

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

Date: Thursday 27 September 2018
Time: 9.30 am
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)

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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 Full Council meeting held on Thursday, 9 August 2018, be confirmed as a true and correct record of the meeting.

That the minutes of the Full Council meeting held on Tuesday, 28 August 2018, be confirmed as a true and correct record of the meeting.

That the minutes of the Extraordinary Full Council meeting held on Thursday, 6 September 2018, be confirmed as a true and correct record of the meeting.

That the minutes of the Extraordinary Full Council meeting held on Thursday, 13 September 2018, be confirmed as a true and correct record of the meeting.

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7 PRESENTATIONS

7.1 WARMER HEALTHIER HOMES

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Hannah Simpson, Executive Assistant to the CEO
Report Number:	RCN18-09-4

PRESENTATION

Leeson Baldey will make a presentation to the Full Council on Warmer Healthier Homes.

Appendices

Nil

7.2 TREASURY UPDATE

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Matthew McGlinchey, Finance Manager
Report Number:	RCN18-09-5

PRESENTATION

Brett Johanson and Alex Wondergem, from Council's Treasury providers, PricewaterhouseCoopers, will give an update on Treasury to the Full Council.

Appendices

Nil

8 REPORTS

8.1 TRAFFIC CONTROL BYLAW - PROPOSED PARKING CONTROL CHANGES

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Megan Bell, Administration Officer - Transportation
Report Number:	RCN18-09-6

1 Summary

- 1.1 The Traffic Control Bylaw 2016 and the Traffic Control Devices Register were adopted at a Full Council meeting on 22 September 2016 and came into force on 1 November 2016. Parking restrictions are managed through this bylaw and changes require a resolution of the Council to become legally enforceable.
- 1.2 This report requests the Council's approval for various changes to the Traffic Control Devices Register. These include the changes to time-limited parking, bus-stops and No Stopping lines, including changes resulting from the Queen Street upgrade.
- 1.3 Details of each retrospective and proposed change can be found in Section 4 and exact locations in **Attachment 1**.

2 Draft Resolution

That the Full Council:

1. receives the Traffic Control Bylaw - Proposed Parking Control Changes RCN18-09-06; and
2. Approves the following changes described below to the Traffic Control Devices Register under the Traffic Control Bylaw 2016 with effect from 1 October 2018.

Ref	Street Name	Primary Restriction	Start Easting	Start Northing	End Easting	End Northing
1	Champion Road	NS-No Stopping	1617050.728	5424032.156	1617093.273	5423980.827
1	Champion Road	NS-No Stopping	1617037.816	5424047.608	1617000.307	5424093.667
2	Crescent Street	NS-No Stopping	1615495.738	5423073.118	1615506.909	5423096.363
3	Doran Street	NS-No Stopping	1615459.077	5423923.862	1615466.301	5423930.448
3	Doran Street	NP-No Parking	1615536.549	5423955.251	1615544.024	5423957.2
3	Doran Street	NS-No Stopping	1615444.559	5423910.573	1615451.73	5423917.165
3	Doran Street	NS-No Stopping	1615492.162	5423950.687	1615503.452	5423953.628
3	Doran Street	NS-No Stopping	1615536.549	5423955.251	1615544.024	5423957.2

3	Doran Street	NS-No Stopping	1615448.98	5423905.25	1615509.341	5423948.172
3	Doran Street	NS-No Stopping	1615518.991	5423950.798	1615526.828	5423952.777
3	Doran Street	NS-No Stopping	1615528.662	5423960.228	1615538.87	5423962.875
3	Doran Street	NS-No Stopping	1615473.645	5423937.225	1615483.207	5423945.859
3	Doran Street	NS-No Stopping	1615543.679	5423964.16	1615556.57	5423967.548
3	Doran Street	NP-No Parking	1615444.559	5423910.573	1615451.73	5423917.165
3	Doran Street	NS-No Stopping	1615435.504	5423902.359	1615440.715	5423907.087
3	Doran Street	NS-No Stopping	1615513.087	5423956.357	1615519.004	5423957.683
4	Dorset Steet	NS-No Stopping	1615195.105	5423503.343	1615205.98	5423490.643
4	Dorset Street	NS-No Stopping	1615312.526	5423315.369	1615320.464	5423306.161
4	Dorset Street	NS-No Stopping	1615241.134	5423428.622	1615247.749	5423407.244
4	Dorset Street	NS-No Stopping	1615229.792	5423446.14	1615233.814	5423428.995
4	Dorset Street	NS-No Stopping	1615264.184	5423362.569	1615284.028	5423338.32
4	Dorset Street	NS-No Stopping	1615287.761	5423344.727	1615300.038	5423330.334
4	Dorset Street	NS-No Stopping	1615336.656	5423287.323	1615347.981	5423273.565
4	Dorset Street	P30	1615205.98	5423490.643	1615227.094	5423457.861
5	Elizabeth Street	NS-No Stopping	1615709.217	5423644.412	1615712.123	5423646.363
5	Elizabeth Street	NS-No Stopping	1615699.064	5423637.47	1615705.269	5423641.683
5	Elizabeth Street	NS-No Stopping	1615727.355	5423667.05	1615729.735	5423668.819
6	Greenwood Street	NS-No Stopping	1601052.821	5449027.46	1601075.588	5449027.381
7	Harkness/Petrie Car Park	R-Reserved-Library	1615414.313	5423689.138	1615418.023	5423692.082
8	Heritage Crescent	NS-No Stopping	1616663.898	5423803.12	1616668.025	5423806.501
8	Heritage Crescent	NS-No Stopping	1616720.942	5423695.643	1616768.832	5423689.029
8	Heritage Crescent	NS-No Stopping	1616722.926	5423682.811	1616761.82	5423676.858
9	Inglis Street	NS-No Stopping	1600960.794	5449334.932	1600972.899	5449334.469
10	King Street	NS-No Stopping	1614480.043	5423221.901	1614476.048	5423241.939
10	King Street	NS-No Stopping	1614483.676	5423200.947	1614456.212	5423225.236
11	Martin Avenue	NS-No Stopping	1604222.073	5416456.775	1604210.825	5416483.72
12	Old Wharf Road	NS-No Stopping	1600985.522	5447430.658	1601010.446	5447429.785
13	Otuwhero Spit Carpark	P180	1600676	5460234	1600653	5460211
13	Otuwhero Spit Carpark	P180	1600652	5460240	1600649	5460228
13	Otuwhero Spit Carpark	P10	1600652	5460210	1600637	5460212
13	Otuwhero Spit Carpark	P10	1600638	5460213	1600641	5460229
14	Poole Street	NS-No Stopping	1600923.386	5449233.349	1600938.558	5449229.023
14	Poole Street	NS-No Stopping	1600924.858	5449243.591	1600937.998	5449244.781
15-17	Queen Street	No Skateboarding	1615609	5423375	1615291	5423758
15-17	Queen Street	No Skateboarding	1615291	5423758	1615610	5423374
15-17	Queen Street	Bus Stop	1615607	5423377	1615599	5423387

15-17	Queen Street	NS-No Stopping	1615599	5423387	1615589	5423398
15-17	Queen Street	Bus Stop	1615590	5423398	1615581	5423408
15-17	Queen Street	NS-No Stopping	1615579	5423411	1615569	5423423
15-17	Queen Street	P60	1615569	5423423	1615536	5423462
15-17	Queen Street	MP-Motorbike Park	1615551	5423444	1615548	5423448
15-17	Queen Street	P5	1615534	5423464	1615531	5423468
15-17	Queen Street	P60	1615530	5423468	1615446	5423571
15-17	Queen Street	P60	1615419	5423603	1615291	5423759
15-17	Queen Street	NS-No Stopping	1615330	5423711	1615327	5423715
15-17	Queen Street	Bus Stop	1615325	5423717	1615309	5423736
15-17	Queen Street	NS-No Stopping	1615306	5423741	1615292	5423757
15-17	Queen Street	NS-No Stopping	1615280	5423772	1615268	5423786
15-17	Queen Street	P60	1615233	5423828	1615241	5423818
15-17	Queen Street	NS-No Stopping	1615233	5423828	1615211	5423854
15-17	Queen Street	NS-No Stopping	1615233	5423828	1615211	5423854
15-17	Queen Street	P60	1615228	5423834	1615236	5423824
15-17	Queen Street	P60	1615288	5423762	1615375	5423656
15-17	Queen Street	NS-No Stopping	1615375	5423657	1615379	5423652
15-17	Queen Street	NS-No Stopping	1615394	5423634	1615399	5423628
15-17	Queen Street	P60	1615399	5423628	1615535	5423463
15-17	Queen Street	MP-Motorbike Park	1615415	5423608	1615419	5423603
15-17	Queen Street	P5	1615537	5423461	1615533	5423465
15-17	Queen Street	NS-No Stopping	1615544	5423451	1615541	5423455
15-17	Queen Street	P60	1615544	5423451	1615608	5423376
15-17	Queen Street	NS-No Stopping	1615569	5423423	1615573	5423418
2	Shearer Terrace	NS-No Stopping	1615499.284	5423038.822	1615479.259	5423042.661
2	Shearer Terrace	NS-No Stopping	1615495.738	5423073.118	1615502.159	5423047.585

18	Shearer Terrace	NS-No Stopping	1615524	5423003	1615531	5422985
19	Surrey Road	NS-No Stopping	1615291.266	5422851.116	1615300.163	5422832.168
20	Tudor Street	NS-No Stopping	1601022.743	5448679.92	1601004.311	5448680.253
20	Tudor Street	NS-No Stopping	1601050.059	5448678.979	1601063.817	5448678.582
20	Tudor Street	NS-No Stopping	1600966.921	5448681.837	1600982.07	5448681.373
21	Washbourn Gardens	MP- Mobility Park	1615591	54223131	1615593	5423133
22	Wensley Road	NS-No Stopping	1615388.175	5423214.479	1615440.868	5423227.497

3 Purpose of the Report

- 3.1 The purpose of this report is to gain the Council's approval to make changes to the Traffic Control Devices Register. These changes are outlined in Section 4.

4 Background and Discussion

- 4.1 At the Full Council meeting on 22 September 2016 the Council adopted the Traffic Control Bylaw 2016 and the Traffic Devices Register.
- 4.2 The Traffic Control Bylaw enables the Council to establish, alter or remove traffic control devices by resolution.
- 4.3 In this report the requirements for the changes to the Traffic Control Devices register are the result of:
- 4.3.1 Changes to time-limited parking, bus-stops and No Stopping lines since the completion of the Queen Street Upgrade.
 - 4.3.2 Requests from members of the community who have experienced difficulty entering and exiting their properties, particularly during normal working hours.
 - 4.3.3 The need to improve traffic movements at a number of intersections, both in terms of visibility for drivers and restrictions being put in place to prevent drivers parking their vehicles parking at intersections.
- 4.4 The proposals are minimal in their negative effects to nearby residents or drivers at each location and often have been initiated by residents to address problems they are experiencing.
- 4.5 The following is a list of proposed changes which has been split into different areas across the district. Location diagrams of each proposed change can be found in **Attachment 1**.

Richmond

- 4.6 Champion Road – Proposed installation of No Stopping lines to improve visibility and achieve minimum sight distance requirements for vehicle access into Avery Field and the new Saxton Velodrome off Champion Road.
- 4.7 Crescent Street /Shearer Terrace – Proposed No Stopping lines to be installed at the intersection to improve sightlines as the current parking layout does not allow for the minimum sight distance requirements to be achieved. Consultation was undertaken with affected residents including an onsite meeting.
- 4.8 Doran Street – Proposed installation of No Stopping line and time restricted parking to create areas to allow for two approaching vehicles to pass and achieve minimum sight distance requirements. Consultation was undertaken with landowners and residents on Doran Street.
- 4.9 Dorset Street – Proposed installation of No Stopping line and time restricted parking to create areas to allow for two approaching vehicles to pass and achieve minimum sight distance requirements at intersections. This is the outcome of a parking review as requested by the residents of Dorset Street. Consultation was undertaken with landowners on Dorset Street.

- 4.10 Elizabeth Street – No Stopping lines were installed due to the redevelopment of the adjacent property into three townhouses.
- 4.11 Petrie carpark – As per a resolution at the Community Development Committee meeting on 20 September 2018, the Council are to make dedicated car parks available to the two Richmond Library staff who are rostered to work late each night.
- 4.12 Heritage Crescent – Proposed changes formed part of an overall parking review for Heritage Crescent which was triggered by concerned residents. The proposed No Stopping lines allow for two oncoming vehicles to pass with clear sightlines around the curves. Consultation was undertaken with affected residents and an onsite meeting held.
- 4.13 King Street at Gladstone Road– Proposed No Stopping lines installed on both sides of King Street at the intersection with Gladstone Road to maintain sightlines. This was necessary due to an increased demand for all-day parking in the area. Consultation was undertaken. No objections were received.
- 4.14 Queen Street – the Council have consulted widely with residents and business owners prior to the Queen Street upgrade. Changes were part of the project scope with some additional minor changes due to safety concerns at intersections and the introduction of outdoor dining areas.
- 4.15 Surrey Road – Proposed No Stopping lines to be installed to improve sightlines due to the vertical alignment of the road and an adjacent driveway.
- 4.16 Washbourn Gardens Mobility Park – This request came from Reserves and Facilities staff as there was no Mobility Park in the carpark. This carpark has time limited parking and a lot of the parks are taken up during the day by clients of nearby businesses.
- 4.17 Wensley Road at Dorset Street intersection – A single park was removed and No Stopping lines installed to provide passing space for south bound traffic around right turning traffic into Dorset Street.

Motueka

- 4.18 Greenwood Street – The request to extend the No Stopping lines came from the Medical Centre staff at 22 Greenwood Street due to sightline issues when exiting their access way.
- 4.19 Inglis Street – No Stopping lines were installed at the intersection with High Street to maintain sightlines. When parking is in demand parked vehicles restrict access into Inglis Street and limit sightlines when exiting.
- 4.20 No. 11 Old Wharf Road – The existing No Stopping lines were extended to improve sightlines for pedestrians particularly school children crossing Old Wharf Road at the intersection with Huffam Street.
- 4.21 Poole Street - No Stopping lines were installed on both sides of Poole Street at the intersection with High Street to maintain sightlines when parking is in high demand at this location.

4.22 Tudor Street – No Stopping lines and car park marking changes were installed due to redevelopment of the site for Mitre10 and changes to the vehicle access on the opposite side of the road to the rear carpark of No.217/219 High Street.

Mapua

4.23 Aranui Road/ Tahi Street roundabout – The request has come from the Mapua Residents Association regarding safety concerns with vehicles parking too close to the roundabout. Consultation was undertaken with the affected landowner at 20 Aranui Road.

Marahau

4.24 Otuwhero Spit carpark – Proposal to install P180 and P10 loading zones in the carpark to improve access for residents, visitors and commercial users. This proposal was developed under full consultation with the community and commercial users.

Wakefield

4.25 Martin Avenue – No Stopping lines were installed to improve sightlines at the curve. Consultation was undertaken with the affected landowners.

5 Options

5.1 The Council has two options to consider.

Option	Advantage	Disadvantage
<p>1. Approve changes proposed in the report and in Attachment 1 with effect from 1 October 2018.</p> <p>This is the recommended option</p>	<ul style="list-style-type: none"> Improved function and safety of the road network. Positive feedback from the community who raised some of the concerns and proposals with Council staff. Ability to enforce parking changes installed since the completion of the Queen Street Upgrade. 	<ul style="list-style-type: none"> There is some cost to install No Stopping lines and extra signs. These changes could result in further requests from the community for changes.
<p>2. Approve some of the proposed changes with effect from 1 October 2018.</p>	<ul style="list-style-type: none"> There would be some positive feedback from the community who raised concerns with some of the proposals from Council 	<ul style="list-style-type: none"> There is some cost for the installation of No Stopping lines and extra signs, although this is minimal. If not all changes are approved there could be safety issues and negative feedback from the community, particularly where proposals were consulted on and in some

		<p>cases have already been installed.</p> <ul style="list-style-type: none"> • Parking changes on Queen Street will not be enforceable.
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6 Strategy and Risks

- 6.1 This report meets the Council’s strategy to provide both “all day’ and ‘time-limited’ parking free of charge.
- 6.2 The requests for No Stopping lines and changes to existing parking restrictions are consistent with the Council’s road safety aims.
- 6.3 This report is in line with the Council’s Proposed Richmond and Motueka Town Centre Parking Strategy 2018 – 2038.

7 Policy / Legal Requirements / Plan

- 7.1 This request meets the requirements of the Tasman District Council Traffic Control Bylaw 2016.

8 Consideration of Financial or Budgetary Implications

- 8.1 The cost for changes to time-limited parking, bus-stops and No Stopping lines since the completion of the Queen Street Upgrade have already been incorporated into the project costs.
- 8.2 The cost of extra signage and the installation of No Stopping lines is not significant. These costs will be met by the existing subsidised road maintenance budget.
- 8.3 The cost for updating the Traffic Control Devices Register is covered as part of day-to-day staff duties.

9 Significance and Engagement

- 9.1 The following table describes the level of significance of this decision. Overall the level of significance is considered low as the changes are generally minor and have been consulted on.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low	<p>Council have consulted widely with residents and business owners during the Queen Street upgrade prior to these changes being made.</p> <p>Staff have consulted with other residents and landowners on the affected streets.</p> <p>A number of proposed changes have been requested from members of the community who are directly affected.</p> <p>Proposed changes have minimal effects on nearby residents or other traffic at each location.</p> <p>There will improved road safety at the location of proposed changes.</p>
Is there a significant impact arising from duration of the effects from the decision?	Low	Traffic control devices are not permanent and can be changed if required.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	High	Roads are a strategic asset.
Does the decision create a substantial change in the level of service provided by Council?	Low	Minimal effects of level of service provided.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	<p>Changes to Queen Street have already been incorporated in the upgrade project.</p> <p>There is minimal cost for the installation of No Stopping lines and extra signage.</p>

10 Conclusion

- 10.1 Changes to time-limited parking, bus-stops and No Stopping lines on Queen Street since the completion of upgrade project are in line with the Council's vision and the parking strategy for Richmond and will be made to reflect and enforce the final as-built layout of the street.
- 10.2 Other parking control changes in the District will result in an improved visibility and safety for vulnerable road users and drivers at those locations. Changes have generally been consulted on with affected parties relevant to the scale of the proposed change.

11 Next Steps / Timeline

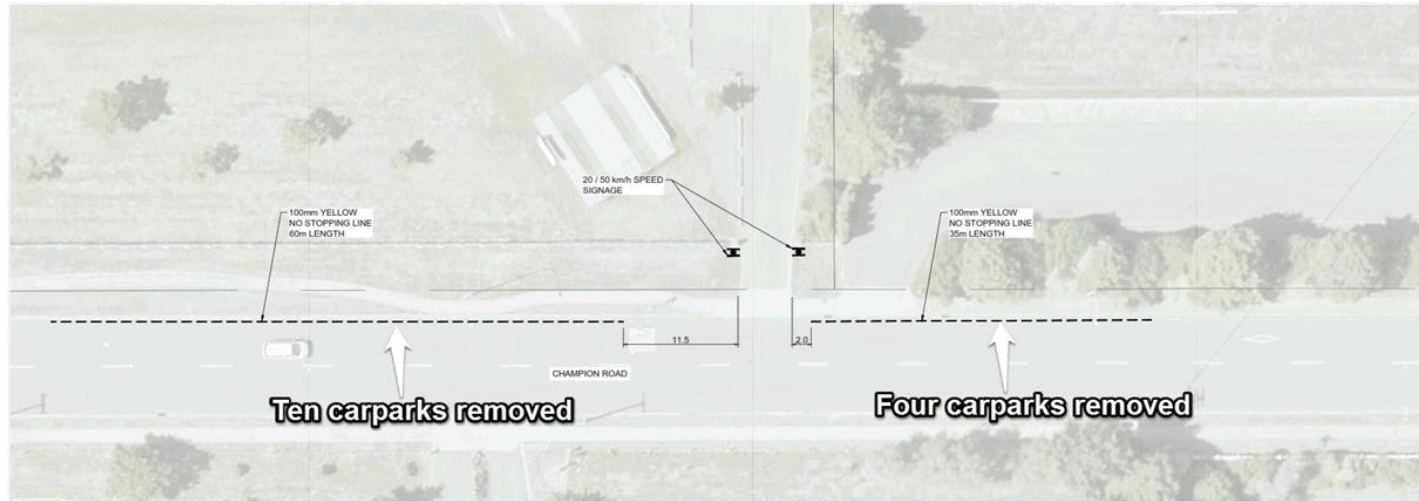
- 11.1 If the Council approves the proposed changes –

- 11.1.1 Staff will provide instructions to the contractor to action all new parking restrictions required.
- 11.1.2 Staff will update the Traffic Control Devices Register as soon as changes are in place.
- 11.1.3 Engineering staff will provide the communications team with details of the approved changes to be included in Newline and on the Council's website.
- 11.1.4 These signs and road markings will be installed as soon as possible, where they are not already in place.

