

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

**Date:** Thursday 19 October 2017  
**Time:** 9.30am  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street  
Richmond

---

## Full Council

### AGENDA

---

#### MEMBERSHIP

<b>Mayor</b>	Mayor Kempthorne	
<b>Deputy Mayor</b>	Cr King	
<b>Councillors</b>	Cr Brown	Cr McNamara
	Cr Bryant	Cr Ogilvie
	Cr Canton	Cr Sangster
	Cr Greening	Cr Tuffnell
	Cr P Hawkes	Cr Turley
	Cr Maling	Cr Wensley

(Quorum 7 members)

Contact Telephone: 03 543 8405  
Email: [kate.redgrove@tasman.govt.nz](mailto:kate.redgrove@tasman.govt.nz)  
Website: [www.tasman.govt.nz](http://www.tasman.govt.nz)



## 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

Nil.

The in-committee minutes of the Full Council meeting held on Thursday, 7 September 2017 will be considered in the Confidential Section of this meeting.

### 7 PRESENTATIONS

#### 7.1 Community Water Solutions Advisory Group

10 minutes maximum allowed to include questions of clarification where permitted by the Chairperson.

#### 7.2 Golden Bay Grand Stand Community Trust (Inc)

20 minutes maximum allowed to include questions of clarification where permitted by the Chairperson.

### 8 REPORTS

**N.B.** The Mayor intends to consider item 9.2 'Waimea Community Dam - Joint Venture Funding Proposal update' in a confidential session ahead of item 8.1.

The public will be asked to leave during that session and invited to return to the meeting for the following items to be considered:

- 8.1 Adoption of Consultation Document Containing the Proposal on Waimea Community Dam Governance and Funding Options ..... 5
- 8.2 Rates Remission Application - Land Subject To Council Initiated Zone Changes 121
- 8.3 Grant of Easement To Network Tasman Limited at River View Campground .. 129
- 8.4 Waimea Community Dam Project Report..... 143
- 8.5 Chief Executive's Activity Report..... 147
- 8.6 Mayor's Activity Report to Full Council ..... 209
- 8.7 Machinery Resolutions Report ..... 215

**9 CONFIDENTIAL SESSION**

9.1 Procedural motion to exclude the public ..... 219

\*9.2 Waimea Community Dam - Joint Venture Funding Proposal Update ..... 219

9.3 Roothing - Option for Land Purchase..... 219

9.4 Proposed TRMP Change 60 Variation 1 ..... 220

## 8 REPORTS

### 8.1 ADOPTION OF CONSULTATION DOCUMENT CONTAINING THE PROPOSAL ON WAIMEA COMMUNITY DAM GOVERNANCE AND FUNDING OPTIONS

Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Sharon Flood, Strategic Policy Manager
<b>Report Number:</b>	RCN17-10-02

#### 1 Summary

- 1.1 This report requests that Council adopts the Consultation Document (which is a Statement of Proposal) and Summary for consultation on the Funding and Governance arrangements for the proposed Waimea Community Dam project (Dam); and the Local Government Act Section 101(3) Analysis as supporting information.
- 1.2 The Consultation Document provides the opportunity for the public to comment on how we propose to fund Council's share of the costs (\$26.8m) for the proposed Dam project. It also seeks public views to assist Council make decisions on the ownership and governance model for the Dam project. Consultation on funding is being undertaken now so that decisions can be taken into account in the development of the Long Term Plan 2018-2028. The report summarises the previous matters considered by Council. The Consultation Document reflects the outcomes of these meetings.
- 1.3 Under the joint funding proposal for the Dam project:
- 1.3.1 A dam company would be formed as a Council Control Organisation and owned by Waimea Irrigators Limited (WIL) and Council. As majority shareholder, Council would hold at least 51% of the shares in the company at all times, and appoint the majority of the Board.
- 1.3.2 The total estimated cost of the Dam project (excluding incurred project costs) is \$75.9 million (m). Under the Dam funding proposal this would be funded on the following basis:
- \$50.22m by extractive users, where a secure water supply is guaranteed.
    - Irrigators through (WIL) \$37.12m
    - Nelson City Council's (NCC) \$3.52m
    - Council \$9.58m
  - \$22.77m by Council for the benefits that would accrue to the environment and community generally. This would be funded through:
    - \$7m grant from the Government's Freshwater Improvement Fund (FIF Grant)

