
MINUTES
of the
FULL COUNCIL MEETING
held
9.30am, Tuesday, 28 August 2018
at
Tasman Council Chamber, 189 Queen Street, Richmond

Present: Mayor R Kempthorne, Councillors T King, S Bryant, P Canton, M Greening, K Maling, D Wensley, D McNamara, A Turley, S Brown, D Ogilvie, T Tuffnell, P Hawkes, P Sangster (by audio link).

In Attendance Acting Chief Executive (R Kirby – Engineering Services Manager), Committee Advisor (H Simpson), Executive Advisor (K Redgrove), Corporate Services Manager (M Drummond), Community Development Manager (S Edwards)

Part Attendance: Acting Environment and Planning Manager (R Smith), Principal Legal Advisor (L Clark), Communications Officer (B Catley), Activity Planning Manager – Engineering Services (D Fletcher), Resource Scientist (J Thomas), Principal Planner – Environmental Policy (S Markham)

1 OPENING, WELCOME

Mayor Kempthorne welcomed everyone to the meeting and advised those present of the location of the public toilets and fire exits. He also noted the presence of the media, who he advised would be filming parts of the meeting.

The Mayor also explained that Councillor Paul Sangster was attending the meeting via audio-link. He said that this concession had been made because the meeting had been scheduled as an additional meeting, outside of the regular cycle and Councillor Sangster's overseas trip had already been confirmed at that time.

2 APOLOGIES AND LEAVE OF ABSENSE

Councillors noted an apology for absence from Chief Executive Officer, Janine Dowding. The Mayor explained the Chief Executive was recovering following an emergency appendectomy on Saturday 25 August 2018. He acknowledged Richard Kirby as Acting Chief Executive.

Councillors extended their best wishes for a quick recovery to Ms Dowding.

3 PUBLIC FORUM

The Mayor explained that due to the high level of interest in this meeting, Council had publicly notified that anyone wishing to speak at the public forum must have registered their desire to do so by Monday 27 August 2018. He said that the time for public forum had been extended to allow 20 minutes to those wishing to speak in support of the proposed Waimea Community Dam (the Dam) and 20 minutes for those wishing to speak in opposition to the Dam.

The Mayor advised that speakers would have up to 5 minutes each.

Maxwell Clark requested to speak and said that he did not know he needed to register his intention to do so in advance. The Mayor said that the protocols put in place for this meeting adhered to Standing Orders and had been publicly advertised. He also said that all of the speaking slots for public forum had been filled, but said that if there was time remaining he would exercise his discretion as Chair to allow Mr Clark time to speak.

The Mayor also advised that in consideration of the large volume of material before Council to consider at the meeting, there would be no time for questions during public forum. He said that Councillors would have the opportunity to ask questions of staff during discussion of the reports.

Philip Wilson said that he was speaking on behalf of the industrial and commercial water users who were supplied water by Tasman District Council. Mr Wilson acknowledged the difficulty of the decision before Council. He said that doing nothing was not an option. The Dam option presented an opportunity for Council to be part of a collaborative approach to securing the District's future water supply with Government, the community, business owners and irrigators.

Mr Wilson said there was no viable alternative option that provided the same security or that was more cost effective than the Dam. He said that under the no Dam scenario, Council would be faced with the increased costs of water management, water restrictions and enforcement and would have less environmental resilience. The proposed Dam, even at the increased cost is the best option for the District for industry, commerce, urban users and rate payers. He encouraged a collaborative approach by Council.

Andrew Fenemor spoke about his concerns over the misinformation being circulated on the science behind the Dam. Mr Fenemor talked about the hydroelectric option and about maintaining river flows. He said that the Dam is the most natural option. He concluded by bringing Councillors attention to what he said were the three main objectives of the Dam - to provide a 100 year security of supply, ensure the reliability of supply to irrigators and

commercial users, and to improve the environmental health of the Waimea River by maintaining minimum river flows.

Cr Wensley requested the opportunity to ask a question for the purpose of clarification. The Mayor reiterated his earlier advice that there was no time for questions at this point in the meeting and that Council needed to progress with public forum and consideration of the report.

Murray King spoke in support of the Waimea Community Dam. Mr King said that he had been involved in agriculture for many years and had seen the severe effects of drought, as well the benefits to communities of irrigation. Mr King said that it was frustrating that the Dam project had already been delayed to such an extent.

He said he was speaking as one of over 500 water users on the Waimea Plains and over 330 water permits. Mr King said that there was overwhelming evidence, including reports from many reputable sources, to support the Dam as the best option. He said that the irrigators would work with Council to support the Dam project.

Morgan Williams said that he was speaking in defence of a decision making process based on robust reasoning. He said that Council appeared to be having a crisis of confidence that the Dam was the best option, following unsubstantiated remarks from a small group within the community.

Mr Williams said that the science of alternative water sources has been extremely well researched. He said that the proposal to meet water resource needs has been investigated and the final proposal is very well evidenced. Mr Williams urged Councillors to keep risk and consequence at the forefront of their minds when making their decision. He said that Council has much wider support in the community for the project than those opposing it to date would have Council believe.