12 Attachments

- | |
|---------------------------------------|
| 1. Parking Restrictions - All Streets |
|---------------------------------------|

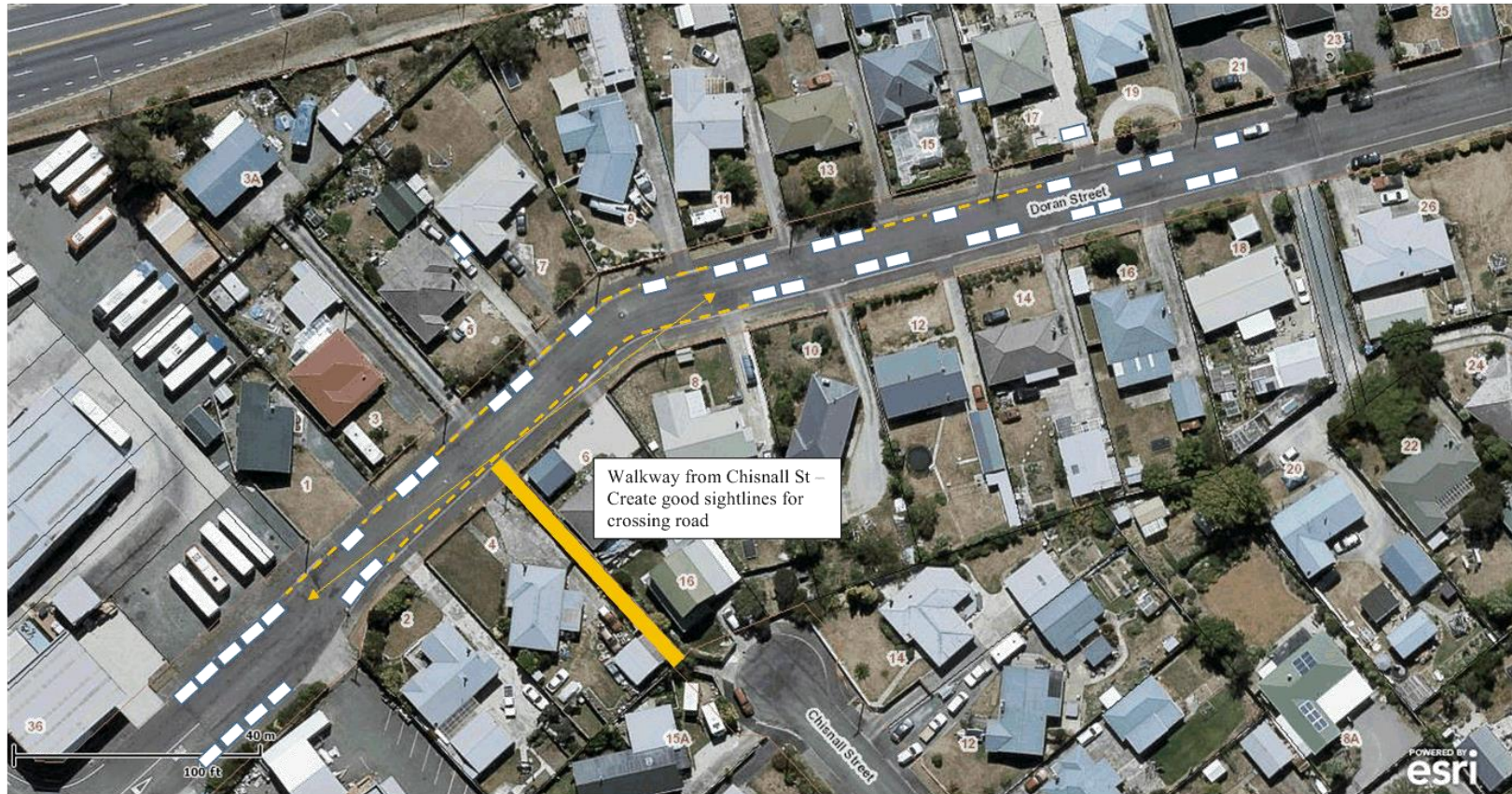
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Champion Road

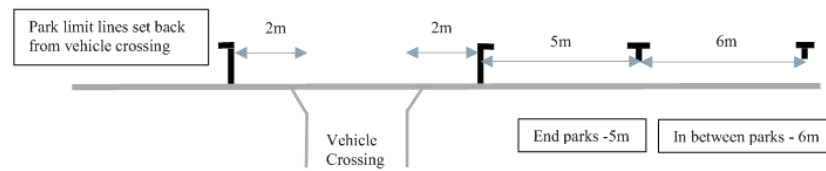


Crescent Street at Shearer Terrace – No Stopping lines

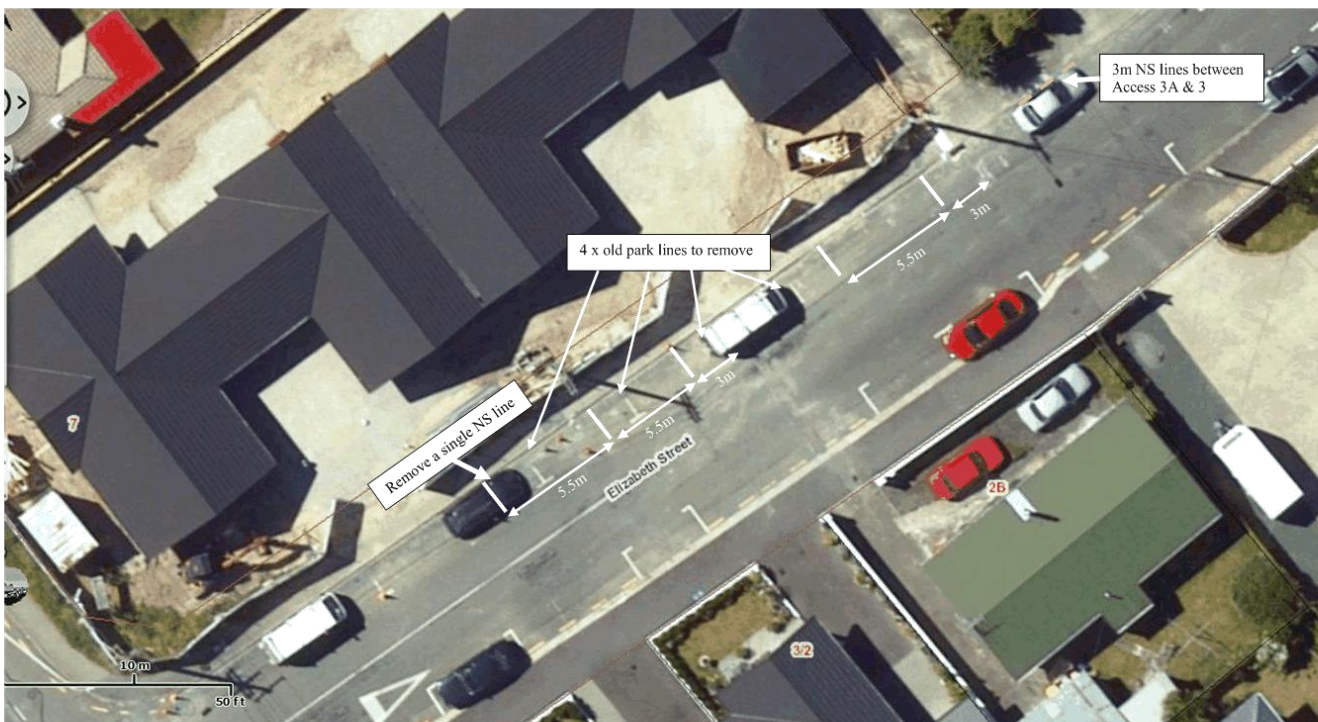


Doran Street Parking Proposal – 07/02/18

Typical Treatment at Vehicle Accessways







No. 1 Elizabeth St Richmond – Park Marking Changes

Note: Location of markings shown on site



Outside Medical Centre – 22 Greenwood St



Petrie carpark – 2x carparks for library staff



- NOTES:**
1. INSTALL PARKING BARS MINIMUM 2m OFFSET TO ACCESS-WAY
 2. PARKING BAR LENGTH 1.7m



TDC PLAN No.	Author	Apprval	Apprval Date	Project
	R,DECK	S,LL,MARKING	29/01/2010	HERITAGE CRESCENT RD3820 PARKING ASSESSMENT
SHEET _____ OF _____	Drawn	Scale		Site
RESOURCE CONSENT No.	R,DECK	1:200 (A1) 1:500 (A3)		PUBLIC CONCILIATION LINE MARKING PLAN
ENGINEERING MANAGER	DATE			

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Inglis St Motueka – New No Stopping lines



King Street / Gladstone Road intersection

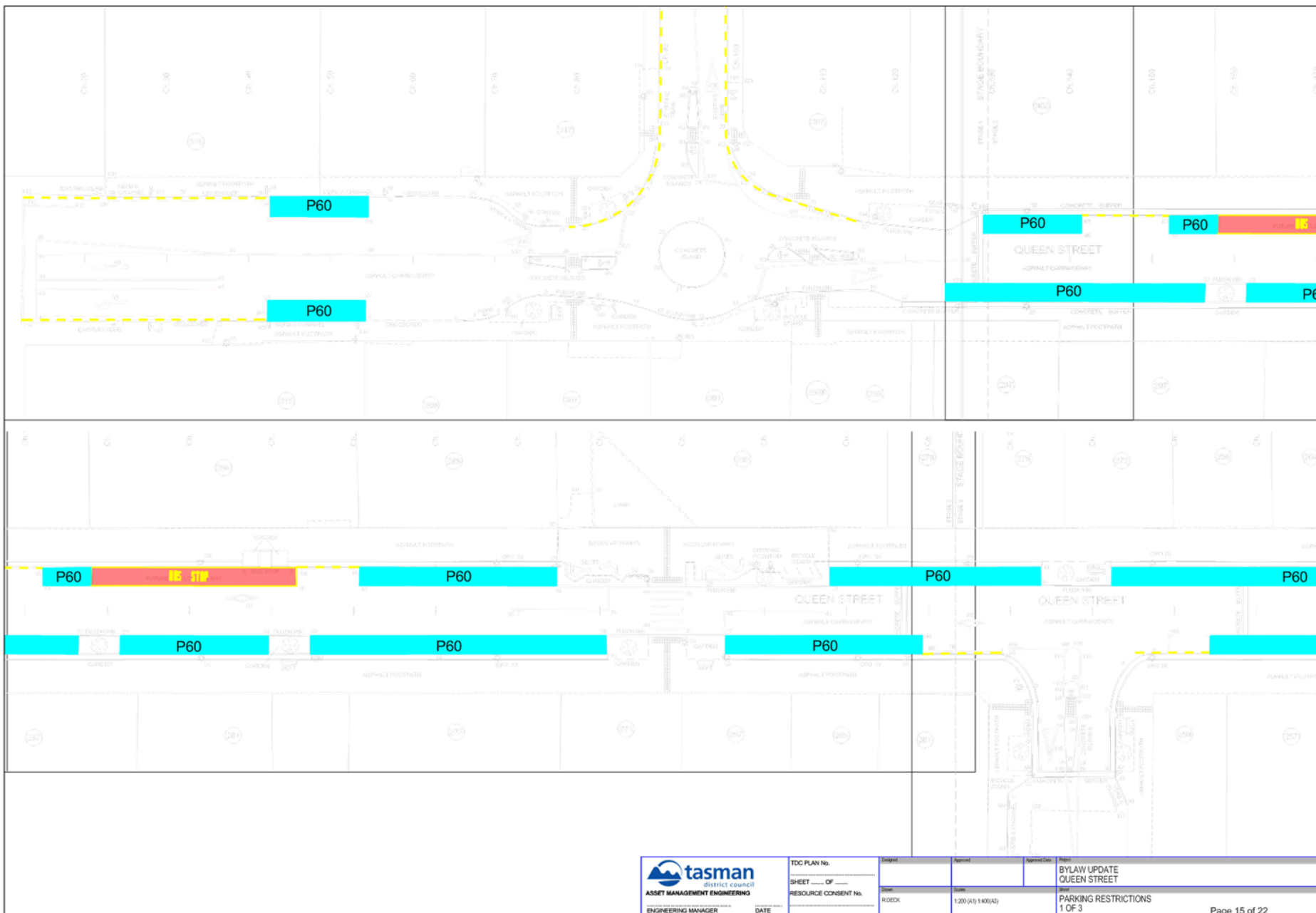


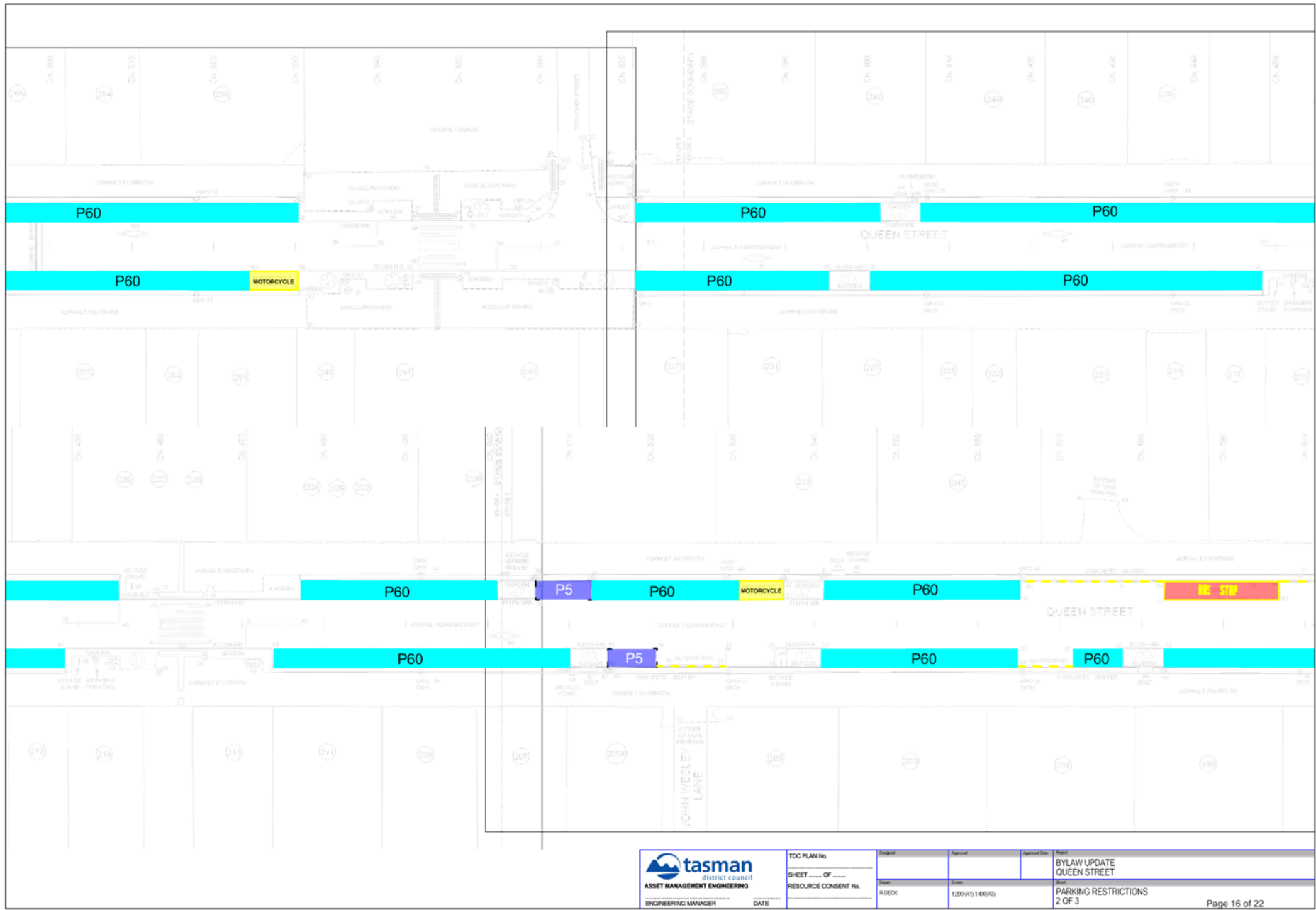
Martin Ave Wakefield – Proposed Parking Restriction



11 Old Wharf Road

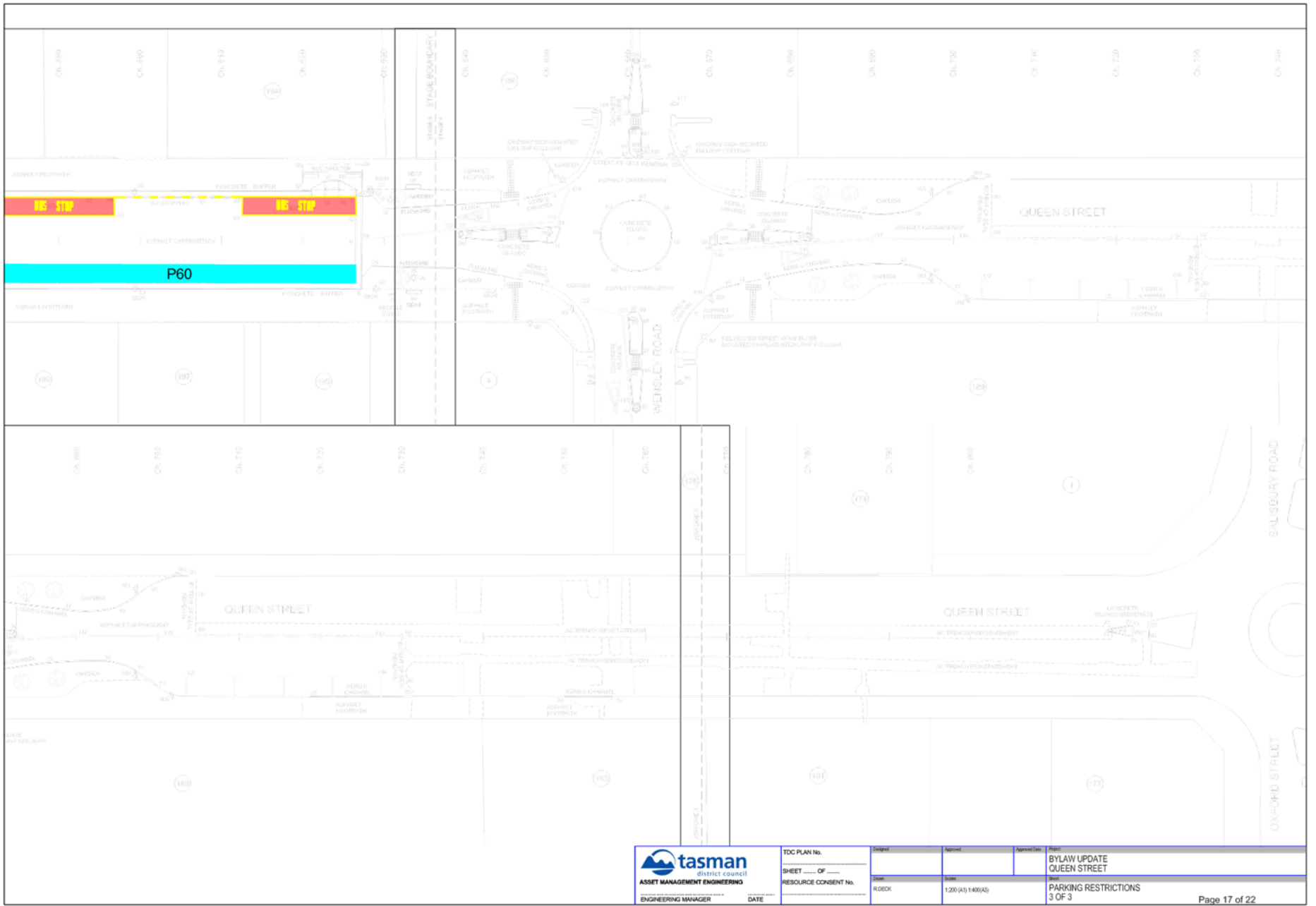






Original Sheet Size: A1 (841x594) Plot Date: 2018-08-17 at 2:34:44 p.m. Path: G:\Transport\Roads\Queen Street Richmond RD\887\Road markings and signs\Bylaw Update Sept 2018\Print\A1\CAD\Road Markings.dwg.2

<p>tasman DISTRICT COUNCIL ASSET MANAGEMENT ENGINEERING ENGINEERING MANAGER</p>	TDC PLAN No.	Project	Approved Date	Project
	SHEET ____ OF ____	Date	12/09/15 (A1 1:400(A))	BYLAW UPDATE QUEEN STREET
RESOURCE CONSENT No.	DATE			PARKING RESTRICTIONS 2 OF 3
				Page 16 of 22



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 tasman COUNTY COUNCIL ASSET MANAGEMENT ENGINEERING ENGINEERING MANAGER	TDC PLAN No.	Project	Approved	Approved Date	BYLAW UPDATE QUEEN STREET
	SHEET _____ OF _____	Date	Scale	1:200 (A1 1400x)	PARKING RESTRICTIONS 3 OF 3
RESOURCE CONSENT No.	DATE				Page 17 of 22



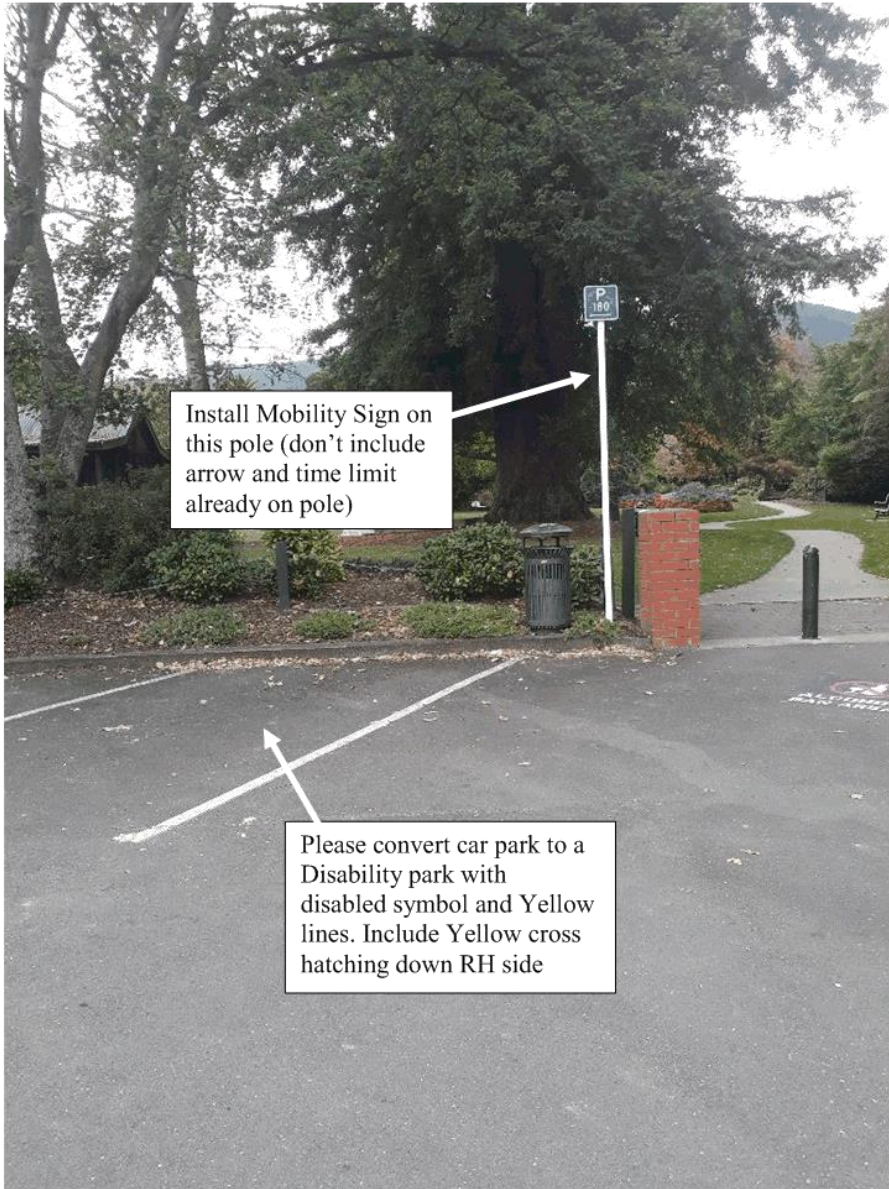
8 Shearer Terrace



6 Surrey Road - No Stopping lines



Tudor Street – Removal of various Park Limit lines and marking of new lines including removal of some No Stopping lines due to new access crossings



Washbourn Gardens Carpark – New Mobility Park



11 Wensley Rd – Removal of Carpark

8.2 STOPPING OF ROAD (FOR TRANSFER TO DOC) - PUPU SPRINGS ROAD

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Robert Cant, Programme Leader - Property Transactions
Report Number:	RCN18-09-07

1 Summary

- 1.1 Prior to 2010, a number of slips occurred on the Pupu Springs Road. The road provides access to the popular destination “Waikoropupu Springs Scenic Reserve” administered by the Department of Conservation (DOC).
- 1.2 An agreement was prepared to allow the physical works needed to relocate the road onto Scenic Reserve land.
- 1.3 The agreement provided that DOC would allow the new physical road to be legalised. The former road, damaged by slips, would be stopped, and subsequently transferred to DOC and added to the Scenic Reserve.
- 1.4 The legalisation of the new road occurred some time ago. This decision is to allow the old road to be stopped, ahead of a transfer to DOC, which is the last action required under the agreement signed in 2010. The land is shown in green on the survey plan attached, being Sections 4, 5 and 7, on SO 443463.
- 1.5 The old road is regenerating into native bush well. This action will not have any impact on the public’s use of road in this location.

2 Draft Resolution

That the Full Council:

1. **receives the Stopping of Road (for transfer to DOC) - Pupu Springs Road report RCN18-09-07; and**
2. **approves the land described as sections 4, 5 and 7 on SO 443463 being declared to be stopped ahead of a transfer to the Department of Conservation pursuant to Sections 116 and 117 of the Public Works Act 1981, and**
3. **authorises the Property Services Manager to sign all documentation to give effect to this decision, including the transfer of the land to the Department of Conservation.**

3 Purpose of the Report

- 3.1 To seek Council consent to the declaration of legal road being stopped, and later added to the Scenic Reserve at Waikoropupu Springs, to complete an agreement with the Department of Conservation.

4 Background and Discussion

- 4.1 Following a number of slips on the Pupu Springs Road which provides access to the very popular destination of the Waikoropupu Springs, Council signed an agreement with DOC to exchange land for the road.
- 4.2 This agreement was signed in 2010. By the time it was signed, the road had been re-established on a new route, and was operating as a road.
- 4.3 The agreement also resolved a technicality with the Waikoropupu Springs car park, where part of the DOC car park was designated legal road. This had the potential to cause both DOC and Council problems if someone decided to set up a commercial coffee cart (or similar).
- 4.4 A copy of the survey plan is attached. The land subject to this report is coloured green. The legalisation of the new road occurred some time ago.
- 4.5 For both DOC and Council, the resolution has taken a considerable amount of time. The Council's formal agreement to allow the "old" road to be stopped (and subsequently incorporated into the DOC reserves) is now required.
- 4.6 This matter is being referred to Council because the statutory authority (Sec 116 and 117 of the Public Works Act 1981) are infrequently used, so are not delegated to any staff.