- \$10m interest free loan from Crown Irrigation Investments Limited (CIIL) (that Council would need to repay),
  - \$1.48m from Nelson City Council
  - \$4.29m by Council
  - \$2.91m by Council for its share of the additional Dam capacity for future use
- 1.3.3 The funding proposal has been prepared on the basis of a \$5m contribution from Nelson City Council (NCC). However, this contribution is still subject to public consultation and confirmation by NCC.
- 1.3.4 Council would provide credit support of up to \$29m for the CIIL \$25m loan to the dam company for WIL. The reason for the difference is that from day one, once the loan costs and interest are capitalised, the actual potential maximum liability of the loan would be \$29m. In combination with this credit support, Council would receive a \$10m interest free loan from CIIL, and the ability to leverage \$15m or more of private sector investment from irrigators through WIL.
- 1.4 The proposal sees Council responsible for funding \$26.8m in total, which would have a rates and/or revenue implication (as Council proposes to use its commercial dividends and surpluses to pay some of the costs). Of this amount, \$25m is budgeted for in the Long Term Plan (LTP) 2015 – 2025. Further to this, annual operating expenses are currently estimated at \$1.4m to \$1.5m, of which Council would meet 51% (\$715,000) which is proportional to its proposed shareholding in the dam company.
- 1.5 Council proposes to spread the cost of the Dam project across the direct and indirect beneficiaries who would benefit from the augmented water supply. Proposed total rate increases for most ratepayers to fund the Dam project revenue requirement are estimated to range from between \$29 to \$160 per property per year, depending on property location, property value, and if they are in the Urban Water Club. These rate increases are estimates only as they are based on 2017/2018 figures and would be stepped in over time, potentially reaching maximum totals in year three after the dam was built (2021/2022). For example a ratepayer subject to the \$29 per year charge may pay \$15 in year one, \$20 in year two, and so on.
- 1.6 Overall, the proposed Dam project would deliver water for the Region at a lower cost than any other alternative. It would bring benefits to the environment in terms of increased river flows and recharged aquifers, and it would provide water security for current and future demands. An alternative water supply is needed for the Waimea area, and doing nothing would have high economic, social and environmental cost and affects everyone. By funding the Dam in partnership, it lowers the cost of securing water and delivers benefits that are otherwise unaffordable for our community.
- 1.7 The public consultation process would run from 21 October to 26 November 2017, hearing of submissions would be held in mid-December 2017, and Council is likely to make a decision on the proposals in February 2018.

**2 Draft Resolution****That the Full Council**

- 1. receives the Adoption of Consultation Document Containing the Proposal on Waimea Community Dam Governance and Funding Options report RCN17-10-02; and**
- 2. adopts the Tasman District Council’s Consultation Document (Statement of Proposal) contained in Attachment 1 of this report for the proposed Waimea Community Dam Funding and Governance, incorporating any minor amendments agreed at the meeting; and**
- 3. approves the Consultation Document as the basis for public consultation in accordance with Section 87 of the Local Government Act 2002; and**
- 4. adopts the Summary for the proposed Waimea Community Dam funding and governance arrangements contained in Attachment 2 to this report, incorporating any minor amendments agreed at the meeting, for release as the basis of a public consultation process; and**
- 5. adopts the Local Government Act 2002 Section 101(3) Analysis as supporting information for the Consultation Document (Statement of Proposal) contained in Attachment 3 to this report; and**
- 6. notes that the Summary will be distributed within the Tasman District as a special edition of Newsline; and**
- 7. agrees that the Consultation Document, Summary and Section 101(3) Analysis supporting information for the Waimea Community Dam Funding and Governance will be publicly notified on or before 21 October 2017 and that submissions will close on 26 November 2017; and**
- 8. agrees to the Mayor and the Chief Executive Officer, signing off any further minor editorial amendments prior to the Consultation Document and Summary being finalised for public consultation.**

**3 Purpose of the Report**

- 3.1 The purpose of this report is to request that the Council adopts the Consultation Document (Statement of Proposal) and Summary for the proposed Waimea Community Dam Funding and Governance arrangements. It also seeks that Council adopts the Local Government Act Section 101(3) Analysis as supporting information, and approves all three documents to be released for public consultation purposes.