John Hurley, former Mayor of Tasman District, said he was familiar with the project, which dated back a number of years. Mr Hurley drew Council's attention to an earlier report by Bob Green. He also made reference to the Kainui Dam, which he said had been and continued to be a success and which had not attracted the same public interest.

Mr Hurley said that the decision Council would make today was crucial now and for future generations over the next 100 years. He said that it was vital Council made a decision at this meeting and that they could not afford to delay any longer. He urged Council to proceed with the Dam and re-prioritise their other debts and projects in order to make their primary focus the important issue of water security in the District.

Lew Solomon said he felt the technical information contained within the report was nonsense. He said that he would not talk more on that matter at the meeting, but that he was happy to discuss the issues further outside of the meeting with anyone who was interested.

Mr Solomon said that the project was unaffordable. He talked about the costs for the various work streams contained within the report, including vegetation and debris removal, and earthworks. Mr Solomon suggested Council check that the numbers quoted for this work by the independent estimator aligned with the numbers contained in the report.

Mr Solomon also talked about what he felt was a lack of contingency factored into the estimated costs. He said Council needed to be sure the estimates were realistic and that he did not feel they were.

Murray Dawson said he was speaking on his own behalf and not as a member of the Water Information Network (WIN). Mr Dawson spoke about conflicts of interest.

Mr Dawson also made reference to a recent media statement by Minister Shane Jones, which urged Council to make a decision in favour of the Dam. Mr Dawson then questioned who would be paying for the Dam.

Mr Dawson said he felt that the aquifer option was not well understood and that the other alternatives had not been well considered. He also said that the environmental gains were not a reason to support the Dam option, and that ensuring minimum flows in the river was not something the ratepayers should be expected to pay for. He urged Council to seriously consider the Nelson City Council option for urban water supply.

Colin Garnett said that Council had no mandate to vote in support of the Dam. He said that Councillors who were in support of the Dam had forgotten the oath they took to act impartially and in the interests of the community.

Mr Garnett said that the Dam was not fit for purpose and would not deliver one drop of water to water user pipes. He said that there was already sufficient water available for urban users. Mr Garnett said that he felt angry Council could not find an alternative that cost less than \$100 million and that he considered this demonstrated incompetence.

Dr Roland Toder said he believed the risk adjustment at the P95 level was still inadequate. He said that he was not concerned about bridging the current funding gap, but rather that the gap was an indication of things to come. Dr Toder said that in principle he had been neither for or against the Dam project, but that his concerns were from a risk perspective in terms of affordability of the project.

Dr Toder also talked about risk adjustment in terms of finding alternatives. He mentioned a report by the Massachusetts Institute of Technology (MIT) and also made reference to the Oxford University Paper on dams. He said that MIT sited the average lifespan of a dam as 50 years and that studies had suggested dams were not considered to be the safest option. Mr Toder added that studies in the United States suggested the cost of maintaining a dam structure after the 50 year mark were dramatically increased.

Dr Toder talked about rates increases. He said he did not see that the figures contained in the report made provision for the interest on repayment of the loans required to build the Dam. Dr Toder said he felt the Dam project was too big for the Tasman District Council.

As the full allocation of time set aside for public forum had been used, the Mayor invited Maxwell Clark to table the information he would have spoken to had time permitted.

The meeting broke for morning tea at 10.25am and was reconvened at 10.40am.

4 DECLARATIONS OF INTEREST

Cr Wensley said she was aware there might be a perception that she had an interest in the hydroelectric option. She asked for it to be noted that she did not consider herself to have an interest to declare in relation to this item.

6 CONFIRMATION OF MINUTES

In response to a question from Councillors, the Mayor advised that the minutes of the 9 August 2018 Full Council meeting would be included for confirmation by Council at their next regularly scheduled meeting on 27 September 2018. He added that the 28 August meeting was an additional meeting that had been scheduled outside the regular cycle of Council meetings. Responding to a follow up question, the Mayor confirmed that this was normal process and was in line with Standing Order 27.1.

Councillors also asked about the petition that had been tabled at the 9 August 2018 meeting. The Mayor said that the petition would be circulated to Councillors with the minutes of the meeting at which it was tabled. When asked what the petition related to, the Committee Advisor said that it had called for removal of the provision within Standing Orders for the Mayor and Chairs of any committee or Community Board to have a casting vote.

Cr Wensley asked for her discontent to be noted that the minutes and the petition had not been circulated prior to the 28 August meeting.

7 PRESENTATIONS

Nil

8 REPORTS

At the request of the Golden Bay Community Board Deputy Chair, Grant Knowles, the Mayor read out a resolution of the Golden Bay Community Board made at their meeting on 14 August 2018.

Moved Chair Langford/Deputy Chair Knowles

GBCB18-08-9

That the Golden Bay Community Board has heard from a wide range of the Golden Bay community and agrees that the Waimea Community Dam is not an acceptable option due to the financial implications.

Brown Abstained

Sangster Abstained

CARRIED

8.1 Waimea Community Dam Project

The Mayor introduced Acting Chief Executive, Richard Kirby and Corporate Services Manager, Mike Drummond to speak to the report. He acknowledged the Chief Executive, senior management team and staff for their extensive efforts in generating this report for Council to consider in time for its meeting on 28 August 2018.