5 Options

- 5.1 To agree to the transfer of unformed road land to DOC for addition to the adjacent scenic reserves, in accordance with the agreement signed in 2010.
- 5.2 There are no other practical options given the agreement signed in 2010. To refuse to complete this transaction would open the Council up for potential legal action.

6 Strategy and Risks

- 6.1 This is a land transaction that will not impact on the public's use of the physical road. The issue with the transfer of the car park has been raised with Land Information New Zealand (LINZ), who have approved the matter in principle.

7 Policy / Legal Requirements / Plan

- 7.1 There is no policy that covers this type of scenario. The Council entered into an agreement in 2010 and is legally bound by it.
- 7.2 Council received advice from "the Property Group" (a LINZ accredited supplier which specialises in Public Works Act advice) on the appropriate statutory power available in this

circumstance. The advice was: *The Public Works Act 1981 (PWA) is the most appropriate mechanism for stopping road and vesting it in another agency (in this case, DOC) for another public work. Under s116 Council can stop the road and under s117, add it to the adjoining reserve all within the same Notice.*

8 Consideration of Financial or Budgetary Implications

8.1 This particular action has minimal financial or budgetary implications. There have been some legal costs incurred to facilitate this “swap”, but these have been incurred over several years and met within existing budgets.

9 Significance and Engagement

9.1 The decision is routine and is considered to be of low significance. There is no impact on the public’s use of roads in this location, so no public consultation is needed.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	No	The Public will not notice any change as the new road is already in place.
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	The Council has already received ownership of the legal road for the new formation, in exchange for this land.
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	
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
Does the proposal or decision involve Council exiting from or	No	

Issue	Level of Significance	Explanation of Assessment
entering into a group of activities?		

10 Conclusion

10.1 This transaction is being referred to the Council because there is no delegation available. The transaction completes an agreement entered into in 2010 to allow road repairs to be completed, with legal action to follow up.

10.2 The transaction also tidies up a longstanding technicality relating to the DOC car park.

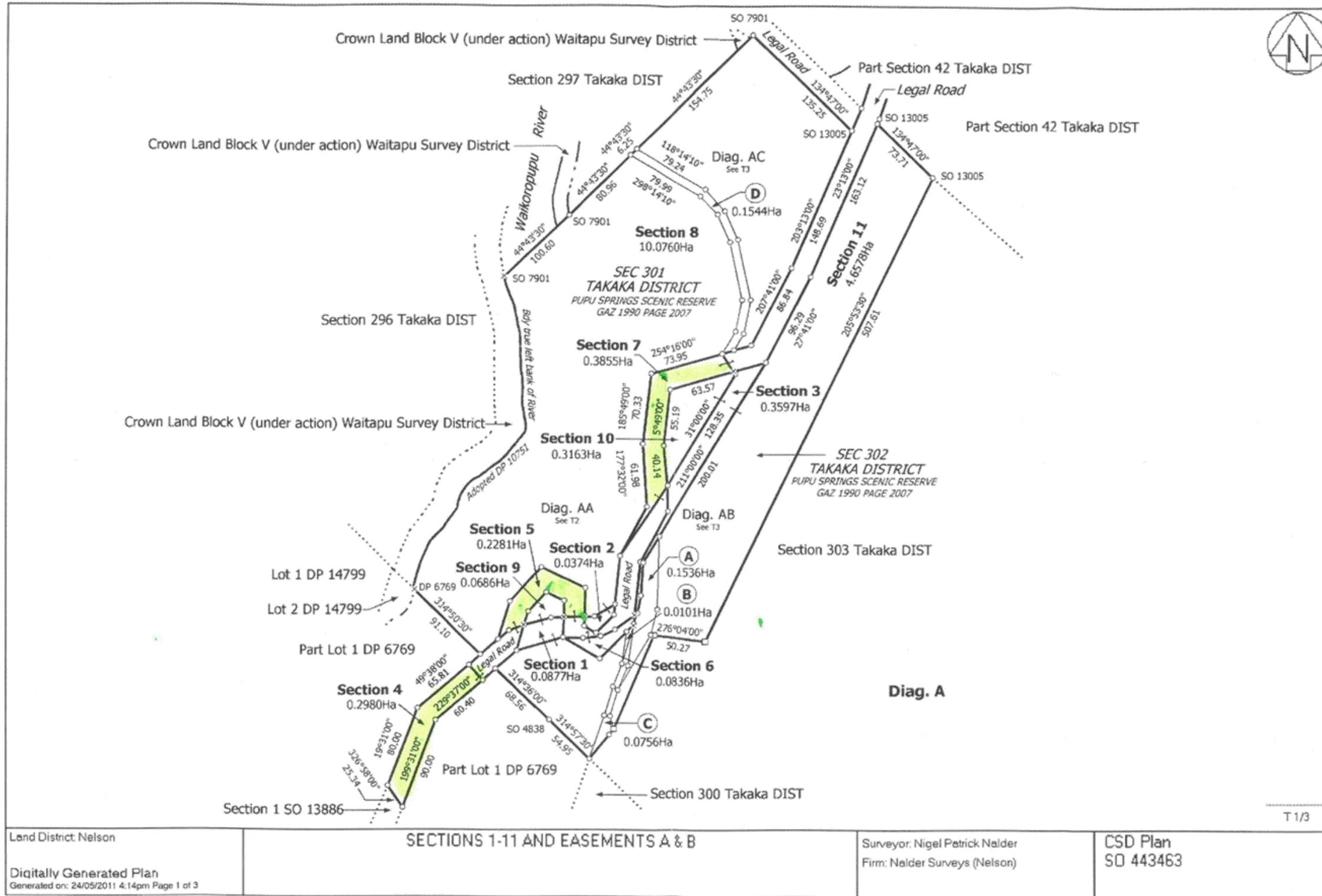
11 Next Steps / Timeline

11.1 Should the Council resolve to the legal road being declared to be scenic reserve, the relevant notice will be signed by the Property Services Manager, and published in the NZ Gazette. That will complete the Council's obligations and the matter will be closed.

12 Attachments

1. Survey plan showing road to be stopped coloured green

55



8.3 TREASURY REPORT

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Kim Dunn, Project Accountant; Matthew McGlinchey, Finance Manager
Report Number:	RCN18-09-08

1 Summary

- 1.1 The Council borrowings at 31 August 2018 are \$164.5m, up from \$153.5m at 30 June 2018. The projected debt level out 12 months is \$156.8m. The **net debt** level at the end of August is \$133.6m. We had \$22m on deposit, \$10m of which was applied against debt that matured earlier in September. The remaining \$12m is prefunding Local Government Funding Agency (LGFA) debt maturing in March 2019.
- 1.2 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 repaid a \$10m Westpac private placement during September.
 - We have pre-funded \$12m of the \$24m LGFA debt maturing in March 2019 with funding through the LGFA with a maturity date of April 2025 and a floating rate at 31 August 2018 of 2.55%.
 - With Council not having a requirement for the \$12m in funds until the debt matures on 15 March 2019, these have been placed on term deposit with ASB at 3.49% p.a.
- Note that the positive interest rate differential between the amount we borrowed from the LGFA and the amount we re-invested with ASB, 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.
- 1.3 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 Council taking advantage of the current low interest rate environment by taking fixed rate debt with long dated maturities of 2027 and 2033.
- 1.4 The Council's cost of funds, including interest rate swaps, bank margins and line fees is 4.25%, compared to a budget of 5.08% [2018: 5.31%]. The Treasury cost centre has a 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 Council 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 Council's external borrowing costs.

- 1.5 Market expectation is that the Official Cash Rate (OCR) will remain at 1.75% until the 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 Council's short term borrowing costs, with longer term costs being influenced by external factors.
- 1.6 The Treasury cost centre operates as the Council's internal bank. It reported a deficit for the year to June 2018 due to the decision to return prior year surpluses to Council's activities through lower internal interest rate charges. This deficit is offset by an activity opening surplus carried forward from previous years.

2 Draft Resolution

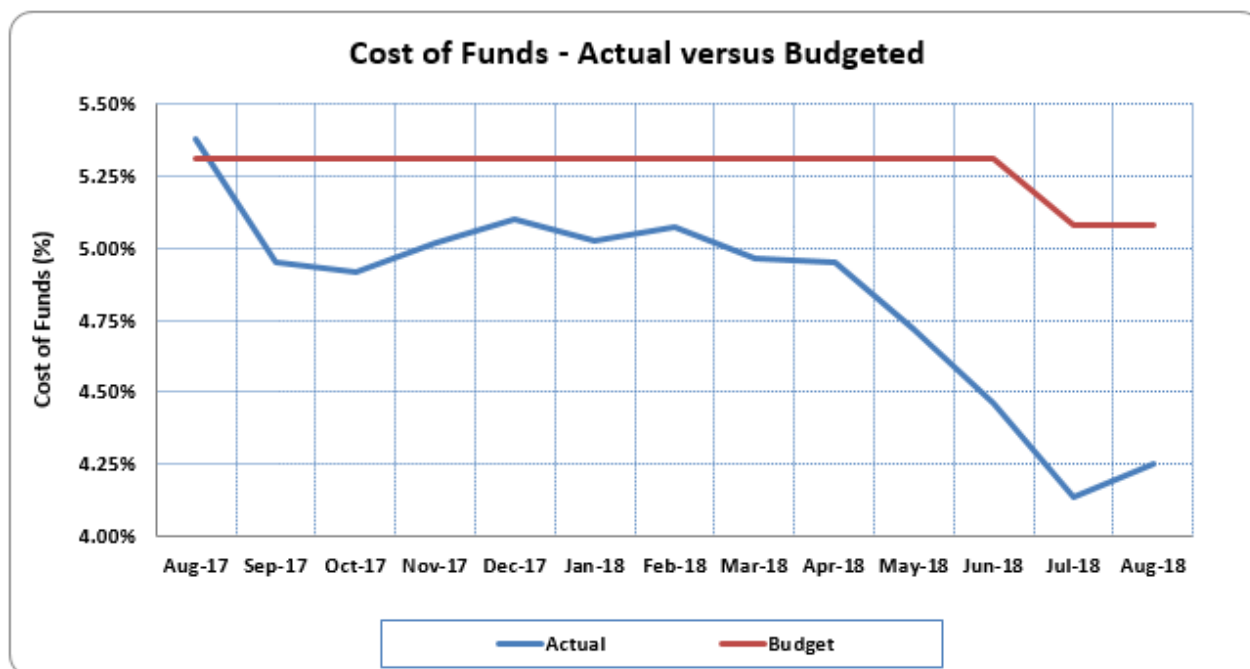
That the Full Council receives the Treasury Report RCN18-09-08.

3 Treasury: August 2018

Debt Levels

- 3.1 Council's debt at 31 August 2018 stands at \$164.5m, with an average interest rate of 4.25% (August 2017: 5.38%).

Cost of Funds



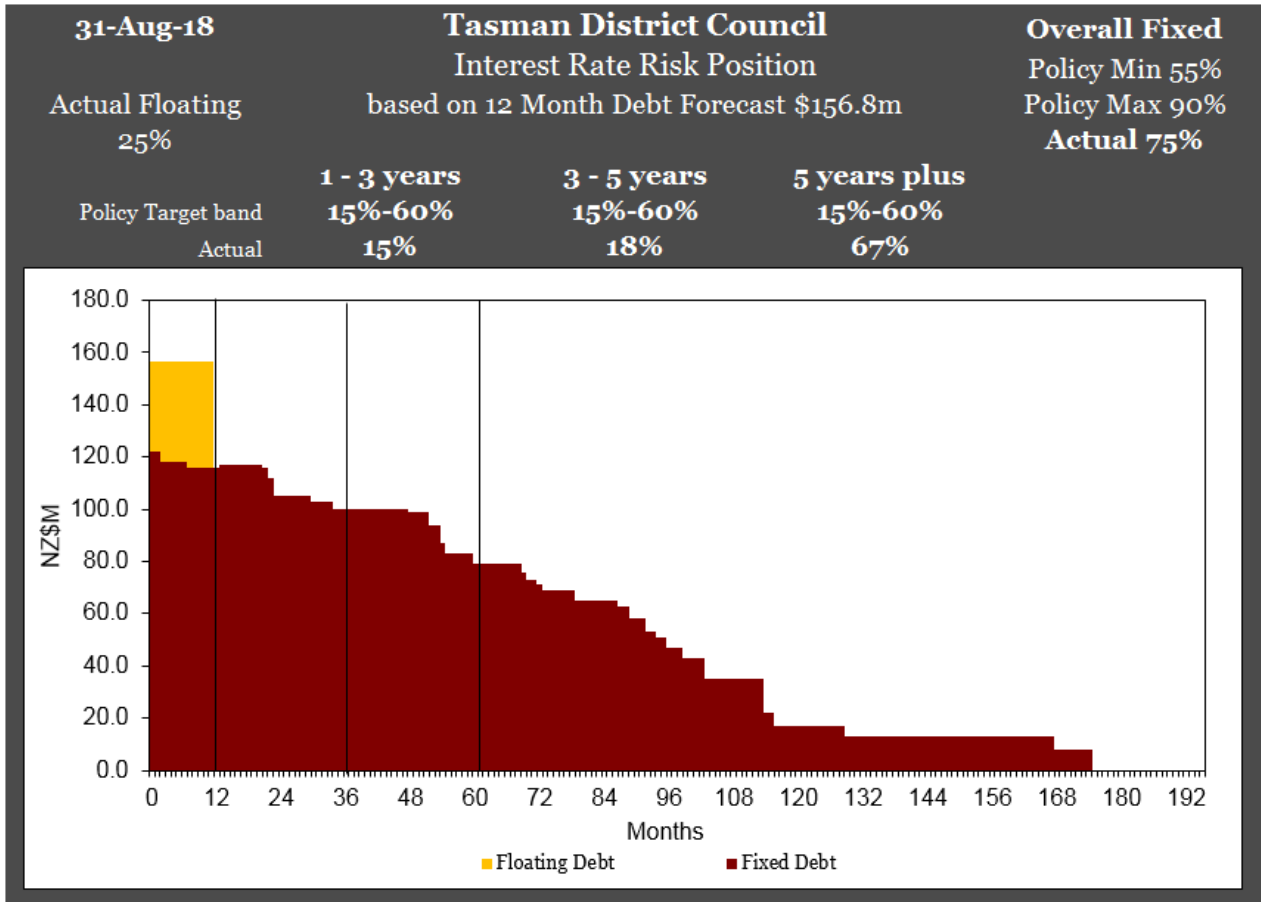
The graph above shows the Council's actual weighted average cost of funds at 31 August 2018, including interest rate swaps, bank margins, and an average interest rate of 4.25% against a budgeted rate of 5.08%.

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. 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 31 August 2018, the Council had \$118.05m of interest rate swaps in place. This equates to 72% cover over existing debt and 75% over forecast 31 August 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 Treasury Policy document. 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: August 2018	Within Limits
1–3 years	15%	60%	15%	✓
3–5 years	15%	60%	18%	✓
5–10 years	15%	60%	67%	☒

The non-compliance is considered minor. The exception are a result of 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

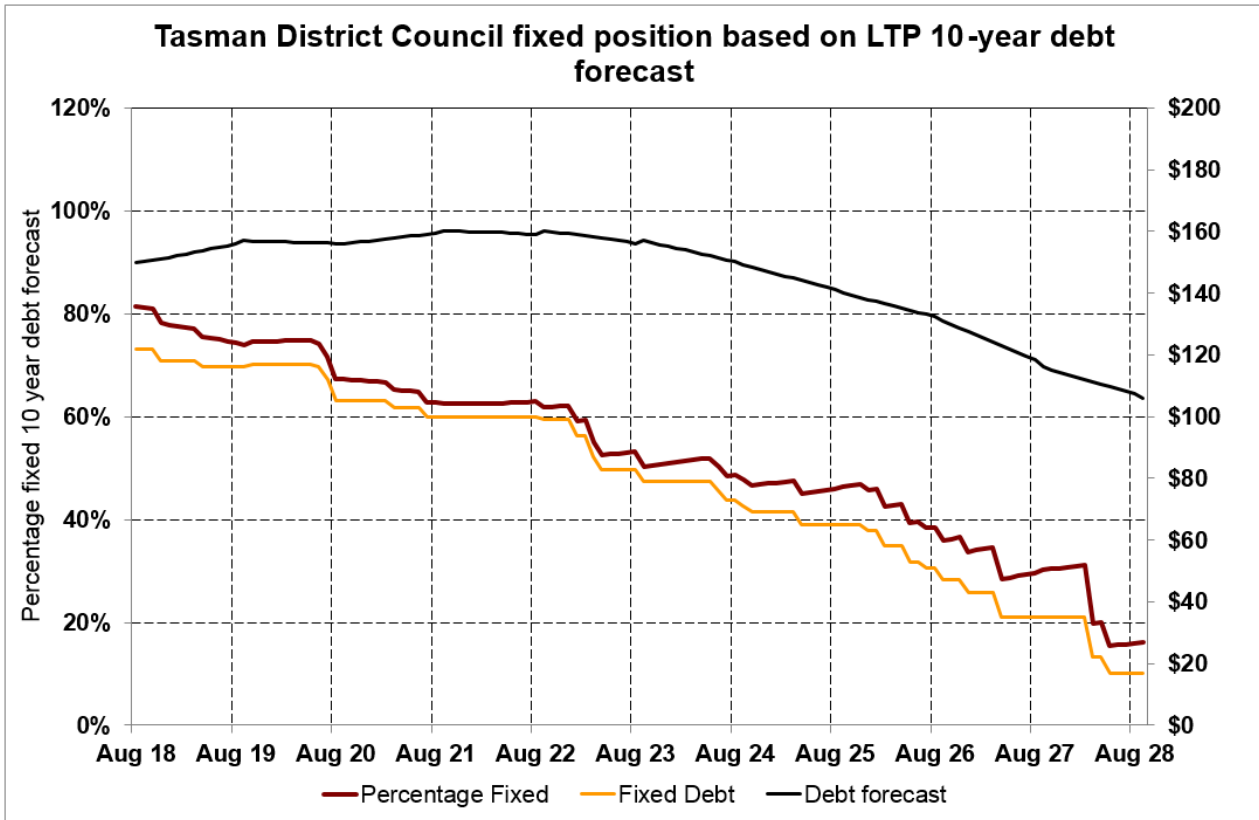
- 3.10 This measure shows the balance between minimising exposures to negative fluctuations in floating rates against savings opportunities. The Council's strategy is to limit negative exposures and provide certainty of future interest rate costs. This is achieved through its use of interest rate swaps.

(A maturity greater than one year is defined as fixed)

Minimum	Maximum	Fixed Actual: August 2018	Within Limits
55%	90%	75%	✓

Cumulative Interest Rate Position

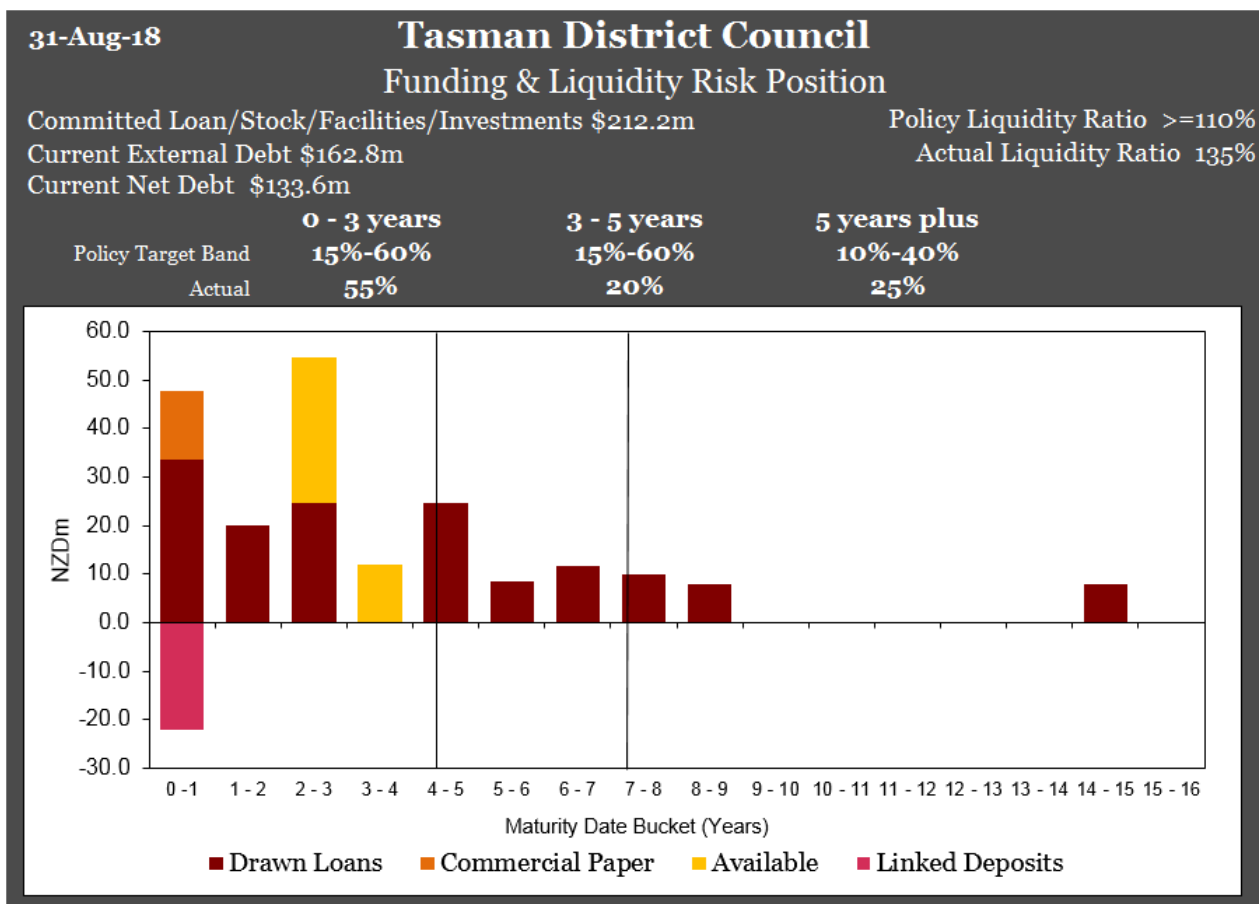
- 3.11 The chart below shows the cumulative interest rate position for Council. The chart represents the actual percentage of 12 month debt (\$156.8m) which has a fixed interest rate out to 10 years.



Facility Maturity Limit

3.12 Total committed funding in respect to all loans and committed bank facilities is reported as follows:

The chart below 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

3.13 The liquidity and funding risk position visually represents the approved funding maturity limits as set out in the Council’s Treasury Policy document. The chart takes a snapshot of the risk position as at the reporting date.

3.14 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.

3.15 The Council is complying with its Treasury Management Policy, and is within all funding and liquidity limits.

3.16 At 31 August 2018 Council had \$30m in private placements, \$10m has since been repaid. The private placements allow the Council to place longer term debt in the years between LGFA issues. The Council also has \$134.5m of debt placed with the LGFA.

Treasury Limits	Actual	Within Limits
-----------------	--------	---------------

	August 2018	
Net debt not to exceed 20% of equity	9.1%	✓
Net external debt not to exceed 225% of total operating revenues	105.3%	✓
Net interest as a % of total revenues to be less than 15%	4.8%	✓
Net interest as a % of total annual rates to be less than 25%	10.1%	✓
Liquidity over existing external debt to be at least 110%	135%	✓

Counterparty Credit Risk

- 3.16 The Council's policy is that NZ 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.
- 3.17 The policy credit limit (NZ\$) for each NZ 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	1.2	50.05	16.25	Within Policy
ASB	18.88	28.00	24.76	Within Policy
ANZ	Nil	40.00	7.65	Within Policy
BNZ	10.34	Nil	10.34	Within Policy

Note: We are within the overall policy for all the banks however for BNZ and 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 BNZ breach was rectified earlier in September. The ASB breach will be rectified in March 2019 when our \$12m term deposit matures and is used to repay a LGFA loan.