**4 Background, the Proposal and Discussion**

- 4.1 Council undertook public consultation on a proposal to build a dam in the Lee Valley in 2014, and again through the Long Term Plan (LTP) 2015-2025. In a roughly parallel process, Council also amended its Tasman Resource Management Plan (TRMP) in recognition of the need to reduce the current over allocation of the water resource on the Waimea Plains. A result of the 2014 and LTP consultation, was a decision that the Waimea Community Dam (Dam) was a preferred solution to the over allocation and augmentation supply problem. A total of \$25 million was allocated in the LTP towards funding the Dam.
- 4.2 Over recent months, Council has considered the rationale for proposing to build the Dam through several reports. In summary, the current proposal is for a Dam to be built in the Lee Valley to augment the water in the Waimea River and in the aquifers under the Waimea Plains. The aim is to improve security of supply for consumptive users (residential, industrial and irrigation), to provide for the growth in the demand for water in the future and to provide environmental and recreational benefits through increased river flows. We expect significant economic, social, cultural and environment benefits from this project.
- 4.3 We have investigated a range of alternative water augmentation options, and in comparison to the Dam they are not cost efficient and do not deliver the range of benefits as the Dam (i.e. environmental, urban water supply, and irrigation). These alternatives have therefore been discounted.
- 4.4 The Consultation Document seeks public input on the governance model of the proposed Dam as well as how we fund the Dam project costs across our ratepayers. We are seeking input now so that the decisions on funding can be taken into account when the Long Term Plan 2018-2028 is prepared.
- 4.5 A decision by Council to fund the proposed Dam requires Council to consider its powers and meet its obligations under the Local Government Act (LGA) 2002 and the Local Government Rating Act (LGRA) 2002. These are complex and important decisions. Council needs to have particular regard to the provisions of S101(3) of the LGA 2002 as it decides on the appropriate sources and apportionment of funds for the Dam.
- 4.6



The other work streams, which are ongoing in parallel for this project include:

- land access and acquisition
- final design, procurement and tender process for construction of the Dam
- overall project management
- Nelson City Council public consultation on their \$5m contribution
- Waimea Irrigators Limited – release of the Product Disclosure Statement as part of their capital raising process

- 4.7 Funding for work on the project to date has come from a range of stakeholders including ratepayers and water users through the Council, as well as from the Crown.
- 4.8 Over recent years, Council has discussed a range of options for funding, owning and managing the proposed Dam. The Statement of Proposal (Consultation Document) is based on the Council Decisions at the 7 September 2017 Council meeting.

## 5 Funding Proposal

- 5.1 After several years of investigation and negotiations, Council now has a proposed funding model in partnership with irrigators (Waimea Irrigators Limited (WIL)) and Central Government (via Crown Irrigation Investment Limited (CIIL) and Ministry for the Environment (MFE)).
- 5.2 For the Waimea Community Dam (Dam) project to proceed it is likely that Council would need to agree to the overall funding package and Council's contribution of \$26.8m. WIL have made it clear through the funding negotiations that they are at their potential shareholder affordability limit with this funding model. The motivation for Council to agree to this overall funding model is that the alternative water augmentation solutions to provide water security for the Waimea area would be significantly more expensive and have a much larger impact on our ratepayers. Overall the proposed funding model with our partners is one that delivers the best value for our community and the best arrangement that can be achieved for funding the Dam project.
- 5.3 Under the proposed funding model, the total estimated cost of the Dam is \$75.9m. The funding partners propose to fund costs related to providing a secure water supply for extractive use (\$50.2m) as follows:
- \$37.12m by irrigators through WIL. Their share would be funded from \$15m of irrigator equity, and a low interest loan from CIIL of \$22.12m;
  - \$9.58m by Council which we proposed to fund through the Urban Water Club; and
  - \$3.52m by NCC funding from their \$5m contribution (subject to consultation).
- 5.4 Additional capacity in the Dam would be shared on a 50/50 basis between WIL and Council. This results in each partner contributing \$2.91m. WIL's contribution is included as part of their \$37.12m contribution as in paragraph 5.1.1 above. Because the use of our additional water capacity has not yet been determined, Council is treating this cost as part of the benefits that relate to the environment and community generally.
- 5.5 The funding partners consider that 30% of the benefits that the Dam achieves are benefits relating to the general community and environment. The proposal is that \$22.77m of the dam costs are funded by Council for this benefit. We propose to fund this cost via:
- a \$7m grant from the Government's Freshwater Improvement Fund (FIF Grant);