Mr Kirby introduced the report. He said that the report was the culmination of a significant amount of research and advice over many years. He advised Councillors that staff were presenting the report as a record of specialist and staff advice that had been collated from reliable sources over the years and that most of the advice had been presented to Council in some form or other over that time. He also said that most of the information had been peer reviewed, some more than once.

Mr Kirby said that the report contained factual advice with some commentary based on the authors' professional opinions. He said that staff were presenting the report as impartial advice that could be relied on as accurate and factual, and that could provide a sound basis for Council's decision making.

Mr Kirby advised Councillors that as the report contained a significant amount of detail, following the Executive Summary and Draft Resolution, the main body of the report had been divided into two sections:

Section 1 was in the standard Council report structure, with background and discussion on the consequences of respective decisions; and

Section 2 provided more of the detail Councillors had asked for at the Full Council meeting on 9 August 2018.

There were also a number of appendices to the report.

It was agreed that the report be taken as read and the Mayor invited questions from Councillors.

In response to a question about the megawatt capacity of the hydroelectric option, Mr Kirby said that he did not have an exact figure for the megawatt capacity, but that the line capacity was adequate for the plant. Responding to a follow up question, Mr Drummond said that agreement of any potential hydroelectric option would be a matter for the Joint Venture partners to discuss as part of the overall agreements ahead of financial close. Councillors noted in the report that the Joint Venture partners had agreed in principal to the possibility of a hydroelectric option, on the basis that it didn't impact on the water available for irrigation purposes.

The length and potential cost of the Dam construction programme was discussed. Mr Kirby said that the Early Contractor Involvement (ECI) process had been rigorous and that the contractors were confident of the prices they had been given.

The lake footprint and potential for leakages was discussed. Mr Kirby said that included in the report was information from Tonkin and Taylor on this matter, which had been sought in response to a question by Council at its 9 August 2018 meeting.

In relation to the vegetation clearance issues raised during public forum, Mr Kirby said that the methodology had been calculated on the basis that clearance would be undertaken at the start of the project, allowing time for the vegetation to decompose.

Mr Kirby tabled a page containing minor amendments to the report to correct grammatical errors.

Mr Kirby noted a correction to page 48 of the report relating to the riverside pond option. He said that the estimates were still based on concepts and noted the element of risk involved with that. In response to a question about why the costs escalated so much between the two pond options, Mr Kirby drew Councillors attention to page 48 of the report where the cost components of the different ponds were itemised. He explained part of the increase was not just the size of the ponds, but the ability to accommodate more than triple the flows from the pond via reticulation and treatment.

Mr Kirby took the opportunity to comment on the Nelson City Council option. He said this option would be more costly to the urban water users than the Dam and would not provide environmental gains or offer a solution to commercial users.

The protection from rationing offered by the riverside pond options was discussed. Councillors noted that this might serve to offer short term, but not long term security.

Councillors asked Mr Kirby to confirm the missing figure in 16.3.2, which he advised should state that Stage 5 rationing would be expected to occur once in every 5 years.

The increased share of the costs, when measured against the allocation of water to various users supplied by the Dam, was discussed. Mr Drummond said the premise on which the proposal stood was that there would be an agreement to bridge the gap by Council and the irrigators, and so the backing for all shares would need to be increased. Mr Drummond said that the increase in the costs of the Dam would be shared half by irrigators and half by Council.

Council's ability to deliver on the infrastructure programme contained in the Long Term Plan 2018-2028 was discussed. Mr Drummond said that the question was around the \$20 million of carry forward capital works programmes. He said that it was usual for Councils to carry forward projects that they had been unable to deliver for various reasons. He said that because of the nature of work Councils do, it would be unlikely for a Council to deliver 100% of the work programmed for any one year. Mr Drummond said any decision on which works may need to be pushed out, in any year, would require discussion by and a decision of Council.

The productivity of small businesses was discussed. Councillors noted that house prices and the affordability of rates could potentially threaten small business owners' ability to attract staff.

In response to a question Mr Kirby said that should the Dam proceed, if it appeared that some programmed work might need to be deferred, Council officers would come back to Council with a recommendation of which projects it might consider deferring.

Ground water allocation consents were discussed and Councillors asked how many people were waiting for consents to be allocated in the Waimea catchment. Acting Environment and Planning Manager, Rob Smith said that all of the zones in the Waimea catchment were currently over allocated. He said that Council does not operate a waitlist for the Waimea plains as the water is not available to allocate. He clarified that waiting lists were operated in other catchments. In response to a follow up question about information on Council's website, Resource Scientist Joseph Thompson said that prior to 2004 there

had been a waitlist, but that this was no longer current. Staff took an action to update the website in line with this information.

The March 2007 GNS report around the sensitivity of aquifer recharge was discussed. Mr Kirby said that weirs would only operate if there was flow in the river. He clarified that any cost to implement weirs, if they were required, would be an operational cost. He said that he was reluctant to speculate on a figure for the work that had not been scoped or adequately costed. When pushed for a figure, Mr Kirby stressed his reluctance but said that purely speculating, three days to hire a digger would cost around \$10,000.