Funding Mix

- 3.18 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	30.0	18.2%
LGFA Debt	134.5	81.8%
Total	164.5	100.0%

4 Investments

4.1 The Council cash investments total \$30.43m with an average interest rate of 3.02% (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 (88 days)	1,200,000	3.45%
Term Deposit (189 days)	10,000,000	3.34%
Term Deposit (233 days)	12,000,000	3.49%
ASB on call Money Market	6,250,000	2.00%
Other Investments	980,000	0%
Total	30,430,000	3.02%

5 Emissions Trading Scheme (ETS)

5.1 From 1 June 2017 Council no longer managed Landfills as they were transferred to the new Joint Venture. The ETS liability will now be reported through that Joint Committee.

5.2 The Council's forestry assets and the related ETS liabilities/credits are still accounted for by Council.

5.3 Consultation has started on proposed improvements to the New Zealand Emission Trading scheme. 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. The current rates for 30-day debt is an additional margin of 9 basis points (bps), or 0.09% compared to bank facility borrowing 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 ended September 2018, interest is charged on loans, and overdrawn closed account balances at 4.46%, and paid at 2.01% 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 "balance sheet".

9 Attachments

Nil

8.4 ACTIVITY BALANCES REPORT

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Matthew McGlinchey, Finance Manager
Report Number:	RCN18-09-09

1 Summary

- 1.1 This report outlines the level of the activity balances as at the end of the 2017-2018 financial year and makes recommendations about the management of these balances with a medium to long term view.
- 1.2 Due to the financial performance in the 2017-18 year, Council now needs to turn its mind to the management of these balances across all activities in a financially prudent manner.
- 1.3 These balances have been accumulated over time and do not solely relate to the 2017/2018 financial year. Since the 2013-14 year all activities have been managed on a closed account basis. In the past some of these deficits and surpluses would have automatically transferred to equity.
- 1.4 A similar report to Council on 28 September 2017 resolved to use the majority of the existing surpluses to repay internal debt. Repayment of internal debt reduces future rate demands. Other uses included carry overs and internal transfers.
- 1.5 The principles around how these balances are managed are driven by the Financial Strategy adopted with the Long Term Plan 2018 - 2028 (LTP). As such the retirement of debt is a common recommendation. The reported external debt has already been reduced by the net surplus across all activities. Using the activity balance surpluses other than for internal transfers or reduction of internal loans will increase external debt, as such the use of significant surpluses must be managed over future planning cycles.
- 1.6 In most other instances the balance will be left in the activity with further reports coming back to Council for the management of those funds. Activity balances were considered during the LTP 2018 - 2028. Staff also ensured that capacity and capability existed to deliver the program of work in the LTP.
- 1.7 The operating activity balances as at June 2018 total \$19.5m. This report considers operating surpluses/deficits only. Non-operating reserves have a predetermined use e.g. Reserve Financial Contributions.
- 1.8 In summary this report proposes that the surpluses be used:
 - to repay internal debt \$2.2m;
 - transfers to non operating \$0.2m;
 - to fund carryover projects opex/capx \$2.2m;

- to remain in the activity \$14.9m.

1.9 Attachment 1 provides a full summary of activity balances by Department Manager, for each activity. By keeping funds in the activity, Council has a flexible fund to manage cost fluctuations going forward and to use for fit for purpose projects.

2 Draft Resolution

That the Full Council

1. receives the Activity Balances Report report RCN18-09-09; and
2. approves the use of \$95k to complete an operating project from the Community Facility activity, para 4.7.1 of this report; and,
3. approves the use of \$190k to complete a capital project from the Community Facility activity, para 4.7.1 of this report; and,
4. approves the carryover of \$661k to complete operating projects from the Parks and Reserves activity, para 4.7.3 of this report; and,
5. approves the transfer of \$532k to the General Disaster Fund from the Parks and Reserves activity, para 4.7.3 of this report; and,
6. approves the carryover of \$82k to complete operating projects from the Special Purpose Committee activity, para 4.7.5 of this report; and,
7. approves the transfer from the general rates growth fund of \$37.5k to the Special Grants expenditure budget line, para 4.7.6 of this report; and,
8. approves the carryover of \$44k to complete operating projects from the Community Recreation activity, para 4.7.7 of this report; and,
9. approves the carryover of \$37k to complete operating projects from the Libraries activity, para 4.7.10 of this report; and,
10. approves the transfer of \$295k from the General rates Growth account to offset the Leaky Home payment in the building activity, para 4.8.11 of this report; and,
11. approves the carryover of \$103k to complete operating projects from the Environmental Information activity, para 4.9.2; and,
12. approves the carryover of \$20k to complete operating projects from the Environmental Policy activity, para 4.9.5 of this report; and,
13. approves the carryover of \$314k to complete capital projects from the Roding activity, para 4.10.6 of this report; and,
14. approves the use of \$200k to pay off internal loans from the Roding activity, para 4.10.6 of this report; and,
15. notes the Roding Emergency fund is now nil para 4.10.5 of this report; and,
16. notes the Classified Rivers Emergency fund is now nil para 4.10.12 of this report; and,
17. approves the carryover of \$17k to complete operating projects from the Solid Waste general activity, para 4.10.13 of this report; and,
18. approves the carryover of \$143k to complete operating projects from the Stormwater activity, para 4.10.15 of this report; and,

19. approves the use of \$247k to pay off internal loans from the Stormwater activity, para 4.10.15 of this report; and,
20. approves the carryover of \$257k to complete operating projects from the Wastewater activity, para 4.10.16 of this report; and,
21. approves the use of \$1.08m to pay off internal loans from the Wastewater activity, para 4.10.16 of this report; and,
22. approves the carryover of \$92k to complete operating projects from the Urban Water activity, para 4.10.17 of this report; and,
23. approves the use of \$645k to pay off internal loans from the Urban Water activity, para 4.10.17 of this report; and,
24. approves the carryover of \$64k to complete operating projects from the Wai-iti Dam Water Supply activity, para 4.10.22 of this report; and,
25. approves the carryover of \$260k to complete operating projects from the Community Development overhead area, para 4.11.1 of this report; and,
26. approves the carryover of \$174k to complete operating projects from the Corporate Services overhead area, para 4.11.2 of this report; and,
27. notes that where funds are not used they will remain in the activity until a formal report to Council is made to request their release.

3 Purpose of the Report

- 3.1 This report provides recommendations on how to manage, in a financially prudent way, the surpluses and deficits in Council activities that have arisen over a number of years.

4 Background and Discussion

General Discussion

- 4.1 In September 2013 Council agreed that all areas of the Council be managed financially by way of closed accounts or activity balances. Following that decision all activities now have a surplus/deficit year-end balance against them as at 30 June 2018.
- 4.2 The balances reflected are the results accumulated over a number of years.
- 4.3 A further year's activity has now flowed through and this report will discuss each activity in turn with recommendations provided around the use of the outstanding surplus or the repayment of the deficit.
- 4.4 The driving principle of how these funds are managed is governed by the Financial Strategy.
- 4.5 In most instances it is recommended that the balance is left in the activity to meet one-off extraordinary events. They could also be used for Council wide initiatives that arise from the Council's Capability and Capacity Review and the Digital Strategy Project or for projects that reduce risk or support future operational savings.
- 4.6 Council would approve the release of these funds via a formal report.

4.7 Community Development

4.7.1 Community Facilities

The activity has a surplus of \$414k which is a decrease of \$233k in 2017-18 (predominantly funded from targeted rates). This balance is a combination of three rates being:

- District Facility Rate
- Shared Facility Rate
- Facilities Operating Rate

The deficit in the year arose predominantly because of an overspend in Saxton Field grants. It is recommended that a \$95k of operating expenditure be carried over from the opening surplus. The projects are included in Attachment 2.

It is recommended that \$190k of the opening surplus is used on development work at Saxton Field as listed in the capital carry over report

It is proposed the remaining surplus of \$129k stay in the activity.

4.7.2 Community Housing

The activity has a surplus of \$155k (predominantly funded from fees and charges). This is a decrease of \$26k from the previous year and is mainly driven by additional maintenance costs associated with the portfolio.

The work around meeting the insulation and heating fit out obligations has been completed, except for the installation of the heat pumps, which is due to be completed in the near future.

In the recently tabled Capital Carry Over Report it was proposed to carry over \$15k of capital expenditure that is being funded directly from the opening surplus. The activity has no debt associated with it. It is proposed the remaining surplus of \$140k stay in the activity.

4.7.3 Parks and Reserves

The activity has a surplus of \$1.885m (funded from general rates) accumulated over three years. This surplus has arisen from contract savings.

It is proposed that \$532k is transferred to the General Disaster Fund.

It is recommended that \$661k of operating expenditure be carried over from the opening surplus. The projects are included in Attachment 2. The activity has no debt associated with it. It is proposed the remaining surplus of \$500k stay in the activity.

4.7.4 Parks and Reserves Emergency Fund

As part of the LTP 2018-2028 a budget for emergency events of \$82k was allocated. While Cyclone Gita/Fehi occurred in 2017-18, the Parks and reserves operating budget was able to absorb the spend of \$208k. As such no funds were used and the balance of this emergency account is now \$192k. This will mean the Parks and Reserves Disaster funds is at the required balance as per the Emergency Policy and no rates will be needed in 2019-20.

4.7.5 Special Purpose Committees

The activity has a surplus of \$519k (predominantly funded from general rates and some fees and charges). This is a decrease of \$50k from the previous year and is

mainly driven from less revenue from the McKee Camping ground and the Tasman Recreational Reserve Camping Fees.

It is recommended that a further \$82k of operating expenditure be carried over from the opening surplus. The projects are included in Attachment 2. There is no debt associated with this activity. It is proposed the surplus of \$437k stay in the activity.

4.7.6 Council Grants and Cultural Services

The activity has a surplus of \$314k (predominantly funded from general rates). This is a decrease of \$48k from the previous year and is mainly driven by additional grants from Creative NZ and funds from Nelson City Council (NCC) for a cycle schools programme.

In 2015-16 Council resolved to fund grants up to \$50k from the surplus associated with additional rates related to growth. This grant will be administered from this area. As such it is recommended that a transfer from the general rates fund of \$37.5k is actioned to top up the budget to the agreed \$50k. It is recommended that a further \$43k of operating expenditure is carried over from the opening surplus. The projects are included in Attachment 2.

It is proposed the remaining surplus of \$308k stay in the activity as these grants have a specific purpose.

4.7.7 Community Relations

The activity has a surplus of \$131k (predominantly funded from general rates). This is an increase of \$43k from the previous year and is mainly driven by one off projects not occurring as quickly as expected.

It is recommended a further \$44k of operating expenditure be carried over from the opening surplus. The projects are included in Attachment 2. It is proposed the surplus of \$87k stay in the activity.

4.7.8 Environmental Education

The activity has a surplus of \$58k (predominantly funded from general rates) which will be left in the activity. This balance has arisen as not as many funds were spent on educational material and consultants as budgeted. It is proposed a surplus of \$58k stay in the activity.

4.7.9 Museums

The activity has a surplus of \$35k (predominantly funded from a targeted rate). This has arisen due to less maintenance being carried out on museums during the year. It is proposed the surplus of \$35k stay in the activity.

4.7.10 Libraries

The activity has a surplus of \$293k (predominantly funded from general rates). A surplus of \$70k occurred in the 2017-18 financial year as a result of savings across a number of areas.

It is recommended a further \$37k of operating expenditure be carried over from the opening surplus. The projects are included in Attachment 2. It is proposed the remaining surplus of \$256k stay in the activity for work associated with Motueka Library.

4.8 Corporate Services

4.8.1 Camp Grounds

The activity has a surplus of \$222k (predominantly funded from lease income).

Income on these assets has risen 39% over the past three years since the implementation of the campground financial strategy in November 2014, despite the business cases for Pohara and Collingwood being deferred until year one of the 2018 Long Term Plan. It is proposed the surplus stay in the activity.

4.8.2 Commercial Property

The activity has a surplus of \$20k (predominantly funded from lease income) across the two commercial properties in this activity being 183 Queen Street and the Mapua Precinct. A fuller report is provided to the Commercial Committee on these areas.

4.8.3 Motueka Harbour & Coastal Works Reserve Fund

This has a surplus balance of \$309k, due to \$550k being committed as a loan to facilitate the new Harbour Master facility planned for Port Motueka. The balance is to stay in this fund as it is built back up from net rental income, and interest and repayments from the Motueka Campground advance.

Any future spend from this account will be applied in line with the Motueka Harbour and Coastal Works Account policy.

4.8.4 Port Tarakohe

This activity has a deficit of \$810k (predominantly funded from fees). Port Tarakohe made a loss of \$170k in the 2017-18 year. It is proposed the deficit stays in the activity in accordance with the Port Development Plan.

4.8.5 Aerodromes

The activity has a deficit of \$1k (predominantly funded from general rates/fees). Motueka Aerodrome has a surplus of \$53k, offset by a deficit relating predominantly to the Takaka Aerodrome.

The governance and operational aspects of Takaka Aerodrome are now in line with other commercial assets via the introduction of an Advisory Group and full operational control by Council. It is proposed the deficit stay in the activity.

4.8.6 Forestry

The activity has a surplus of \$8.958m (funded from forestry revenue). The forestry activity had another strong year with a surplus over budget of \$2.7m. Part of the Forestry surplus and future income will be required as part of the Waimea Community Dam funding proposal.

4.8.7 Community Boards

Both Community Boards remain in surplus (in total \$142k) and are managed by the respective boards (funded from targeted rates). The surplus increased by \$11k in 2017-18 as the Motueka Community Board only spent \$11k of its \$49k budget on special projects. It is proposed the surplus stay in the activity.

4.8.8 Business Rates

The two business rates have a slight surplus of \$9k (predominantly funded from targeted rates). It is proposed the surplus stay in the activity.

4.8.9 Council/Governance

The activity has a surplus of \$155k (funded from general rates). The Council rate every year for a third of the amount that is spent every three years on the local body elections. As the elections occurred in October 2016, the balance declined to accommodate the three years of costs. It is proposed the surplus stay in the activity to fund the 2019 elections.

4.8.10 General Disaster Fund

The Fund has a balance of \$3.89m against a target balance of \$6.5m plus inflation. The Fund increased by \$507k in the year. No funds were called on to manage the impact of Cyclone Gita/Fehi costs. \$532k has been recommended to be transferred to this Fund from the Parks and Reserve surplus.

4.8.11 General Rate Growth Fund

This fund has a balance of \$344k and is the result of the district having more growth than planned. In 2017-18 there was an additional \$205k of rates revenue however SMT made a decision to use \$295k of the fund to pay off some of the building deficit associated with the Weather Tight Homes payout. It is recommended that Council formally endorse the SMT decision.

In 2015-16 Council resolved to fund \$50k for special grants annually if the balance of this account was sufficient. As such paragraph 4.7.6 has recommended this to Council for the 2017-18 financial year. The top up amount to get back to the \$50k is \$37.5k.

It should be noted that Council expect another \$200k of additional rates because of growth in the district. Council have already agreed to fund \$75k for a regional growth initiative from this balance. This fund will also be utilised for that, if growth is less than expected.

4.9 Environment and Planning

4.9.1 Compliance Monitoring

The activity has a surplus of \$49k (funded from general rates and recoveries) after making a loss for 2016-17 of \$41k due to income from annual charges being down from budget expectations.

It is proposed that the balance of \$49k stay in the activity given that we do not budget for the full legal costs associated with this activity because of their variable nature. Also we cannot always guarantee that fines match the related costs that are incurred.

4.9.2 Environmental Information

The activity has a surplus of \$104k (predominantly funded from general rates) due to not completing all budgeted work streams. It is recommended that \$103k is used to complete operating projects. These are listed in Attachment 2.

It is proposed that the small remaining surplus stay in the activity.

4.9.3 Challies Wetland

The activity has a surplus of \$177k (funded from fees) and this is tagged for future enhancement work along the Waimea River Park. In the recently tabled Capital Carry Over Report it was proposed to carry over \$80k of capital expenditure. This is being funded directly from the opening surplus.

The surplus should be left in the activity.

4.9.4 Mapua Rehabilitation

The activity has a surplus of \$31k (predominantly funded from a targeted rate). The surplus is predominantly from the carried over surplus of \$28k from 2015-16.

The intention is that once the rehabilitated land is sold, the proceeds, along with any other outstanding targeted rate surplus, will go towards repaying the remaining outstanding loans and discontinuing the rate at that point. Council have placed the sale on hold while they consider the wider strategy for the area.

The latest valuation for this land done by Quotable Value as at 30 June 2016 is \$2.7m. The land is to be reviewed as part of a wider Mapua Development Strategy, any eventual sale of this land will be managed by the Property Manager. The internal loan for this activity at 30 June 2018 is \$897k.

It is proposed that the activity surplus of \$31k stay in the activity.

4.9.5 Sustainable Management

The activity has a surplus of \$42k (predominantly funded from general rates), predominantly from the carried over surplus of \$50k from 2015-16. It is recommended that a further \$20k is used to complete operating projects. These are listed in Attachment 2. This activity performed close to budget. It is proposed that the surplus stay in the activity.

4.9.6 Environmental Policy

The activity had a deficit of \$149k (predominantly funded from general rates) in 2017-18 due to costs associated with legal fees from the Environmental Court appeals on the TRMP changes and legal and expert witness costs associated with the Te Waikoropupu Water Conservation order hearing which occurred earlier than anticipated. This deficit has been offset from within other E&P activities.

4.9.7 Resource Consents

The activity was in deficit by \$397k as a result of costs associated with consultancy around sub division and Land use. This deficit has been offset from within other E&P activities.

4.9.8 Warm Tasman Homes

The activity has a surplus of \$1k (funded from a targeted rate) and reflects the “loans” being carried that will be recovered via targeted rates over time. No new loans are being drawn down.

The recommendation is that the surplus remains in the activity.

4.9.9 **Emergency Management**

The activity has a surplus of \$258k (predominantly funded from general rates), most of which is a carryover balance from prior years.

A small surplus of \$42k was made in 2017-18 mainly due to staff time and general operating costs on this activity being down on budget. It is proposed that due to the unpredictable nature of Emergency Management costs the surplus of \$258k stay in the activity.

4.9.10 **Regulatory**

The activity has a deficit of \$1k (funded from general rates and fees).

4.9.11 **Building Control**

The activity incurred a deficit of \$660k (predominantly funded from fees) in 2017-18. This comprises:

- 1) \$300k relating to additional consultancy fees and staff costs required to ensure building consents were processed within statutory timeframes due to a lack of internal capability and extra activity. While this was partially offset in additional income, it still resulted in a large deficit in the account.
- 2) \$340k relating to unbudgeted costs in relation to Weather Tight Home claims, including Council's legal and consulting fees and some settlement payments made during 2017-18.

The deficit will be paid off with \$295k of rates growth account funds with the balance coming from other areas of E&P. This brings the activity balance back to nil for the start of the 2018-19 year.

4.9.12 **Abel Tasman Foreshore Account**

The activity has a surplus of \$514k (predominantly funded from fees) and is due to accumulated funds collected from concessionaries operating across the Abel Tasman Foreshore Reserve, net of disbursements.

These funds are collected under a delegated arrangement from the Minister of Conservation and are disbursed in agreement with the Department of Conservation. The surplus will remain in the activity.

4.9.13 **Dog Control**

The activity has a surplus of \$4k (predominantly funded from fees and charges). It is proposed that the surplus stay in the activity.

4.10 **Engineering**

4.10.1 **Coastal Works General Account**

The activity has a surplus of \$362k (funded from general rates). A surplus was made in 2017-18 because budgeted costs associated with Jackett Island were not incurred. It is proposed that the remaining surplus stay in the activity.

4.10.2 **Torrent Bay**

The activity has a surplus balance of \$187k (predominantly funded from targeted rates) because sand replenishment work is done once every three years while rates

are collected evenly across the same period. The next sand replenishment work is planned to occur in 2018-19. It is proposed that the surplus stay in the activity.

4.10.3 **Ruby Bay Seawall**

The activity has a surplus of \$6k (funded from targeted rates).

The recommendation is that the surplus remains in the activity.

4.10.4 **Mapua Stop Bank**

The activity has a deficit of \$21k (funded from targeted rates). The deficit arose because of a \$75k spend on unplanned maintenance.

The recommendation is that the deficit remains in the activity.

4.10.5 **Subsidised Roothing**

The activity has a surplus of \$198k. A deficit of \$112k was incurred in 2017-18 which, considering the huge disruption caused by the two cyclones, was a reasonably positive result.

It should be noted that the Roothing Emergency Fund now has a zero balance as a result of the two cyclones. The reserves balance of \$3.2m was used to fund the costs that were not covered by NZTA.

It is proposed that the surplus of \$198k stay in the activity.

4.10.6 **Non-subsidised Roothing**

The activity has a surplus of \$895k (predominantly funded from general rates). A surplus of \$534k occurred in 2017-18 as a result of interest savings because of better rates and a lower capital spend than forecast.

\$314k of capital works listed in the appendix to the capital carry over report need to be funded from this opening balance.

It is recommended that \$200k is used to repay internal debt. It proposed that the remaining surplus of \$300k stay in the activity.

4.10.7 **Carpark Account**

The activity has a surplus of \$58k (predominantly funded from fees and charges). The surplus has arisen from rental properties in Lower Queen Street that were initially not budgeted for.

It is proposed that the surplus of \$58k stay in the activity for the purchase of land required for car parking.

4.10.8 **Cobb Valley Subsidy/Non Subsidy**

The activity has a surplus of \$222k (part funded from an external agency) and it is proposed this remain in the activity to allow for variable maintenance costs.

4.10.9 **Tasman Great Taste Trail**

The activity has a deficit of \$340k. This was caused by significantly higher maintenance costs due to storm events

However the deficit position is timing in nature with funds expected from the Cycle Trust. At this point the project is focusing on Memorandum of Understandings with

land owners and having firm commitments from central Government and the Cycle Trust about ongoing funding.

The recommendation is that the deficit remains in the activity.

4.10.10 Rivers & Flood Protection

The activity has a deficit of \$172k (predominantly funded from targeted rates). The deficit has arisen because of adverse weather events that occurred this year and also MCDEM declining an emergency claim for the 2010 Aorere flood event.

The 2019-20 Annual Plan will need to provide for additional rating to recoup this deficit and also to replenish the Classified River Emergency Fund.

4.10.11 Motueka Flood Control Project

The activity has a small surplus of \$2k and an outstanding loan of \$181k. The activity is being funded by a targeted rate set in the Long Term Plan 2018-2028, which will discontinue from June 2020.

It is proposed that the surplus stay in the activity.

4.10.12 Classified Rivers Emergency Fund

The fund has a small deficit balance of \$2k. The fund was used this year to fund a historic Aorere flood event and the impact of the two cyclones in February. The 2019-20 Annual Plan will need to provide for additional rating to recoup this deficit and also to replenish the Classified River Emergency Fund.

4.10.13 Solid Waste General

The activity has a surplus of \$290k (predominantly funded from fees and charges). This was a decline as a result of \$500k of the \$4.2m payment to Nelson City Council re the Solid Waste Joint venture coming from the opening surplus position. This was budgeted to occur.

It is recommended that \$17k is used to complete operating projects. Attachment 2 lists the project and reason for the carry over. It is proposed that the surplus of \$295k stay in the activity.

4.10.14 Solid Waste - Waste Minimisation

The activity has a surplus balance of \$375k (funded from an external agency). It is audited externally by a Government agency and as such can only be used on waste minimisation activities.

The surplus of \$375k will stay in the activity. This balance is budgeted to be spent over the coming years.

4.10.15 Stormwater

The activity has a surplus of \$690k. It is recommended that internal debt of \$247k is paid off.

