GDSM for the relevant DA.

Lot sizes – based on individual subdivisions – typical lot sizes.

Lot values – obtained from valuer based on lot sizes and the development. Also checked with the developer.

Road reserve area and landscape reserve area and stormwater reserve areas – from GDSM round 2, again checked with developer as varies according to subdivision – Richmond West has onerous significant areas of land unavailable for development due to Borck Creek (landscaping/stormwater).

Extra roading for increased dwg/ha – Some developers insist this wouldn't increase with density. Depends on density and then individual layout. Some only require e.g. a small right of way for a large number of small units.

Civil Works Tab

A developer helped significantly with these costs based on a development close by to two of the representative greenfield sites. However one problem was that the unit costs in the MBIE model were not the same as the unit costs in the civils costs. E.g. Wastewater – requires lineal cost per m but they can be waste chambers with a pumped system. Therefore worked out the lineal cost by checking against total wastewater costs provided for a nearby development.

The representative greenfield site that is hilly was based on similar civils costs that NCC had obtained from consultants for hilly sites.

Subdivision costs – entered zero as based on correspondence with MBIE these are already entered in the fees and charges tab.

Earthworks – included land clearance costs in the earthworks fees, so entered zero under land clearance.

Contingency is 10% of civil costs.

Fees and charges

Council development and financial contributions DCs – TDC's are high relatively and work out around $25,000 per lot consistently. They are the same regardless of size as ours are based on Household Unit of demand not floorspace like NCC. Timing of payment of DCs – at the very end of construction period for subdivision just before s.224 and title (as late as possible), so put 90% RFCs are 5.62% of rateable value of lot. Looked at Telfer Young valuations for Council for subdivisions for RFCs and they work out at about $11,000 per lot

Connection fees – TDC no longer charges the developer connection fees (as from 1 July 2018) but developer still has to pay for physical works of connecting to reticulation – these are included in the civils costs.

Power and data connection costs: provided by developer.

Consultant fees - around 10% of civils fees according to developer.

Solver – Once entered all the above data ran 'solver' tool in excel to work out the land capital value of the land and to see if it is commercially feasible. Considered the land capital value per sq m and whether this was realistic – checked with developers and reran model accordingly if it was too high.

Appendix 6A: Greenfield Representative Sites - Key Inputs and Outputs only (MBIE NPS-UDC development feasibility tool)

DA6 Richmond West – Greenfield

Key inputs

Type	Item	Units	Value
Physical	Gross site area	ha	36.0
	Land capital value (CV)	$	$12,300,953
	Land sale price relative to CV, ex (	%	100%
	Road Reserve area for 15 dw/ha	% of area	20%
	Extra roading for increased dw/ha	% per dw/ha	0.30%
	Landscape Reserve for 15 dw/ha	% of area	5%
	Extra landscape reserve for dw/ha	% per dw/ha	0.05%
	Wastewater/stormwater Reserve	% of area	5%
	Other constraints that reduce net s	% of land area	0%
	Minimum net density	dwellings/ha	10
	Maximum net density	dwellings/ha	30
	Time to develop	months	24

Type	Section price function		Comment
Revenue	Note: This requires users to enter local prices for two lots of varying size, eg a price for a 400m2 and a 800m2 lot. This allows prices for sections of varying sizes to be estimated below.		
	New Lot Area 1	600	m2
	New Lot Price 1	$280,000	Section price $
	New Lot Area 2	400	m2
	New Lot Price 2	$215,000	Section price $
	m	0.651	Section price gradient
	c	8	Section price intercept

View modelled section price gradient

Notes / Comments

- Council input cells using GIS
- Council input cells with review from property development experts
- Input based on quantity surveyor data with property development expert review
- Input based on new sales price data with property development expert review
- Calculated output cells

$34/sqm

Key inputs

Type	Item	Units	Density of dwellings [dwellings / ha] 10	15	20	25	30
Ancillary	DC contributions factor	%	100%	100%	100%	100%	100%
Cost parameters	Project contingency	%	10%	10%	10%	10%	10%
	Civil works		Select civil works costs				
	Fees and charges		Select fees and charges				

Key outputs

Type	Item	Units	Density of dwellings [dwellings / ha] 10	15	20	25	30
Net Land Area Calcs	Road Reserve Area	ha of land	6.66	7.20	7.74	8.28	14.00
	Landscape Reserve Area	ha of land	1.71	1.80	1.89	1.98	2.07
	Stormwater Reserve Area	ha of land	1.80	1.80	1.80	1.80	1.80
	Other constraints that reduce net s	ha of land	-	-	-	-	-
	Net Developable land Area	ha of land	25.83	25.20	24.57	23.94	18.13
Revenue	Subdivision Lots created	total lots	258	378	491	599	544
	Average section size	sqm / site	1,000	667	500	400	333
	Average sales price (inc GST)	per section	$390,560	$299,894	$248,641	$215,000	$190,921
	Average sales price (ex GST)	per section	$339,617	$260,778	$216,210	$186,957	$166,018
	Total revenue		$ 87,723,139	$ 98,573,911	$106,245,491	$ 111,893,478	$ 90,297,316
Costs	1 Raw land purchase and holding cost		$14,884,153	$14,884,153	$14,884,153	$14,884,153	$14,884,153
	2 Civil works, incl holding costs		$29,249,627	$30,403,896	$31,558,165	$32,712,433	$43,685,571
	3 Fees and charges, incl holding costs		$22,386,878	$29,327,025	$35,665,754	$41,509,219	$37,461,583
	4 Project contingency		$6,652,066	$7,461,507	$8,210,807	$8,910,581	$9,603,131
	Total costs		$73,172,724	$82,076,581	$90,318,879	$98,016,386	$105,634,437
	per section costs (excl raw land)		$225,662	$177,758	$153,510	$138,901	$166,851
	per section (total)		$283,286	$217,134	$183,799	$163,770	$194,217
Profit	Pre tax profit $		$14,550,415	$16,497,329	$15,926,612	$13,877,093	-$15,337,121
	Pre tax margin %		19.9%	20.1%	17.6%	14.2%	-14.5%

All costs ex GST, unless stated

	10	15	20	25	30
Development feasible?	No	Yes	No	No	No
Profit maximising?	No	Yes	No	No	No
Margin maximising?	No	Yes	No	No	No

DA8 Richmond West – Greenfield

Key inputs

Type	Item	Units	Value
Physical	Gross site area	ha	52.9
	Land capital value (CV)	$	$28,195,962
	Land sale price relative to CV, ex (	%	100%
	Road Reserve area for 15 dw/ha	% of area	20%
	Extra roading for increased dw/ha	% per dw/ha	0.00%
	Landscape Reserve for 15 dw/ha	% of area	5%
	Extra landscape reserve for dw/ha	% per dw/ha	0.05%
	Wastewater/stormwater Reserve	% of area	5%
	Other constraints that reduce net s	% of land area	0%
	Minimum net density	dwellings/ha	10
	Maximum net density	dwellings/ha	30
	Time to develop	months	24

Type	Section price function		Comment
Revenue	Note: This requires users to enter local prices for two lots of varying size, eg a price for a 400m2 and a 800m2 lot. This allows prices for sections of varying sizes to be estimated below.		
	New Lot Area 1	285	m2
	New Lot Price 1	$200,000	Section price $
	New Lot Area 2	680	m2
	New Lot Price 2	$310,000	Section price $
	m	0.504	Section price gradient
	c	9	Section price intercept

View modelled section price gradient

Notes / Comments

- Council input cells using GIS
- Council input cells with review from property development experts
- Input based on quantity surveyor data with property development expert review
- Input based on new sales price data with property development expert review
- Calculated output cells

Key inputs

			Density of dwellings [dwellings / ha]				
Type	Item	Units	10	15	20	25	30
Ancillary	DC contributions factor	%	100%	100%	100%	100%	100%
Cost parameters	Project contingency	%	10%	10%	10%	10%	10%
	Civil works		Select civil works costs				
	Fees and charges		Select fees and charges				

$53.30 LCV per sq m

Key outputs

			Density of dwellings [dwellings / ha]				
Type	Item	Units	10	15	20	25	30
Net Land Area Calcs	Road Reserve Area	ha of land	10.00	10.58	10.58	10.58	14.00
	Landscape Reserve Area	ha of land	2.51	2.65	2.78	2.91	3.04
	Stormwater Reserve Area	ha of land	2.65	2.65	2.65	2.65	2.65
	Other constraints that reduce net s	ha of land	-	-	-	-	-
	Net Developable land Area	ha of land	37.74	37.03	36.90	36.77	33.21
Revenue	Subdivision Lots created	total lots	377	555	738	919	996
	Average section size	sqm / site	1,000	667	500	400	333
	Average sales price (inc GST)	per section	$376,506	$306,922	$265,498	$237,259	$216,430
	Average sales price (ex GST)	per section	$327,397	$266,888	$230,868	$206,312	$188,200
	Total revenue		$ 123,566,936	$ 148,243,134	$170,370,347	$ 189,629,013	$ 187,521,852
Costs	1 Raw land purchase and holding cost		$34,117,114	$34,117,114	$34,117,114	$34,117,114	$34,117,114
	2 Civil works, incl holding costs		$33,915,920	$35,207,357	$35,399,384	$35,591,411	$42,266,166
	3 Fees and charges, incl holding costs		$31,805,074	$42,887,406	$53,893,634	$64,571,413	$68,547,749
	4 Project contingency		$9,983,811	$11,221,188	$12,341,013	$13,427,994	$14,493,103
	Total costs		$109,821,918	$123,433,064	$135,751,145	$147,707,931	$159,424,132
	per section costs (excl raw land)		$200,584	$160,799	$137,724	$123,584	$125,760
	per section (total)		$290,979	$222,222	$183,956	$160,703	$160,001
Profit	Pre tax profit $		$13,745,018	$24,810,070	$34,619,202	$41,921,082	$28,097,720
	Pre tax margin %		12.5%	20.1%	25.5%	28.4%	17.6%

All costs ex GST, unless stated

Development feasible?	No	Yes	Yes	Yes	No
Profit maximising?	No	No	No	Yes	No
Margin maximising?	No	No	No	Yes	No

DA 27 Richmond South - Greenfield

How many homes could be built?

A development feasibility tool for the National Policy Statement on Urban Development Capacity

Return to 'Getting Started'

Key inputs

Type	Item	Units	Value
Physical	Gross site area	ha	33.9
	Land capital value (CV)	$	$27,878,025
	Land sale price relative to CV, ex G	%	100%
	Road Reserve area for 15 dw/ha	% of area	20%
	Extra roading for increased dw/ha	% per dw/ha	0.30%
	Landscape Reserve for 15 dw/ha	% of area	5%
	Extra landscape reserve for dw/ha	% per dw/ha	0.05%
	Wastewater/stormwater Reserve	% of area	5%
	Other constraints that reduce net s	% of land area	0%
	Minimum net density	dwellings/ha	10
	Maximum net density	dwellings/ha	30
	Time to develop	months	24

Type	Section price function		Comment
Revenue	Note: This requires users to enter local prices for two lots of varying size, eg a price for a 400m2 and a 800m2 lot. This allows prices for sections of varying sizes to be estimated below.		
	New Lot Area 1	350	m2
	New Lot Price 1	$300,000	Section price $
	New Lot Area 2	700	m2
	New Lot Price 2	$370,000	Section price $
	m	0.303	Section price gradient
	c	11	Section price intercept

View modelled section price gradient

Notes / Comments

- Council input cells using GIS
- Council input cells with review from property development experts
- Input based on quantity surveyor data with property development expert review
- Input based on new sales price data with property development expert review
- Calculated output cells

$82/sq m

RV is approx $78/sqm

Key inputs

Type	Item	Units	Density of dwellings [dwellings / ha] 10	15	20	25	30
Ancillary	DC contributions factor	%	100%	100%	100%	100%	100%
Cost parameters	Project contingency	%	10%	10%	10%	10%	10%
	Civil works		Select civil works costs				
	Fees and charges		Select fees and charges				

Key outputs

Type	Item	Units	Density of dwellings [dwellings / ha] 10	15	20	25	30
Net Land Area Calcs	Road Reserve Area	ha of land	6.27	6.78	7.29	7.80	14.00
	Landscape Reserve Area	ha of land	1.61	1.70	1.78	1.86	1.95
	Stormwater Reserve Area	ha of land	1.70	1.70	1.70	1.70	1.70
	Other constraints that reduce net s	ha of land	-	-	-	-	-
	Net Developable land Area	ha of land	24.32	23.73	23.14	22.54	16.26
Revenue	Subdivision Lots created	total lots	243	356	463	564	488
	Average section size	sqm / site	1,000	667	500	400	333
	Average sales price (inc GST)	per section	$412,163	$364,578	$334,186	$312,369	$295,604
	Average sales price (ex GST)	per section	$358,403	$317,024	$290,597	$271,625	$257,047
	Total revenue		$ 87,175,220	$ 112,844,862	$134,469,358	$ 153,084,412	$ 125,354,690
Costs	1 Raw land purchase and holding cost		$33,732,410	$33,732,410	$33,732,410	$33,732,410	$33,732,410
	2 Civil works, incl holding costs		$21,475,056	$22,561,992	$23,648,929	$24,735,865	$36,616,923
	3 Fees and charges, incl holding costs		$21,168,232	$29,122,948	$36,414,747	$43,138,768	$37,532,020
	4 Project contingency		$7,637,570	$8,541,735	$9,379,609	$10,160,704	$10,788,135
	Total costs		$84,013,267	$93,959,086	$103,175,694	$111,767,747	$118,669,488
	per section costs (excl raw land)		$206,719	$169,200	$150,071	$138,462	$174,168
	per section (total)		$345,403	$263,967	$222,969	$198,315	$243,338
Profit	Pre tax profit $		$3,161,953	$18,885,776	$31,293,664	$41,316,665	$6,685,202
	Pre tax margin %		3.8%	20.1%	30.3%	37.0%	5.6%

All costs ex GST, unless stated

	10	15	20	25	30
Development feasible?	No	Yes	Yes	Yes	No
Profit maximising?	No	No	No	Yes	No
Margin maximising?	No	No	No	Yes	No

DA1 Hill Street, Richmond – Greenfield

Key inputs

Type	Item	Units	Value
Physical	Gross site area	ha	10.4
	Land capital value (CV)	$	$1,400,000
	Land sale price relative to CV, ex (	%	100%
	Road Reserve area for 15 dw/ha	% of area	20%
	Extra roading for increased dw/ha	% per dw/ha	0.00%
	Landscape Reserve for 15 dw/ha	% of area	5%
	Extra landscape reserve for dw/ha	% per dw/ha	0.05%
	Wastewater/stormwater Reserve	% of area	5%
	Other constraints that reduce net s	% of land area	0%
	Minimum net density	dwellings/ha	10
	Maximum net density	dwellings/ha	30
	Time to develop	months	24

Type	Section price function		Comment
Revenue	Note: This requires users to enter local prices for two lots of varying size, eg a price for a 400m2 and a 800m2 lot. This allows prices for sections of varying sizes to be estimated below.		
	New Lot Area 1	900	m2
	New Lot Price 1	$355,000	Section price $
	New Lot Area 2	2,100	m2
	New Lot Price 2	$500,000	Section price $
	m	0.404	Section price gradient
	c	10	Section price intercept

View modelled section price gradient

Notes / Comments

- Council input cells using GIS
- Council input cells with review from property development experts
- Input based on quantity surveyor data with property development expert review
- Input based on new sales price data with property development expert review
- Calculated output cells

$52/sq m

Key inputs

			Density of dwellings [dwellings / ha]				
Type	Item	Units	10	15	20	25	30
Ancillary	DC contributions factor	%	100%	100%	100%	100%	100%
Cost parameters	Project contingency	%	10%	10%	10%	10%	10%
	Civil works		Select civil works costs				
	Fees and charges		Select fees and charges				