- a \$10m interest free loan from CIIL (that Council would need to repay);
  - \$4.29m from Council (via targeted rates); and
  - \$1.48m from NCC's \$5m contribution (subject to consultation).
- 5.6 Under the current funding model, NCC is contributing \$5m towards the Dam project. We have nominally apportioned these funds between the extractive user contribution and the wider community and environmental benefits. NCC are yet to consult with their community and to confirm their funding commitment.
- 5.7 Council proposes to provide credit support of \$29m for CIIL's loan of up to \$25m. CIIL is proposing to provide a loan to WIL through the dam company. The reason why the credit support is \$29m for the loan is because from day one, the potential maximum liability of the loan would be \$29m once the costs and interest are capitalised. Credit support for CIIL is one of the terms negotiated by the parties. Council's proposed option is to provide the guarantee because we are the only party that has the financial strength to do so, and in the unlikely event of WIL defaulting, we would most likely step in to protect our investment, to secure the wider community benefits, and to meet our financial obligations under the Public Works Act. Provision of the guarantee means that project funding comes at a much lower interest cost compared to commercial interest rates and enables the project to leverage \$15m of private sector investment from irrigators through WIL.
- 5.8 Council would need to provide credit support to CIIL if there was a widespread failure of payment of water charges from WIL shareholders. This is considered to be unlikely as WIL propose to have significant remedies available in the event of non-payment by individual shareholders. These remedies would be in accordance with its Constitution and shareholder agreement.
- 5.9 As a result of Council providing full credit support, CIIL is providing a \$10m interest free loan to Council over 11 years, which would result in a \$500,000 savings for Council in interest costs. The favourable loan terms from CIIL reflects Council providing credit support. We propose to repay the \$10m loan in two \$5m repayments in years 6 & 11 from Council's commercial activity revenue and surpluses.
- 5.10 There would be annual management costs associated with the governance, maintenance and operational oversight of the dam company. Costs have been assessed to be in the order of \$1.4m - \$1.5m per year and would be in addition to the capital costs. The funding partners propose that these costs would be met based on the level of shareholding in the dam company. WIL would fund 49% of operational costs, while the remaining 51% would be funded by Council. Our contribution would be in the order of \$715,000 per year.
- 5.11 Within the financial modelling we propose that there is a 50/50 cost sharing of the under and over-runs of up to \$3m between WIL and Council. In the unlikely event there are cost over-runs above \$3m, it is proposed that Council meets these additional costs. Cost saving over \$3m would also go to Council.
- 5.12 In addition to the investment in the capital costs for the Dam project, Council has incurred additional costs since 2014 that are outside the dam company project budget. These project costs are estimated to be approximately \$2m - \$2.7m through to financial close. The spent project costs of \$2m have been loan funded over 30 years, and are included in the calculations used to derive the proposed rates and charges in the Consultation Document.

## 6 Ownership and Management

- 6.1 Council is proposing to fund its contribution to the project using its powers in the Local Government Act 2002 and Local Government (Rating) Act 2002. As the land for the Dam is being acquired under the Public Works Act 1981, the Dam can only be owned by Council or a Council Controlled Organisation (CCO). To be a CCO Council must appoint 50% or more of the Board and/or hold 50% or more of the shares.
- 6.2 The proposal is that the Dam is owned and operated by a CCO with Council having the majority shareholding at 51.1%. This shareholding is proportional to the total capital funding from Council/NCC combined and WIL at 48.9%. On day one the shareholding in the dam company would be Council 72.1% and WIL 27.9%. This is based on the initial capital contributions. Further shares would be allocated to WIL annually up to a total of 49% as it repays the \$25m loan from CIIL. Council would always hold the majority of shares.
- 6.3 Initially there would be seven professional members on the Board of DamCo. The proposal is that the Board includes one iwi representative, two WIL appointed directors, and four Council appointed directors.
- 6.4 The proposed model provides us with the best option to meet our legislative requirements, and it provides us with the majority shareholding and members on the Board. It also ensures favourable funding terms from CIIL with the \$10m interest free loan, the concessional loan to irrigators of up to \$25m, and the \$7m grant from Government's FIF Grant. The Dam project would be most unlikely to proceed without this additional Government support.

## 7 Discussion

### Section 101(3) LGA Funding matters

- 7.1 The proposed Dam is among one of the larger investments the Tasman community is proposing to make in its core infrastructure. As a water augmentation project it provides a range of benefits across the community. This makes the division of Council's costs more complex than a pure irrigation or urban water augmentation scheme.
- 7.2 Section 101(3) of the LGA sets out the matters that Council must consider when funding an activity. Various provisions in the Local Government (Rating) Act 2002 (LGRA) especially relating to the basis for setting targeted rates are also relevant and need to be considered. Councillors worked through these matters at their workshops of 5 September and 14 September 2017.
- 7.3 Step 1 of Section 101(3) LGA process requires specific consideration to be given to five principles. These are outlined and addressed below.
- 7.3.1 *How the activity contributes to the community outcomes*- it can be demonstrated that the Dam project contributes to some degree to five community outcomes in the LTP.
- 7.3.2 *The user/beneficiary pays principle* – the distribution of benefit between the community, parts of the community, and individuals are included in the Dam project funding and rating decisions. Analysis around this principle is provided in the Section 101(3) report, which forms part of the supporting information for the Consultation Document (Statement of Proposal).
- 7.3.3 *Intergenerational equity – the period over which the benefits are expected to be accrued*. Like most infrastructure projects, the benefits of the Dam are expected to