At the request of Councillors, the Mayor provided an update on the Provincial Growth Fund application. The Mayor said that he had met with Minister Jones on 27 August 2018 and had also spoken on the phone with local MP Dr Nick Smith. He said that the indication from Government was that the Council could expect a small contribution from the Provincial Growth Fund, but not the \$18 million it had asked for. Government also indicated that a decision on the Dam and the responsibility to give effect to that decision sat with Council.

In response to a question about the irrigators ability to meet their share of the funding gap, the Mayor advised that John Palmer was present and willing to give an update to Councillors. The Mayor noted that Mr Palmer had advised any update would need to be heard in committee. Once confirmed the information would be publically available, but while negotiations were ongoing the information was commercially sensitive. Councillors agreed it would be helpful to hear from Mr Palmer, acknowledging this would be in committee, and agreed this matter should be discussed following the lunch adjournment.

Councillors asked what the implications of rates funding would be for the Motueka ward. Mr Drummond said that this increase in costs in relation to the Dam would be offset by projects carried forward not being completed. He said that staff expected to be able to keep rates income increases within the parameter set of 3% per annum. He confirmed this was overall, not for individual properties.

Councillors asked for an explanation of the worst case scenario under which water tankers would be required, acknowledging that a decision not to proceed with the Dam would require them to make an alternative decision for water augmentation. Mr Kirby said that water tankers would come in to play if there was a limited amount of water that could be extracted from the river and aquifers, for example under Stage 5 rationing.

Councillors asked about unrecoverable costs and whether these had been included in the overall estimated project cost of \$102 million. Mr Drummond said that there would be approximately \$2.5 million of unrecoverable costs in addition to the \$102 million. If the Dam does not proceed, he said that there would be approximately \$4-5 million of loan funded cost that would not be recoverable from the Joint Venture costs in addition to the \$2.5 million. The costs that are recoverable from the Joint Venture partners are included in the \$102 million estimate.

In response to a question, Mr Kirby said that a decision of Council today to proceed with the Dam would trigger a number of work streams to ensure that all agreements were in place in time for the deadline for central Government funding of 15 December 2018. Failure to meet that deadline would result in the withdrawal of central Government funding. In response to a follow up question, Mr Kirby advised that the cost of delaying the project after December 2018 was estimated at approximately \$80,000 per month.

Councillors asked whether, should the Council decide to proceed with the Dam, there would be an option to look at alternative funding before December 2018. Mr Drummond said that Council and the Joint Venture partners would continue to explore available options for alternative funding. Councillors commented that selling naming rights to the Dam might be an option for staff to consider.

The potential for the revised total project estimate of \$68.1 million to increase again was discussed. Mr Kirby said that this figure was not yet fixed, but that it included provision for a risk contingency of \$6.5 million.

The estimated cost of construction was discussed.

Mr Drummond said that all of the financial agreements for all of the parties involved needed to be finalised by financial close. He added that all agreements would need to go back to all of the parties and be formally agreed before the project could proceed.

In response to a question, Mr Drummond said that Crown Irrigation Investments Limited had indicated that their funding is not contingent on the Local Bill being passed before financial close. Responding to a further question, he said that the costs to decommission the Dam would be covered in the depreciation calculations.

Councillors asked whether the hydroelectric option was considered financially viable and asked whether a business case was needed. Mr Kirby said that following a decision to proceed with the Dam, the confirmed costs of the hydroelectric option would be brought back to Council before financial close. Mr Kirby also said that this was an option for Council to look at and not something that WIL would be involved in or contribute to.

The mechanism of a mixed ownership model for Council CCTO's was discussed. Mr Drummond said that the decision on whether or not there should be a holding company approach had been discussed in the past and that there had been no appetite by Council for this approach. He also said that there would now not be time to revisit this option in time for the December 2018 deadline. Community Development Manager, Susan Edwards advised that if this was an option Council would like to explore there was no reason why they could not look to do this at some point in the future.

Councillors asked staff to identify what new information was contained within the report. Mr Drummond said that the report brought before Council the information Councillors had requested at the 9 August meeting and that it presented the information Council needed to make an informed and robust decision. He said that the alternative options brought before Council in the report were those that fell more closely to the fiscal envelope Council had set.

The lifespan of the Dam was discussed in light of the comments made by Dr Toder during public forum. Mr Kirby said that he would need to look at the details of the MIT report, but strongly suspected that these related to large concrete structure dams. He said the Dam proposed by Council would be largely rock fill with a concrete face and that his understanding of the life cycle costs was that the Dam was expected to last for 100 years.

In response to a question about the 329 water permits, Principal Planner Steve Markham said that the permits had been processed but were not yet legally effective. He clarified that the permits had been held, but not yet issued and that the users were operating on expired permits. Mr Markham said that the reductions would be given effect when the

renewals were granted regardless of the decision on the Dam. In the event of a no Dam decision, the targets for reduction in water takes would not be met by the bona fide review. There would be further reduced targets, but he said that staff were not in a position to speculate on the nature of those reductions.