Key outputs

			Density of dwellings [dwellings / ha]				
Type	Item	Units	10	15	20	25	30
Net Land Area Calcs	Road Reserve Area	ha of land	2.08	2.08	2.08	2.08	14.00
	Landscape Reserve Area	ha of land	0.49	0.52	0.55	0.57	0.60
	Stormwater Reserve Area	ha of land	0.52	0.52	0.52	0.52	0.52
	Other constraints that reduce net s	ha of land	-	-	-	-	-
	Net Developable land Area	ha of land	7.31	7.28	7.25	7.23	- 4.72
Revenue	Subdivision Lots created	total lots	73	109	145	181	- 142
	Average section size	sqm / site	1,000	667	500	400	333
	Average sales price (inc GST)	per section	$370,445	$314,446	$279,926	$255,783	$237,610
	Average sales price (ex GST)	per section	$322,126	$273,431	$243,414	$222,420	$206,617
	Total revenue		$ 23,534,557	$ 29,858,660	$ 35,314,507	$ 40,191,229	-$ 29,244,628
Costs	1 Raw land purchase and holding cost		$1,694,000	$1,694,000	$1,694,000	$1,694,000	$1,694,000
	2 Civil works, incl holding costs		$7,370,951	$7,388,826	$7,406,701	$7,424,576	$31,965,625
	3 Fees and charges, incl holding costs		$5,955,443	$8,207,656	$10,368,094	$12,463,318	-$7,420,267
	4 Project contingency		$1,502,039	$1,729,048	$1,946,880	$2,158,189	$2,623,936
	Total costs		$16,522,434	$19,019,530	$21,415,675	$23,740,083	$28,863,293
	per section costs (excl raw land)		$202,962	$158,659	$135,937	$122,004	-$191,955
	per section (total)		$226,149	$174,172	$147,613	$131,378	-$203,923
Profit	Pre tax profit $		$7,012,124	$10,839,130	$13,898,832	$16,451,146	-$58,107,921
	Pre tax margin %		42.4%	57.0%	64.9%	69.3%	-201.3%

All costs ex GST, unless stated

Development feasible?	Yes	Yes	Yes	Yes	No
Profit maximising?	No	No	No	Yes	No
Margin maximising?	No	No	No	Yes	No

Appendix 6B: Brownfield Commercial Feasibility Assessments

7 Dorset Street Richmond – summary table only

Summary of Net Profit/(Loss) of Development

Estimated Net Sale Proceeds		$1,638,391	
Summary of Costs			% of Total Cost
Cost of Exisitng Property	($565,217)		34%
Design & Resource Consent	($18,474)		1%
Consent Condition Compliance	($90,870)		5%
Final Survey Plan - Council Charg	($121,759)		7%
Final Survey Plan - New Titles	($13,043)		1%
Construction Costs	($807,438)		48%
Total Borrowing Costs	($57,747)		3%
Total Costs		($1,674,548)	
Net Profit/(Loss)		($36,157)	-2%
Net Profit per Unit		($7,231)	

Note: All figures stated are excluding GST where applicable

Description of Development

Number of Units	5 units
- 4 new + 1 existing dwellings	
Size of Units	120 m2
No of Levels per Unit	Single Storey
Consent type	Non Notified
Estimated Sale Price per Unit	$395,000 inc GST

Page 1

GST on Purchase of Property

1. GST on purchase of property - land constitutes a secondhand good and a GST input credit can be claimed.
2. A private dwelling on the land can be claimed only if it forms part of the taxable activity - by applying the below assumptions tax credit is available.
3. Assumptions:
   i) The property is being purchased by a GST registered developer from a non registered party;
   ii) The existing building is sold off as part of the development once complete - if it is used as a residence then it must be treated as a separate supply and will be GST exempt;
   iii) None of the buildings are rented at any stage of the development. If any of the properties are rented for any period during the course of the development prior to sale, there would be a need for a change of use adjustment as these would constitute exempt supplies during this time.

GST on Sale

1. In the scenario the development is sold prior to the construction phase this model assumes the sale is for the full development between two GST registered parties who agree to the GST being nil for the purposes of the sale transaction.
2. In the final sale scenario GST is payable on the lots sold as these are neither going concerns and are considered taxable supplies under the GST Act.

TelferYoung

Valuers Property Advisors

Market Valuation

RM150726 - Century Park Developments Ltd
2 Elizabeth Street
Richmond
Tasman District

Client: Tasman District Council

Inspection Date: 14 December 2016

TelferYoung (Nelson) Limited

++ *Local Knowledge, National Coverage*

telferyoung.com

Table of Contents

TelferYoung (Nelson) Limited
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email : nelson@telferyoung.com website : www.telferyoung.com

TelferYoung
Valuers Property Advisors

1.0 Valuation Summary

Asset Valued:	2 Elizabeth Street, Richmond
Instructing Party:	Lynda Cross
Client:	Tasman District Council
Report Prepared For:	Tasman District Council Private Bag 4 RICHMOND 7050 Attention: Lynda Cross
Purpose of Valuation:	Market Value for Financial Contribution for Reserves and Community Services
Date of Inspection:	14 December 2016
Date of Valuation:	12 November 2015
Brief Description:	A three lot development located on the corner of Talbot and Elizabeth Streets in Richmond. Lot sizes are 216 m², 238 m² and 287 m².
Valuation:	**Proposed Lot 1** **$190,000** **Proposed Lot 2** **$160,000** **Proposed Lot 3** **$170,000** The above values include GST (if any)
Report Issue Date:	16 January 2017
Prepared By:	Ashley Stevens - BBS (VPM) ANZIV, MPINZ Registered Valuer Director

The Valuation Summary must be read in conjunction with the formal valuation report and with TelferYoung (Nelson) Limited's Statement of Limiting Conditions and Valuation Policy.

2.0 Scope of Work

2.1 The Valuer

The valuation has been undertaken by Ashley Stevens who provides this objective and unbiased valuation. The valuer has no material connection with the instructing party or interest in the property and has the appropriate qualifications and experience to undertake the valuation.

2.2 Our Client

Tasman District Council.

Other than the client or addressee, the report may not be relied upon by any third party. We accept no liability to third parties. Written consent is required for any third party wishing to rely on this report. We reserve the right to withhold that consent, or to review the contents of the report if consent for third party use is sought.

2.3 Purpose of the Valuation

Market Value for Financial Contribution for Reserves and Community Services.

2.4 Asset Valued

2 Elizabeth Street, Richmond, Tasman District.

2.5 Basis of Valuation

Market Value, which is defined in International Valuation Standards 2013 as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

2.6 Important Dates

Inspection Date:	14 December 2016
Valuation Date:	12 November 2015

2.7 Extent of Investigations

We have inspected the land.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey.

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. Our valuation and report assumes that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value. We refer you to our Statement of Limiting Conditions and Valuation Policy on matters relating to potential contamination.

2.8 Nature and Source of Information Relied Upon

Information used to prepare the valuation has been obtained from our property inspection and public records. Additional information relied on includes:

Name of Document	Source of Document
RM150726	Tasman District Council

2.9 Assumptions and Special Assumptions

Standard valuation assumptions made in completing the report are stated in 'Extent of Investigations' and 'Statement of Limiting Conditions and Valuation Policy'.

In preparing the valuation, the following specific assumption has been made:

+ Subsequent to the large earthquake and numerous aftershocks that have affected the top of the South Island since 14 November 2016, our valuation assumes that there has been no negative impact on value assessed herein as a result of these events. Should evidence become available to suggest that this is not the case, we reserve the right to amend our valuation if necessary.

2.10 Reporting Format

We have prepared a formal valuation report meeting appropriate professional standards.

This report must be read in conjunction with TelferYoung (Nelson) Limited's Statement of Limiting Conditions and Valuation Policy.

2.11 Valuation Standards

Our valuation has been prepared in accordance with International Valuation Standards 2013 and Australia and New Zealand Valuation Guidance Notes and Technical Information Papers including:

+ IVS - Framework
+ IVS 101 - Scope of Work
+ IVS 102 - Implementation
+ IVS 103 - Reporting
+ IVS 230 - Real Property Interests
+ ANZVGN 1 - Valuation Procedures - Real Property
+ ANZRPGN 1 - Disclaimer Clauses and Qualification Statements

3.0 Proposed Subdivision

Resource Consent RM150726 has been granted to subdivide the land, as shown on the subdivision plan. The Conditions of Consent require that a Financial Contribution for Reserves and Community Services be paid based on the market value of two lots, as at the date of Resource Consent.

4.0 Resource Management

4.1 Zoning

Territorial Authority:	Tasman District Council
Plan Status:	Operative in part
Zone:	Residential
Zone Description:	The Residential zone provides for all land uses as permitted activities, except where the activity contravenes other rules in the plan and the activity is –

- An activity that emits odour causing a nuisance beyond the site boundary.
- Intensive livestock farming or commercial boarding or breeding of animals.
- An industrial or commercial activity except as allowed as a home occupation.
- Spray painting, motor vehicle repairs, dismantling, fibre-glassing, sheet metal work, bottle or scrap storage, rubbish collection, motor body building or fish and meat processing.
- A constructed or marked out landing area or pad for helicopters, an aircraft landing strip, aerodrome or airport.
- A Papakainga development.

5.0 Location

The property is situated on the northwest corner of the intersection of Talbot Street with Elizabeth Street in central Richmond, opposite the PAK'nSAVE Supermarket premises and Talbot Street entrance to the Richmond Mall carpark. On this north side of Talbot Street the surrounding development comprises bungalow dwellings dating from the 1950's and 1960's, along with more modern infill development of townhouses. The south side of the street is dominated by carparking areas and the large scale commercial buildings of the Mall.

It is a locality which benefits from its close proximity to the Richmond town centre and Mall, while the easy surrounding topography makes the access to all levels of schooling on Salisbury Road, approximately 500 m to the east, very straightforward. As a residential locality it is not highly sought by family home buyers, but it is a very popular position for investors, developers and retired persons. Residential rental properties in this location are in consistently good demand from investors and tenants alike, while townhouse type properties are also in good demand from retirees in particular.

6.0 Land

Lot 1 comprises a corner site of 287 m², Lot 2 is an internal lot of 216 m² and Lot 3 is an end lot of 238 m². Each site is of near level contour.

7.0 Valuation Methodology

To establish the Market Value of the property, we have utilised the recognised Market Comparison valuation methodology. This method involves reference to sales of properties which have similar attributes to the subject property. Comparisons are drawn between the subject property and the sales evidence. Subjective adjustments are applied where necessary to account for factors which have a direct impact on the sale price and value. These include the following:

Land:	Location, area, shape, position, aspect, view, contour and standard of surrounding development.
Site Development:	Landscaping, garaging, any additional features.

Recent relevant sales we have considered include (but are not limited to) the following:

Land Sales

+ **11 Brover Crescent, Richmond**
  Sale Date: 8 June 2015
  Sale Price: $200,000
  Land Area: 453 m² (more or less)

+ **25 Stedyl Crescent, Richmond**
  Sale Date: 29 June 2015
  Sale Price: $210,000
  Land Area: 476 m² (more or less)

+ **31 Brover Crescent, Richmond**
  Sale Date: 31 July 2015
  Sale Price: $220,000
  Land Area: 491 m² (more or less)

+ **36 Stedyl Crescent, Richmond**
  Sale Date: 30 November 2015
  Sale Price: $225,000
  Land Area: 500 m² (more or less)

+ **34 Stedyl Crescent, Richmond**
  Sale Date: 9 November 2015
  Sale Price: $230,000
  Land Area: 497 m² (more or less)

+ **32 Stedyl Crescent, Richmond**
  Sale Date: 3 November 2015
  Sale Price: $230,000
  Land Area: 499 m² (more or less)

The sales comprise larger lots located within new subdivisions within Richmond. We have been unable to identify lots as small as the subject properties. Adjustments for size and location have therefore been applied.

8.0 Valuation

We assess the Market Value as at 12 November 2015 at:

Proposed Lot 1	**$190,000**
Proposed Lot 2	**$160,000**
Proposed Lot 3	**$170,000**

The above values include GST (if any).

9.0 Statement of Limiting Conditions and Valuation Policy

Purpose

This valuation report has been completed for the specific purpose stated. No responsibility is accepted in the event that this report is used for any other purpose.

Responsibility to Third Party

Our responsibility in connection with this valuation is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party without first obtaining the written consent of TelferYoung (Nelson) Limited and the author of the report. TelferYoung (Nelson) Limited reserves the right to alter, amend, explain or limit any further information given to any other party.

Reproduction of Report

Neither the whole nor any part of this valuation and report or any reference to it may be included in any published document, circular or statement without first obtaining our written approval of the form and context in which it may appear. Our report is only valid when bearing the Valuer's original signature.

Date of Valuation

Unless otherwise stated, the effective date of the valuation is the date of the inspection of the property. This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Legislation

We have not obtained a Land Information Memorandum (LIM) or Property Information Memorandum (PIM) for this property which, unless otherwise stated, is assumed to conform to all requirements of the Resource Management Act 1991, the New Zealand Building Code contained in the First Schedule to the Building Regulations 1992, the Building Act 2004 and any Historic Places Trust registration. Our valuation reports are prepared on the basis that properties comply with all relevant legislation and regulations and that there is no adverse or beneficial information recorded on the Territorial Local Authority (TLA) property file, unless otherwise stated. Legislation that may be of importance in this regard includes the Health & Safety in Employment Act 1992, the Fire Safety and Evacuation of Buildings Regulation 1992, and the Disabled Persons Community Welfare Act 1975.

Registrations

Unless otherwise stated, our valuation is subject to there being no detrimental or beneficial registrations affecting the value of the property other than those appearing on the title. Such registrations may include Waahi Tapu and Historic Places Trust registrations.

Reliability of Data

The data and statistical information contained herein was gathered for valuation purposes from reliable, commonly utilised industry sources. Whilst we have endeavoured to ensure that the data and information is correct, in many cases, we cannot specifically verify the information at source and therefore cannot guarantee its accuracy.

Assumptions

This report contains assumptions believed to be fair and reasonable at the date of valuation. In the event that assumptions are made, based on information relied upon which is later proven to be incorrect, or known by the recipient to be incorrect at the date of reporting, TelferYoung (Nelson) Limited reserves the right to reconsider the report, and if necessary, reassess values.

GST

The available sources of sales data upon which our valuation is based generally do not identify whether or not a sale price is inclusive or exclusive of GST. Unless it has been necessary and possible to specifically verify the GST status of a particular sale, it has been assumed that available sale price data has been transacted on a GST inclusive (if any) basis, which is in accordance with standard industry practice for most residential property. Should this interpretation not be correct for any particular sale or rental used as evidence, we reserve the right to reconsider our valuation.

Land Survey

We have made no survey of the subject property and assume no responsibility in connection with these matters. Unless otherwise stated, the valuation has been assessed conditional upon all improvements being within the title boundaries.

Unless otherwise stated, we have not undertaken investigations or been supplied with geotechnical reports with respect to the nature of the underlying land. Unless otherwise stated, the valuation has been assessed conditional upon the land being firm and suitable ground for the existing and/or potential development, without the need for additional and expensive foundation and retaining work or drainage systems.

Contamination

We have not undertaken an environmental audit of the property. Unless otherwise stated, our valuation and report is conditional upon the land and buildings being unaffected by harmful contaminants or noxious materials which may impact on value. Verification that the property is free from contamination and has not been affected by noxious materials should be obtained from a suitably qualified environmental expert.

Market Valuations

Market valuations are carried out in accordance with the Valuation Standards and Guidance Notes. Market Value is defined "The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion".

No allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued thereon.

Professional Indemnity Cover

We have in force at the time of supplying the above valuation, current professional negligence insurance appropriate to the nature and level of our business activities.

Please contact the writer should you wish to discuss any matters raised in this report.

Yours faithfully

TelferYoung (Nelson) Limited

Ashley Stevens - BBS (VPM) ANZIV, MPINZ
Registered Valuer
Director

Email: ashley.stevens@telferyoung.com

Appendix 7: Explanation of Conversion of Business Demand from Land Areas to Number of Lots

Various approaches were considered for the conversion of business demand from land area to number of lots:

1. Creating an average (median) of the lot sizes allocated to business DAs in round 2 of the growth model. These were also compared with the minimum lot sizes allowed in the TRMP for the relevant zone. However, it was clear from this review that there was a wide disparity of the typical lot sizes allocated to DAs within a common end use both within and across DAs. This made the use of an average of these typical lot sizes unreliable.

2. The minimum lot sizes required in the TRMP for business zones were not considered appropriate as they do not reflect what the market demands as a suitable lot size for purchase for business use. Rather they were created as a trigger level within the regulatory process for closer examination of the environmental effects of a proposed development.

3. Data for the typical lot size in mature, well-developed DAs or zones for different types of business was not available.

4. In the absence of any suitable data the Environmental Policy Manager reviewed the existing data using his knowledge of the history of different zones and applied his judgement to arrive at an approximate typical lots size. In doing this, generally estimations erred on the smaller size of lots recognising the potential for existing business lots to be further subdivided in the future. The following typical lot sizes for the purpose of converting the land demand forecasts in to demand in lots for the Growth Model were arrived at:

End User	Typical Lot Size (square metres)
Commercial	600
Tourist Services	3000
Light Industrial	1500
Rural/Heavy Industrial	1500
Mixed business	2000

As the outputs from the PE model are in the following categories: retail, commercial and industrial, it was determined to use the following typical lot sizes to convert the land forecasts to lots.

PE Land Category	Typical Lots Size (square metres)
Retail and Commercial	600
Industrial	1500

The following two pieces of work are required before the next Growth Model process:

1. A review of the business zones in the TRMP to remove legacy and anomalous zones and review whether rationale for the categorisation of business zones above is fit for purpose.