extend over multiple generations. The proposed dam storage allows for future urban and business growth demands for the next 100 years. To help address the intergenerational equity question, we propose that our capital costs are predominantly met through borrowing with loan repayments and charges structured over a 30 year period.

7.3.4 *The extent to which actions or inactions of particular individuals or groups contribute to the need – referred to as the exacerbator principle.* Council and NCC are exacerbators because of their consented urban and business water supply take. Consented irrigators on the Waimea Plains are also exacerbators given that existing consents would exceed water supply under TRMP requirements from 1 November 2018. Due to over-allocation, reductions in water takes will be required in a no dam situation.

7.3.5 *The costs and benefits of funding the particular activity, including those for transparency and accountability.* In the case of the Dam, other principles can be applied as a basis for funding decisions and who benefits. For example, what directly benefits part of the region/community also has indirect benefits to the whole Region. In our case, additional production on the affected land area creates employment and business opportunities across the Region. Recreational areas can be also enjoyed by all and attract visitors which in turn supports a regional tourism sector. Because such indirect benefits are often complex to quantify, it can become easier to default to a user/direct beneficiary pays based model.

7.3.6 In terms of affordability, the user pays principle is valid. However, from an irrigators' perspective there is an affordability factor that must be considered for this principle to work in practice. The annual cost of water, including debt servicing for the CIIL loan of up to \$25m in the dam company, for irrigators under the Dam proposal would be in the range of \$550 – \$600 per hectare per year. Permit volume is controlled at a groundwater bore or take level. For irrigators joining the scheme there would also be the cost of purchasing shares in the irrigation company (WIL) and these are anticipated to be around \$5,000 \$5,500 per hectare/share. It is considered that the costs at these levels are at the top end of the affordability range for irrigators. These collective costs potentially affect smaller land blocks and/or less intensive land-use where higher set charges make a property uneconomical, particularly for current use.

7.3.7 There is also a case to include the principle of “partnership” given that the Dam project is being jointly funded and managed, albeit through a Council Controlled Organisation. While the project objectives may be agreed by all parties, there has been on-going discussion on the degree of private versus public good that would be derived from the project. The proposed establishment of a joint partnership arrangement between Council, NCC, the irrigators (WIL) and Crown Irrigation Investment Ltd (CIIL) is testament to applying this partnership principle.

7.4 Section 101(3)(b) LGA, requires Council to look at the overall impact of any cost allocation on the community.

#### **Proposed Implications For Our Ratepayers**

7.5 To fund Council's share of the Dam project, we propose to apportion that cost (\$26.8m) between direct and indirect beneficiaries. To fund the revenue requirements for the Dam project by way of targeted rates:

- 7.5.1 every ratepayer in the District would contribute (through the fixed District wide targeted rate) which is estimated to be \$29 per property per year; and
- 7.5.2 all those in the Zone of Benefit (as defined in the Consultation Document) would pay an additional charge based on their property CV; and
- 7.5.3 those in the Urban Water Club would pay a 10% increase on their fixed service charge and volumetric charges for their water.
- 7.6 For irrigators on the Waimea Plains affiliated to WIL, they would pay the fixed District wide targeted rate, plus an additional charge based on their property CV, plus the WIL irrigator costs. If they also happen to be in the Urban Water Club, which includes rural extensions from those urban water schemes, they would also pay the fixed service charge and volumetric charge.
- 7.7 The costs we have estimated only represent costs arising from the Dam proposal and do not include other rates changes that may occur due to other revenue requirements or projects (eg district wide revaluations). The following table provides an indication of the costs that ratepayers could expect based on their location, value of their property, and water use if they are in the Urban Water Club. These rate increases are based on 2017/2018 figures and would be stepped in over time, potentially reaching these maximum totals in year three after dam construction (2021/2022). For example a ratepayer subject to the \$29/year charge may pay \$15 in year one, \$20 in year two, and so on.
- 7.8 The rates and charges also include the Council's proposed share of the annual operating costs for the dam company, and \$2m of anticipated Council project costs.