It is also recommended that a further \$143k is used to complete operating projects. These are listed in Attachment 2. It is proposed that the remaining surplus of \$300k stay in the activity.

4.10.16 Wastewater

The activity has a surplus balance of \$1.63m (funded from a targeted rate). It is recommended that internal debt of \$1.08m is paid off because of savings in interest costs and because of less Nelson Regional Sewerage Business Unit costs than budgeted.

It is also recommended that a further \$257k is used to complete carried forward operating projects. These are listed in Attachment 2. It proposed that the remaining surplus of \$300k stay in the activity.

4.10.17 Urban Water Supply

The activity has a surplus balance of \$1.04m (funded from a targeted rate). It is recommended that internal debt of \$645k is paid off.

It is also recommended that a further \$92k is used to complete operating projects. These are listed in Attachment 2. It proposed that the remaining surplus of \$300k stay in the activity.

4.10.18 Motueka Water

The activity has a surplus of \$256k (funded from a targeted rate). The surplus has arisen for a number of reasons, including: lower interest rates as the capital works programme has been delayed; less overheads, and less maintenance work being required.

It is proposed that the surplus of \$256k stay in the activity.

4.10.19 88 Valley Water Supply

The activity has a deficit of \$114k (funded from a targeted rate).

It is proposed that over the life of the LTP 2018-2028 the opening deficit will be paid off as Council increases rates over time for this scheme. This would be consistent with the previous LTP.

4.10.20 Dovedale Water Supply

The activity has a deficit of \$307k (funded from a targeted rate).

It is proposed that over the life of the LTP 2018-2028 the opening deficit will be paid off as Council increases rates over time for this scheme. This would be consistent with the previous LTP.

4.10.21 Redwood Valley Water Supply

The activity has a deficit of \$185k (funded from a targeted rate). The deficit increased by \$32k in 2017-18 as maintenance work was incurred over budget.

It is proposed that over the life of the LTP 2018-2028 the opening deficit will be paid off as Council increases rates over time for this scheme. This would be consistent with the previous LTP.

4.10.22 Wai-iti Dam Water Supply

The activity has a surplus of \$26k (funded from a targeted rate). It is recommended that a further \$64k is used to complete operating projects. Attachment 2 lists the project and the reason for the carry over.

As a result of the carry over the scheme will be in deficit – as part of the LTP 2018-2028 the deficit will be paid off as Council increases rates over time for this scheme.

4.10.23 Takaka Firefighting Water Supply

The activity has a surplus of \$89k (funded from a targeted rate). This is an increase of \$39k from the previous year which was less than expected because more maintenance work was carried out during the year than planned. It proposed that the surplus of \$89k stay in the activity.

4.10.24 Hamama Water Supply

The activity has a surplus balance of \$45k (funded from a targeted rate), an increase of \$2k on the previous year. It is proposed that the surplus of \$45k stay in the activity.

4.11 Overhead Areas

4.11.1 Community Development

The overhead area has a surplus of \$260k associated with salary saving and not completing some one-off operational projects.

It is recommended that \$260k is carried over for completion of the work as outlined in Attachment 2 which also lists the reason for the carry over.

4.11.2 Corporate Services

The overhead area has a surplus of \$174k associated with salary saving and not completing some one-off operational projects.

It is recommended that \$174k is carried over for completion of the work as outlined in Attachment 2 which also lists the reason for the carry over.

4.11.3 The majority of the surplus relates to the internal Treasury Cost Centre which has a surplus of \$600k as a result of savings due to more favorable interest rates than budgeted for. Reasons include:

- Lower interest rates due to favorable global economic conditions,
- Prudent decision making around the management of Council's Treasury Management function;
- Direct operating expenditure lower than planned, meaning funds received could be used to retire debt which in turn meant less interest expense.

The reduction in borrowing costs was passed on to the related activities. It is proposed that the surplus of \$600k stay in the activity to allow for the offsetting of future interest rate rises.

5 Options

5.1 **Option 1** – Not approve the recommendations.

If Council did not endorse the recommendations, staff would require direction about what to do with the management of activity balances. More work would be undertaken with staff coming back to Council once this work was complete to get further direction.

5.2 **Option 2** – Approve the recommendations. Staff will action the recommendations.

5.3 **Option 3** – Some recommendations are approved and others are declined. The specific impact will need to be discussed at the meeting. Staff would action the approved

recommendations and provide Council with the associated impact on rates, debt etc. at a future Council meeting.

6 Strategy and Risks

- 6.1 There is a reputational risk should Council not be seen to balance the opportunities the overall surplus creates and the need for financial prudence, in particular the strong emphasis in the Financial Strategy for reducing debt.

7 Policy / Legal Requirements / Plan

- 7.1 There are no policy or legal matters that require further consideration.

8 Consideration of Financial or Budgetary Implications

- 8.1 With several committed projects from 2017-2018 year under way, the carryover of funding is necessary to prevent an impact on the current year's budgets and a reduction in the current work programmes.
- 8.2 The impact of the operational surplus is already reflected in the reported external debt. Using the activity balances surpluses other than for internal transfers or reduction of internal loans will increase external debt.
- 8.3 Reductions in internal loans and deficit balances will reduce funding requirements for the activity going forward. All other things being equal this will assist in holding rates and fees and charges at or below the level proposed.
- 8.4 Holding reasonable surpluses within an activity provides for financial resilience and smoothing of rates increases.

9 Significance and Engagement

- 8.1 This is a matter of low significance in terms of the Council's policy on significance and engagement, therefore we consider formal engagement with the Community is not required for making decisions contained within this report.
- 8.2 The management of surpluses is of low to moderate public interest as the recommendations all use the balances for the benefit of the ratepayer, and are guided by the Financial Strategy included with the LTP 2018-2028.

9 Conclusion

- 9.1 Activity balances have been reviewed with a recommendation made on the prudent management of the surplus/deficit position in that activity. The recommendations balance debt reduction, financial resilience and additional operational spending. They will also assist in rates reductions in the medium term.

10 Next Steps / Timeline

- 10.1 The decisions made will be incorporated into the revised 2018-19 budgets.

11 Attachments

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2. Activity Balances Carryovers 2017-18 to 2018-19	85

Summary of Activity Balances

ENVIRONMENT & PLANNING	Opening Balance	Movement 17/18	Current Closing Balance	Repay Internal Loans	Fund Carry Overs	Transfers	Remaining Balance
BUILDING CONTROL	0	636,000	636,000	0	0	(636,000)	0
ENVIRONMENTAL MANAGEMENT	522,015	0	522,015	0	(123,000)	781,000	1,180,015
EMERGENCY MANAGEMENT	215,363	42,311	257,674	0	0	0	257,674
REGULATORY SERVICES	379,772	137,637	517,409	0	0	150,000	667,409
TOTAL ENVIRONMENT & PLANNING	1,117,150	815,948	1,933,098	0	(123,000)	295,000	2,105,098
ENGINEERING							
COASTAL STRUCTURES	484,266	50,382	534,648	0	0	0	534,648
RIVERS & FLOOD PROTECTION	1,100,991	(1,270,540)	(169,549)	0	0	0	(169,549)
ROADING	720,721	312,095	1,032,816	(200,000)	(314,000)	0	518,816
SOLID WASTE	1,003,079	(332,511)	670,568	0	(17,000)	0	653,568
STORMWATER	337,000	353,354	690,354	(247,000)	(143,000)	0	300,354
WASTEWATER	600,000	1,035,706	1,635,706	(1,078,000)	(257,000)	0	300,706
WATER SUPPLY	454,070	398,589	852,659	(645,000)	(156,000)	0	51,659
TOTAL ENGINEERING	4,700,127	547,075	5,247,202	(2,170,000)	(887,000)	0	2,190,202
COMMUNITY DEVELOPMENT							
SPECIAL PURPOSE COMMITTEES	569,643	(50,248)	519,395	0	(82,000)	0	437,395
LIBRARIES	223,000	70,040	293,040	0	(37,000)	0	256,040
MUSEUMS	29,559	5,647	35,206	0	0	0	35,206
PARKS & RESERVES	1,645,869	47,345	1,693,214	0	(661,000)	(532,214)	500,000
ENVIRONMENTAL RELATIONS	28,648	29,122	57,770	0	0	0	57,770
COUNCIL GRANTS	362,264	(48,092)	314,172	0	(43,000)	37,500	308,672
COMMUNITY FACILITIES	646,201	(232,653)	413,548	0	(285,000)	0	128,548
COMMUNITY HOUSING	180,901	(26,198)	154,703	0	(15,000)	0	139,703
COMMUNITY RECREATION	88,164	43,074	131,238	0	(44,000)	0	87,238
TOTAL COMMUNITY DEVELOPMENT	3,774,249	(161,963)	3,612,286	0	(1,167,000)	(494,714)	1,950,572
COUNCIL ENTERPRISES							
AERODROMES	(21,211)	20,450	(761)	0	0	0	(761)
FORESTRY	5,893,736	3,064,264	8,958,000	0	0	0	8,958,000
PORTS	(639,511)	(170,492)	(810,003)	0	0	0	(810,003)
COMMERCIAL PROPERTY	87,780	(67,462)	20,318	0	0	0	20,318
CAMPING GROUNDS	59,259	162,357	221,616	0	0	0	221,616
TOTAL COUNCIL ENTERPRISES	5,380,053	3,009,117	8,389,170	0	0	0	8,389,170
GOVERNANCE							
BUSINESS RATE	7,098	2,000	9,098	0	0	0	9,098
COMMUNITY BOARD	131,530	10,745	142,275	0	0	0	142,275
COUNCIL/GOVERNANCE	119,181	36,000	155,181	0	0	0	155,181
TOTAL GOVERNANCE	257,809	48,745	306,554	0	0	0	306,554
TOTAL OPERATIONAL ACTIVITY BALANCES	15,229,388	4,258,922	19,488,310	(2,170,000)	(2,177,000)	(199,714)	14,941,596
NON OPERATIONAL ACTIVITY BALANCES							
DEVELOPMENT CONTRIBUTIONS	1,644,094	3,016,160	4,660,254	0	0	0	4,660,254
RESERVE FINANCIAL CONTRIBUTIONS	5,727,572	1,210,545	6,938,117	0	(3,310,000)	0	3,628,117
MOTUEKA HARBOUR & COASTAL WORKS ACCOUNTS	729,838	129,112	858,950	0	0	0	858,950
WARM TASMAN HOMES	(52,857)	53,891	1,034	0	0	0	1,034
CHALLIES WETLAND	219,629	(42,957)	176,672	0	(80,000)	0	96,672
ABEL TASMAN FORESHORE	377,688	136,280	513,968	0	0	0	513,968
RATES GROWTH RELATED	138,884	205,584	344,468	0	0	(332,500)	11,968
RIVERS EMERGENCY FUND	1,109,000	(1,111,456)	(2,456)	0	0	0	(2,456)
STORMWATER DISASTER FUND	210,904	110,602	321,506	0	0	0	321,506
PARKS DISASTER FUND	110,144	82,026	192,170	0	0	0	192,170
WASTEWATER DISASTER FUND	75,000	76,446	151,446	0	0	0	151,446
ROADING DISASTER FUND	1,786,289	(1,751,858)	34,431	0	0	0	34,431
GENERAL DISASTER FUND	3,379,009	507,520	3,886,529	0	0	532,214	4,418,743
TOTAL NON OPERATIONAL ACTIVITY BALANCES	15,455,194	2,621,895	18,077,089	0	(3,390,000)	199,714	14,886,803
TOTAL ACTIVITY BALANCES	30,684,582	6,880,817	37,565,399	(2,170,000)	(5,567,000)	0	29,828,399

Tasman District Council Activity Balances Carry Over 2017/2018 to 2018/2019

Description	Actual Expenditure \$	Approved budget (incl. previous carryovers) \$	Committed Works \$	Work to be initiated \$	Carry over to 2018/19 Budget \$	Reason for Carry Over	Expected Completion Date
Environmental & Planning							
GIS based Riparian Assessment	90,991	21,230	20,000	12,000	12,000	GIS based Riparian Assessment - \$15k of the initial \$20k - only partially complete due to contractor delays	Dec-18
Taiwan Cherry eradication project	-	-	20,000	20,000	20,000	As part of the Regional Pest Management Plan Councillors agreed to initiate a total eradication programme for Taiwan Cherry (& Asian Knot Weed and Mediterranean Fan Worm). While this is a \$50k project staff believe that \$20,000 would be enough to make major inroads to the infestation in the first year.	Jun-19
Aorere at Devils Boots land access easement and legal costs -	90,991	21,230	13,000	11,000	11,000	delayed due to legal process, currently sitting with LINZ and lawyers to enact the easement	Dec-18
HAIL project	-	-	-	40,000	40,000	The funds will be used to develop a Site Contamination Register (or Hail) system that replaces the existing system. This new system will allow us to meet new central government regulations as well as our additional reporting needs. IS led project to build a HAIL web site that would support the internal management of contaminated sites and become a template for other database management at Council using the 0200 surplus and transfer to the GL 4106253811 – Site Support – Data.	Jun-19
Air Quality in Motueka	-	10,200	-	40,000	40,000	Motueka is the second largest town in Tasman District, with a population of approximately 6,700 residents in 2014. Many Motueka residents use wood burners during winter to heat their homes. Rural Motueka and neighbouring Riwaka is a hub for horticultural activities and traditionally outdoor fires have been used as a low cost and efficient means to dispose of vegetation waste. In recent years Council has received a number of complaints regarding large outdoor fires in these areas in relation to smoke nuisance and visual amenity effects and concerns regarding human health impacts. There is currently no permanent air quality monitoring station in Motueka. To better understand existing air quality issues in the area it is necessary to establish baseline information through temporary monitoring over winter months when air quality is at its seasonally worst. This information will also be used to help inform broader air quality research to understand if there is a relationship between air 'catchments' in Tasman Bay (Richmond to Riwaka).	May to September 2019
Total Environmental & Planning					123,000		
Community Relations							
Creative Communities Grants Paid	41,033	44,275			3,242	External funding received from Creative NZ. We need to account for and report on the purpose for which it was provided. Our budget needs to reflect the reported carry forwards to external funder.	Jun-19
Sport NZ Rural Travel Fund Grants	18,645	21,219			2,574	External funding received from Sport NZ. We need to account for and report on the purpose for which it was provided. Our budget needs to reflect the reported carry forwards to external funder.	Jun-19
Get Moving Active Communities Project	19,835	48,069			28,234	External funding received from Sport NZ. We need to account for and report on the purpose for which it was provided. Our budget needs to reflect the reported carry forwards to external funder.	Jun-19
Youth Development Projects	-		10,000		10,000	Council applied for and received \$20,000 from MYD in 2014/15 (paid into 1406101702). Spent \$10,000. Should have carried forward the remaining \$10,000 to the Tasman Youth Council Thorp Bush youth space development total cost \$10,000. Transfer from 1406252607/08 & 09 to 1406252612.	
Recreation Youth Strategy	-	5,330				Transfer to 1406252612 for Tasman Youth Council Thorp Bush youth space development total cost \$10,000.	Jun-19
Connections - Youth Link	8,000	11,558				Transfer to 1406252612 for Tasman Youth Council Thorp Bush youth space development total cost \$10,000.	Jun-19
Street Ambassadors	17,479	20,744				Transfer to 1406252612 for Tasman Youth Council Thorp Bush youth space development total cost \$10,000.	Jun-19

Total Community Relations					44,050		
Environmental Relations							
Environmental Education Consultants	4,663	20,818	6,000		6,000	Contract delayed with staff change overs	Dec-18
Community Grants	155,931	207,089	36,912		36,912	Council community Grants Subcommittee allocated \$192,843 at the 31 August 2017 meeting. \$155,931 has been processed leaving \$36,912 that hasn't been invoiced.	
Total Environmental Relations					42,912		
Community Facilities							
Aquatic Maintenance	18,327	113,476			95,000	transfer \$95,000 to plant for necessary replacements.	
Total Community Facilities					95,000		
Library							
Motueka Library Consultancy Fees	12,841	50,000		37,159	37,159	Budget was allocated for costs involved in the feasibility study, consultation and initial planning for the Motueka Library redevelopment project. Only the feasibility study has been completed to date.	
Total Library					37,159		
Reserve Financial Contributions							
Golden Bay Picnic areas general	-	21,961			21,961	Provision of furniture for coastal reserves	Jun-19
Golden Bay Art Works	-	21,000			21,000	Provide support for entranceway to Takaka project	Jun-19
Golden Bay Gardens General	-	24,262			24,262	Planting of coastal reserves	Jun-19
Golden Bay East Takaka walkway community project	-	6,062			6,062	Continuing support for walkway project	Jun-19
Golden Bay Small Wharf rebuild	-	40,000			40,000	Continuing support for wharf rebuild project	Jun-19
Golden Bay Takaka Drama Society new roof	-	40,000			40,000	Continuing support for Takaka Drama Society roof	Jun-19
MW 'Waimea River Park	-	20,685			20,685	Facilities for river park	Jun-19
MW 'Waimea Garden General	360	30,185			29,825	Facilities for gardens	Jun-19
MW Community Contribution	-	51,000			51,000	Mapua skatepark and playground additions additions	Jun-19
Motueka Coastcare	24,449	35,676			11,227	Working with community coastal frontage Alex Ryder Memorial Reserve	Jun-19
Motueka Museum	-	24,000			24,000	Ongoing development Museum building	Jun-19
Motueka Cemetery	-	14,479			14,479	Wayfinding signs at Cemetery	Jun-19
Motueka WW Tapu/Stephens	-	30,000			30,000	Continuing walkway development	Jun-19
Motueka Picnic General	1,200	7,812			6,612	Facilities for picnic areas	Jun-19
Motueka Lib Invest & Concept Plans	-	25,000			25,000	Work in progress need to retain	Jun-19
Motueka Community Contribution	16,908	51,050	21,000		34,142	Motueka Arts Council Artwork contribution, Motueka youth facilities at Skatepark etc	Jun-19
Richmond Community Contribution	-	51,050			51,050	Richmond Skate park facilities lights etc new playground equipment items at various reserves	Jun-19
Total Reserve Financial Contributions					451,305		
Parks & Reserves							
P/R Contract documentation	-	15,315			15,315	For upcoming contract renewal	Jun-19
P/R General Consultancy	30	17,357			17,327	For upcoming contract renewal	Jun-19
Cemeteries Richmond Maintenance	267,364	310,863			43,499	Richmond Cemetery development of new ash interment area	Jun-19
P/G Richmond Maintenance	769,639	904,103			134,464	TIF toilet top up \$20,000, Richmond Reseal reserve carparks \$80,375	Jun-19
Gateway Projects	-	11,698			11,698	Gateway signage and sculpture maintenance	Jun-19
Sportsfields	659,959	958,101			298,142	Surplus from total output, continue with larger sportsfield carpark resealing projects and new training lights Golden Bay Rec Park	Jun-19
Moturoa/Rabbit Island	366,035	506,911			140,876	Surplus from total output, funds to assist ongoing repair work from storm damage	Jun-19
Total Parks & Reserves					661,321		
Special Purpose Committee							
Halls Repairs & Maintenance	119,847	179,205			59,358	For ongoing repairs and maintenance of Halls	Jun-19
Halls Seismic Assessments	-	22,053			22,053	To continue with building checks and desktop reports	

Total Special Purpose Committee					81,411			
Community Development								
Training & Seminars	6,481	15,928		10,924	9,447	Training for the large number of new staff across the customer services offices by an external training for professional customer service skills. This will be two one day workshops and two half day workshops. We will also be undertaking armed holdup training and leadership development for new team leaders.	Oct-18	
Training & Seminars	702	4,901		2,856	4,199	Training for the large number of new staff across the customer services offices by an external training for professional customer service skills. This will be two one day workshops and two half day workshops. We will also be undertaking armed holdup training and leadership development for new team leaders.	Oct-18	
Training & Seminars	315	4,901		2,856	4,586	Training for the large number of new staff across the customer services offices by an external training for professional customer service skills. This will be two one day workshops and two half day workshops. We will also be undertaking armed holdup training and leadership development for new team leaders.	Oct-18	
Consultants					60,000	\$60K tsfr from Iwi Consulting		
Iwi Consultancy	11,624	141,680			130,000	Unfortunately we have not been in a position to contract in help this year to improve our capability in the iwi space. These funds will be spend over the coming year. \$60K transferred to General Consulting		
Growth Strategy	-	31,120			31,000	We will be using funds to update our growth model this year in time for work on our LTP 2021-2031		
TIF Feasibility	-	30,000			30,000	Our contribution to the development of a feasibility study for Marahau if TIF bid is successful. Expect to hear August/Sept 2018		
Residents survey	23,600	33,046			9,000	Councillors have asked that we conduct additional survey questions on a ward basis - this would allow us to conduct indepth survey in a chosen ward next year.		
Total Community Development					278,232			
Corporate Services								
Consultants	10,361	55,000			45,000	Internal Audit work we've had to postpone, Training material design.	Jun-19	
Temp Staff	20,129	-			25,000	Cover over vacancies	Jun-19	
Murchison SC Maintenance	2,396	9,358			6,962	Required for unbudgeted painting in 2018/19	Oct-18	
Site Support	5,000	46,232	-		40,000	Need to fund extra contract resource in Ops team to respond to growth in organisational demand	Dec-18	
Misc Consulting	8,815	36,756	Nil	27,941	27,941	Rabbit Island signage work is in design stage, no budget available re 2018-19.	Dec-18	
H&S Publicity	-	1,316	30,630	Nil	29,314	29,314	Production and installation of above signs, no budget available re 2018-19.	Dec-18
Employee Connect - R&M	22,032	21,420			48,052	Replacement HRIS (ELMO) system including one off implementation costs	Feb-19	
Total Corporate Services					222,269			
Engineering Services								
Water								
Wai-iti Dam contract	32,070	84,352		52,282	52,282	Works to repair face of dam		
Wai-iti dam safety review	2,785	11,726	11,726		11,726	Ongoing work to meet dam safety requirements		
Consultants	15,974	60,762		44,788	44,788	investigations		
Demand, Flow ,Leakage, Modelling	98,588	156,272	10,000	47,684	47,684	modelling work already committed and increased leak detection work, related to no dam scenarios.		
Total Water					156,480			
Wastewater								
I/I Strategy and Programme	99,341	231,383	11,739		132,042	Last years carry overs initially in wrong GL so not aware of additional \$ available to continue programme	Ongoing programme	
CCTV Inspections & Data Capture	133,710	223,974	599		90,264	Last years carry overs initially in wrong GL so not aware of additional \$ available to continue programme. CCTV planned for all of Motueka	Ongoing programme	
General Operations	4,411	10,210	3,420		3,420	Water Outlook set up costs		
Consent Monitoring	31,438	51,050	5,000		5,000	Tiakina CHI	Sep-18	

Trade Waste Implementation	1,545	20,420		15,000	15,000	50% cost share with Fonterra for pH & DO sensor for Takaka	Sep-18
Wastewater Electricity	257,949	251,045			-	Overspend	
O&M Contract Tender	25,221	36,756			11,535	To fund last part of Contract	
Total Wastewater					257,260		
Stormwater							
Catchment Management Plans	81,700	181,524	15,000	84,000	99,824	Finish CMP Richmond and Motueka and option analysis	Ongoing
Feasibility Studies	1,250	40,840	40,000	-	39,590	To develop stream management guidelines	Mar-19
Operation and Maintenance Contract Tender	8,407	12,252			3,845	To fund last part of Contract	
Total Stormwater					143,259		
Solid Waste							
WA and WMMP	14,982	31,514	2,500	14,032	16,532	Waste management and minimisation plan in progress	Dec-18
Total Solid Waste					16,532		
Roading							
Designations	6,447	102,100	95,000		95,000	Designation review underway and on track for completion in 2018	Dec-18
Regional Land Transport Planning	-	51,958	51,958		51,958	Richmond NOF project underway - modelling contracted to Ableys	Mar-19
Feasibility studies	6,409	40,840	34,431		34,431	Bus service extension investigation underway	Dec-18
Total Roothing					181,389		
GRAND TOTAL					2,791,579		

8.5 CAPITAL CARRYOVERS 2017/18 TO 2018/19

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Matthew McGlinchey, Finance Manager
Report Number:	RCN18-09-10

1 Summary

- 1.1 The process of carrying forward budgets is the mechanism Council uses to transfer funding across financial years.
- 1.2 Council approval is sought to carry forward capital budgets into the 2018/2019 financial year to the value of \$24.2m. This brings the total capital forecast for 2018/2019 to \$65.2m. Expenditure was approved for the works proposed to be carried over as part of the previous year's budgets. The Programme Delivery Manager, Russell McGuigan expects to have spent up to \$10m of this carry over by the end of the September.
- 1.3 The primary reason that budgets are requested to be carried over is because the work, although committed in the 2017/2018 financial year, will not be paid for until the 2018/2019 year. In some instances the work reflects the wishes of Community Boards.
- 1.4 Some capital projects are funded from operating income (rates), with the unspent funding included in the current activity operating surplus. When these projects proceed the funding will come from the carried forward activity balances.
- 1.5 The overall financial impact of a revised capital programme will be reflected in the September Quarterly Financial reforecast that Council will consider in November.
- 1.6 The approval of the capital carryovers will not result in external debt levels exceeding those forecast in the Long Term Plan 2018/2019.
- 1.7 Further consideration will need to be given to the prioritisation of the work programme for the 2018/19 year, taking into account internal and external capacity and capability. A full reforecast exercise is occurring in October with an indicative programme of work due back to back to Council on 8 November.
- 1.8 In 2017/18 Council spent \$43m against a capital budget of \$45m. This was \$11m more than 2016/17 and significantly higher than the previous five year average of \$29m.