2. A review of the actual developed sizes of business lots in brownfield business zones as a means of establishing a ground-truthed typical lots size for different categories of business use.

NPS-UDC Capacity Assessment

Joint Nelson City Council – Tasman District Council Overview

November 2018

Foreword

This Capacity Assessment Overview Report (A2080812) is part of a series of reports undertaken by Nelson and Tasman Councils to meet the obligations of a medium growth urban area under the National Policy Statement on Urban Development Capacity. Reports in the series are:

A2080812	Capacity Assessment for the Nelson Urban Area
A1990408	Capacity Assessment for Nelson City Council Territorial Area.
A2099190	Capacity Assessment for the Tasman District Council (part of District forming the Nelson Urban Area)

All reports should be read together to gain an understanding of the urban development capacity for the Nelson Urban Area as a whole.

Executive Summary

This overview Capacity Assessment Report for Nelson and part of Tasman is one of a series of three reports undertaken by Nelson and Tasman Councils to meet the obligations of a medium growth urban area under the National Policy Statement on Urban Development Capacity.

Table 1 below summarises the residential dwelling demand–capacity relationship for the Nelson Urban Area for the next 30 years.

	Demand (dwellings)	Capacity (dwellings)	Difference (dwellings)
Short Term (years 1-3)	2,391	3,969	1,578
Medium Term (years 4-10)	3,556	4,850	1,294
Long Term (years 11-30)	3,887	1,804	-2,083

Table 1: Capacity versus Demand for the next 30 years - Residential

As shown above in table 1, there is adequate residential capacity to meet demand for the first ten years (2018/19-2027/28) and a shortfall occurring sometime after 2027/28.

To address at least a portion of the projected shortfall beyond year ten, recommendations regarding rezoning and servicing of land in Nelson, as well as Nelson Plan rules are made in the Nelson City council's capacity assessment document and summarised in section 1.8 of this overview report.

Table 2 below summarises the business land demand–capacity relationship for the Nelson Urban Area for the next 30 years.

2016-2048[1]	Demand (Ha)	Capacity (Ha)	Difference (Ha)
Commercial	30.9	33.48	2.58
Industrial	1.8	39.15	37.35

Table 2: Capacity versus Demand for the next 30 years - Business

As shown in table 2 above, there is ample capacity to allow for all of the anticipated growth in demand for land for business activities.

[1] Note that the business land capacity in Nelson has only been assessed to 2038 to reflect the period assessed in the Property Economics report from 2016. This assessment will be updated as part of the next capacity report in three years' time.

1.1 Purpose

The purpose of this report is to give an overview of the capacity assessments done by both Nelson and Tasman. The individual reports for each local authority are attached in Appendix 1 and 2.

The purpose of this report is to meet the National Policy Statement on Urban Development Capacity (NPSUDC) requirements to carry out a Housing and Business Development Capacity Assessment (HBDCA). The overall objective is to have a robustly developed, comprehensive and frequently updated evidence base to inform planning decisions in urban environments. In short, the HBDCA estimates the demand for dwellings and business land and the availability of development capacity to meet that demand in order to determine whether there is sufficient capacity enabled by the Resource Management Plans (zoning and rules), the Long Term Plans (short and medium term servicing) and 30 Year Infrastructure Strategies (long term servicing) to meet projected demand.

This report provides an assessment of the combined Nelson Urban Area's development capacity. That is the capacity to absorb projected growth in terms of serviced and zoned land for residential and business activities in the Nelson Urban Area. A separate report (A2099190) provides an assessment of the part of Tasman District forming the Nelson Urban Area and report A1990408 provides an assessment of the Nelson Council area's urban development capacity. All three reports should be read in conjunction with each other.

The NPS-UDC identifies the Nelson Urban Area as a medium-growth urban area, which covers all of the Nelson territorial authority area (excluding the Whangamoa Area Unit) and part of Tasman District including Richmond (see section 1.2 for details of area units included). Policy PB1 requires that a HBDCA be carried out at least every three years.

The HBDCA also requires feasibility assessments are made for each growth area identified to cater for future residential growth. The aim is to ensure that Council provides sufficient land area for business and residential growth that is zoned, serviced and feasible. The NPS requires that this is evaluated over the short (years 1-3), medium (years 4-10) and long term (years 11-30).

The NPS UDC requires that when a capacity assessment and monitoring indicates that development capacity is not sufficient in any of the short, medium or long term, local authorities are required to initiate a response to provide further capacity and enable development within 12 months.

1.2 Geographic Area

The Nelson Urban Area is defined by Statistics NZ. The geographic area covered by the Nelson Urban Area includes all of the Nelson territorial area (excluding the Whangamoa area unit) and the main Richmond urban areas of the Tasman territorial area including the following area units:

- Aniseed Hill
- Hope
- Best Island
- Bell Island
- Ranzau
- Richmond East
- Richmond West

Figure 1 shows the extent of the Nelson Urban Area in the geographic context of the wider Nelson/Tasman region:

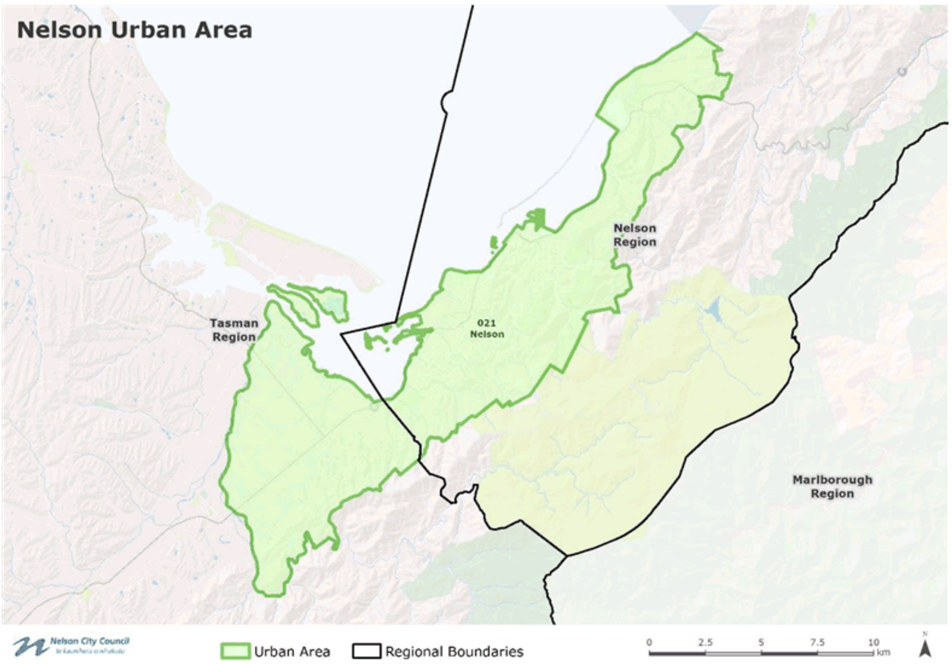


Figure 1: Nelson Urban Area

This summary report should be read in conjunction with both Councils individual capacity reports.

1.3 Relationship between Nelson City and Tasman District Territorial Authorities

The two authorities comprise similar levels of population, with latest estimates for both of approximately 52,000 people[2]. The Insights app released recently by Treasury estimates that between 2013-2016 migration to each area from the other was very similar, at around 2,200 people moving each way.[3]

The adjoining Authorities are therefore intrinsically linked and essentially operate as a single economic unit i.e. the planning boundaries are arbitrary in this context and not reflective of commercial market realities with many businesses servicing cross-boundary markets. *"This synergetic relationship is so entrenched, and will only strengthen moving forward, that the economies need to be considered as an integrated economic unit for long term planning purposes."* [4]

[2] Stats NZ subnational population estimates June 2018

[3] https://insights.apps.treasury.govt.nz/

[4] Economic Demand Business Forecasting" Property Economics (2016) page 11

1.4 Residential Demand

Both Councils have adopted the Statistics New Zealand (StatsNZ) high growth series for the first ten years, beginning 2018/19, and the StatsNZ medium growth series after that. As required by the NPS-UDC, a margin of 20% has been added to the projected population growth for the first ten years and a 15% margin for the remainder of the 30 year period. **Figure 2** below shows the cumulative projected demand for additional residential dwellings for the overall Nelson Urban Area.

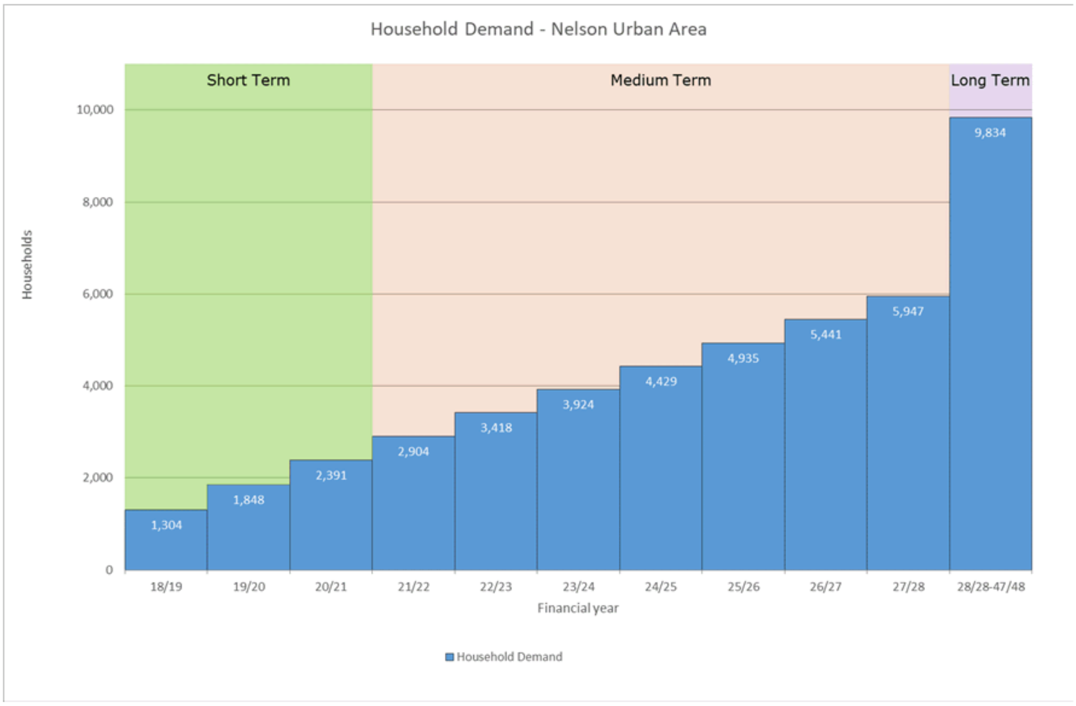


Figure 2: Combined demand for additional residential dwellings

Note that Figure 2 shows the total demand for years 11-30 in a single bar at the right hand end to allow easier reading of the figure.

1.5 Residential Capacity

Residential Figure 3 below shows the combined cumulative capacity from all sources for the overall Nelson Urban Area.

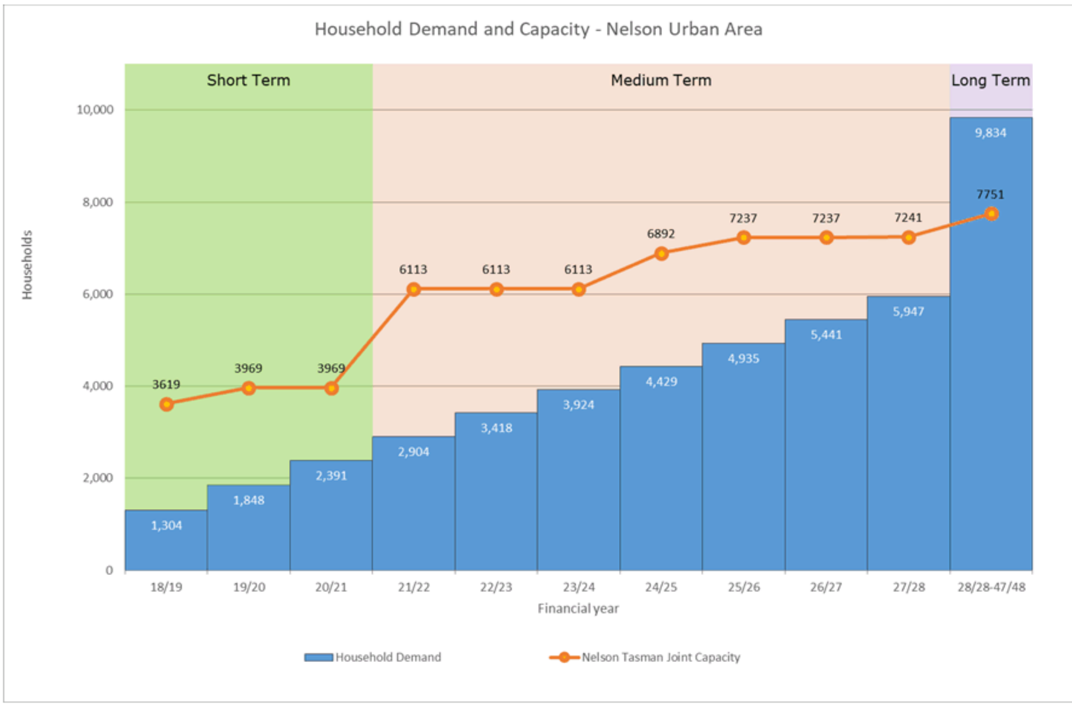


Figure 3: Combined capacity for residential dwellings

Figure 3 shows that there is projected to be adequate capacity over the first ten years when the demand and capacity is pooled for both Councils in the Nelson Urban Area. There is a shortfall expected sometime in the longer term year 11-30 period for the Nelson Urban Area.

Feasibility testing of the growth areas has shown that the lot yields assumed for each of the growth areas is generally slightly conservative or in other terms, underestimated the capacity marginally.

1.6 Business Demand

Nelson City Council and Tasman District Council commissioned Property Economics to undertake an assessment of business land capacity in both Regions. The report, completed at the end of 2016 provides a regional assessment that can be used for the Nelson Urban Area capacity assessment. **Table 3** below details the additional land needed up until 2048 and includes the additional margins required by the NPS-UDC.

Business Land Requirement	Land Area Required 2016-2048	
	NCC part of Nelson Urban Area	TDC part of Nelson Urban Area
Commercial (Includes retail)	16.6 Ha	14.3 Ha
Industrial land	0.1 Ha	1.7 Ha

Table 3: Additional business land required

It is pertinent to note however, that these growth derived land requirements do not automatically translate into a net additional land requirement to be zoned for business activity within the region, with large tracts of the existing business land provision vacant or underutilised in Nelson.

1.7 Business Capacity

Tasman District Council has not undertaken detailed analysis of any current vacant or underutilised business land. Therefore a worst case scenario is assumed with no such vacancies. This analysis is being undertaken in November and December 2018 and will be incorporated into future capacity assessments. Analysis of the current vacant and underutilised Commercial and Industrial zoned land shows that capacity exists within Nelson as shown below in **Table 4**.

	Business Land Capacity	
	NCC part of Nelson Urban Area	TDC part of Nelson Urban Area
Commercial (Includes retail)	18 Ha	15.48 Ha
Industrial land	35.1 Ha	4.05 Ha

Table 4: Business land capacity

Allowing for redevelopment of underutilised and vacant land in Nelson, there is capacity to accommodate the projected demand for business land, particularly industrial land until at least 2048. Of the Tasman business land capacity (commercial and industrial), the bulk of the land included is dependent on the low-level trunk main from Richmond water treatment plant to the proposed low-level reservoir. The Council decision to uplift the deferred zoned status of these areas of land is also likely to be dependent on a decision on an augmented water supply, such as the proposed Waimea community dam.

1.8 Cross boundary issues

Inevitably, with Nelson City Council and Tasman District Council sharing an urban area, it is essential that there is close cooperation.

FUTURE DEVELOPMENT STRATEGY

The NPS-UDC encourages medium growth councils to prepare a Future Development Strategy for the purpose of ensuring that there is sufficient capacity for all of the likely activity demands into the future. Nelson City Council and Tasman District Council are currently working together to produce a joint Future Development Strategy.

LONG TERM PLAN (LTP) PROGRAMMING

Cooperation between the two Councils during the development of the works programme in the LTPs has been business as usual for many years jointly delivering a wide range of projects. Strategic projects include engineering and infrastructure such as the Waimea Community Dam, the public transport system and the Nelson Regional Sewerage Business Unit. Port Nelson and Nelson airport are jointly owned. Community development facilities such as Saxton field are jointly owned and funded, as is the Provincial museum. In environment and planning regulation both councils work together on aligning monitoring programmes such as industrial land and housing needs, air quality and biosecurity management. The two Councils have a joint urban design panel and civil defence and emergency management services.