The financial burden on the ratepayers was discussed, should the Dam proceed and should further cost overruns occur. Councillors asked whether the burden would be split between the irrigators and the Council. Mr Drummond said that the term sheets provide for overruns up to the first \$3 million to be shared equally between both parties. Any costs over that would need to be met by Council. Mr Drummond also noted the provision already made in the revised budget contingencies for cost overruns.

The provision for securing urban water supply alone was discussed. Mr Kirby advised that the urban water contribution for the Dam was only \$16 million. Under the Nelson City Council option this would be \$20 million. He said that there would also be a question over security of supply. This option would provide no capital assets, but would be an investment in a contract for the provision of water. Mr Kirby noted that Nelson City Council had existing water restrictions and that Tasman District would be subject to those. He also said that if Nelson City Council thought they had sufficient water for a secure future supply, they would not be investing in the Dam. He advised Council to consider the overall value proposition of the Dam.

The meeting broke for lunch at 12.29pm. Members of the public were advised the meeting would be conducted in committee after the break and were given the estimated time of 1.30 pm for the meeting to resume in a public session.

The meeting reconvened at 1.05 pm.

**Resolution to go into Committee – Verbal Update from Waimea Irrigators Limited
Moved Cr Maling/Cr Brown**

CN18-08-21

That the public be excluded from the following part(s) of the proceedings of this meeting, aside from Mr John Palmer of Waimea Irrigators Limited (WIL) and Mr Murray Harrington (Partner, PwC) who are authorised to remain for the in committee session.

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:

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	s7(2)(b)(ii) - The withholding of the information is necessary to	s48(1)(a)

<p>to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	<p>protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>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)</p>	<p>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.</p>
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The meeting resumed in open meeting at 1.35 pm.

The Mayor acknowledged the presence of Cr Stuart Walker from Nelson City Council.

The Engineering Services Manager, in response to a question, differentiated between the prices gained through the Early Contractor Involvement (ECI) that were fixed and those that remained at risk of variation. The estimated overall cost was circa \$102M and the value of the work streams that had not been committed or fixed, totalled approximately \$22M. Within that figure, he said the portion of the dam construction price that was not fixed was \$9M, which included \$5.6M for the mechanical and electrical elements. It was the intention this would be fixed by financial close.

The meeting heard that as a result at financial close, approximately \$15.4M of costs are expected to relate to items that would be exposed to risk/no fixed prices. Built into that figure were allowances for contingency, escalation and inflation. The Engineering Services Manager advised he was comfortable that was a fair and reasonable figure for a project cost and, although he could not guarantee the prices would not be more, he reassured Councillors that if they were, the increase was unlikely to be significant. He also commented that the result attained through the ECI process could not have been any better than is currently presented.

Councillors sought further information on the management of the project and wanted to know at what point the joint venture's board of directors would take on this role. They were also interested in how much involvement Council would continue to have in terms of staff time, commitment and management, acknowledging that, to date, the resources engaged in the project had been significant.

The Engineering Services Manager confirmed that, by financial close, the Council Controlled Organisation (CCO) would need to have been formed and appointment of directors made. Furthermore, by this point, all three parties, Council, WIL and CIIL would need to have approved the agreements for financial close. With that documentation in place and financial close reached, the company would take over the project and run it. Council officers' involvement from that point on will be in terms of information on how the project was being managed rather than having a hands on role.

The Corporate Services Manager explained that the enabling action for the directors to take over and for the company to be able to pick up the project would be the payment of the

agreed capital contributions. Once the company is capitalised there would be a handover between the Project Office, Council and the new CCO. In terms of the reporting, this would be in the same style as with Nelson Airport and Port Nelson.

It was observed that at central and local government level, there was always a great deal of focus on delivery of water. With Council being a unitary authority additional obligations existed, involving current plan rules, consents and the rules that will come into force under the Tasman Resource Management Plan. These have a fixed life and would need to be reviewed.

The Principal Planner – Environmental Policy explained the process by which these changes were made and referred to the agenda report which provided a brief background on the history of water management and planning provisions in the Tasman Resource Management Plan. He said that, in a 'with dam' scenario, there would be no immediate change to the Tasman Resource Management Plan (TRMP) required because the Resource Management Act enables plan changes to govern the renewal process for the 329 existing permits. He went on to advise that under a 'no dam' scenario, a new review around the ten year point would be required. He also commented that at any time, the Council or a future Council could make amendments to the allocation framework.

Councillors heard that a positive decision today was critical to achieve financial close by 15 December 2018 which is the deadline that has been given by CIIL. After that, funding would not be available. This timeframe was considered sufficient to allow the agreements between the joint venture parties to be finalised. Those parties would also need a level of certainty that Council remains committed to the project.

The Community Development Manager advised the meeting that a 'no dam' decision would be inconsistent with the Long Term Plan 2018-2028 (LTP) and would have implications in terms of the level of service Council could provide for water supply. She went on to refer to section 97 of the Local Government Act (LGA) which confirms Council cannot make a decision that would result in a change to level of service without having gone through an amendment to the LTP. Consequently, an in principle decision not to go ahead with the Dam would trigger that provision and a process would need to be invoked to amend the LTP. This would not be the case if Council supported the project.