2 Draft Resolution

That the Full Council

- 1. receives the Capital Carryovers 2017/18 to 2018/19 report RCN18-09-10; and**
- 2. approves carrying the proposed budget carryovers totalling \$24.2m, as listed in Attachment 1, into the 2018/2019 financial year.**

3 Purpose of the Report

- 3.1 This report requests Council approve funding for capital projects to be carried forward from the 2017/2018 financial year to the 2018/2019 financial year. This will ensure appropriate expenditure approval is held for the 2018/2019 financial year.

4 Background and Discussion

- 4.1 Each year, as part of the Annual Plan or Long Term Plan process, the Council approves funding for maintenance and operations along with capital projects. Funding of capital and renewal projects is provided from a mixture of general and targeted rates, external sources (e.g. NZTA), loans, development contributions and reserve financial contributions.
- 4.2 The approval of the expenditure in the capital works programme is required prior to Council officers committing to a project and entering into legal and contractual arrangements.
- 4.3 The annual capital carryover report is the mechanism that is used to recognise that some payments will occur in the new budget year but will not have been included in that year's budget. There will be projects approved in the current year capital works budget where the financial cost will also fall into the next financial year. For this reason there is always a budget movement forward across years.
- 4.4 In addition to projects that have legal and contractual commitments at financial year-end, there are a smaller number of projects that were not started and are proposed to be carried forward into the current financial year. The approval for these carry forwards is also sought through this report. The key question around these projects is whether they can be completed within the current year in addition to the programmed capital works.
- 4.5 As is normal, a number of capital projects were unable to be completed and billed by 30 June 2018. This was mostly due to weather events, staff resources and processes around land and consenting issues. This has had no effect on immediate levels of service but we need to carry out some of the work that was not done and complete work already committed to.
- 4.6 While the physical works and construction have continued, approval of budget carryovers are required to ensure funding arrangements are in place for these projects that have crossed over from the 2017/18 financial year.
- 4.7 Attachment 1 provides a detailed list of projects proposed to be carried over, along with the reason the carryover is required. The projects are listed and subtotalled by activity area.
- 4.8 To follow is a summary:

Description	Carry over to 2018/19 Budget \$
Stormwater	7,017,506
Roading	4,580,002
Water Supply	3,408,089
Reserve Financial Contributions	2,859,048
Wastewater	2,670,407
Community Facilities	1,334,486

Corporate Services	1,148,676
Solid Waste	575,258
Parks & Reserves	473,500
Environmental and Planning	90,388
Coastal Structures	70,000
Community Housing	14,705
Total	\$24,242,065

5 Options

5.1 Option 1 – Do not approve the carryover of funding.

Committed project works would need to be stopped. This could expose the Council to penalties being owed to the contractors for stopping the work. Works presently being undertaken would still need to be made safe. If the carryover budgets are not approved the work undertaken since 1 July 2018 would need to be funded from the 2018/2019 budgets.

5.2 Option 2 – Approve the carryover of funding.

The carryover of capital budgets to complete committed works has been a common practice of Council over many years. It will allow works to continue and for present budgets to be retained.

6 Strategy and Risks

6.1 Some of the funding proposed for carryover is part-funding for multi-year projects. If the funding is not carried over, there will be insufficient funding to complete these projects.

6.2 There is financial and reputational risk should the agreed capital works programme, that has been commenced, be curtailed unexpectedly.

6.3 Much of the work being carried over is an implicit part of the overall infrastructure strategy and other Council strategies. A failure to provide appropriate support for the capital programme may compromise those strategies.

6.4 The capital programme for 2018/19, including carry overs is \$65.2m.

6.5 Further work will need to be undertaken to ascertain the full capital works programme that can be delivered for 2018/19 after taking into account the availability of internal and external resources.

7 Policy / Legal Requirements / Plan

7.1 In some instances the Council has engaged contractors to undertake the project construction works. Funding of these projects was approved in the Annual Plan 2017/2018. The intention of the carryover funding is to allow works to continue and for the Council to meet its legal obligations under various physical works contracts.

7.2 There are no policy or legal matters that require further consideration.

- 7.3 Inclusion of an item in the Long Term Plan does not commit Council to completing the programme of work.

8 Consideration of Financial or Budgetary Implications

- 8.1 With committed projects from 2017/2018 year underway, the carryover of funding is necessary to prevent an impact on the current year's budgets and a reduction in the current work programmes.
- 8.2 The proposed carryover from the 2017/2018 approved budget is \$24.2m. This amount is larger than the normal, or average, annual carryover approved in recent years. All of the carryovers are either funded by loans, development contributions, reserve financial contributions and/or operating income including NZTA.
- 8.3 The total capital forecast for the 2018/19 year, once this paper is approved, will be \$65.2m.
- 8.4 The proposed \$24.2m of capital carryovers is funded as follows:
- Internal loans/development contributions/NZTA \$21.3m
 - Opening operational surplus (Activity Balances) \$2.9m
- 8.5 The budgeted amounts being carried forward have been advised to the Corporate Services, Finance section. In some instances the carryover budget is a consolidation of smaller capital projects into one larger amount or one larger project into several smaller in order to better manage the work.
- 8.6 The Annual Report 2018 reports year-end external debt at \$141m. The budgeted opening debt figure from the Long Term Plan 2018/2028 for 2018/2019 was \$159.3m. The \$18.3m variance is made up primarily of the operating surplus from the 2017/2018 year, additional income and the under-spent capital works programme. The approval of the capital carryovers will increase the external debt position, but this will still remain below the estimate included in the Long Term Plan.

9 Significance and Engagement

- 9.1 The level of significance around funding carryovers is considered to be low, in terms of Council's Significance and Engagement Policy. This is due to the projects already being approved in previous budgets. No additional funding is required. The decision to continue funding the projects will support agreed levels of service and does not impact on any strategic assets, so no formal engagement is necessary.
- 9.2 This report is a routine decision. The impact and prioritisation of the full 2018/2019 capital work plans (after allowing for the impact of carryovers) will occur as part of the quarterly financial report and re-forecast of the year end position.

10 Conclusion

- 10.1 The budget capital carryovers are a routine decision that is needed to continue to keep assets and services at the current levels. While the decision will increase current debt levels they will remain below those forecast in the Long Term Plan.

11 Next Steps / Timeline

- 11.1 Approved capital carryover budget items will be loaded into the Council financial system with budget managers accountable for and reporting against this revised budget.
- 11.2 As part of the October year-end re-forecast activity, managers will forecast the financial impacts of their capital works programmes including carried over capital works. This will include prioritisation as to what works can be completed within the capacity and capability constraints we face.

12 Attachments

1. Tasman District Council Capital Carryovers 2017-18 to 2018-19 95

Tasman District Council Capital Carry Overs 2017/18 to 2018/19

Description	Actual Expenditure \$	Approved budget (incl. previous carryovers) \$	Carry over to 2018/19 Budget \$	Reason for Carry Over	Expected Completion Date
Community Facilities					
Aquatic Centre - Retiling	207,707	311,734	290,964	unspent Capital budget tsfr to retiling project as per Susan's 5 April 2018 report to Full Council	Jun-19
Saxton Capital Development	1,768	615,067	810,000	For hockey turf replacement and road construction	Jun-19
Golden Bay Community Facility	19,478	253,000	233,522	Carparking, lighting and drainage	Jun-19
Total Community Facilities			1,334,486		
Reserve Financial Contributions					
GB Walkways/Esplanades	-	48,980	39,060	Funding for Coba subdivision walkway, waiting on issue of 224 certificate	Jun-19
GB Picnic Area/Gardens General	-	4,262	4,262	Furniture item for Takaka Memorial Reserve, waiting on completion of playground installation	Jun-19
GB Cemeteries	-	10,633	10,633	Sign installation, waiting for staff resourcing	Jun-19
GB Coastcare	-	21,299	21,299	Funding for beach replenishment	Jun-19
MW Land Purchases	251,193	305,880	54,687	Provision for reserve purchases	Jun-19
MW Coastcare	-	26,634	26,634	Continuing development of Moturoa/Rabbit Island and McKee Memorial Recreation Reserve	Jun-19
MW Playground General	38,475	69,114	30,639	Continuing development of playgrounds to meet growth needs	Jun-19
MW Playground Equipment	-	64,064	64,064	New playground Richmond South Reserve - Hart or Sabine Dr Reserves	Jun-19
MW Picnic Area/Gardens General	2,725	10,445	7,720	New picnic facilities for reserves	Jun-19
MW Toilets General	-	35,333	35,333	New toilets at Wakefield Reserve	Jun-19
MW Walkways Waimea Inlet	4,415	10,000	5,585	Continuing development of walkways	Jun-19
MW Sportsfields/Tennis Courts	37,037	275,097	238,060	Development of new sportsfields Wakefield/Brightwater	Jun-19
M Land Purchases	8,729	252,493	243,764	Provision for reserve purchases	Jun-19
M Community Projects	7,069	150,387	143,318	Adult fitness equipment and artwork Motueka and Tapu Bay toilet	Jun-19
M Walkways General	25,689	57,320	31,631	Development of walkways Moutere Hills area	Jun-19
M Riwaka Rugby Ground (DSIR)	-	14,500	14,500	Potential Development work	Jun-19
M Coastcare	-	18,111	18,111	Continuing work on coastal area	Jun-19
M Purchase New Reserve	-	255,750	255,750	Provision for reserve purchases including additional land for Sportspark Motueka	Jun-19
Motueka Quay Carpark/Landscaping	-	50,000	50,000	Completion of Stage 2 of project waiting on staff resource	Jun-19
M Sportsfields General	-	78,704	78,704	Facilities for sportsgrounds	Jun-19
M Picnic Area/Gardens General	14,557	31,286	16,729	Ongoing facilities development at Motueka	Jun-19
M Playgrounds General	-	177,797	177,797	Marahau playground development - Newhaven Cres Reserve & Ngapiko Place Reserve	Jun-19
M Sportspark - New Field develop	-	137,216	137,216	Development of new area once purchase complete	Jun-19
Richmond - Security Cam	-	20,849	20,849	Providing additional cameras in reserves	Jun-19
Rich New Reserves	-	265,821	264,295	Provision for land purchase	Jun-19
R Walkways General	-	146,247	146,247	Development of tracks at Dellside Reserve, contribution to Poutama Drain Walkway	Jun-19
Richmond - Walkways Cap	-	10,424	10,424	Continuing facilities for walkways	Jun-19
R Cemeteries	-	53,164	53,164	Roadway extension Richmond Cemetery	Jun-19
RICH NEW RESERVES	-	104,244	104,244	Provision for land purchase	Jun-19
R Toilets General	9,314	227,198	217,884	Toilets at Ben Cooper Park, Easby Park	Jun-19
R. Community Project	-	20,457	20,457	Bill Wilkes Reserve Adult Equipment	Jun-19
Rich Waimea River Park	-	137,318	137,318	Provision of facilities for River Park	Jun-19
R Sportsgrounds general	-	173,670	173,670	Provision of facilities for sportsfields	Jun-19
R Picnic Area/Gardens General	-	5,000	5,000	New park furniture	Jun-19
Total Reserve Financial Contributions			2,859,048		
Parks & Reserves					
TIF Toilet Capital Funding	-	473,500	473,500	Completion of 7 TIF Public Conveniences. \$210k is funded from external provider.	Jun-19
Total Parks & Reserves			473,500		
Community Housing					
Community Housing - Aotea Flats	57,751	72,456	14,705	To continue with heat pump and insulation project	Jun-19
Total Community Housing			14,705		
Corporate Services					
Mapua Wharf Streetscaping	-	32,377	32,377	Retain budget to fund additional planter boxes, and compound to hide recycling bins.	Jun-19
Tarakohe Marina Improvements	970,847	1,345,000	374,153	Delayed project to install new toilets, showers and laundry for marina, plus services.	Dec-18
Port Tarakohe Hardstand	20,106	85,063	64,957	Retain budget to fund improvements to hardstand, ie new top layer, concrete block wall etc.	Dec-18

Description	Actual Expenditure \$	Approved budget (incl. previous carryovers) \$	Carry over to 2018/19 Budget \$	Reason for Carry Over	Expected Completion Date
Motueka Aerodrome Power & Data Reticulation	2,153	95,696	93,543	Project delayed, in design phase and negotiations with Network Tasman.	Jun-19
Motueka Aerodrome Pressure Wastewater System	-	10,633	10,633	As above, all services through same trench.	Jun-19
Earthquake Strengthening	107,346	289,025	227,165	Ongoing assessment of TDC buildings for any necessary earthquake strengthening work required. If the assessor and contractor are available then work may be completed during 2018/19. C/O \$181,679 plus \$45,487 (income) from Lottery Grant.	Jun-19
Main Office refit	37,552	153,000	115,448	Refit main office	Jun-19
Beach Road Shed	-	20,400	20,400	Upgrade of storage sheds for Hydrology and Bio Security	Jun-19
Main Office Generator	-	80,000	80,000	Investigating requirement for a backup generator for IS/emergency	Jun-19
E&P Vehicles	155,216	241,740	50,000	E&P Ford Ranger for Hydrology.	Sep-18
Computer Hardware	255,315	327,000	50,000	Requirement to upgrade TDC PABX ahead of schedule	Dec-18
Computer - Software	62,401	145,000	30,000	Requirement to upgrade TDC PABX ahead of schedule	Dec-18
Total Corporate Services			1,148,676		
Environmental & Planning					
Challies Road, carpark and toilet facilities	42,812	122,400	79,588	The Engineering department had an increased workload during the previous financial year and this project was pushed back. Additionally ES were to contribute to the costs. There is no longer budget available for this and it will now be 100% funded from the Challies project area based on additional royalties gathered this summer. Initial capital from this GL was \$120k in the initial budget but the latest estimate is \$220k. There is to be additional funds entering the account from a new gravel extraction and wetland/pond development planned to occur this coming summer.	Jun-19
Singers & Rogers Classification and zonation	30,000	40,800	10,800	Staff have already signed off on \$30k of this project for work straddling the year end close with a remaining \$10k of initial \$40k to wash up outstanding work. The project had a delayed start due to contractor unavailability.	Jun-19
Total Environmental & Planning			90,388		
Coastal Structures					
Coastal Structures Renewals			70,000	Committed to Mapua wharf seawall renewal	
Total Coastal Structures			70,000		
Roading					
Richmond Queen Street Upgrade	3,651,875	3,809,304	79,343	Required as part of project completion/closeout	Dec-18
Bateup Road Widening	586,374	3,161,409	2,575,035	Construction underway	Mar-19
Poutama Drain Bridge	-	183,600	183,600	Committed to development	Dec-18
Brightwater Town Centre Upgrade	168,679	175,442	6,763	Committed to project, consultant fees commitment	Sep-18
Footpath Rehabilitation	109,456	181,975	72,519	Required for committed works Florence St and High St	Dec-18
Carpark Resurfacing	-	31,270	31,270	Programme of works - asphalt resurfacing of off-street car parking facilities	Jun-19
TIF Toilets	16,521	109,500	92,979	Committed work.	Dec-18
Tasman's Great Taste Trail Construction	47,359	1,419,668	1,358,493	Ongoing commitment for construction, agreement with MBIE	Jun-19
Abel Tasman Drive Curve Widening	-	180,000	180,000	Required to complete widening. Project delayed due to penguin nesting season.	May-19
Total Roothing			4,580,002		
Solid Waste					
Takaka Resource Recovery Centre Upgrade	27,021	76,500	47,823	Detailed design (in progress). Works scheduled for 2018/19 year.	Jun-19
2017/18 Closed Landfill Improvements	- 8,526	259,576	268,102	Budget required for Mariri RRC hazardous waste trench and boundary adjustment (\$100k) with remainder of work at Rototai and old Mariri site.	Mar-19
Richmond Resource Recovery Centre	-	51,000	51,000	Fencing and drainage work at Richmond (in progress).	Dec-18
RRC Health & Safety Improvements	13,690	20,400	6,710	For CCTV cameras in 2018-19 in addition to 2018/19 budget	Dec-18
Enhance extend landfill planting	20,176	134,990	100,000	Planting to commence following consent approval. Balance for contingency funding.	Jun-19
RRC Site Improvements	28,774	112,623	83,849	Carry forward for Richmond pavement and drainage work.	Dec-18
Compactor and Bin Renewals	80,289	96,911	16,622	To fund installation of Richmond compactor in 2018-19	Oct-18
RRC Computers	9,272	10,424	1,152	To fund backup computer	Dec-18
Total Solid Waste			575,258		
Stormwater					
Richmond central improvements	4,108,795	4,530,239	135,000	To cover costs through to completion of defects period	Dec-18
Pohara Main Settlement flood works	92,320	1,187,693	1,095,373	Property negotiations and agreements continue with detailed design. Consent for works to be obtained prior to works.	Jun-19

Description	Actual Expenditure \$	Approved budget (incl. previous carryovers) \$	Carry over to 2018/19 Budget \$	Reason for Carry Over	Expected Completion Date
Lower Queen St Stormwater	436,862	1,196,963	760,101	Scheduled to complete September 2018.	Dec-18
Borck Creek/Poutama Drain Widening 16/17	144,713	164,010	19,297	Funding for completion of design.	Jun-19
Washbourn Gardens Stormwater Bypass	372,144	494,738	122,594	Funding for continuation of design.	Jun-19
Stormwater Quality Improvements	1,152	53,164	52,012	Swale drain to divert paddock flow from Lake Killarney and stream side planting along Reservoir Creek.	Jun-19
Poutama Drain Upgrade	86,393	510,000	423,607	Funding committed to Berryfields Bridge, completion of design and for ongoing work in Borck/Richmond West.	Jun-19
Motueka Poole Street Stormwater Upgrade	575,642	600,000	24,358	Contract complete but in defects period.	Dec-18
Richmond - Deviation Bund Drainage	13,021	153,000	139,979	Awaiting model assessment and option analysis.	Jun-19
Richmond McGlashen Ave Stormwater Impmnts	9,876	160,000	150,124	Awaiting model assessment and option analysis.	Jun-19
2017 Lower Queen St-Waimea Estuary Stormwater	1,482,463	2,813,233	1,330,770	Due for completion in October 2018. Surplus needed for balance of related projects.	Oct-18
2017 Lower Queen St Stormwater Earthworks	318,239	425,390	107,151	Due for completion in October 2018. Surplus needed for balance of related projects.	Oct-18
Richmond West Stormwater Land Purchase	194,572	1,550,000	1,355,428	Funding committed to several land purchases - Poutama Drain and 428 LQS.	Jun-19
Richmond South Stormwater Land Purchase	62470.22	1,000,000	937,530	Land purchases required for Richmond South developments and designations.	Jun-19
Borck Creek Adaptive Plan	0	50,000	50,000	Lower Queen Street stormwater modelling.	Jun-19
Urban Drainage Areas Discharge Consent	31501.75	127,594	96,093	To continue with global discharge consent.	Jun-19
Motueka - Comprehensive discharge consent for UDA	0	51432.48	51,432	Floor level survey Motueka.	Mar-19
Growth Allowance for Stormwater Infrastructure	0	62900.12	62,900	Contribution for development.	Jun-19
Richmond - Ranzau Rd/ Paton Rd/White Rd	0	51000	51,000	Options analysis for upper Borck Creek catchment.	Mar-19
Stormwater Outlets, Inlets and Valves Renewals	0	12,977	12,977	Broadsea Outlet Improvements.	Mar-19
Richmond -Discharge Consent	0	39,780	39,780	Floor level survey Richmond.	Mar-19
Total Stormwater			7,017,506		
Water Supply					
Kaiteriteri Treatment Upgrade	1,562,512	1,606,331	43,820	Final payments for Works completed on Project	Dec-18
Kaiteriteri Pipeline Replacement	124,098	256,576	52,000	Completion of pipeline and potential use of funds for Hill Street pipeline.	Jun-19
Pohara WTP & PS - Treatment Upgrades	11,319	111,259	99,940	Works already underway on building alteration.	Jun-19
New Motueka WTP (Parker St)	243,450	993,840	750,390	Design underway, work need to comply with resource consent	Jun-19
New Motueka WTP (Parker St)	8,289	346,667	338,378	Design underway, work need to comply with resource consent	Jun-19
Motueka WTP (Parker Street)	9,189	402,399	393,210	Design underway, work need to comply with resource consent	Jun-19
Richmond Lower Queen Street main upsize	739,036	984,490	245,454	This is required for completion of project. There is a projected overrun of \$50,000 in 2018/19	Oct-19
Richmond Rezoning McGlashen Avenue	77,730	246,062	168,332	Largely complete but some work outstanding including rezoning work on Salsbury Road	Jun-19
2017 Richmond Sth Watermain Arizona Paton-Bateup	368,316	650,000	281,684	On going commitments for construction	Oct-18
2017 Richmond Water Treatment Plant Capacity Increase	310,419	600,000	289,581	On going commitments for construction	Mar-19
Mapua Retic - Aranui Rd & Stafford Dr Main Replacement	121,370	200,000	78,630	Ongoing commitment for design	Jun-19
Richmond South Reticulation - Low Level Water Main	526,194	867,000	340,806	Ongoing commitments for construction	Jun-19
Rezoning	-	71,012	21,000	To be used for the Salsbury Road upgrade for rezoning	Jun-19
Richmond South facilitation works	28,170	260,865	232,695	Ongoing commitments with developers	Jun-19
Dovedale Reticulation Renewal Programme	73,041	95,000	21,959	Required for Dove River deviation and ongoing reticulation upgrade work (\$204,000 budgeted in 2018/19)	Mar-19

Description	Actual Expenditure \$	Approved budget (incl. previous carryovers) \$	Carry over to 2018/19 Budget \$	Reason for Carry Over	Expected Completion Date
Redwood Reticulation Renewal Programme	24,856	41,182	16,326	Committed work	Mar-19
Redwoods Treatment	25,498	59,383	33,885	Committed to completion of new bore headworks	Mar-19
Total Water Supply			3,408,089		
			-		
Wastewater					
Motueka WWTP Upgrade	465,237	469,000	3,763	MF plant repairs and defects. Further work funded by other budgets.	Dec-18
Kaiteriteri Replacement Wastewater Pipeline	2,569,273	3,810,081	1,240,808	Contract due for completion Sept 2018. Remaining funding required for Headingly Lane gravity sewer.	Dec-18
Takaka WWTP Generator	-	191,760	125,530	Funds required for odour control and generator.	Dec-18
45 Trewavas St PS New Storage	41,296	62,605	21,309	Consents granted. Work being priced.	Dec-18
Rehabilitation of Wetwells	17,927	152,728	134,801	Consents submitted. Still in design stage	Dec-18
Lower Queen St Water and Sewer Pipelines	46,278	96,258	49,980	Works largely complete. Remaining funding required for Headingly Lane gravity sewer.	Oct-18
Four Winds Pump Station and Rising Main Upgrade	268,731	277,496	8,765	Project in construction.	Mar-19
Motueka WWTP Wetland Restoration	72,855	500,000	427,145	\$340k required for work in progress and remainder as contingency for MF plant.	Jun-19
New Stafford Dr Pump Station and Rising Main	104,607	560,000	455,393	In progress. Design underway, consents lodged. Multi-year project.	Jun-19
Flushing Tanks Decommissioning	549	22,330	21,781	Required for decommissioning/disposal of flushing tanks	Jun-19
Safety Improvements	56,271	94,063	37,792	Committed for lid upgrades.	Jun-19
New Telemetry	221,402	233,643	12,241	Committed for St Arnud WWTP	Dec-18
Mechanical & Electrical Renewals at Pump Stations & WWTPs	456,819	545,644	14,710	Pohara Valley, 102 Aranui, Leisure Pk	Jun-19
TIF Motueka Dump Station	7,780	124,170	116,390	Design completed.	Dec-18
Total Wastewater			2,670,407		
GRAND TOTAL			24,242,065		

8.6 LGFA FOUNDATION DOCUMENT AMENDMENTS

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Mike Drummond, Corporate Services Manager
Report Number:	RCN18-09-11

1 Summary

- 1.1 Council currently holds 3,731,958 shares in the Local Government Funding Agency (LGFA). As at 30 June 2018, the LGFA had loans outstanding of \$7.96 billion to 56 participating councils. For the 12 month period to 30 June 2018, the LGFA provided 70% of the sector borrowing. Council is a shareholder, a borrower and a guarantor of the LGFA.
- 1.2 Due to feedback from member and non-member councils, the LGFA is proposing changes to its Foundation Document. The LGFA has built a successful track record of continuous improvement and evolving to meet council needs, for example, the implementation of short-dated lending and bespoke lending. There are some council members who currently borrow and on-lend to their Council Controlled Organisation (CCO) subsidiaries, and the changes proposed will give them the option to streamline the borrowing process and provide more flexibility in how they structure their lending.
- 1.3 The proposed changes relate to:
 - the measurement of council compliance with LGFA covenants at the group level where appropriate; and
 - direct lending to CCO's.
- 1.4 The proposed changes have the support of the LGFA Shareholders' Council. I also recommend that option 2 for LGFA covenants be supported as this provides that the LGFA Board can decide, rather than the council, to treat a council's compliance with LGFA covenants at the group level or at the parent level.
- 1.5 Any change to the Foundation Policy requires majority support from shareholders. The LGFA would seek to receive this at its November 2018 Annual General Meeting (AGM). If the LGFA receives shareholder support at the AGM, it will work to amend the documents and processes to enable a go live date of 1 July 2019.