This cooperation will continue into the future as it is recognised that the Nelson Urban Area forms a single urban hub with inter-related issues relevant to both Councils.

NETWORK OPERATING FRAMEWORK

Transport in the Nelson Urban Area is a significant issue with a large proportion of those employed in Nelson living in Tasman. However there are significant numbers travelling from Nelson to Richmond and beyond in morning traffic also - two thirds of that heading to Nelson. As a result, the two transport links that cross the boundary (Salisbury Road and State Highway 6) suffer from high levels of congestion. In recognition of the inter-relationship between the two local authority areas, a joint network operating framework is being developed between Nelson City Council, Tasman District Council and New Zealand Transport Agency.

The recommendations that come out of this work are expected to inform the future work programmes of all three involved parties.

WATER SUPPLY

The single most important infrastructure issue for the Tasman District Council is the security and capacity of the future water supply. The Waimea Community Dam has been proposed to ensure future capacity is securely available but the following issues still need to be resolved:

- The local Bill needs to go through Parliament to allow the inundation of conservation land.
- Access to landlocked land parcels needs to be negotiated
- A final decision made by Council whether to proceed at the end of November 2018

Should the Waimea community dam not proceed, there is potentially a shortfall of business land in Richmond over years 1 – 10 (or until an alternative water supply is secured). Therefore a no dam scenario would impact on modelled business land availability and growth in Richmond. To address this, Tasman's growth model would need to be revisited, to ensure that, as required under the NPS-UDC, capacity is provided to meet business growth demands. Initial responses may include:

- Bringing forward the rollout of other Development Areas that are serviceable that are currently assumed to be developed in years 11-30
- Including Lower Queen Street business park (750 Lower Queen Street) within the Richmond settlement area boundary – a new integrated industrial development close to central Richmond, consented since 2014 for approximately 45 lots
- Instead of enabling supply for the NPS-UDC extra margin of 15% in years 11-30 all in years 1-10, only provide for the extra margin required (20%) in years 1-10 in this period (16 lots less)
- And/or look to providing for Richmond's business growth elsewhere in the District, outside of the Waimea catchment, as provided for under the NPS-UDC (policies PC1-PC4).

In a no dam scenario, in the longer term (years 11-30), Nelson City would likely see higher growth than anticipated due to new residents to the region being forced across the boundary. This is particularly difficult to model. For the purposes of this capacity assessment it has been assumed that the Waimea dam will go ahead. Should this not be the case, the capacity assessment will need to be updated.

1.9 Recommendations

Recommendations to enable both Councils to initiate a response to the identified shortfall in urban development capacity for housing in the long term (11 to 30 years) as required in Policy PC3 are as follows.

Joint Nelson City and Tasman District

(i) Undertake a joint Future Development Strategy to ensure sufficient residential and business development capacity is provided of the Nelson Urban Area over the next 30 years.

(ii) Continue to evaluate and monitor residential and business capacity within the Nelson Urban Area to ensure decision making is aligned between the Councils where it affects the potential to provide sufficient residential and business land capacity.

(iii) Build and strengthen developer relationships and identify potential partnership opportunities, including with Central Government agencies and the Urban Growth Agenda, Kiwibuild and Urban Development Agencies.

Nelson City

(iv) Initiate assessment of a plan change/proposed plan to rezone identified greenfield future capacity areas with appropriate plan enabled provisions. More detailed recommendations are included in Appendix C of the Nelson City Capacity Report.

(v) Initiate assessment of a plan change/proposed plan to provide a regulatory framework that enables feasible infill and redevelopment of existing areas. More detailed recommendations are contained in Appendix B of the Nelson City Capacity Report.

Tasman District

(vi) Initiate review of Tasman District Plan at the end of 2018

8.5 COUNCIL MEETINGS CALENDAR FOR 2019

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Sandie Hutchinson, Executive Assistant
Report Number:	RCN18-12-5

1 Summary

1.1 Schedule 7, s.19 of the Local Government Act 2002 (LGA), provides that meetings of a local authority must be called in accordance with Schedule 7 of the Local Government Official Information and Meetings Act 1987 and the Council's Standing Orders.

1.2 Standing Orders were adopted by the Council in October 2016. Part 8 of Standing Orders confirms the process by which meetings are to be notified in writing to both members of the committees and to the public and aligns with the provisions contained within the LGA.

1.3 The definitions set out in Standing Orders confirm that 'publicly notified' includes publication of a notice in a newspaper circulating in the District and to a website.

1.4 The on-line Calendar of Council Meetings provides up-to-date notification of Council meetings to Councillors, members of those Committees and the public. Information from that calendar, including updates, feed through to the newspaper publications 'Newsline', 'Waimea Weekly', 'Motueka Guardian' and 'Golden Bay Weekly'.

1.5 The Chief Executive is satisfied this system of notification meets the Council's statutory obligations.

1.6 In addition, Councillors will receive notification through the weekly Councillor Update, which gives details of Council meeting commitments for the following week.

1.7 Governance Services staff will input meeting dates in the Council's electronic meetings calendar late in December 2018 and will continue to update this resource throughout the year. Councillors can access this Microsoft Outlook meetings calendar though their electronic devices.

1.8 Attached for your information is a draft Schedule of 2019 meetings of Council, its Committees, Subcommittees, Joint Committees, Community Boards and Annual Plan Workshops as well as additional meetings where Councillors are involved (Attachment 1).

1.9 The Council is not required to adopt the attached Schedule of Meetings. It is a guide only and will not be updated. It does not displace the on-line Calendar of Council Meetings referred to above.

1.10 Councillors should note that Consent Hearings are organised as and when required and the Tasman Regional Management Plan (TRMP) Hearings will be notified in accordance with the Council's statutory obligations.

1.11 Councillors should note that there is a close out period in relation to the Local Government elections.

2 Draft Resolution

That the Full Council:

1. **receives the Council Meetings Calendar for 2019 report, RCN18-12-05; and**
2. **notes the on-line Calendar of Council meetings provides up to date notification of Council meetings for 2019; and**
3. **receives the Schedule of Meetings 2019 for information.**

3 Attachments

Tasman District Council Annual Calendar of Meeting Dates for 2019 - **DRAFT**

	January		February		March		April		May		June		July		August		September		October		November		December		
Mon							1						1	Regional Transport (pm)											Mon
Tue	1	New Years Day					2						2	Golden Bay Community					1						Tue
Wed	2	Day after New Year's Day					3	Citizenship Workshop - Takaka FLAG	1	Regional Pest Management			3	Citizenship					2	No Meetings					Wed
Thu	3						4	Community Development	2				4	Engineering	1	Full Council			3						Thu
Fri	4		1		1		5		3				5		2				4		1				Fri
Sat	5		2		2		6		4		1		6		3				5	Voting	2				Sat
Sun	6		3		3		7		5		2		7		4		1		6	Voting	3		1		Sun
Mon	7		4	Nelson Anniversary	4	Workshop - Coastal Hazards Workshop - Climate change/ natural hazards	8		6	Annual Plan Hearings	3	Queens Birthday	8		5		2	Mapua Waterfront	7		4		2		Mon
Tue	8		5		5	Joint Council: Future Development Strategy	9	Creative Community Golden Bay Community	7	Annual Plan Hearings	4	Port Tarakohe Takaka Aerodrome	9	no meetings	6	Creative Awards (Mot)	3	Takaka Aerodrome Port Tarakohe	8	Elections - no meetings	5	Joint Committee	3	Regional Transport	Tue
Wed	9		6	Waitangi Day	6	Workshop - Brightwater / NPSET / Landscape Review	10	Workshop - Takaka FLAG (handover)	8	Annual Plan Hearings	5	Future Development Strategy Deliberations	10		7		4	Regional Pest Mgmnt	9		6	Citizenship	4		Wed
Thu	10		7		7	Environment & Planning	11	Engineering	9	Full Council	6		11		8	Community Development	5	Environment Planning	10		7	Full Council	5	Audit & Risk Committee	Thu
Fri	11		8		8	NTRLBU / NRSBU (Nelson)	12		10	Annual Plan Hearings	7	Audit & Risk Committee	12		9	Commercial Committee	6		11		8	State Highway Liaison	6		Fri
Sat	12		9		9		13		11		8		13		10		7		12	Election Day	9		7		Sat
Sun	13		10		10		14		12		9		14		11		8		13		10		8		Sun
Mon	14		11		11	Workshop - Takaka FLAG (pm)	15	Mapua Waterfront	13		10		15		12		9	Regional Transport	14		11		9		Mon
Tue	15		12	Golden Bay Community Board	12	Golden Bay Community Board	16	Joint Shareholders/CDEM	14	Golden Bay Community	11	Golden Bay Community	16		13	Golden Bay Community	10	Golden Bay Community	15		12	Golden Bay Community	10	Golden Bay Community	Tue
Wed	16		13	Citizenship Workshop re Annual Plan	13	Motueka Aerodrome	17	Hearing: SHA Rezoning Hearing: LDM (plan change)	15	Citizenship Workshop re Annual Plan	12	Workshop re RPS & District Plan Review Motueka Aerodrome	17	no meetings	14	Saxton Field	11	Citizenship	16	Election Results notified	13	Workshop - Councillors Development	11		Wed
Thu	17		14	Full Council	14	Audit & Risk Committee	18	Environment & Planning	16	Hearings: Future Development Strategy	13	Community Development	18		15	Engineering	12	Full Council	17		14	Community Development	12	Full Council	Thu
Fri	18		15	Deliberations - priority earthquake-prone buildings Hearing - priority earthquake-prone buildings	15	State Highway Liaison	19	Easter Friday	17	Workshop re Annual Plan	14	State Highway Liaison	19		16		13	Audit & Risk Committee NRLBU / NRSBU (Nelson)	18		15	Commercial Committee	13	NTRLBU/NRSBU	Fri
Sat	19		16		16		20		18		15		20		17		14		19		16		14		Sat
Sun	20		17		17		21		19		16		21		18		15		20		17		15		Sun
Mon	21		18		18	Mapua Waterfront	22	Easter Monday	20	Mapua Waterfront	17	Mapua Waterfront	22	Mapua Waterfront	19	Mapua Waterfront	16	Elections - no meetings	21		18	Mapua Waterfront	16	Mapua Waterfront	Mon
Tue	22		19	Workshop - Age Lab Workshop - RPS & District Plan Review Motueka Community Board	19	Workshop - Joint Future Development Strategy (TDC) Motueka Community Board	23	no meetings	21	Motueka Community Board	18	Workshop - Future Development Strategy (NCC) Community Awards Motueka Community Board	23	Community Awards Ceremony Motueka Community Board	20	Joint Shareholders / CDEM	17	Motueka Community Board	22	Election Results notified	19	Community Grants Joint Shareholders/CDEM Motueka Community Board	17	Port Tarakohe / Takaka Aerodrome Motueka Community Board	Tue
Wed	23		20	Workshop - SHA Rezonings Saxton Field (am)	20	Hearings: Motueka Ward RMP	24		22	Saxton Field (am)	19	Hearing - NPSET (am)	24	Workshop: Coastal Hazards Update (2.5hrs)	21	Motueka Aerodrome	18		23		20	Motueka Aerodrome Saxton Field	18		Wed
Thu	24		21	Community Development	21	Hearings: Motueka Ward RMP	25	ANZAC Day	23	Engineering	20	Full Council	25	Environment & Planning	22		19	Elections - no meetings	24	Inaugural Full Council	21	Engineering	19		Thu
Fri	25		22	Commercial Committee	22		26	Commercial Committee	24		21	NTRLBU/NRSBU (Tasman)	26	FDS Joint Committee (am)	23		20		25		22		20		Fri
Sat	26		23		23		27		25		22		27		24		21		26		23		21		Sat
Sun	27		24		24		28		26		23		28		25		22		27		24		22		Sun
Mon	28		25	Mapua Waterfront	25	Regional Transport (pm)	29		27		24		29		26		23		28	Labour Day	25		23		Mon
Tue	29		26	Port Tarakohe Takaka Aerodrome	26	Workshop - Takaka FLAG FDS Joint Committee	30	Motueka Community Board	28	Community Grants	25	Hearing - Brightwater Plan Change	30		27	Motueka Community Board	24		29		26	Creative Communities	24	no meetings	Tue
Wed	30	Workshop - Councillors Development	27	Workshop - Annual Plan	27	Deliberations: Motueka RMP			29		26	Workshop - Future Development Strategy	31		28	Community Grants	25	Voting - no meetings	30	Workshop - Councillors Development	27	Workshop - Councillors Development	25	Christmas Day	Wed
Thu	31		28	Engineering	28	Full Council			30	Environment & Planning	27	Full Council - Annual Plan			29		26		31		28	Environment & Planning	26	Boxing Day	Thu
Fri					29	Workshop (am) - Marahau Feasibility (Alan B)			31	Full Council - Adopt Annual Plan	28				30	Audit & Risk Committee	27				29		27	no meetings	Fri
Sat					30						29				31		28				30		28		Sat
Sun					31						30						29						29		Sun
Mon																	30						30	no meetings	Mon
Tue																							31		Tue

Please note that this calendar is subject to change, for the most up to date information please check the website or contact an Executive Assistant

8.6 SEPTEMBER 2018 QUARTERLY FINANCIAL UPDATE

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Matthew McGlinchey, Finance Manager; Josh Douglas, Senior Management Accountant
Report Number:	

1 Summary

1.1 This quarterly financial report provides an update on key financial information as at the end of September.

1.2 Please note that a re-forecast exercise was undertaken by staff in October based on the September year to date (YTD) actual results.

1.3 The 2018/19 Annual Plan budgeted for a deficit of $1,358,000. As a result of the October reforecast, the Council is forecasting a reduced deficit of $551,000, which is a favourable movement of $807,000.

Financial summary	
	$000
Budgeted Total Controllable Operating Surplus	(1,358)
Projected Year End Surplus at September 2018 (October Reforecast)	(551)
Indicative favourable variance	**807**
Key Drivers	
Favourable Movements	
Additional port dividend	650
Finance costs	1,895
Lower depreciation charges	770
Unfavourable Movements	
Miscellaneous maintenance costs	(559)
Net recovery costs of storm events	(1,949)
Total	**807**

1.4 The focus of this report is the forecast year end position as at 30 June. The table below provides a reconciliation of the accounting position compared to the controllable operational position. This table strips out non-cash items and items that can only be used to fund capital expenditure, or are non-cash in nature, e.g. swap revaluations and vested assets.

Accounting Surplus v Operating Surplus			
	Forecast 2018/19	Budget 2018/19	Var
Accounting Surplus/(Deficit)	10,971	10,164	807
Less Non Controllable			
Revaluation of Swaps (non cash)	466	466	0
Vested Assets (non cash)	4,259	4,259	0
Capital subsidies	3,494	3,494	0
Share of Associates	3,303	3,303	0
Total	**11,522**	**11,522**	**0**
Controllable Operational Surplus/(Deficit)	**(551)**	**(1,358)**	**807**
Explained by			
Income	122,024	119,361	2,663
Expenditure	122,575	120,719	(1,856)
Total	**(551)**	**(1,358)**	**807**

1.5 Net debt at the end of September is $138m and is forecast to be $176m by year-end, which is $13m lower than the net debt forecast position in the 2018 Long Term Plan.

1.6 September YTD capital expenditure is $7m against a full year revised budget of $65.6m. The forecast year-end position is $54.8m.

1.7 In general, trends over rates related receivables remain positive. Accounts receivable balances have increased however this is driven by development contributions not yet due, and increased revenue.

2 Draft Resolution

That the Full Council receives the September 2018 Quarterly Financial Update report, RCN18-12-06.

3 Purpose of the Report

3.1 To report to the Council on the year to date (YTD) financial performance to 30 September 2018 and forecast out the financials results to the end of the 2018/19 financial year.

4 Background and Discussion – Quarterly Financial Report and Year End Forecast to 30 June 2019

4.1 This is the first quarterly financial report for the 2018/19 financial year.

4.2 Controllable operating income is forecast to reach $122m by year-end. This is a favourable variance of $2.7m on the annual budget of $119.4m. The key drivers are set out in section 6.

4.3 Operating expenditure is forecast to reach $122.6m by year-end. This is an unfavourable variance of $1.9m on the annual budget of $120.7m. The key drivers are set out in section 7.

4.4 Capital expenditure totals $7m as at September, and is forecast to reach $54.8m by year-end. This is a variance of $9m on the budget of $65.6m (includes $24m of carry overs). Expenditure by Department is set out in section 10.

4.5 Total net debt as at September was $138m and is forecast to be $176m as at 30 June 2019 compared to the budgeted $189m.

4.6 A summary of the debtor position is included with this report. Increased revenues have seen a corresponding increase in outstanding debtors, while debtor days remain stable.