Some Councillors expressed disappointment that Central Government were likely to commit only a small proportion of the \$18M applied for under the Provincial Growth Fund and only if a supporting decision for the Dam is made.

The meeting considered the risk of not securing the necessary land in the Lee Valley. The Community Development Manager reported initial indications from Parliament were that the Local Bill for the acquisition of land would receive majority support, although the Green Party had said they would not be in favour.

Councillors also heard that staff had yet to engage with Nelson City Council to discuss the terms of the cross boundary water supply agreement linked to their \$5M contribution. This had been allowed for in year three of their LTP.

The Corporate Services Manager explained the implications of a supporting decision, provided an estimate of costs that would be incurred in any event and the likely expenses arising from a 'no dam' decision. He said payments for August and September, including those for administration and the ECI process, would need to be met. Governance and

Corporate costs would reduce in the event the project did not proceed and the Waimea Water Project Office would close.

He anticipated the financial impact on Council, if they decided to go ahead, would amount to half of approximately \$728,000. He said an approved budget is already in place for \$247,000 for Council only costs out to financial close.

Cr Greening indicated his intention to foreshadow a motion contrary to the resolution that had been moved by Cr Tuffnell and seconded by Cr Bryant.

Disappointment was expressed that other capital projects such as roading, climate change measures and stormwater may be compromised should the dam proceed.

Ahead of inviting final comments on the motion, the Mayor asked Councillors to reflect on their responsibility to make a decision that was in the best interests of the whole community and the ratepayers of Tasman. He asked them to be clear on the consequences on supporting and not supporting the vote and be mindful of the impact on the community, the economy and the environmental values in the river.

The following comments from Councillors around the table are summarised as follows:

This decision was about rights, responsibilities and risks. Council needs an adequate, potable, water supply and need to meet the needs of the total community. There will always be risks and Council needs to learn to manage them. It would not want to be back in the situation where the water supply is running out. It is an uncomfortable position to arrive at when business activities and employment capabilities are at risk due to lack of water. If Council has to put some of our other infrastructure backwards for a while to make this project work, it should do so.

There was a recollection of the severe drought in 2001 when there was great concern for the urban water supply. It is recognised that water is critical to industries in order to survive and the impact of the Wai-iti dam was a good example of how that has worked well in terms of benefits to businesses in the District. There is one Council and one Region and Councillors must think beyond the impact on rates to ensure that there are sufficient resources to enable people and businesses to remain in the District.

There was disagreement the Waimea Community Dam was truly a regional project as Nelson City Council are only contributing \$5M to it in year three of their LTP. There was a desire to support the construction of a dam but this was outweighed by the many risks that exist that would suggest negotiations between the parties have failed.

Reference was made to the \$25M that was 'parked' in Council's Long Term Plan. There was great concern in the changing information that had been communicated to the public and the remaining discrepancies that existed. This is one reason why the project should not be supported.

The proposed Waimea Community Dam was considered the best option but was uneconomic based on the model that had been presented. The position was disappointing because the economy will suffer without a solution for adequate water. This was likely to result in a shift in business concepts across the District.

It was noted that Statistics New Zealand produced data that showed the number of older people in the District will almost double and that one in five will be aged over 75. This would

mean Tasman District will have the second oldest population in the country. Most elderly residents are on a fixed income and would not be able to afford an increase in rates.

Consideration had been asked for water tanks to be mandatory in new builds but that suggestion had been dismissed because some people would not be able to afford to build new houses to meet the new condition.

Concern was expressed that there was a lack of understanding about the concept of this dam and how it related to the bigger picture. Any District needed a vibrant economic community flourishing around it. The collaboration of this project is vital to that aim but there appears to have been a crisis of confidence. The impact of climate change appears to have been underestimated by some Councillors. There will always be risk around any project that provides a solution to the anticipated water shortages – the biggest risk is that the motion would not be supported. Despite being financially challenging, the proposed Waimea Community Dam remained the best option.

The proactive measures taken by WIL to date were commended.

It was acknowledged the project had created numerous challenging discussions over the years. There was regret expressed that it appeared to have become a debate between irrigators and the rest of the community. For the first eight years of discussion around the concept of water augmentation, it had been a positive experience working towards an agreed solution to provide more water into the system.

The dwindling availability of water was inevitable. The increasing population will put pressure on existing resources and the only way this can be resolved is collectively. Council is fortunate to have Central Government support for the project. The cost will always dominate the project and after some 17 years of discussion and debate, Council has never been in a better position to have certainty around the numbers involved and the future benefits to its community. The proposed Waimea Community Dam remains the right solution.

The Dam may be the best option for the next 100 years but there may be smaller options available for the next 5 to 10 years that would cost less. Golden Bay and other residents in communities further afield would be paying money that would result in very little benefit to them. There are other projects more deserving for Golden Bay.

Generally Council cannot afford to put any more expense onto the ratepayer, particular in communities with a lower than average wage.