2 Draft Resolution

That the Full Council

- 1. receives the LGFA Foundation Document Amendments Report RCN18-09-11; and**
- 2. agrees for the Mayor or his proxy to vote Council's shares in the LGFA, at the LGFA Annual General Meeting, in favour of the proposed changes to the LGFA Foundation documents as set out in Attachment 1; including support for option 2 where the LGFA Board can decide, rather than the council, to treat a council's compliance with LGFA covenants at the group level or at the parent level.**

3 Purpose of the Report

- 3.1 To consider the proposed changes to the LGFA Foundation Documents and obtain the Council approval to vote Council's shares in the LGFA in favour of the recommended changes.

4 Background and Discussion

Background

- 4.1 Council currently holds 3,731,958 shares in the LGFA (including uncalled capital). As at 30 June 2018, the LGFA had loans outstanding of \$7.96 billion to 56 participating councils. For the 12 month period to 30 June 2018, the LGFA provided 70% of the sector borrowing.
- 4.2 The financial strength of the LGFA has been enhanced with a Net Operating Profit of \$11.8m for the 2017/18 year and shareholder equity of \$64.29m as at 30 June 2018.
- 4.3 Council was also a key player as one of the nine councils that provided the council foundation for the set up the LGFA. Council is currently a shareholder, a borrower and a guarantor of the LGFA.
- 4.4 The LGFA received feedback at the 2018 Shareholder – Borrower Day, and from meetings with individual councils and via the Stakeholder Survey, on the need to make some changes to the current business model to meet the changing requirements of the sector. These relate to:
- measurement of council compliance with LGFA covenants at the group level where appropriate; and
 - lending to Council Controlled Organisations (CCOs).
- 4.5 The LGFA Shareholder Council requested that a focus on whether councils could be measured for compliance with LGFA covenants at the group level where appropriate, be included in the 2017-18 Statement of Intent. The current approach is to measure at the parent level only. The LGFA presented those results at the July 2018 Stakeholder Day and have discussed with the councils that they have identified as being the most affected by this.
- 4.6 Currently the LGFA can only lend to councils and cannot lend to CCOs. A small number of LGFA council members (but large by the dollar amount of borrowing) borrow from the LGFA and on-lend to their CCOs. There are currently around 200 CCOs owned by 34 councils but many are small and have no borrowings or borrow from their parent council. While for small CCO's, borrowing from the parent council is the easiest way to borrow, for large CCOs this is not the most efficient way for the CCOs to borrow, as there is additional paperwork for each loan made by the parent council. In addition, the LGFA increases its loan concentration under credit rating agency methodology by lending to the parent council only.
- 4.7 The LGFA cannot currently lend to CCOs owned by multiple councils. The LGFA has recognised that it needs to be positioned for future changes to the sector, particularly around water asset ownership, and jointly owned water companies. As an example, if the Waikato Water CCO had proceeded then the LGFA would only have been able to lend to the three parent councils, who would then have had to on-lend individually to the CCO.

- 4.8 The above proposed changes require shareholder approval as both proposals would require a change to the Foundation Policies. A detailed explanation of the two changes proposed follows.
- 4.9 **Measurement of council compliance with LGFA covenants at the group level:**
- 4.9.1 The LGFA is proposing either of the following two options to be inserted into the Foundation Policies:
- Option 1** - A council can apply to the LGFA Board to be treated at the group level rather than at the parent level for compliance with LGFA covenants **or**;
- Option 2 – (Recommended).** The LGFA Board can decide to treat a council's compliance with LGFA covenants at the group level or at the parent level.
- 4.9.2 The **parent level** means just the council's own financial position excluding the CCO's. The **group level** means the financial position of council and the CCO's combined together into one set of numbers. The financial statements produced by Council have separate columns for Parent and Group numbers in the Annual Report but only Parent in both the Annual Plan and the Long Term Plan. Council does not need to currently report at a group level because the Port and the Airport are only 50% owned by Tasman District Council.
- 4.9.3 The second option means that the LGFA board could decide without the consent of the council if it felt that it was appropriate to treat the council on a group basis. This would avoid the requirement for the council to apply to the board to do so. The second option is the staff recommendation for Council.
- 4.9.4 Regardless of which of the above options is preferred:
- The Foundation Policy covenants (if the council had an external credit rating) or Lending Policy covenants (if no external credit rating) would still apply to the council.
 - The LGFA Senior Manager Credit and External Relationships would provide analysis and recommendation to the LGFA board for consideration as to whether they should approve the request.
 - To provide certainty to the council, the testing at the group level would apply for the life of the existing loans from the LGFA.
 - The LGFA's current expectation is that only Auckland Council would wish to have their covenants calculated at group level. This may change in the future if water assets are held by multiple owned CCOs.
- 4.9.5 Covenants are the limits set in the financing arrangements with the LGFA and compliance with these is reported on to Council in the Treasury Quarterly report.
- 4.9.6 In determining lending arrangements with a CCO, the LGFA board will grant bespoke covenants to the CCO. While councils are very similar to each other, there can be significant differences between CCOs and in general, CCOs also do not have rates revenue. Therefore, the LGFA board following advice from LGFA management and external legal advice, would need to negotiate bespoke covenants with the CCO. While covenants may vary between CCOs, the underlying security remains the uncalled capital or parent council guarantee.

4.10 Lending to CCOs:

4.10.1 Currently the LGFA only lends to the parent council and not to any other related entities. This is not ideal as:

- Dunedin City Council (DCC) borrows via a CCTO subsidiary company, Dunedin City Treasury Limited. This is a major reason why DCC has not become a member of LGFA.
- Christchurch City Council, New Plymouth District Council, Rotorua District Council, Marlborough District Council and Auckland Council currently borrow and on-lend to CCOs (CCHL, New Plymouth Airport, Rotorua Regional Airport, MDC Holdings and Watercare). Bay of Plenty Regional Council is considering borrowing and on-lending to Quayside Holdings. The proposed changes will provide the councils with greater flexibility in structuring their borrowing/on-lending activities.
- The LGFA cannot currently lend to multiple owned CCOs. While there are currently very few of these entities which have borrowings, they may become established in the future, e.g. jointly owned water companies.

4.10.2 To accommodate the above we are proposing that the LGFA could lend to a CCO provided:

1. The parent council (or group of shareholding councils) of the CCO are each a guarantor of the LGFA.
2. The LGFA only lends to a CCO if:
 - (i) there is uncalled capital from the parent council that is greater than the financial obligations of the CCO or
 - (ii) there is a guarantee from the parent council over the CCO.
3. The LGFA undertakes credit analysis on the CCO as well as the parent council.
4. The CCO is subject to LGFA board approval before borrowing.
5. The LGFA board applies bespoke financial covenants to the CCO, taking into consideration factors such as the ownership structure, cash flow and balance sheet quality and what activity the CCO is delivering on behalf of the council shareholder.

4.10.3 The Foundation Policy is attached (attachment 1) with the proposed (tracked) changes. These proposed changes have been reviewed by Russell McVeagh. Note that the LGFA has also taken the opportunity to make a few minor edits to the Foundation Policy since it was last approved at the November 2017 AGM.

5 Options

5.1 Council has three options:

- 5.1.1 To vote its shares in the LGFA in favour of the proposed changes supporting option 2. **This is the recommended option.** It allows the LGFA to make the call based on the financial position of the Council and the CCO(s), avoiding the need for a council to apply.

- 5.1.2 To vote its shares in the LGFA in favour of the proposed changes supporting option 1. **This option is not recommended by staff.** It is considered that it is more appropriate and less risky for council if the LGFA board can decide without the consent of the council to use the group level, provided it felt that it was appropriate to treat the council on a group basis.
- 5.1.3 To vote its shares in the LGFA against the proposed changes to the Foundation Document. The proposed changes are a natural progression from the original position at the setting up of the LGFA, and represent a progressive move by the LGFA to meet evolving council requirements. The changes have the support of the LGFA Shareholders' Council. A decision to abstain or to vote against these moves is not considered to be in the best interest of the Council or the wider group of LGFA borrowers. **This option is not recommended by staff.**

6 Strategy and Risks

- 6.1 There will be no increase in risks for LGFA guarantors to the LGFA. A CCO that borrows from the LGFA will have the benefit of a parent council guarantee or uncalled capital. The LGFA would negotiate lending documentation with each CCO and the LGFA would undertake credit analysis of the CCO as well as the parent council or councils.
- 6.2 The LGFA has assessed the risk of whether the credit rating agencies and investors would have concerns and have concluded it is low. They are yet to discuss with the credit rating agencies but will do so before the LGFA AGM. However, the reason they don't think they will be concerned is that the Council guarantees remain the strength of the LGFA structure, e.g. Christchurch City Council has the same credit rating as Christchurch City Holdings Limited because of the uncalled capital that exists. Lending to CCOs will also diversify the LGFA lending book and could bring in new council members to the LGFA.
- 6.3 These changes will not facilitate the establishment of separate water entities. In fact the LGFA thinks this would strengthen the case for keeping any possible new water entities in local government ownership, as it allows lending to multiple owned CCOs. Any new water entity would also benefit from borrowing at a lower cost of funds than in their own name. The bespoke covenants for a water entity could possibly be set at higher than the current LGFA financial covenants, so the multiple owned water entities could borrow more and therefore reduce pressure on parent council balance sheets.

7 Policy / Legal Requirements / Plan

- 7.1 With regard to whether a CCTO could borrow from the LGFA, currently under S62 of the Local Government Act a council cannot give any guarantee, indemnity or security in respect of the performance of any obligation by a CCTO. For a CCTO to borrow under this proposed structure, uncalled capital would need to be used or the parent council would need to continue to borrow from the LGFA and on-lend to the CCTO.
- 7.2 Russell McVeagh have reviewed the Shareholders Agreement, Multi Issuer Deed, Deed of Guarantee, Notes Subscription Agreement, Term Sheets, Debenture Trust Deed and the LGFA obligations under NZX listing rules, the Financial Markets Conduct Regulations 2014 and Anti-Money Laundering and Countering Financing of Terrorism Act 2009, for consistency with this decision.

8 Consideration of Financial or Budgetary Implications

8.1 There are no budgetary or financial implications from this decision.

9 Significance and Engagement

9.1 The decision is considered to be technical and of low significance to the community. Councillors can rely on their knowledge of the views and preferences of the community to make a decision without formal consultation.

10 Conclusion

10.1 Council should vote its shares in the LGFA, at the 2018 AGM, in favour of the proposed changes to the foundation documents and in particular to support option 2 (the LGFA board can decide to treat a council's compliance with LGFA covenants at the group level or at the parent level).

11 Next Steps / Timeline

- 11.1 Any change to the Foundation Policy requires majority support from shareholders which the LGFA would seek to receive at the November 2018 AGM.
- 11.2 If the LGFA receives shareholder support at the AGM, it will work on amending these documents and processes to enable a go live date of 1 July 2019.

12 Attachments

- | | |
|---|-----|
| 1. Foundation Policies amended for Group and Parent basis and CCO lending (tracked changes from 2017 AGM version) | 107 |
|---|-----|

**SCHEDULE 1
FOUNDATION POLICIES**
(Clause 5.1)

All foundation policies may be reviewed annually by Principal Shareholders at the annual meeting of Shareholders. Any alteration requires approval pursuant to clause 5.1.

Credit Risk

Lending Policy

All Local Authorities that borrow from the Company will:

- Provide debenture security in relation to their borrowing from the Company and related obligations, and (if relevant), equity commitment liabilities to the Company and (if relevant) guarantee liabilities to a security trustee approved for the Company's creditors.
- Issue securities (bonds / FRNs / CP) to the Company (*ie*, *e*. not enter into facility arrangements).
- Comply with their own internal borrowing policies.
- Comply with the financial covenants outlined in the following table, provided that:
 - Unrated Local Authorities or Local Authorities with a long-term credit rating lower than 'A' equivalent can have bespoke financial covenants that exceed the:
 - Lending policy covenants outlined in the following table with the approval of the Board;
 - Foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
 - Local Authorities with a long-term credit rating of 'A' equivalent or higher will not be required to comply with the lending policy covenants in the following [table](#), [and table and](#) can have bespoke financial covenants that exceed the foundation policy covenants outlined in the following table with the approval of an Ordinary Resolution.
 - Any Board or Ordinary Resolution approval of bespoke financial covenants will only be provided after a robust credit analysis and any approval must also include bespoke reporting and monitoring arrangements.
- If the principal amount of a Local Authority's borrowings is at any time equal to, or greater than, NZD 20 million, be a party to a deed of guarantee and an equity commitment deed (in each case in a form set by the Company).

Financial covenant	Lending policy covenants	Foundation policy covenants
Net Debt / Total Revenue	<175%	<250%
Net Interest / Total Revenue	<20%	<20%
Net Interest / Annual Rates Income	<25%	<30%
Liquidity	>110%	>110%

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Total Revenue is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government/non-government capital contributions (e.g. developer contributions and vested assets).

Net debt is defined as total debt less liquid financial assets and investments.

Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

[Option 1: Financial covenants are measured on Council only basis and not consolidated group basis, unless requested by a Local Authority and approved by the Board.]

[Option 2: The Board has the discretion to measure financial covenants on either Council only basis or on a consolidated group basis.]

During the initial three years of operation the Auckland Council will be limited to a maximum of 60% of the Company's total Local Authority (including Council-Controlled Organisation ("CCO")) assets. After three years Auckland Council will be limited to a maximum of 40% of the Company's total Local Authority (including CCO) assets.

No more than the greater of NZD 100 million or 33% of a Local Authority's or CCO's borrowings from the Company will mature in any 12-month/12-month period.

Subject to implementation of any amendments or other actions considered necessary, advisable or expedient by the Board and the approval of the Board in relation to the relevant CCO (which may be a Council-Controlled Trading Organisation ("CCTO")), an approved CCO may borrow from the Company provided that:

- The CCO is a "council-controlled organisation" as defined in section 6 of the Local Government Act 2002;
- Each Local Authority that holds voting rights or rights of appointment in the CCO is a "CCO Shareholder";
- Each CCO Shareholder provides a guarantee in respect of the CCO in favour of the Company and/or there is sufficient uncalled capital within the CCO to meet the financial obligations of the CCO;
- Each CCO Shareholder provides equity commitment liabilities to the Company, guarantees liabilities to a security trustee approved for the Company's creditors, and provides debenture security for its equity commitments to the Company and guarantee liabilities to the security trustee;
- Each CCO Shareholder complies with Lending policy financial covenants or Foundation policy financial covenants required by the Board;
- The CCO complies with any covenants required by the Board; and
- If required by the Board, the CCO will grant security in favour of the Company (which may be subject to any intercreditor arrangements acceptable to the Board).

Cash and Liquid Investment Policy

The Company will only invest in NZD senior debt securities, money market deposits and registered certificates of deposits within the counterparty limits outlined in the following table.

New Zealand Local Authority securities are excluded from the Company's cash and liquidity portfolio.

Counterparty ¹	S & P Credit Rating or equivalent (Short-term / long-term)	Maximum % Limit (Total Cash + Liquid Assets)	Maximum New Zealand Dollar counterparty Limit (millions)	Maximum term (years)
NZ Government or RBNZ ²	N/A	100%	Unlimited	No longer than the longest dated LGFA maturity on issue
Category 2	A1+ / AAA	80%	200	3
	A1+; A1 / AA+	80%	150	3
Category 3	A1+; A1 / AA	80%	150	3
	A1+; A1 / AA-	80%	125	3
Category 4	A1+; A1 / A+,	60%		
	NZ Registered Bank		125	1
	Other Issuers		30	1

The maximum individual counterparty limit (excluding the NZ Government) cannot be greater than 100% of Accessible Capital. Accessible Capital is defined as issued and paid capital plus retained earnings plus issued and unpaid capital plus outstanding borrower notes.

Derivative Policy

The Company will only enter into derivative transactions with the New Zealand Debt Management Office as counterparty.

Market Risk

The Company's total 12 month forecast portfolio PDH (Partial Differential Hedge) Limit is \$40,000³.

The Company's total portfolio Value at Risk (VaR) daily limit is \$400,000⁴.

¹ Category 2, 3, and 4 counterparties do not include the RBNZ or the NZ Government.

² At least 20% of the portfolio must be held at the RBNZ or invested in NZ Government securities.

³ PDH risk measures the sensitivity of a portfolio to a one basis point change in underlying interest rates. For [exampleexample](#), a PDH of \$40,000 means that the portfolio value will fall by \$40,000 for a one basis point fall in interest rates. The PDH limit will be set at .0025% of the [12-month12-month](#) forecast portfolio amount until this forecast reaches \$1 billion, following which this \$40,000 limit applies.

Foreign exchange risk policy

The Company will take no foreign exchange risk.

Operational Risk

The Company will outsource the following functions to the New Zealand Debt Management Office as follows:

- Hedging – New Zealand Debt Management Office is the LGFA interest rate swap counterparty.

Dividend policy

The policy is to pay a dividend that provides an annual rate of return to Shareholders equal to the Company's cost of funds plus 2.00% over the medium term, recognising that, to assist in the start-up period, the initial expectation is for no dividend for the part period to 30 June 2012, and for a dividend equal to 50% of the target dividend in the two periods to 30 June 2014 to be paid. Thereafter, the intention is to pay at least the full target dividend until the target dividend return is achieved as measured from commencement, including consideration of the time value of money at the target annual rate of return.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

⁴ VaR measures expected loss for a given period with a given confidence. For example, 95% confidence, daily VaR of \$250,000 means that it is expected that the portfolio will lose \$250,000 on 5% of days. i.e. 1 day in 20 the portfolio value will decrease by \$250,000.

8.7 REAPPOINTMENT OF INDEPENDENT MEMBER TO AUDIT AND RISK COMMITTEE

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Mike Drummond, Corporate Services Manager
Report Number:	RCN18-09-12

1 Summary

- 1.1 The purpose of the Audit and Risk Committee is to assist the Council and the Chief Executive to discharge their responsibilities for audit and risk management. This includes the active oversight of all areas of Council's control and accountability in an integrated and systematic way. Important functions of the Committee include the oversight of the audit of Council's Annual Report and Long Term Plan, and consideration and reporting as necessary on the findings of any audit management report.
- 1.2 The Committee has five elected members appointed by Council and one independent non-elected member.
- 1.3 At the Full Council meeting held 10 September 2015, Mr Graham Naylor was appointed as an independent member of the Committee for a three year term.
- 1.4 Mr Naylor's term on the Committee has now ended. He is eligible to be reappointed and has confirmed he is offering himself for a further term.
- 1.5 The process for the appointment of independent members to Council Committees in the Council Policy on Appointment and Remuneration of Independent Members to Council Committees and Business Units, has been followed.
- 1.6 The Mayor and Chief Executive have made confidential enquiries of the Chairperson and Senior Management staff.
- 1.7 There is strong support for Mr Naylor's reappointment, noting the valuable contribution he has made to the Committee to date.
- 1.8 The recommendation to the Council is to appoint Mr Naylor for a further term of three years.

2 Draft Resolution

That the Full Council

- 1. receives the Reappointment of Independent Member to Audit and Risk Committee report RCN18-09-12; and**
- 2. appoints Mr Graham Naylor as an independent member to the Audit and Risk Committee for a further term of three years from 1 October 2018.**

3 Purpose of the Report

- 3.1 The purpose of this report is to recommend to Council the reappointment of Mr Graham Naylor as an independent member of the Audit and Risk Committee for a further term of three years.

4 Background and Discussion

- 4.1 Mr Graham Naylor's appointment as an independent member of Council's Audit and Risk Committee was confirmed by resolution (CN15-09-13) at the confidential Full Council meeting held on 10 September 2015, for a three year term.
- 4.2 Mr Naylor brings a wealth of audit knowledge to the Audit and Risk Committee, as a Chartered Accountant and Chartered Member of the Institute of Directors. He retired as a partner from Deloitte a few years ago having been an Audit and Advisory partner for 28 years. For over 20 years Mr Naylor was the appointed auditor contracted to the Office of the Auditor General. He has worked for 18 Regional, District and City Councils around NZ undertaking risk reviews, internal audits, fraud investigations, preparation of business cases, reviews of debt levels, reviews of CCOs, cost allocation, best practice of finance functions, procedural and personnel changes and governance training.
- 4.3 Mr Naylor has confirmed he is offering himself for reappointment. His reappointment has been considered according to the process in Council's Policy on Appointment and Remuneration of Independent Members to Council Committees and Business Units.
- 4.4 In accordance with 5.4 of this Policy, the Mayor has made enquiries of the Chief Executive, Chairperson and Senior Management staff. There is strong support for Mr Naylor's reappointment, considering the valuable contribution he has made to the Committee to date.
- 4.5 The recommendation to the Council is to approve Mr Naylor's appointment for a further term of three years. The relevant section of the Policy follows -

5.4 Reappointment of Independent Members

- 5.4.1 No Independent Member may be reappointed for a fourth successive term unless there are special circumstances, including:

- Succession planning
- Provision of continuity for redevelopment projects
- Provision of specific areas of expertise

- 5.4.2 Subject to the Terms of Reference of the Committee or Business Unit concerned, where an Independent Member's term of appointment has expired and they are offering themselves for reappointment, the Chief Executive and the Mayor:

- May make confidential enquiries from the Chairperson and other members of the Committee or Business Unit as necessary, including:
 - whether the skills of the incumbent add value to the work of the Committee or Business Unit;

- whether there are other skills which the Committee or Business Unit needs;
 - whether a change to the existing Independent Members would compromise the Committee or Business Unit's ability to pursue a desired vision and long term strategy, or whether there is a need for new skills and ideas on the Committee or Business Unit; and
 - whether an appointment is necessary.
- Must consider any information obtained and form a view on the appropriateness of reappointment or making a replacement appointment; and
 - Must recommend to Council whether reappointment is appropriate.