5 Statement of Comprehensive Financial Performance

Statement of Comprehensive Revenue and Expense
For the year to 30 June 2019

	Forecast 2018/19	Budget 2018/19	Var
REVENUE			
General rates	38,501	38,374	127
Targeted rates (other than for water supply)	30,115	30,062	53
Targeted rates for a water supply	4,257	4,260	(3)
Development and financial contributions	10,089	10,033	56
Operating subsidies and grants	4,836	3,620	1,216
Capital subsidies and grants	3,494	3,494	0
Fees and charges	14,670	15,071	(401)
Other revenue	20,046	18,258	1,788
Fair value movement on revaluation	466	466	0
Other gains	62	62	0
Finance income	120	293	(173)
Revenue of joint ventures	6,890	6,890	0
Share of associates surplus/deficit	0	0	0
Total revenue	**133,546**	**130,883**	**2,663**
EXPENSE			
Finance expense	7,801	9,696	1,895
Employee related expense	23,944	23,806	(138)
Other expenses	32,328	31,952	(376)
Maintenance	29,293	25,286	(4,007)
Depreciation and amortisation	25,622	26,392	770
Expenditure of joint ventures	3,587	3,587	0
Total expense	**122,575**	**120,719**	**(1,856)**
Total comprehensive revenue and expense	**10,971**	**10,164**	**807**
TOTAL OPERATING SURPLUS (as above)	**10,971**	**10,164**	**807**
Less Non-Controllable Activities			
Capital subsidies	3,494	3,494	0
Vested assets	4,259	4,259	0
Fair value movement on revaluation	466	466	0
Share of JV & associates surplus/deficit	3,303	3,303	0
Total Non-Controllable Activities	**11,522**	**11,522**	**0**
Total controllable surplus/deficit	**(551)**	**(1,358)**	**807**

5.1 Commentary is provided on the revenue and expenditure forecast changes in sections 6 and 7.

6 Income Analysis

Income by Department, $000's	Forecast 2018/19	Budget 2018/19	Var
Environment & Planning	18,500	18,162	338
Engineering	69,696	68,979	717
Community Development	21,385	21,274	111
Council Enterprises	9,756	9,472	284
Governance	4,039	4,043	(4)
Departmental Overheads	1,951	734	1,217
Total Controllable Income	**125,327**	**122,664**	**2,663**
Non-Controllable Income			
Capital subsidies	3,494	3,494	0
Vested assets	4,259	4,259	0
Fair value movement on revaluation	466	466	0
Total Income	**133,546**	**130,883**	**2,663**

6.1 Additional income of $2.7m is expected over and above budget.

6.2 The increase in revenue expectations in Environment and Planning relates to additional revenue for Building Control, which is demand driven.

6.3 The favourable revenue variance in Engineering Services relates to increased revenue for road maintenance relating to ex-cyclones Gita and Fehi from NZTA. It is offset by increased unplanned expenditure.

6.4 The increase in revenue in Council Enterprises is in relation to additional income from harvesting of the Eves Valley and Rabbit Island forests.

6.5 The main driver of the additional revenue in departmental overheads is a larger than expected dividend from Port Nelson Limited. How this balance is used will be discussed in the September 2019 Activity balance report.

7 Operating Expenditure Analysis

Operating Expenditure by Department, $000's			
	Forecast 2018/19	**Budget 2018/19**	**Var**
Environment & Planning	4,786	4,433	(353)
Engineering	35,562	31,715	(3,846)
Community Development	10,473	10,721	248
Council Enterprises	6,203	5,843	(360)
Governance	1,780	1,775	(5)
Departmental Overheads	30,347	30,143	(204)
Total	**89,152**	**84,631**	**(4,521)**
Finance Expenses	7,801	9,696	1,895
Depreciation	25,622	26,392	770
Total	**33,423**	**36,088**	**2,665**
Total Expense	**122,575**	**120,719**	**(1,856)**

7.1 An unfavourable variance of $1.86m is forecast in this area. There are a number of significant items that drive this variance.

7.2 The reduced finance expense is the result of a lower debt figure as reported earlier. In total, interest savings of $1.9m are expected because of the reduced level of debt; a lower than budgeted weighted average interest rate; and a lower forecast capital spend than budgeted.

7.3 Depreciation is $0.7m favourable to budget as a result of a lower capital spend then budgeted.

7.4 Environment and Planning is forecasting to be unfavourable to budget due to increased building control expenses, however there is a favourable offsetting variance in income.

7.5 Engineering Services has a forecast $3.8m unfavourable variance due mainly to additional roading and river expense relating to ex-cyclones Gita & Fehi. The Council will receive NZTA subsidy to offset a portion of these costs.

7.6 The Community Development favourable variance relates to a forecast underspend in Parks and Reserves maintenance.

7.7 Council Enterprises are forecasting an unfavourable variance due to an increase in harvesting and maintenance costs at Rabbit Island (offset by increased harvesting income).

8 Statement of Financial Position

Statement of Financial Position, $000 For the year to 30 September 2018	Sep-18 YTD	Budget 2018/19
Cash and cash equivalents	10,372	6,047
Trade and other receivables	12,898	19,632
Other financial assets	19,315	1,833
Non current assets held for resale	0	560
Total current assets	**42,585**	**28,072**
CURRENT LIABILITIES		
Trade and other payables	12,075	17,578
Employee benefit liabilities	2,272	2,180
Current portion of borrowings	27,003	16,228
Current portion of derivative financial instruments	0	818
Total current liabilities	**41,350**	**36,804**
Working capital	**1,235**	**(8,732)**
NON CURRENT ASSETS		
Investments in associates	134,405	123,311
Other financial assets	8,199	38,553
Intangible assets	3,115	1,386
Trade & other receivables	0	0
Forestry assets	41,220	36,724
Investment property	4,658	4,700
Property, plant and equipment	1,425,973	1,428,248
Total non current assets	**1,617,570**	**1,632,922**
NON CURRENT LIABILITIES		
Term borrowings	140,499	180,872
Derivative financial instruments	13,344	11,582
Employee benefit liabilities	480	557
Provisions	1,898	3,286
Total non current liabilities	**156,221**	**196,297**
Total net assets	**1,462,584**	**1,427,893**
EQUITY		
Accumulated equity	614,215	626,909
Restricted reserves	20,366	9,825
Revaluation reserves	828,003	791,159
Total equity	**1,462,584**	**1,427,893**

8.1 Overall, the financial position of the Council remains extremely strong and ahead of year-end budget expectations.

8.2 Other Financial Assets are higher than budget because we currently have an $18m term deposit that will mature before 30 June 2019. This is being used to prefund a maturing LGFA debt in March 2019.

9 Total Net Debt

Total Net Debt, $000	
Opening Net Debt 1 July 2018	140,510
Net Debt September 30 2018	137,815
Net Debt Reforecast 30 June 2019	175,832
Net Debt 30 June 19 per LTP 2018	189,220

9.1 Total net debt is forecast to be $175.8m as at 30 June 2019 compared to a budget of $189.2m. This favourable variance is driven by a forecast re-phasing of capital expenditure.

9.2 Net debt is gross debt less cash on hand and other liquid financial assets.

10 Capital Expenditure Analysis

Capital Expenditure by Department, $000's			
	Forecast 2018/19	Budget 2018/19	Var
Environment & Planning	444	428	(16)
Engineering	40,263	50,746	10,483
Community Development	8,745	8,957	212
Council Enterprises	3,256	3,253	(3)
Governance	56	56	0
Departmental Overheads	2,023	2,127	104
Total Capital Expenditure	**54,787**	**65,567**	**10,780**

10.1 Overall, the capital programme budget is forecast to be underspent by $10.8m at year-end.

10.2 Delays in several Water Supply and Wastewater projects are driving the majority of the forecast underspend.

Engineering Services Capital Expenditure

Engineering Capital Expenditure by Activity, $000's			
	Forecast 2018/19	Budget 2018/19	Var
Costal Structures	70	70	0
Rivers & Flood Protection	1,221	821	(400)
Roading - Non Subsidised	4,193	3,891	(303)
Roading - Subsidised	7,964	7,683	(282)
Solid Waste	2,309	2,211	(98)
Stormwater	7,374	9,605	2,232
Water Supply	8,336	14,492	6,156
Wastewater & Sewerage Disposal	8,795	11,972	3,177
Total Capital Expenditure	**40,263**	**50,746**	**10,483**

10.4 Stormwater – the forecast underspend is mainly due to the delay of the purchase of land for the Richmond South stormwater system.

10.5 Water Supply – is forecast to underspend primarily as the result of delaying the construction of the Wakefield water treatment plant until we have the required water quality data.

10.6 Wastewater – this activity is forecast to underspend its capital programme in 2018/19 primarily due to the re-phasing of work on the Stafford Drive pump station and rising main.

11 Accounts Receivable Report 30 September 2018

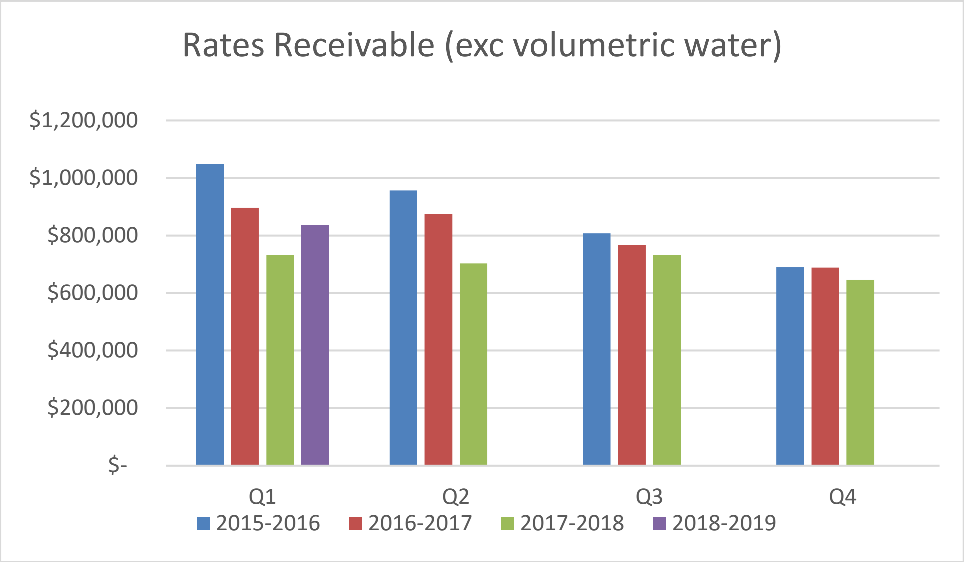
11.1 This section of the report covers:

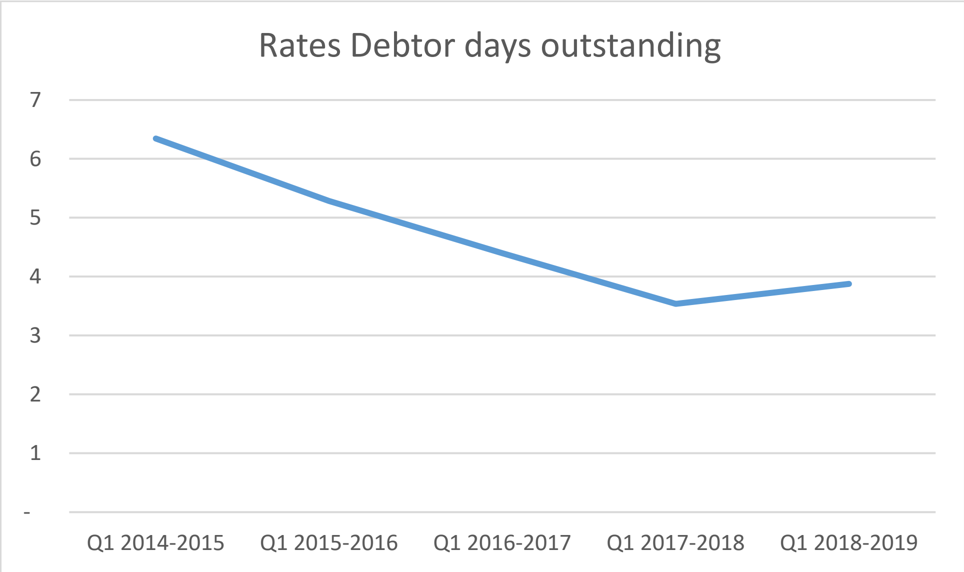
- Rates collections
- Water billing collections
- Trade accounts receivable collections (excluding animal control, infringement income, forestry income and other sundry type receivables)
- The Rates Rebate Scheme update

Rates Receivable (excluding volumetric water)

11.2 Rates income (excluding volumetric water) was budgeted to be $79m in 2018-2019.

11.3 Outstanding rates have increased slightly, partly due to District growth and rates increases, but debtor days have also slightly increased.

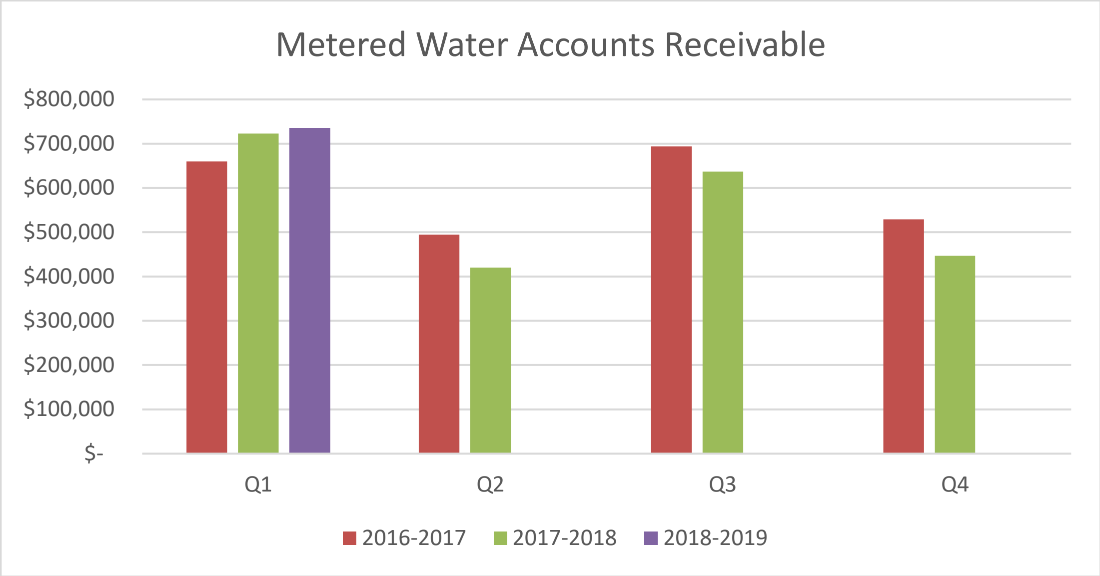




11.4 Of the rates that remain unpaid at 1 July 2018, 51% have been paid leaving $319,000 still owing. A significant portion of these should be cleared by the end of December 2018.