The comment was made that there had been a good start to water augmentation discussions many years ago but the challenges came when cost estimates had to be considered. There was no doubt this is an expensive project but there were still a number of months available to reduce the financial impact on ratepayers. The cost of providing an adequate water supply would cost far more if this proposal doesn't go ahead. Once the external funding is lost, it is unlikely to be made available again to any future option.

It was observed there was general support for the need for water but not for the risks that came with the proposal that Council was to consider at this meeting. The affiliated irrigators are stretched to the limit and the extended funding obligations makes them even more fragile. There is still a sizeable gap to fill with start-up funding which ratepayers will be called to fill if this motion receives majority support. There was a belief expressed that ongoing

costs and risks will only get larger, there was no appetite for that risk and no public mandate for the decision to proceed.

It was acknowledged that all Councillors have given the matter a lot of thought but ratepayers are at their limit and they will be burdened with risks and cost overruns. There was concern that the finance and governance models appear to be flawed, the seismic and geological risks cannot be mitigated, dams represented old technology and there were other viable options to be explored. The delay of other essential infrastructure projects would be inevitable if the dam goes ahead and that was not acceptable.

The benefits and the need of an adequate water supply wasn't at issue but the proposal before Council was simply unaffordable.

There was not enough water on the Waimea Plains in the dry Summer months and with no Dam or any solution there will be a critical shortage. The consequences of that shortage are dire. The report before Council provides compelling reasons to proceed with the Dam.

The other options to the Dam that have already been considered are less affordable. With this project there will be external funding available and a strong level of support from Central Government.

The driver for this decision should be doing the right thing for the community. There are irrigators and other external parties working with Council to help the urban community as well as producing environmental and economic benefits. This is a regional solution for a regional problem that will have huge economic impact if not addressed.

It was noted there was general agreement that the need for a secure water supply is paramount. The proposal before Council represented a plan where the Government, Council and irrigators had collectively put together a very balanced programme. There was concern that the ageing population will increase if there is no Dam because the economy will worsen and the workforce will reduce.

Moved Cr Tuffnell/Bryant
CN18-08-23

That the Full Council:

1. receives the **Waimea Community Dam Project report RCN18-08-16**; and
2. re-confirms its decision of 27 July 2017 (CN17-07-1) that the proposed Waimea Community Dam in the Lee Valley is the best solution for meeting the community's need for good quality local water supply infrastructure; and
3. agrees in principle to fund its share (51%) of the \$23m projected capital cost increases in the proposed Waimea Community Dam Project; and
4. notes that the \$23m in 3 above may be offset by a Provincial Growth Fund grant; and
5. instructs staff to progress negotiations and work streams through to a final agreement for Council approval as part of financial close in late November 2018; and
6. notes that the reasons for reviewing the Council's funding position include:

- the broad range of benefits offered by the proposed Waimea Community Dam compared to the alternatives, including addressing Council's water management obligations under the Resource Management Act; the National Policy Statement on Freshwater Management; and the National Policy Statement on Urban Development Capacity; and
 - the costs, lesser benefits, risks and uncertainty associated with the alternatives; and
 - the obligation to provide good quality infrastructure that is most cost effective for households and businesses; and
7. notes that Waimea Irrigators Limited and Crown Irrigation Investments Limited have indicated their commitment to review their position and funding in order to reach financial close.

Cr Greening called for a division.

Brown	For
Bryant	For
Canton	Against
Greening	Against
Hawkes	Against
Kempthorne	For
King	For
Maling	For
McNamara	Against
Ogilvie	Against
Sangster	Against
Tuffnell	For
Turley	Against
Wensley	Against

LOST

The meeting adjourned for afternoon tea at 3.05 pm and reconvened at 3.22 pm.

**Moved Cr Maling/Cr King
CN18-08-224**

That the meeting be extended until such time as all items of business on the agenda have been considered.

CARRIED

The wording of a motion that had been foreshadowed by Cr Greening was considered.

That Council

1. receives the Waimea Community Dam Project Report; and
2. does not support the current Waimea Dam proposal.

An amendment – the addition of a point 3. - was suggested by Cr Wensley:

‘instructs Crs King, Wensley, Sangster and McNamara to meet with Waimea Irrigators Limited, Crown Irrigation Investments Limited, Nelson City Council and industrial users to negotiate a funding model that will enable Tasman District Council to meet its obligations to other capital projects in its Long Term Plan and report back to an Extraordinary Meeting on 10 September 2018.’

The Community Development Manager explained that, legally, Council should not proceed with any resolution that specifically stated it would not proceed with the Dam because this would be ultra vires and open to legal challenge.

The Principal Legal Advisor confirmed this position. She advised that the wording of the LTP, as a result of today’s decision, would need to be amended and consulted upon.

The Community Development Manager explained the decision that was made on the Dam previously was consistent with the Long Term provisions for levels of service. The decision not to fund Council’s share of the additional project costs made at this meeting effectively makes it difficult for the Dam to proceed and so would now trigger the consultation requirements on that amendment.