5.4.3 If reappointment is not appropriate, the appointment process outlined in Section 5.2 will be followed.

4.6 The next meeting of the Audit and Risk Committee is on 15 November 2018. It would be prudent to confirm Mr Naylor's appointment, if successful, prior to this meeting in order for him to be able to make arrangements to attend and participate.

5 Options

5.1 There are two options for the Council:

5.1.1 Option 1 (preferred option): to **approve** the reappointment of Mr Naylor to the Audit and Risk Committee for a further term of three years.

5.1.2 Option 2: to **not approve** the reappointment of Mr Naylor, and through the appropriate recruitment process, instead select and appoint a new independent member to the Committee. This recruitment process could take several weeks, noting that the next Audit and Risk Committee meeting is on 15 November 2018.

6 Strategy and Risks

6.1 There is a low risk that if Mr Naylor is not reappointed, and the position is vacant for an interim period until a new appointment is made, there would be a loss of audit knowledge and risk management experience which has been invaluable to the successful operation of the Committee.

7 Policy / Legal Requirements / Plan

7.1 The process followed is as per the Council's Policy on Appointment and Remuneration of Independent Members to Council Committees and Business Units.

8 Consideration of Financial or Budgetary Implications

8.1 Costs have been provided for within existing budgets.

9 Significance and Engagement

- 9.1 This is a routine decision and is considered to be of low significance and no formal engagement is necessary.

10 Conclusion

- 10.1 The Council needs to confirm the reappointment of Mr Naylor to the Audit and Risk Committee for a further term, based on the recommendation of the Mayor, Chief Executive, Senior Management staff and Committee Chair.

11 Next Steps / Timeline

- 11.1 Mr Naylor will be notified by letter of the outcome of the decision of the Council. This will also be noted at the next Audit and Risk Committee meeting.

12 Attachments

Nil

8.8 MAYOR'S ACTIVITY REPORT

Information Only - No Decision Required

Report To: Full Council
Meeting Date: 27 September 2018
Report Author: Richard Kempthorne, Mayor
Report Number: RCN18-09-13

1. Summary

- 1.1. The attached report is a commentary of the Mayor's activities for the months from 1 August to 14 September 2018 for Councillors' information.

2. Draft Resolution

That the Tasman District Council receives the Mayor's Activity Report RCN18-09-13.

1 Activities

- 1.1 On 1 August I chaired the Full Council meeting for the sole purpose of the hearing and deliberations on the Initial Representation Proposal and Adopting Final Proposal followed by the Council Workshop on Waimea Water Augmentation.
- 1.2 I attended the Engineering Services Committee meeting on 2 August followed by the Council Workshop on “multi-barrier approach to drinking water treatment”, in chambers.
- 1.3 On 6 August I attended the LGNZ Policy Advisory Group meeting in Wellington.
- 1.4 In the evening of 6 August, I attended an informal gathering at Nick Smith’s premises where Hon Jacqui Dean was in attendance. I was joined by Councillors Ogilvie, Bryant and Maling and the Mayor and some Councillors from Nelson City. This was an opportunity for us to meet with the National Party local government spokesperson and highlight what we felt were the significant issues we face.
- 1.5 On 7 August, was the Enhanced Task Force Green Awards presented in the Motueka Service Centre to those who assisted during the clean-up from Cyclones Gita and Fehi. These members of our community performed an extremely helpful and some would say critical task helping farmers and orchardists recover from the cyclones.
- 1.6 On 8 August, I was involved in the Director interviews for the Port of Nelson. A subsequent appointment has been made by the Joint Shareholders Committee.
- 1.7 On 9 August, I chaired the Full Council meeting in Chambers.
- 1.8 In the evening of 9 August I was involved in the launch of Poppet Optics at Matthews Eyecare in Lower Queen Street. This is a wonderful service provided by Matthews that assists children with severe sight issues and providing attractive glasses and revolutionising the lives of the children and families they help.
- 1.9 On 10 August I attended the Local Government New Zealand – Department of Internal Affairs (LGNZ-DIA) Three Waters Review Reference Group meeting in Wellington.
- 1.10 In the evening of 11 August my wife and I attended the Appleby Rural Fire Force AGM.
- 1.11 On 12 August I was invited to and attended the Te Awhina 60th Celebration at the Te Awhina Marae.
- 1.12 On Monday 13 August I attended a Top of the South Rural Trust meeting.
- 1.13 On 14 August I gave an opening address at the New Zealand Plant Protection Society Conference in Nelson.
- 1.14 The Chief Executive and I met with Mapua Boat Club at our offices on 14 August.
- 1.15 On 15 August, the Chief Executive, the Strategic Policy Manager and I attended a meeting with Wakatu and members of the Nelson Regional Development Agency to discuss the development of a strategic plan for Te Tau Ihu (Tasman, Nelson and Marlborough) identifying key economic strategic issues running out to 2077.
- 1.16 On 16 August I chaired a meeting of Council to hear a presentation by the Nelson Provincial Museum.
- 1.17 On 17 August I attended the LGNZ Equip Board Meeting in Wellington.
- 1.18 On Saturday 18 August I attended the Blessing of the Fleet at Sunderland Pier in Nelson.

- 1.19 On 20 August I attended the Water Reform Regional Workshop run by Water New Zealand which was held in Blenheim.
- 1.20 On 21 August I attended the Joint Shareholders Committee meeting at Nelson City Council followed by the Civil Defence and Emergency Management (CDEM) Group meeting.
- 1.21 On 22 August our Chief Executive and I met with several members of WIN. We discussed some areas of misunderstanding and resulting misinformation that had been occurring.
- 1.22 On 23 August I attended the Audit & Risk Committee meeting in Council Chambers.
- 1.23 On 24 and 27 August I was involved in the interviews for the Director of NRSBU in Nelson.
- 1.24 On 27 August I met with Regional Development Minister Shane Jones.
- 1.25 On 28 August I chaired the Full Council meeting held in Chambers.
- 1.26 In the evening of 28 August I was invited to and attended the Key Stakeholder Meeting with the Chief Executive of Fire and Emergency NZ. The Assistant Police Commissioner and other key emergency partners and businesses in Nelson also attended this meeting.
- 1.27 On 30 August I was invited to and gave a short speech at the Nelson Air Traffic Control Tower Opening.
- 1.28 On 31 August I attended the Regional Sector Meeting in Wellington.
- 1.29 On 1 September, Councillor Hawkes and I travelled to Kiyosato.
- 1.30 On 2 September, the Mayor of Kiyosato and I re-signed the Friendship Agreement between Motueka, Tasman District Council and Kiyosato followed by celebrations for the 30th Anniversary of signing the agreement.
- 1.31 On 3 September, Councillor Hawkes and I and Jim and Mary Le Frantz were farewelled by the Mayor of Kiyosato and members of the Municipality and travelled back to Nelson.
- 1.32 On 6 September, I attended the Environment & Planning Committee in Chambers followed by an Extraordinary Meeting of Council regarding the Waimea Community Dam.
- 1.33 On 7 September I was involved in the LGNZ-DIA Three Waters Review Reference Group meeting in Wellington.
- 1.34 On Saturday 8 September I was involved in the Croquet Nelson Opening Day. Following a brief speech, Mayor Rees of Nelson and I “shot the first hoop” to open the season.
- 1.35 On Monday 10 September I and Councillors Hawkes, Ogilvie and Canton along with members of the Kiyosato Friendly Committee from Motueka were at the Welcome Party for the students from Kiyosato, in Motueka.
- 1.36 On 11 September I was delighted to officiate new residents at the Citizenship Ceremony held in Takaka followed by the Community Awards Ceremony also held in Takaka.
- 1.37 On 12 September I attended a workshop in Council Chambers where Jim Dahm discussed coastal management and “Coastcare” initiatives followed by a report back to Council regarding the “Motueka Library Feasibility Study”.
- 1.38 In the evening of 12 September I attended the Motueka Valley Associate AGM with Councillors McNamara and Ogilvie.
- 1.39 On 13 September I attended with Councillors the Engineering Services Committee held in Council Chambers followed by an Extraordinary Full Council meeting relating to the Motueka Ward Reserves and Reserves Management Plan.

- 1.40 In the evening of 13 September I attended the launch of the ASB Nelson Tasman Sports Awards, held in Nelson. Nominations are now open. The Sports Awards see the recognition of the tremendous sports achievements in our regions and recognise achievements of all ages.
- 1.41 On 14 September I attended the Cawthron Institute Trust Board Meeting held in Nelson.

2 Other

- 2.1 Note that Councillor Hawkes and I, Jim and Mary Lefrentz and Richard and Sue Horrell visited Kiyosato, Japan. We have a Friendship Agreement between themselves and Motueka which allows for student exchange and continuing cultural sharing between our two countries. It was the 30th anniversary of the signing of the Friendship Agreement and the Mayor of Kiyosato and I re-signed the Agreement. During the celebrations we also met with the Deputy Mayor, the Chair of Kiyosato International Committee and other dignitaries from the Board of Education, Local Government members, and host families. We have a wonderful relationship with Kiyosato. When we visit they extend overwhelming hospitality and this relationship provides an excellent opportunity for the young people from both Motueka and Kiyosato to visit our respective countries and experience a valuable cultural exchange within our respective countries. This was my first trial of delivering a short speech in Japanese and our hosts were very kind with their comments. As we departed Japan Tokyo on 3 September, Japan was bracing for the arrival of Typhoon Jebi which landed the next day, expecting to have to close Narita Airport. While Tokyo was spared the worst of the typhoon, Osaka got a pounding. Following our return, the Island of Hokkaido experienced a severe earthquake, burying the town of Atsuma with many lives lost including a high school student. Quite a visit.
- 2.2 The month of August and September saw the near completion of the consideration of Council's commitment to proceed with the Waimea Dam. We have decided to proceed to financial close and a final decision to proceed to build the dam where the many work streams will be completed and concluded. This has been a massive exercise involving at times, outstanding commitment by Council officers to provide high quality information and reports to both Council and our community as we have made our decisions at various times. I would like to thank Council and the staff members involved, for working through what has been a highly contentious issue. I am particularly mindful that we, as elected members, are tasked with representing our community and "fulfilling our obligations to faithfully and impartially, and according to the best of our skill and judgement, execute and perform, in the best interests of the Tasman District the powers, authorities and duties vested in or imposed upon us as elected members of the Tasman District Council." This is a slight paraphrased version of the oath we all took on coming to office.

Appendices

Nil

8.9 CHIEF EXECUTIVE'S ACTIVITY REPORT

Information Only - No Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Janine Dowding, Chief Executive Officer
Report Number:	RCN18-09-14

1 Summary

- 1.1 This report updates Council on some key issues since my last Activity Report to Council on 9 August 2018.
- 1.2 Councillors will note the recommendation from the Joint Shareholders Committee, to support the amended Nelson Airport Limited Constitution. The Constitution has been updated to bring it in line with current legislation and practice. It is recommended that Council's shares be voted in favour of supporting the amended constitution.
- 1.3 I have also provided an update to Council on some steps being taken towards building and maintaining a strong working relationship with iwi. These include considering adopting an official Māori name for our Council and District and looking to engage a cultural advisor to help us build our organisational awareness, understanding and proficiency of Te Ao Māori and our relationships with iwi within our rohe.
- 1.4 The updated Council Action Sheet is attached for Councillors' information.

2 Draft Resolution

That the Full Council

1. receives the Chief Executive's Activity Report RCN18-09-14; and
2. notes the recommendation from the Joint Shareholders Committee with regard to the Nelson Airport Ltd Constitution; and
3. agrees that the Mayor will vote Council's shares in favour of adopting the updated Constitution at Nelson Airport Ltd's 2018 Annual Shareholder Meeting; and
4. 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 since the Full Council meeting of 9 August 2018.

4 Advice and Reporting

Nelson Airport Ltd – Changes to Company Constitution

- 4.1 At the Joint Shareholders Committee meeting 21 August 2018, the Committee received a report on proposed changes to Nelson Airport Limited's Constitution. The amendments ensure the Constitution is brought up to date with current legislation and practice. At that meeting the Committee received the report including a copy of the amended Constitution, and made the following recommendation by way of resolution:
- 4.2 Recommendation to Nelson City and Tasman District Councils'
- That the Council:*
- Votes their respective shareholding in support of the amended Constitution at the Company's 2018 Annual Shareholder meeting.*
- 4.3 The Constitution can only be amended by a vote of shareholders for Nelson Airport Ltd. The recommendation to Council is that the Mayor votes Council's shares in favour of the resolution to adopt the updated Constitution at Nelson Airport Ltd's 2018 Annual Shareholder Meeting.

Council Chambers Upgrade

- 4.4 A number of issues have arisen with the functionality of the Council Chambers and the general facilities within the civic area of Council's Richmond office. A report will come to the 8 November 2018 Full Council meeting seeking direction from Council on a range of options, from maintaining the status quo to taking the opportunity to fully upgrade the physical and technological environment.

Tourism Infrastructure Fund

- 4.5 We have been notified by MBIE that Council has been successful in its application to the Tourism Infrastructure Fund, Round 2 for funding towards a feasibility study on parking and access to the boat ramp, jetty and beach facilities at Marahau.
- 4.6 The funding is for \$10,000, which the Council is expected to at least match. A funding agreement will be entered into with MBIE and the work commenced as soon as possible. Council staff will work closely with the Marahau Sandy Bay Ratepayers and Residents Association on this feasibility study, as well as engaging with other stakeholders in the area.

Forest and Bird Rating

- 4.7 Tasman District Council has received an A grade in the Forest and Bird 'Cleaning Up' report released August 2018. The report includes an audit of dairy effluent serious non-compliance in 2016-17, and a report card on regional council compliance, monitoring and enforcement performance. This is a great result for Tasman and is demonstrative of the excellent work being undertaken by Council staff in these areas. A copy of the report can be made available to Councillors on request.

Golden Bay Grandstand

- 4.8 As advised in my last report, we are continuing to work with the parties. Legal proceedings have been adjourned until 19 November 2019 and we are awaiting a settlement offer from the parties, which we will bring back to Council.

Waimea Community Dam

- 4.9 As there have been detailed updates to Council recently, at their meetings on both 28 August and 6 September 2018, and there is no new information for me to share with Council, I have not provided an update report to this meeting. Workstreams continue to progress as staff work to give effect to the resolution made by Council on 6 September.
- 4.10 The Tasman District Council (Waimea Water Augmentation Scheme) Bill received its first reading in Parliament on 19 September and was sent to Select Committee, 112-8 votes in favour. Because of the Government's funding deadline, the Government Administration Select Committee has to report back to Parliament by 7 November 2018. It is expected submissions will be heard here in Tasman.
- 4.11 I will provide an update report to Council at its 8 November 2018 meeting.

5 Managing People

- 5.1 There have been 12 health and safety events since my last report. Five were minor cuts and bruising events, one involved a bicycle when a staff member was carrying out a Great Taste Trail bridge inspection, two were self-reports of discomfort, one near-miss event, and three were relating to abusive behaviour towards staff. We are seeing an increase in abusive behaviour towards staff and are recording all events like this in Vault, the Council's health and safety management system. These events are also being reported to the police. Councillors have also been informed of two contractor health and safety notifiable events that were reported to WorkSafe.
- 5.2 Staff are continuing to notice an increase in work related pressure due to increasing workloads. During the last week of September, over 120 staff are scheduled to attend one-hour resilience building training sessions. We are also arranging mental health first aid training for early December.
- 5.3 We are in the final stages of negotiations with the Richmond Library staff and the PSA over the proposal to open the Richmond Library on Sunday afternoons. Once we have reached an agreement we will start recruitment for the new weekend positions.
- 5.4 I expect to be able to share the Capacity & Capability Report (CCR) that was prepared by Liz Sinclair with all staff and Councillors by the end of September. The purpose and progression of the CCR has been reported through to previous Full Council meetings. I would appreciate an opportunity to update Councillors and seek feedback in a workshop before the end of November.
- 5.5 We have signed up to participate in Ask Your Team (AYT) for Local Government, an online engagement and performance survey tool. Ask Your Team for Local Government has been developed with the help of Equip, who were branded as LGNZ's 'centre of excellence'. You may recall from the 24 May Chief Executive's Activity Report to Full Council that IMB Kenexa, our previous survey tool provider has withdrawn from the New Zealand market. We expect to run our first AYT survey in mid-late October and from there we will be able to benchmark our survey results against other participating councils. For your information AYT

has confirmed there are currently 19 councils participating and a further 20 councils in discussions with them.

5.6 We are currently at various stages of recruiting for a:

- Collection Services Librarian (replacement)
- Compliance & Investigations Officer – Forestry / Land Management (new position)
- Team Leader – Solid Waste & Stormwater (new position)
- Team Leader – Water Supply & Wastewater (new position)
- Team Leader – Resource Consents Administration (new position)
- Building Technical Officer (replacement)
- Graduate Policy Advisor (new position)
- Senior Systems Engineer (new position)
- Consent Planner (replacement)
- Policy Planner (replacement)
- Principal Planner – Environmental Policy (replacement)
- Senior Management Accountant (replacement)

5.7 Since my last report, another 7 appointments, plus 9 summer students have been made:

- Finance Manager (replacement)
- Online Communications Officer (new position)
- Compliance & Investigation Officer (new position)
- Consent Officer – PIMs (replacement)
- Administration Officer – Commercial (replacement)
- Environmental Monitoring Officer (replacement)
- Information Management Officer – EDRMS (replacement)
- Summer student intake for 2018/2019

6 Relationship Management

Cultural Advisor

- 6.1 Council has agreed its support for improving its organisational awareness, understanding and proficiency of Te Ao Māori and its relationships with iwi within our rohe. Council would like to do more to uphold the Treaty of Waitangi / Te Tiriti o Waitangi and the Treaty Settlements Acts. To do this, I intend to engage an expert advisor who can provide cultural advice to Council staff and support the work of Council.
- 6.2 This person will also be someone who can work with staff and the Iwi Trusts to review Council's current practices, identify areas for improvement, and provide advice on how to improve our understanding and capability.

Tasman District Council – Official Māori Name

- 6.3 During the very warm welcome to my role at Council, I became aware that there doesn't appear to be an official Māori name for our Council and District. I was advised unofficially Te Kaunihera o Te Tai Aorere is the appropriate translation and I am seeking advice as to whether this name is generally accepted by Te Tau Ihu iwi as the best way to identify Tasman District Council in te reo Māori. If it is agreed and supported that Te Kaunihera o Te Tai Aorere is appropriate, I will then seek the support of Council to formally adopt this name. I will report back to Council at a future date once I have received advice from iwi, but I wanted to make Council aware now of this thinking.

7 Council Action Sheet

- 7.1 The Council Action Sheet is attached for Councillors' information.

8 Attachments

1. Council Action Sheet as at 27 September 2018

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Action Sheet – Full Council as at 27 September 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.
Meeting Date 24 May 2018			
Chief Executive's Activity Report (RCN18-05-07)	Share further details of the Capability and Capacity Report with Councillors for their information.	Chief Executive	Update to 27 September Full Council meeting that the report will be available to Councillors, followed by a workshop to discuss response to findings and seek feedback.
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			

Item	Action Required	Responsibility	Completion Date/Status
Waimea Dam Project Report (RCN18-08-01)	Report back to 28 August Full Council Meeting with the information on the Dam Councillors need to enable them to make a decision on whether to proceed to financial close.	Chief Executive	Complete.
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.
Chief Executive's Activity Report (RCN18-08-12)	Make a submission in support of the points made in the draft SOLGM submission on the Local Government Regulatory Systems Amendment Bill.	Chief Executive / Senior Policy Advisor	Complete.
Meeting Date 28 August 2018			
Waimea Community Dam Project (RCN18-08-16)	Update the Council's website to amend the outdated information about water allocation consent waitlists in the Waimea plains.	Senior Resource Scientist – Water and Special Projects	Complete.
	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 Council's joint venture partners, Waimea Irrigators Limited and Crown Irrigation Investments Limited, of its decision in principle.	Chief Executive	Complete.

Item	Action Required	Responsibility	Completion Date/Status
	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.
Appointment of Acting Chief Executive (RCN18-08-26)	Update the Delegations Register to record the appointments made by Council.	Executive Advisor	Complete.
Meeting Date 6 September 2018			
Responsible Camping Fund Projects (RCN18-09-01)	Initiate a review of the Freedom Camping Bylaw to allow camping in non-self-contained vehicles at the Fittal Street carpark and the Kiwicamp facility site once confirmed.	Strategic Policy Manager	In progress.
	Further investigate and develop (if possible) a KiwiCamp facility in time to utilise the Responsible Camping Funding, and a site for the new Motueka dump station funded by the Tourism Infrastructure Fund.	Strategic Policy Manager	In progress.

Item	Action Required	Responsibility	Completion Date/Status
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. An update is included in the Chief Executive's Activity Report to the 27 September Full Council meeting and a Project Status Update Report will come to Council at its 8 November 2018 Full Council meeting.
	Report the resolutions into the open meeting and release the revised Table 1 (Proposed Funding), Table 2 (Typical Rates including GST) and the content of paragraphs 1.2.1 to 1.2.4 of the Executive Summary from the report.	Chief Executive	Complete.
Meeting Date 13 September 2018			
Classification of Existing Reserves in Motueka Ward (RCN18-09-05)	Prepare and submit notices to the New Zealand Gazette outlining the reserve classifications agreed to under Council's resolution.	Policy Advisor	Complete.

8.10 MACHINERY RESOLUTIONS REPORT

Decision Required

Report To:	Full Council
Meeting Date:	27 September 2018
Report Author:	Rhian Williams, Administration Assistant - Governance
Report Number:	RCN18-09-15

EXECUTIVE SUMMARY

The execution of the following documents under Council Seal require confirmation by Council.

RECOMMENDATION/S

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

- receives the Machinery Resolutions Report RCN18-09-15 and confirms the execution of the following documents under the Seal of Council:
 - Deed of Lease and Deed of Surrender of Lease – The Trustees of the Argus Trust being Mark David Staff and Raymond Sullivan Trust Limited. Blue Sky Microlight 2006 Limited. – Lot 2 DP 18903 being the land CFR identifier NL 12C/338 – New Lease for Oland at Motueka Aerodrome, Separate Deed of Surrender of Lease regarding old Lessee.
 - Esplanade Strip Easement – COBA Holdings Ltd – RM171348 to allow public access along the Collingwood Coast.
 - Easement – Fonterra Limited – RM171928 – Surrender of easement instruments 379947.2 + 8011009.1. Grant new easement - The new subdivision created new titles that no longer require E1 379977.2 + 8011009.1 on them. The new titles require easements for existing services and proposed swale drain – Meihana Street and Motupipi Street, Takaka.
 - Easement in Gross – Sewerage and Authority and instruction form – Glasshouse Block Limited – RM170747 – To Create an easement in Gross in favour of TDC to supply the 2nd Conpari Drive subdivision with reticulated sewage.
 - Deed of Covenant and Easement Instrument – Mark Newcombe, RMF Trustee Newcombe Ltd and Adele Joy Newcombe – Mr Newcombe has Council permission to lay irrigation pipelines under the road of Tapawera – Baton Road

(CT 838080) The deed of Covenant and Encumbrance Instrument will be lodged on Mr Newcombe's adjacent title as evidence of this permission.

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 NRSBU - Appointment of Independent Director

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)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	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 Nelson Jockey Club - Offer of Covenant

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.

9.4 Motueka Power Boat Club - Referral from Commercial Committee

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.