Metered Water Billing

11.5 Metered water income was budgeted to be $6.2m in 2018-2019.

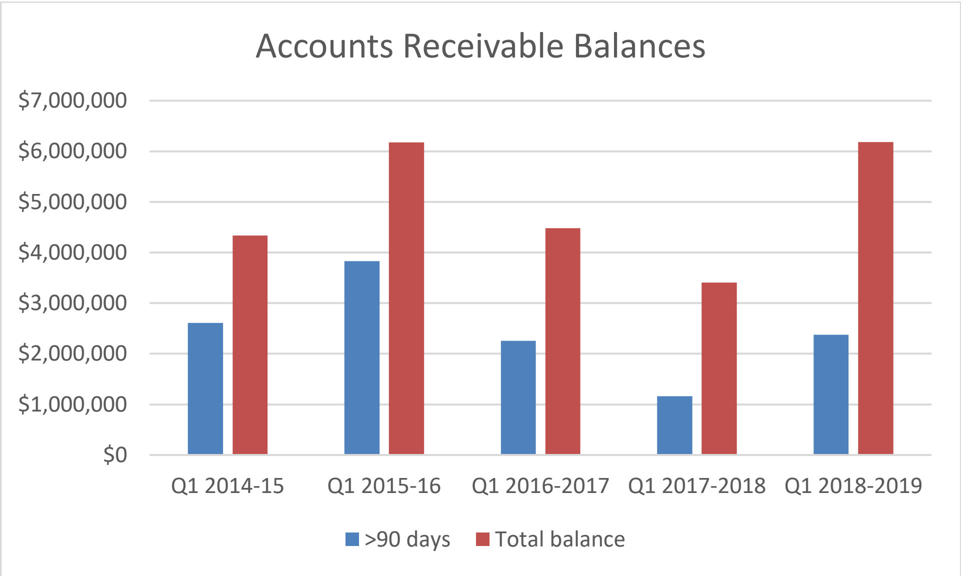


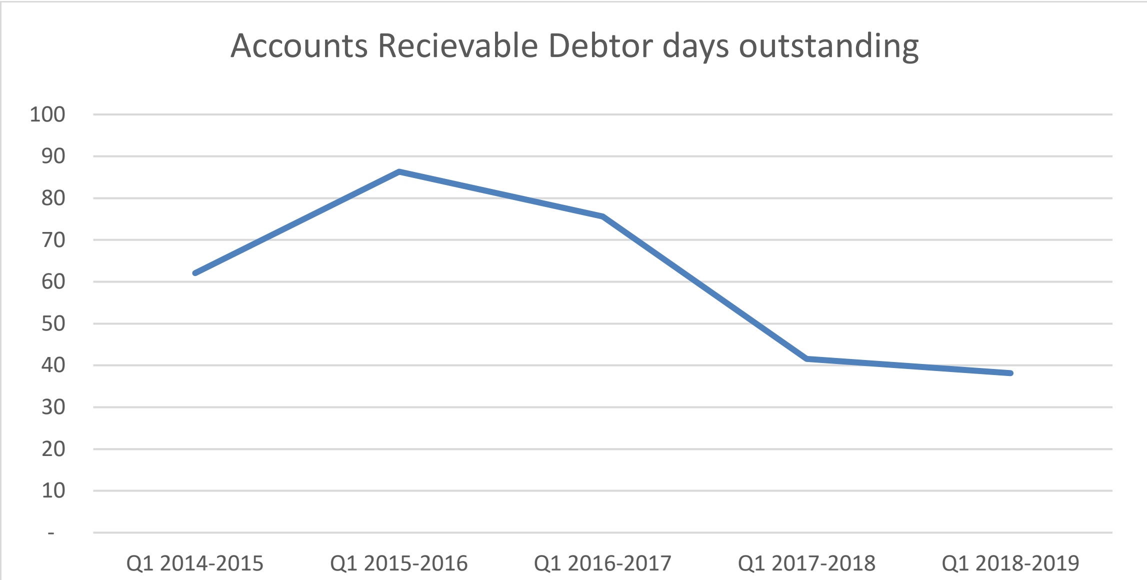
11.6 Total amounts owing are up slightly for Q1, but this is due to increased revenue as debtor days remain flat against the prior year at about 40 days.

11.7 Of the metered water owing at 1 July 2018, 93% has been paid leaving only $30,000 owing.

Accounts Receivable

11.8 The Council invoiced $45m in the prior year.





11.9 Debtors balances have increased by $2.8m from the prior year, however total revenue has substantially increased, and debtor days remain stable at just over the 35 day expectation.

11.10 Debtors aged >90 days increased by $1.2m since the prior year due to invoices for development contributions that are expected to be paid prior to code of compliance certificates being issued.

Department of Internal Affairs Rates Rebates Scheme

11.11 The rates rebate scheme, run by the Department of Internal Affairs (DIA), and administered by local councils, provides a subsidy to low income homeowners for their rates.

11.12 Rates rebate claims are down against the prior year, which could be due to the timing of claims:

	2017/18	**2018/19**
Number of claims	805	664
Dollar value of claims	$468,000	$399,000

12 Attachments

Nil

8.7 TREASURY REPORT

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Kim Dunn, Project Accountant; Matthew McGlinchey, Finance Manager
Report Number:	

1 Summary

1.1 The Council borrowings at 30 November 2018 are $165.5m, up from $153.5m at 30 June 2018. The projected debt level out 12 months is $175.8m.

1.2 The **net debt** level at the end of November is $132.6m. We have $24m on deposit which is prefunding Local Government Funding Agency (LGFA) debt maturing in March 2019.

1.3 The Council's funding and liquidity risk position is currently compliant with Treasury Management Policy parameters. This has been achieved with the implementation of the following strategies:

- We have negotiated a three year extension to the current Westpac bank funding facility of $12m from 31 August 2019 to 31 March 2022.
- We have pre-funded the full amount ($24m) of LGFA debt maturing in March 2019. These funds have been borrowed from the LGFA, $12m with a maturity of April 2025 and $12m of short term lending with a maturity of less than 12 months. The average interest rate of these borrowings is 2.38%.
- With the Council not having a requirement for the $24m until the debt matures on 15 March 2019, these funds have been placed on term deposit with ASB, BNZ and Westpac with an average interest rate of 3.37% p.a.

1.4 The positive interest rate differential between the amount we borrowed from the LGFA and the amount we re-invested is a side benefit and not the driver of the pre funding strategy. This was to maintain policy compliance and mitigate the interest rate repricing risks through to March 2019.

1.5 The Council is not in full compliance with its Treasury Management Policy due to the five year plus fixed rate maturity level being higher than the policy target. This non-compliance is considered minor, as these exceptions are a result of the Council taking advantage of the current low interest rate environment by taking fixed rate debt with long dated maturities of 2027 and 2033.

1.6 The Council's cost of funds, including interest rate swaps, bank margins and line fees is 4.17%, compared to a budget of 5.08% (2018: 5.31%). The Treasury cost centre has a retained surplus due to the lower than forecast debt levels and the lower than budgeted finance costs, over the past few years. This surplus is being returned to the Council's activities by reducing the budgeted internal interest rate in the current year. Staff continue to closely monitor the markets to capitalise on opportunities to reduce the Council's external borrowing costs.

1.7 Market expectation is that the Official Cash Rate (OCR) will remain at 1.75% until early 2020. Any further changes are dependent on future inflation, growth figures and the strength of the New Zealand dollar. The OCR only impacts on the Council's short term borrowing costs, with longer term costs being influenced by external factors.

2 Draft Resolution

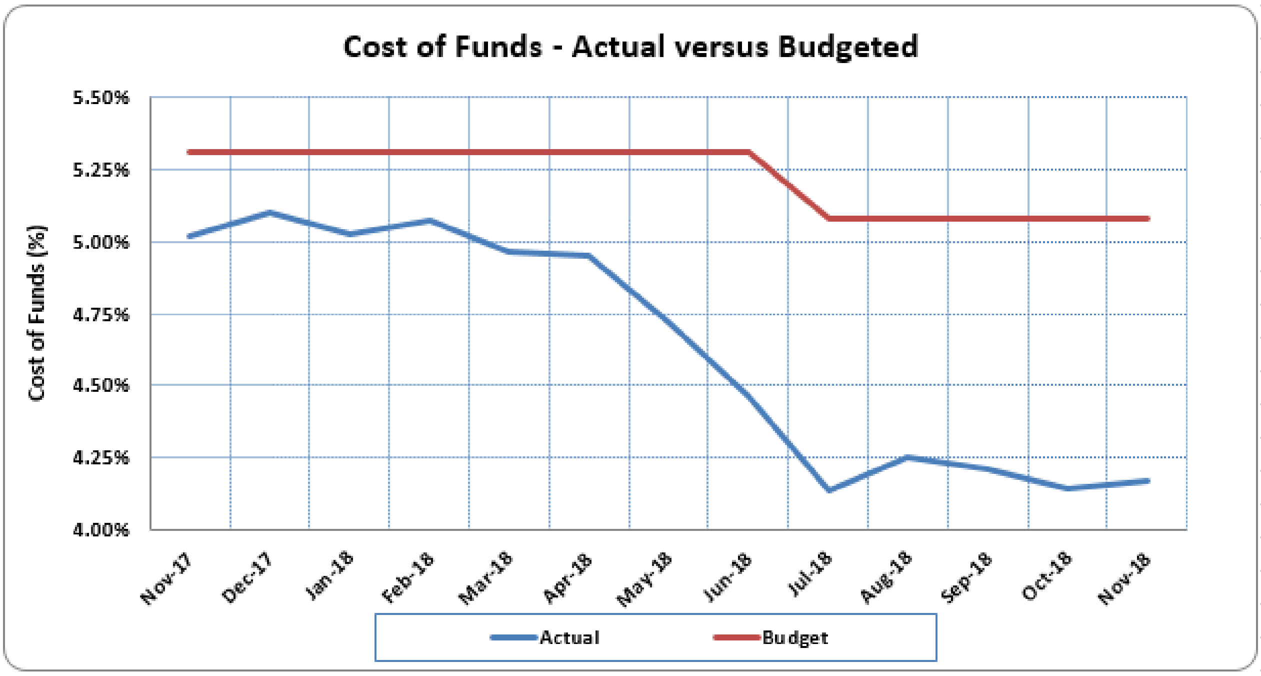
That the Full Council receives the Treasury Report, RCN18-12-07.

3 Treasury: August 2018

Debt Levels

3.1 The Council's debt at 31 August 2018 stands at $165.5m, with an average interest rate of 4.17% (November 2017: 5.02%).

Cost of Funds



The graph above shows the Council's actual weighted average cost of funds at 30 November 2018, including interest rate swaps, bank margins and an average interest rate of 4.17% against a budgeted rate of 5.08%.

Interest Rate Swaps

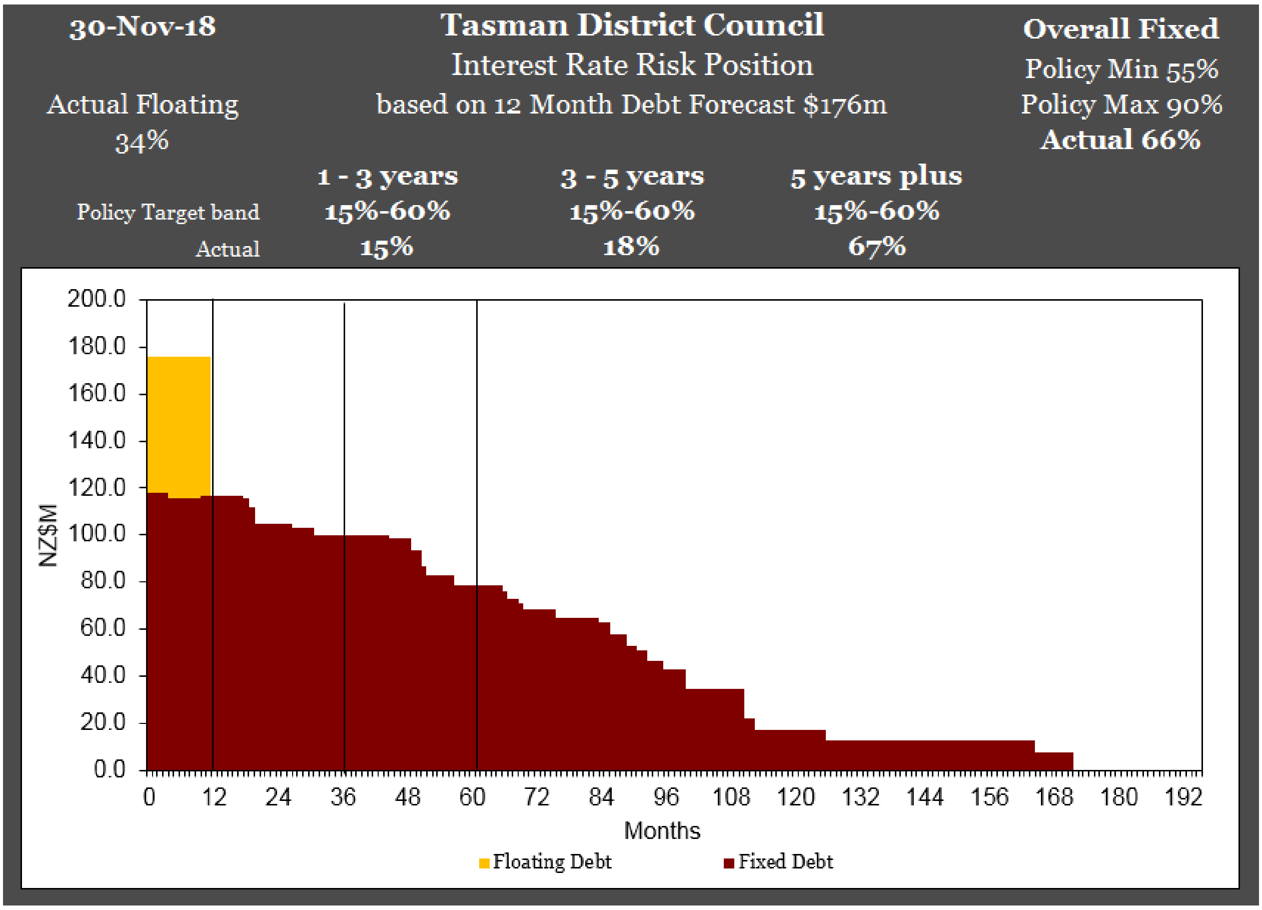
3.2 The Corporate Services Manager has delegated authority to enter into interest rate swaps on behalf of the Council, on the proviso that such transactions are reported back to the Council. The Council approval is required before entering into long-dated swaps with a maturity over 12 years.

3.3 Three swaps were done in April 2018 with a combined notional value of $13m. This extended the cover of existing swaps from 2024 out to 2029, 2031 and 2032.

3.4 As at 30 November 2018, the Council had $114.05m of interest rate swaps in place. This equates to 69% cover over existing debt and 65% over forecast 30 November 2019 net debt (i.e. 12 month debt forecast).

Treasury Limits

3.5 The following are details of the Council's compliance with Treasury limits. The chart below displays the interest rate risk position of the Council.



Interest Rate Risk Position Graph

3.6 The interest rate risk position graph visually represents the interest rate position within approved interest rate control limits, as set out in the Council's Treasury Policy. The chart takes a snapshot of the risk position as at the reporting date.

3.7 The crimson part of the graph depicts the amount of debt which is fixed – this includes fixed rate bonds, together with payer swaps, meaning debt which gets repriced in one year's time or later. The top of the yellow area represents the forecast debt in a year's time. The yellow area therefore illustrates the amount of debt deemed floating rate and will include any forecast debt which has not been pre-hedged. Any existing loans or financial instruments which will be repriced within the next 12 months are included in the red area.

3.8 The key areas of focus are:

Fixed Rate Percentage Limit: (wholesale interest rate certainty)

- The fixed rate percentage calculation is the total amount of fixed rate debt/interest rate hedges over the 12 month forecast net debt amount. Fixed rate is defined as having an interest rate resetting maturity/expiry date of greater than 12 months.

Fixed Rate Maturity Limits: (spreading of wholesale interest rate maturity risks)

- Fixed rate repricing maturity dates are spread based on defined maturity band limits; one - three years, three - five years and five - ten years. Minimum and maximum percentage limits within each time band ensure a spread of maturities and reduce the risk of maturity concentrations.

Fixed Rate Maturity Profile Limit

3.9 This measures the spread of the Council's risk of refinancing interest rates, achieved through the use of interest rate swaps.

	Minimum	Maximum	Actual: November 2018	Within Limits
1–3 years	15%	60%	15%	✓
3–5 years	15%	60%	18%	✓
5–10 years	15%	60%	67%	☒

3.10 The non-compliance is considered minor. The exception is a result of the Council taking advantage of the current low interest rate environment by taking fixed debt with long dated maturities of 2027 and 2033. The treasury management team meet monthly and have reviewed this position.

Fixed/Floating Profile

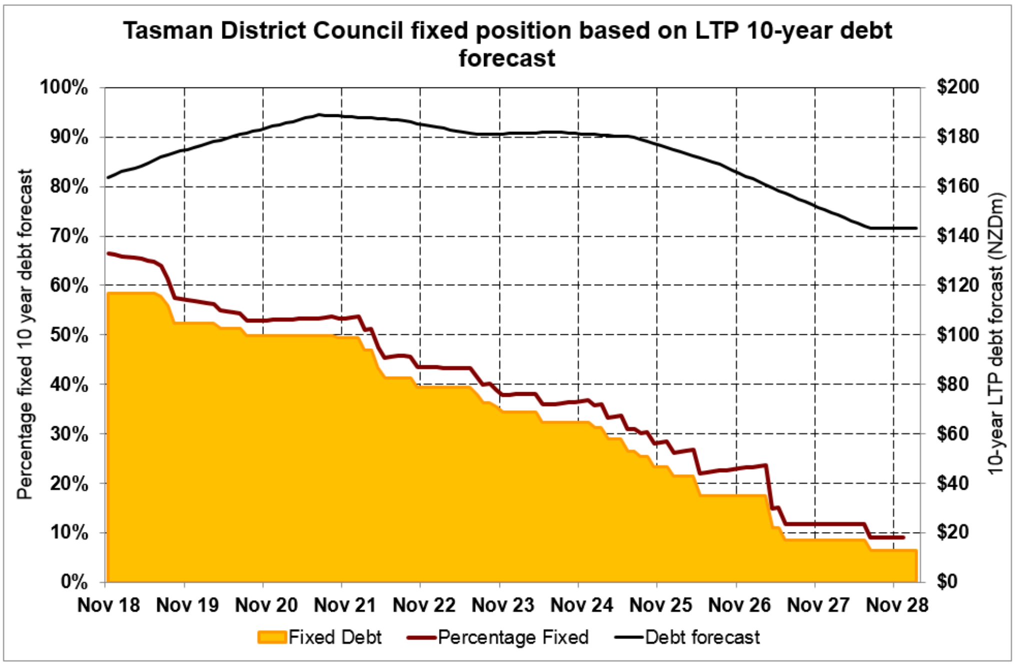
3.11 This measure shows the balance between minimising exposures to negative fluctuations in floating rates against savings opportunities. The Council's strategy is to limit negative exposures and provide certainty of future interest rate costs. This is achieved through its use of interest rate swaps.