In response to a question raised, the Corporate Services Manager explained the process letter signed by the Joint Venture parties committed Council to use their best endeavours to give effect to its terms. He went on to provide an overview of the impact of Council’s decision on existing workstreams including the ECI process. He believed the ability to resurrect the funding was unlikely because by the time the consultation process to amend the LTP had taken place, the Joint Venture parties would no longer be in a position to offer funding for the project. He went on to advise that \$73 million in Central Government and private sector funding would not be available to the Council.

The meeting heard that there were approximately 30 days before the irrigation starts around the District and the 329 consents that are waiting for this decision will need to be issued. Further delays would prejudice those parties.

Moved Cr Wensley/Cr Canton

That Council

1. receives the Waimea Community Dam Project Report; and
2. in principle does not support the current Waimea Dam proposal.

The motion was not put but consolidated, with Crs Greening and Canton’s consent, with the draft resolution prepared by staff.

The previous amendment – the addition of point 3. was withdrawn by Cr Wensley.

The following amendment to point 15 of the draft resolution was put:

**Moved Cr King/Mayor Kempthorne
CN18-08-235**

- 15. notes that staff will 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; and**

CARRIED

The amended motion became the substantive motion and was put in its entirety:

**Moved Cr Greening/Cr Wensley
CN18-08-24**

That the Full Council:

- 1. receives the Waimea Community Dam Project Report; and**
- 2. in principle does not support the current Waimea Dam proposal.**
- 3. agrees in principle to not fund its share (51%) of the \$23m projected capital cost increases in the proposed Waimea Community Dam Project; and**
- 4. notes that an in principle decision to not fund the Council's share of the projected capital cost increases:**
 - a. will result in the availability of \$55 million of external funding towards the project being lost with no future opportunity to access that external funding;**
 - b. will effectively preclude the project proceeding under the current funding allocation model;**
 - c. therefore constitutes a decision not to proceed with the Dam project under the current funding allocation model; and**
- 5. notes that a final decision to not proceed with the Dam would require a Long Term Plan amendment under section 97 of the Local Government Act 2002, as it would mean a significant change to the levels of service for water supply and security currently signalled in the Long Term Plan 2018-2028; and**
- 6. notes that in order to amend the Long Term Plan to authorise a final decision to not proceed with the Dam, Council is required to consult the public on the proposed amendment using the Special Consultative Procedure; and**
- 7. notes that a decision to not proceed with the Dam project would be of a high level of significance; and**
- 8. asks staff to 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; and**
- 9. notes that the Tasman District Council (Waimea Water Augmentation Scheme) Bill will need to proceed through the Parliamentary process until such time as Council has completed its consultation on the Long Term Plan amendment and made a final decision on the Dam; and**

10. notes that Council will need to consult concurrently with the Long Term Plan amendment on changes to the Revenue and Financing Policy to address an equitable distribution of the loan funded unrecoverable and sunk costs on the community; and
11. asks staff to prepare a section 101(3) analysis on the distribution of costs in 9 10. above; and
12. request that staff inform Council's joint venture partners, Waimea Irrigators Limited and Crown Irrigation Investments Limited, of its decision in principle (and subject to the outcome of the Special Consultative Procedure at part 5 above) to not fund Council's share of the capital cost increases for the Dam and in principle to not proceed to financial close; and
13. requests that staff 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; and
14. notes that staff will report back on the status of the application to the Provincial Growth Fund for a contribution towards the Dam; and
15. notes that staff will 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; and
- ~~16. notes that staff will report back on the status of Plan Change 67 to the Tasman Resource Management Plan; and (this wording was substituted with the wording in 15 above, so needs to come out)~~
17. notes that, as a consequence of parts 3 and 7 above, staff will continue the current work streams related to the Dam project pending a final decision (pursuant to the Special Consultative Procedure referred to at part 5 6 above); and
18. notes that there will be costs associated with a final decision to withdraw from existing contracts and agreements relating to the Dam project.

On a show of hands 8 were in support.

CARRIED

5 LATE ITEMS

The meeting moved into committee at 4.10 pm.

Resolution to go into Committee – Appointment of Acting Chief Executive

Moved Cr Canton/Cr Hawkes

CN18-08-257

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:

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.

CARRIED

The meeting resumed in open meeting at 4.15 pm and released the following resolution.

8.2 Appointment of Acting Chief Executive

**Moved Cr Ogilvie/Cr Greening
CN18-08-26**

That the Full Council:

- 1. receives the Report 'Appointment of Acting Chief Executive' RCN18-08-17; and**
- 2. appoints Mike Drummond, Corporate Services Manager as Acting Chief Executive for the period 30 August to 2 September 2018; and**
- 3. approves the Corporate Services Manager as a permanently appointed alternative Acting Chief Executive in the event that both the currently appointed Acting Chief Executives - the Environment and Policy Manager and the Engineering Services Manager (in that order), are unavailable or out of the District;**
- 4. That the delegation of Acting Chief Executive to each of those Senior Managers be recorded in the Delegations Register and by virtue of its**

inclusion, can be enacted at any time by the Chief Executive without further formality.

CARRIED

The meeting concluded at 4.16 pm.

Date Confirmed:

Chair:

Confirmed