(A maturity greater than one year is defined as fixed)

Minimum	Maximum	Fixed Actual: November 2018	Within Limits
55%	90%	66%	✓

Cumulative Interest Rate Position

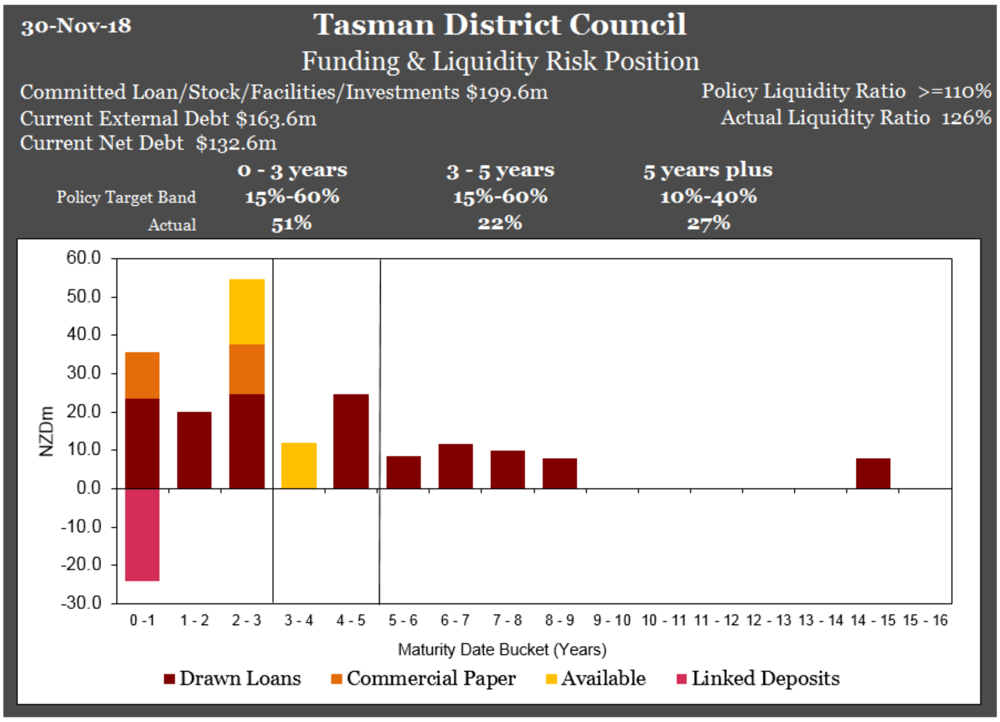
3.12 The chart that follows shows the cumulative interest rate position for the Council. The chart represents the actual percentage of 12 month debt ($175.8m) which has a fixed interest rate out to 10 years.



Facility Maturity Limit

3.13 Total committed funding in respect to all loans and committed bank facilities is reported as follows:

The chart that follows represents the Council's funding maturity profile. The measures indicate how effectively the Council has spread the risk of refinancing its facilities and loans. The liquidity ratio represents the debt headroom available in the Council's facilities, along with cash available over and above its existing external debt.



Liquidity and Funding Maturity Risk Position Graph

3.14 The liquidity and funding risk position visually represents the approved funding maturity limits as set out in the Council's Treasury Policy. The chart takes a snapshot of the risk position as at the reporting date.

3.15 The key areas of focus are:

Liquidity Ratio: (maintaining additional committed liquidity)

- The liquidity ratio calculation represents the total committed bank facilities and term debt amounts, together with liquid investments, over the total debt amount.

Funding Maturity Risk Position: (spreading of debt maturity dates)

- Existing committed bank facility expiry dates and term debt maturity dates are spread based on defined maturity band limits of up to three years, three - five years and five years plus. Minimum and maximum percentage limits within each time band ensure a spread of maturities and reduce the risk of maturity concentrations.

3.16 The Council is complying with its Treasury Management Policy, and is within all funding and liquidity limits.

3.17 At 30 November 2018 the Council had $20m in private placements. The private placements allow the Council to place longer term debt in the years between LGFA issues. The Council also has $145.5m of debt placed with the LGFA.

Treasury Limits	**Actual November 2018**	**Within Limits**
Net debt not to exceed 20% of equity	9.1%	✓
Net external debt not to exceed 225% of total operating revenues	101.7%	✓
Net interest as a % of total revenues to be less than 15%	4.9%	✓
Net interest as a % of total annual rates to be less than 25%	8.9%	✓
Liquidity over existing external debt to be at least 110%	126%	✓

Counterparty Credit Risk

3.17 The Council's policy is that New Zealand-registered banks must have a minimum Standard & Poor's (or equivalent) short term rating of A-1+ or long term rating of AA-. All counterparty banks are Standard & Poor's AA- rated.

3.18 The policy credit limit (NZ$) for each New Zealand-registered bank is $30m. This covers the Council's interest rate risk management instruments and cash investments.

Bank	**Cash/Cash Investments $m**	**Notional Swaps $m**	**Credit Exposure $m**	**Compliance**
Westpac	7.2	46.05	22.8	Within Policy

ASB	16.96	28.00	22.5	Within Policy
ANZ	Nil	40.00	7.2	Within Policy
BNZ	6.77	Nil	6.8	Within Policy

Note: We are within the overall policy for all the banks however for ASB we have breached the $10m cash investment section of the policy. This is as a result of our prefunding of debt maturing in the next six months. The breach will be rectified in March 2019 when our $12m term deposit matures and is used to repay a LGFA loan.

Funding Mix

3.19 The objective is to have a mix of 80% debt capital markets (such as the LGFA, private placements and commercial paper) and 20% committed bank facilities. The current mix is as follows:

Funding Source	**$m**	**%**
Bank Debt	0.0	0.0%
Private Placement	20.0	12.1%
LGFA Debt	145.5	87.9%
Total	**165.5**	**100.0%**

4 Investments

4.1 The Council cash investments total $30.93m with an average interest rate of 3.00% (June 2018 3.22%). In line with the Treasury Policy, specific reserves are not kept as cash. The Council continues to maintain adequate cash reserves and committed bank facilities to support any drawdown against specified reserves.

4.2 The individual investment balances are as follows:

	$ Invested	**Interest Rate**
Term Deposit (120 days)	1,200,000	3.01%
Term Deposit (233 days)	12,000,000	3.49%
Term Deposit (169 days)	6,000,000	3.33%
Term Deposit (112 days)	6,000,000	3.15%
ASB on call Money Market	4,132,000	2.00%
Other Investments	1,598,000	0%
Total	**30,930,000**	**3.00%**

5 Emissions Trading Scheme (ETS)

5.1 From 1 June 2017 the Council no longer managed landfills as they were transferred to the new joint venture. The ETS liability will now be reported through the Regional Landfill Business Unit Committee.

5.2 The Council's forestry assets and the related ETS liabilities/credits are still accounted for by the Council.

5.3 Consultation has started on proposed improvements to the New Zealand ETS. There are two sets of proposed improvements being to strengthen the ETS framework and to reduce the complexity around the forestry scheme.

5.4 ETS credits are managed in defined time buckets incorporating minimum or maximum hedging.

	Minimum Cover	**Maximum Cover**	**Actual September 2018**	**Within Limits**
***Committed**	80%	100%	100%	✓
Forecast period				
0 – 1 years	0%	80%	80%	✓
1 – 2 years	0%	50%	50%	✓
2 – 3 years	0%	30%	0%	✓

**exposure becomes committed in January-March (quarter following emission period as Council must report emission from the previous year).*

6 Commercial Paper and Working Capital

6.1 The LGFA has made available short-term borrowing from 30 days to one year. This is more cost effective than bank borrowing. The current rates for 30-day debt is an additional margin of 9 basis points (bps), or 0.09% compared to bank facility borrowing margin at 80 to 90 bps (0.8% to 0.9%).

7 Market Comment

7.1 Market commentators are expecting the OCR to remain at 1.75% until early 2020. Future changes are dependent on inflation, growth figures, the strength of the NZ dollar and other matters external to New Zealand.

8 Treasury Cost Centre

8.1 The Treasury cost centre operates as the Council's internal bank. In essence, the cost centre manages the external costs of borrowing and allocates them across internal loans within individual activities. It also pays/charges interest on reserves and activity balances. As per the Treasury Risk Management Policy, these interest rates are set quarterly. For the quarter ending December 2018, interest is charged on loans, and overdrawn closed account balances at 4.21% and paid at 1.90% on credit balances for the next quarter.

8.2 The Commercial Committee has asked the Corporate Services Manager to review the Treasury Policy with a view to allowing the commercial activities to arbitrage their own group activity notional "balance sheet". This would reduce borrowing to commercial activities, in particular Port Tarakohe.

9 Attachments

Nil

8.8 MAYOR'S ACTIVITY REPORT

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Richard Kempthorne, Mayor
Report Number:	RCN18-12-8

1. Summary

1.1. The attached report is a commentary of the Mayor’s activities for the month of November and to 9 December 2018 for Councillors’ information.

2. Draft Resolution

That the Tasman District Council receives the Mayor’s Activity Report, RCN18-12-08.

1 Activities

1.1 On 1 November I attended the Community Development Committee in Chambers followed by the Workshop for Scoping TRMP Plan Change – Brightwater Stage 2 Workshop.

1.2 On 1 November I was involved in the meeting with Tasman Bays Heritage Trust annual meeting held in Nelson.

1.3 On Friday 2 November it was a pleasure to visit Jimmy McKay and Melanie Welch who manned the Harbourmasters boat "Sentinel" at the A&P Showgrounds as part of the "Clued Up Kids" initiative.

1.4 On 2 November I met with Superintendent Mike Johnson (Police District Commander) who introduced me to Detective Inspector Paul Borrell who is the relieving Nelson Bay Areas Commander.

1.5 It was a privilege to attend the Senior Academic Prizegiving at Waimea College on Friday 2 November.

1.6 Deputy Mayor Tim King and I attended the NZ Chambers of Commerce Business Awards on Friday 2 November held in Nelson. It is clear we have some very innovative and successful businesses in the region.

1.7 On Saturday 3 November, I attended the Richmond Lions Club 50th Anniversary dinner.

1.8 On Monday 5 November I attended the Top of the South Rural Trust meeting, which included the AGM.

1.9 On Tuesday 6 November I chaired the Tasman District Council and Nelson City Council Joint Committee meeting held at Nelson City Council.

1.10 It was a privilege to attend the Golden Bay High Senior Prizegiving ceremony in Takaka in the evening of Tuesday 6 November.

1.11 On Wednesday 7 November I attended the AGM of the Nelson Bays Community Foundation, in Nelson during which we welcomed the new Chair, Nick Moore, and farewelled Julie Varney.

1.12 On Thursday 8 November I chaired the Full Council meeting.

1.13 On Friday 9 November I attended the two Council workshops being National Policy Statement – Electricity Transmission followed by the TRMP Review Workshop.

1.14 On Friday 9 November I attended the Wakefield School's 175th Anniversary evening held at the Wakefield School. Wakefield School is the oldest continuous school in New Zealand. We have had several historic events recently including the celebration of Abel Tasman's visit 375 years ago, being the first recognised European visitor to our shores.

1.15 On Sunday 11 November, it was my privilege to be involved in the Motueka Armistice Day Service celebrations followed by the closing ceremony at the Tapawera Armistice Day. These were two extremely well prepared and run events to recognise the tremendous sacrifice made during World War I.

1.16 On Monday 12 November, I chaired the LGNZ Policy Advisory Group meeting in Wellington, followed by the EMAR 10-year Futures Workshop, also in Wellington in which we discussed the priorities and aspirations for the regional sector.

1.17 On Tuesday 13 November, I met with NZ First MP, Mark Patterson to discuss our region's priorities including secure water supplies, development of the aquaculture industry and safety on our roads.

1.18 On Tuesday 13 November, I attended the NZ River Awards held in Wellington.

1.19 On Wednesday 14 November, I attended the LGNZ Mayor's Reflection Workshop during which we discussed the attributes that are important and being an effective mayor for a region.

1.20 On Thursday 15 November, I met with the newly appointed Senior Regional Official for MBIE, Al Morrison.

1.21 I attended Council's Audit & Risk Committee on Thursday 15 November.

1.22 In the evening of Thursday 15 November, the Nelson Tasman Annual Inter-Council croquet tournament which was a very enjoyable gathering of elected members and managers of both Tasman and Nelson Councils. It was great to have the turn out from Tasman and thank you for Nelson City the Hinemoa Croquet Club for hosting us.

1.23 On Friday 16 November, I was delighted to present to Annette Gill and Judy Beaumont each a Mayoral Award Certificate for their dedication and service as volunteers for the library at a morning tea where we were joined by Susan Edwards, Glennis Coote and Debbie Bowden.

1.24 I attended the joint Tasman/Nelson Celebratory Lunch for Women in Local Government, recognising Women's Suffrage on Friday 16 November, hosted at Nelson City Council.

1.25 In the evening of Friday 16 November, I was delighted to present certificates to the Industrial Trade Organisation graduates, as part of the Mayoral Task Force for Jobs in our region, held at Saxton Field with 82 graduates from Tasman and Nelson.

1.26 On Saturday 17 November, it was with great delight that I flagged off the drivers from the Nelson Veteran Car Club Rally, in Sundial Square, Richmond.

1.27 On Sunday 18 November, I attended the service held St Michael's Church for the 175th anniversary.

1.28 On Monday 19 November, I was involved in the Council's Omnibus Plan Change hearing, followed by the Plan Change 67 Hearing.

1.29 On Tuesday 20 November, I chaired the Council Workshop.

1.30 On the afternoon of Tuesday 20 November, I attended the Joint Shareholders Committee meeting held at Nelson City Council followed by the Civil Defence Emergency Management meeting.

1.31 On Wednesday 21 November I attended the Destination Management Planning Workshop in Wellington where we considered how we can develop a plan for whole South Island maximising tourism benefits for all communities.

1.32 On Thursday 22 November, I chaired the Full Council Workshop.

1.33 On Friday 23 November, I attended the Te Tau Ihu 2077 Steering Group meeting held at Wakatu House.

1.34 I attended the LGNZ – DIA Three Watters meeting held in Wellington on Friday 23 November.

1.35 On Saturday 24 November in the evening, Councillor Peter Canton and I attended the Nelson Tasman Sports Awards, held at Annesbrook Church.

1.36 On Sunday 25 November, I attended the 150 years Anniversary service at St Alban's Church in Richmond.

1.37 On Tuesday 27 November, I attended the Audit, Risk & Finance Meeting with Sport Tasman.

1.38 On Tuesday 27 November I had a telephone discussion with Minister of Transport, Phil Twyford. I highlighted the importance of ensuring the speed limit change on SH60 from Three Rivers Corner to Maisey Road could be made. Subsequently, it has been indicated to Council that this is likely to happen.

1.39 In the evening of Tuesday 27 November I attended the Diocese Church lighting of the Christmas Tree service at the Nelson Cathedral.

1.40 On Wednesday 28 November I officiated along with Councillors, Sandie and Rhian's help, 53 persons at the Tasman District Citizenship Ceremony from 13 different countries. Citizenship ceremonies are a wonderful occasion to be a part of as this is a very special time for those who are becoming New Zealanders.

1.41 In the afternoon of Wednesday 28 November, I attended the Nelson Airport Ltd Annual Shareholders meeting.

1.42 Prior to the Environment & Planning Committee meeting held on Thursday 29 November, I was a part of the mihi whakatau for the presentation of Ngati Tama's Environmental Management Plan.

1.43 On Friday 30 November, I chaired the Full Council Meeting where Council decided to proceed to build the Waimea Dam.

1.44 On Tuesday 4 December, I attended the Book Launch "Shot over into the Shotover – Lessons from a New Zealand Air Accident" held in Airport House, Nelson Airport.

1.45 On Tuesday 4 December I attended the Nelson Tasman Business Trust Christmas gathering held at Suter Gallery.

1.46 Following the NTBT function on Tuesday 4 December, I attended the Garin College Awards Ceremony.

1.47 On Wednesday 5 December, I attended the Community Grants Subcommittee.

1.48 On Wednesday 5 December I had a meeting with Council staff to discuss options for screen planting/fencing along the Richmond deviation. Staff are discussing how to proceed in planting trees which will discreetly shield the rather unsightly fences on this stretch of road.

1.49 In the afternoon of Wednesday 5 December, I attended the Annual Plan Workshop.

1.50 On Thursday 6 December, I was involved in the Engineering Services Committee including a visit to the residential development that is currently occurring in Richmond West.

1.51 On Friday 7 December, I attended the LGNZ National Council meeting held in Wellington.

1.52 In the evening of Friday 7 December, I attended the function to acknowledge the retirement of Bishop Richard Ellena of All Saints Church.

1.53 On Sunday 9 December, I attended the Community Patrol New Zealand's BBQ held at the Maitai Valley.

2 Other

2.1 It was a pleasure to attend Council's meeting on 30 November where we considered the final report. I was gratified that Council concluded to proceed with the construction of the Waimea Community Dam with a 9-to-5 majority. This has been a very complicated and contentious process. I appreciate Council staff and our advisors advice which has been unrelenting for a significant time. This has multiple benefits for our community and will serve us well for generations to come. I would like to thank the Council for the manner in which we have considered the wide ranging issues and complexity of the project.

2.2 Can I suggest we all put aside the contentious nature in which this has developed and to accept that the Council are all working for the best interests of the residents and ratepayers in our region. Matters of this nature and complexity are always a challenge to work through. Part of making complex decisions, is respecting differences of opinion and being respectful and courteous of each other. Let's move on together.

2.3 I note that a number of councillors will be absent over the Christmas/New Year period. I advise that Councillor Wensley will be absent from 14 December until 7 January 2019 and Deputy Mayor King will be absent from 18 December to 20 January 2019.

2.4 I will be out of the region from 26 December to 2 January 2019. During this time, in the event of an emergency, I have appointed Councillor Bryant as Acting Mayor.

Appendices

Nil

8.9 CHIEF EXECUTIVE'S UPDATE REPORT

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Janine Dowding, Chief Executive Officer
Report Number:	RCN18-12-9

1 Summary

1.1 This report updates Council on some key issues and activity since my last Activity Report on 8 November 2018.

1.2 The updated Council Action Sheet is attached (**Attachment 1**) for Councillors' information.

2 Draft Resolution

That the Full Council

1. **receives the Chief Executive's Update Report RCN18-12-09; and**
2. **notes the Council Action Sheet.**

3 Purpose of the Report

3.1 The purpose of this report is to advise Council about some key issues and activity since the Full Council meeting on 8 November 2018.

4 Managing People

4.1 There have been 14 health and safety related events reported by staff since my last report. Two events involved aggressive/abusive customer behaviour towards a staff member, three resulted in minor bruising, one was a self-discomfort report, one report of minor vehicle damage, one was a report of work pressure following a software system and process change, two were near-misses involving council vehicles, two were in relation to the leaking roof at the Richmond Public Library, and minor damage occurred to a water pump when the exhaust manifold ignited. You have also been previously informed of the WorkSafe notifiable event involving a staff member that occurred in early November.

4.2 Two staff members recently attended Ministry of Business, Innovation and Employment (MBIE) mediation for a personal grievance raised by an ex-employee. The matter is now resolved.

4.3 Dennis Bush-King will be the Acting Chief Executive over the Christmas-New Year break as I will be out of the District from 21 December to 6 January 2019. However, I will be available via phone and email.

4.4 We are currently at various stages of recruiting for the following staff:

- Team Leader – Customer Services, Richmond (replacement)
- Executive Assistant – Environment & Planning (replacement)
- Administration Officer (0.4 FTE) – Resource Consents (replacement)
- Consent Planner – Subdivision (replacement)
- Consent Planner – Land Use (replacement)
- Building Officer – Building Compliance (replacement)
- Compliance & Investigations Officer – Land Management
- Administration Assistant – Finance & Revenue (replacement)
- Finance Officer – Management Accounting (replacement)
- Waste Management Engineer (replacement)
- Water Engineer (replacement)

4.5 Since my last report, another 15 staff appointments have been made:

- Weekend Supervisor – Richmond Library (new position)
- Library Assistant Weekends x 3 – Richmond Library (new position)
- Environmental Health Officer (replacement)
- Collection Services Librarian (replacement)

- Team Leader – Solid Waste & Stormwater (new position)
- Team Leader – Water Supply & Wastewater (new position)
- Team Leader – Utilities Administration (new position)
- Team Leader – Resource Consents Administration (new position)
- Team Leader – Building Assurance (replacement)
- Building Technical Officer (replacement)
- Team Leader – Building Compliance (replacement)
- MagiQ Administrator – 0.6 FTE (new)
- Administration Officer (18 months fixed term) – Resource Consents (new)

5 Digital Building Consents - AlphaOne

5.1 Nelson City Council and Tasman District Council went live with the Digital Building Consent solution on 1 October 2018. This software alignment between the councils has the benefit of both building units providing consenting and inspecting services via the same interface. This supports a consistent customer experience and creates opportunities to align processes and continuous improvement activities.

5.2 Operationally we are already identifying a range of efficiencies, primarily in the reduction of touch points and administration activities.

5.3 Some examples include:

- A reduction in customer contacts as consent submitters can now self-serve via the AlphaOne portal to track the progress of their consent.
- Code Compliance Certificates are now able to be issued digitally “same day” at the time of final inspection where the customer has cleared their account and submitted all paperwork in advance.
- Building inspections are taking slightly less time to complete on average in the eight weeks since we have made the change and further efficiencies are expected as staff become more familiar with the software.
- Building Inspectors are now working “live” in the field and no longer need to return to the office to collect their next package of work during the day.

5.4 Consent processing is taking longer on average per job while staff adjust and learn new ways of working, however we are still maintaining our statutory timeframe requirements. We expect this to continue to improve as we head into 2019. Some pragmatism is required in considering this; the customer experience gained across the wider district from the consistency of work practice and decision making is a significant step forward.

5.5 We are now also offering our customers the ability to book their inspections via a smart phone app. Nelson will also launch the app in early 2019 in the spirit of remaining aligned with our customer facing services.

5.6 We have been frequently asked whether working digitally will lead to time and cost savings through the use of shared services locally and with other AlphaOne councils. There is every potential, however the reality is that there would have to be a decline in consenting demand across the country to free up capacity. All consenting authorities are currently facing higher work volumes than staffing capacity.

5.7 Finally, the decision to move to a cloud-based solution means we have business continuity options during a time of natural disaster, can support other councils that may experience a crisis in demand or resource and offer flexible working arrangements for our people.

6 Waimea Dam

6.1 Following the Council's decision to proceed with the Waimea Community Dam, staff have continued to work with our joint venture partners and the new Waimea Water Ltd Board to complete all actions required for financial close.

7 Golden Bay Grandstand

7.1 The Council is still awaiting receipt of a lease proposal from either the Golden Bay Grandstand Community Trust or the Golden Bay Grandstand Restoration Society.

7.2 The legal proceedings are still ongoing, therefore we cannot comment on this matter in a public forum. The Council will be updated on the legal proceedings in the public excluded session.

8 8. Port Tarakohe

8.1 Over the past several months Council staff have been in discussion with the Marine Farmers Association (MFA), Port Tarakohe Services Limited (PTSL) and other interested parties regarding the current Tarakohe Port facilities and the upgrades required to cater with the expected growth in mussel tonnage in Golden Bay. In order to address this issue, we have made an application to the Provincial Growth Fund to develop a business case. The business case will be developed with the support of MFA and PTSL. The Mayor and Deputy Mayor have been involved in the decision to proceed with this application, and the Port Tarakohe Advisory Committee support the Council being the lead applicant.

8.2 If the application is successful, we will bring a full report back to you outlining the business case findings. We anticipate that once the business case is established, we will make a further application to the Fund to contribute towards the capital investment required.

9 Pakawau Coast Erosion Update

9.1 In 2016 the Pakawau Coastal Residents Association (PCRA) sought assistance from the Council for the construction of a rock wall on the esplanade reserve at Pakawau. The Council approved staff engagement with the PCRA to develop a community-led and direct beneficiary-funded proposal. In May 2017 the Council entered into a Memorandum of Understanding with the Association which included an agreement to meet the initial internal costs of obtaining a resource consent for the wall, and a share of the Association's cost for construction and maintenance of the wall because the structure crosses the frontage of the legal road making the Council a beneficiary of the works.

9.2 The Council also agreed, in principle, to manage the construction contract and establish a targeted rate over the direct beneficiaries to cover capital and operating costs, subject to all the beneficiaries agreeing and to the Council meeting its statutory responsibilities relating to decision making and rate making.

9.3 There are several outstanding matters which will need to be resolved. The first is around the logistics and administrative cost of recovering the resource consent costs, construction, and repairs and maintenance costs through a targeted rate. That method does not lend itself well to a small number of properties so we will have to work through those issues and the related policies. The Council's Revenue and Financing Policy would need to be amended which would require consultation.

9.4 The second is the placement of the wall on a Council reserve be it a Council-owned structure or under a licence to occupy. We must consider our obligations under the Reserves Act including any consultation, maintenance, and landowner consent for placing the wall on reserve land. The landowner consent process will need to consider impacts on the beach and neighboring properties as well as potential liability implications eg, increased erosion at the ends of the structure.

9.5 The Association made a resource consent application in late 2017 which was notified in May 2018 and a number of submissions received. The resource consent application was put on hold at the request of the Association in September 2018 until they were able to engage a planning consultant to support them in their application. They have now asked for the process to recommence in late March 2019 and a hearing date has been agreed with the applicant for Tuesday 19 March 2019.

10 Current Digital Service Collaborations

10.1 At the Full Council Meeting on 8 November I agreed to provide a summary of digital services collaboration initiatives with other council and government entities. These are shown below:

- **Regional Submissions System** (https://www.tasman.govt.nz/my-council/public-consultation/submissions/) - This was developed by Council Information Services staff and shared with Nelson City Council. It is a single system for Annual Plan, Long Term Plan and other community consultations. It does not included submissions to the Tasman Resource Management Plan which has a separate process prescribed by legislation.
- **Top of the South Maps** online mapping system (https://www.topofthesouthmaps.co.nz/) - This service was developed jointly with Nelson City Council. It is a regional online mapping system showing property, tourism, infrastructure services and planning information for use by the public, businesses and contractors to council.
- **AlphaOne** regional building consents system (https://www.alphaonebuildingconsent.com/) - This is the digital building consents application portal implemented jointly with Nelson City Council, a regional building consents system providing a single source for builders and homeowners to apply for a Building Consent. It provides a uniform process, information and document structure for any customers applying for consent, whether in the Taman District or Nelson City.
- **Land Air and Water Aotearoa** (LAWA) (https://www.lawa.org.nz/) - This system is a national initiative to aggregate environmental data for water, air and land from all New Zealand regional councils into a single portal.

- **Kotui Public Libraries Network** (https://ent.kotui.org.nz/client/en_AU/kotui/) - This initiative was led by the National Library of New Zealand and includes most public libraries in New Zealand. It provides a uniform search and check out process for library users and allows for wider sharing of books, media and other information across the country.
- **Nelson Tasman Regional Civil Defence** (http://www.nelsontasmancivildefence.co.nz/) - This is the shared Website for Nelson Tasman Regional Civil Defence that provides Emergency Management information for people in our region as well as live updates during emergency events.

10.2 Other initiatives currently underway include more shared design for digital e-plans for regional and district plans, shared designs for online delegations registers and an online rates rebate system.

11 Attachments

Action Sheet – Full Council as at 7 December 2018

Item	Action Required	Responsibility	Completion Date/Status
Meeting Date 5 April 2018			
Recovery from Ex-Cyclones Fehi and Gita	Report back on the overall deficit in operating budgets affected by the weather event, including the impact on the General Disaster Reserve, Rivers Emergency and Parks and Reserves Emergency Funds.	Engineering Services Manager/Recovery Manager	Reported to 24 May 2018 Full Council meeting. Further information will be available at the end of the financial year. Update 7 December - Rivers Activity funding request report to this meeting.
Meeting Date 28 June 2018			
Waimea Community Dam - Hydroelectric Power Generation (RCN18-06-05)	Negotiate a separate agreement with the Joint Venture Partners for the provision of hydro generation in association with the proposed Waimea Community Dam.	Engineering Services Manager	**ON HOLD** - notes that progressing with detailed design and marketing scenario assessments for the hydro generation option will be delayed until the dam project is approaching financial close.
Waimea Water Augmentation Scheme - Local Bill (RCN18-06-14)	Undertake all such actions as are appropriate and necessary to support the introduction and passage of the Bill.	Chief Executive	**In progress.**
Meeting Date 9 August 2018			
Ratepayer Communication Regarding the Waimea Community Dam (RCN18-08-10)	Provide updates to the community via a regular column within Newsline to enhance engagement on water management as it develops and answer questions as they arise.	Community Relations Manager	**Ongoing.**
Meeting Date 28 August 2018			

Item	Action Required	Responsibility	Completion Date/Status
Waimea Community Dam Project (RCN18-08-16)	Report back on the content, process and timing for undertaking an amendment to the Long Term Plan 2018-2028 to accommodate Council's intention to not proceed with the Dam and to exit the joint venture partnership for the Dam.	Chief Executive	Action on hold, as superseded by resolution of Council at its meeting on 6 September 2018.
	Inform the Ministry for the Environment that (subject to the outcome of the Special Consultative Procedure at part 5 above) Council is unlikely to proceed with the Dam and will therefore be unlikely to require the $7 million Fresh Water Improvement Fund contribution to the Dam project.	Mayor	Action on hold, as superseded by resolution of Council at its meeting on 6 September 2018.
Waimea Community Dam Project (RCN18-08-16)	Report back on the status of Plan Change 67 to the Tasman Resource Management Plan and complete the renewal and issue of the 329 Resource Consents, on a 'no dam' basis.	Environment and Planning Manager	Action on hold, as superseded by resolution of Council at its meeting on 6 September 2018.
Meeting Date 6 September 2018			
Waimea Community Dam (RCN18-09-02)	Progress negotiations and work streams through to a final agreement for Council approval as part of the project financial close in late November 2018.	Chief Executive / Corporate Services Manager	Ongoing. Updates continue to come to Council through reports to the Full Council. **Complete**.

8.10 MACHINERY RESOLUTIONS REPORT

Decision Required

Report To:	Full Council
Meeting Date:	13 December 2018
Report Author:	Rhian Williams, Administration Assistant - Governance
Report Number:	RCN18-12-10

EXECUTIVE SUMMARY

1.1 The execution of the following documents under Council Seal require confirmation by Council.

RECOMMENDATION/S

2.1 That the report be received and that the execution of the documents under the Seal of Council be confirmed.

DRAFT RESOLUTION

That the Tasman District Council

1. receives the Machinery Resolutions report, RCN18-12-10; and that the execution of the following documents under the Seal of Council be confirmed:

- **Easement – Wahanga (2011) Ltd – Stage 4 Kuini Place Motueka – RM180749 – The surrender of right to drain water in A, Q + X are necessary because they are no longer required as the areas concerned will become Council Road.**

  "A" relates to DP 509737 over Lot 200 DP 509733

  "Q" relates to DP 509737 over Lot 200 DP 509733

  "X" relates to DP 481240 over Lot 5 DP 1506

- **Deed of Assignment of Lease – Kete Tasman Ltd, tenant at unit 2, Shed 4 Mapua Wharf has sold business to Susan Jane White-Johnson. Original lease to be assigned to new tenant.**

- **Deed of Renewal of Lease – Z Energy Ltd – Renew the Lease of refuelling station at Motueka Aerodrome, Deed of Lease number 41111L14.**

- **Plan Change Approval Certificate under RMA 1991 – Approval and Commencement of Change 57 (Brightwater Strategic Review) and Change 66 (Richmond Housing Choice) to the Tasman Resource Management Plan.**

Deed of Encumbrance – Korere Hops Trustee Ltd – Resource Consents RM161106VI has been approved, granting Korere Hops Trustee Ltd permission to extract and use water from the Motupipi river to irrigate their Hops crops at 65 Korere, Top house road. The deed of Encumbrance will allow this owner to install a water pipe and electrical lines under 65 Korere-Tophouse road to irrigate crops on the other side of the road. The deed is for 20 years and will expire in 2038.

Surrender of Lease and two Deeds of Lease – Skydive Able Tasman Ltd – Stuart Bean - Motueka Aerodrome – Office Landing site and Hangar leases'. New Leases redefining area and current rents replaces – 41111 L1, L1A, L1B, L12 – 16 Cottage Street, Motueka.

9 CONFIDENTIAL SESSION

9.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

THAT the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

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

9.2 Purchase of Land at Takaka Aerodrome

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

9.3 Golden Bay Grandstand - Verbal Update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.