Examples	Property CV	Urban Water Charge*	Fixed District Charge	ZOB Charge	Annual Total
Richmond/Best Island	\$250,000	\$76	\$29	\$14	\$119
Richmond	\$750,000	\$76	\$29	\$42	\$147
Mapua	\$600,000	\$76	\$29	\$33	\$138
Brightwater/Hope	\$400,000	\$76	\$29	\$22	\$127
Kaiteriteri, Murchison, Wakefield, Pohara, Collingwood & Tapawera	n/a	\$76	\$29	n/a	\$105
Upper Moutere, Motueka and Takaka (excluding Upper Takaka)	n/a	n/a	\$29	n/a	\$29

\* Urban Water Club - based on average volumetric water use of 225 cubic metres per property per year. A user on a rural extension with a 1m<sup>3</sup> restrictor volume would have an urban water charge increase of \$59, as they pay 80% of the volumetric rate multiplied by 365, per 1m<sup>3</sup> of restrictor volume

## Summary

- 7.9 We now have a proposed funding model for the Dam project in partnership with Central Government, Crown Irrigation Investment Ltd (CIIL), Waimea Irrigators Ltd (WIL) and Nelson City Council (NCC) that makes the Dam proposition affordable. It is a funding model that delivers the best value for our community, and the best arrangement that can be achieved for funding the Dam.
- 7.10 Under the ownership and governance model, Council would retain control of the dam company as the majority shareholder at 51% and appoint the majority of the Board (four of the seven).
- 7.11 Under the funding proposal Council is responsible for funding \$26.8m, which would have a rates and/or revenue implication. Of this amount, \$25m is budgeted for in the Long Term Plan (LTP) 2015 – 2025. Further, annual operating expenses are currently estimated at \$1.4m to \$1.5m, of which Council would meet 51% (\$715,000). Additional project costs for Council are expected to total between \$2m - \$2.7m.
- 7.12 In the Consultation Document, we propose to share the Dam project costs across our District ratepayers based on direct (extractive users) and indirect benefits from the Dam (whole community). Proposed total rate increases for most ratepayers to fund the Dam projects are

estimated to be somewhere between \$29 to \$160 per property per year depending on property location, property value, and if they are in the Urban Water Club.

## 8 Options

- 8.1 The options for Council's consideration are to adopt the Consultation Document (Statement of Proposal) on the Waimea Community Dam funding and governance, the Summary document, and the supporting information Section 101(3) LGA Analysis, with or without any minor amendments. This option is recommended and would enable the Council to meet the requirements of the Local Government Act 2002. The Council may decide to not produce a Summary document. However, staff consider that the Summary will assist public understanding of the proposals contained in the Consultation Document.
- 8.2 The second option is not to adopt the Consultation Document on the Waimea Community Dam Funding and Governance Arrangements, and the Summary document, and to ask staff to make amendments to the documents prior to reconsideration by the Council. If Council decides on this option, staff would also need to amend the consultation timeline and report back on an amended work programme to Council.

## 9 Strategy and Risks

- 9.1 Council has stated that water will be the key to the District's future prosperity. The investment in water infrastructure is a priority for our District, especially where it is needed to sustain current use, and where the infrastructure enables growth and provides a return on investment to Council and others. Support for the economy, environmental stewardship, quality of life and partnerships are the aligned strategies. The relevant strategic pillars are:
- a) Working Together – the Dam project continues to involve strong partnerships and relationships with WIL, CIIL and Nelson City Council. We continue to work collaboratively with those agencies and others involved with the project. Over the years that Council has been working on a solution to augment the Waimea River and aquifers, we have worked collaboratively with a range of other agencies including the Waimea Water Augmentation Committee, local iwi, Fish and Game, and the Department of Conservation.
  - b) Showing Leadership – making decisions that enable and demonstrating leadership to ensure the future growth and prosperity of the Nelson/Tasman Region by making provision for adequate water for residential, industrial and irrigation activities, and by enhancing the environmental flows to protect the Waimea River and its ecosystems.
  - c) Giving Service – ensuring that Council's water infrastructure services for the Waimea Plains are fit purpose now and into the future.
  - d) Communicating Effectively – enabling effective community engagement through the public consultation and engagement process.
- 9.2 There are risks associated with the Dam project, including:
- 9.2.1 that the public do not support the proposals contained in the Consultation Document;
  - 9.2.2 that the project does not come within budget. However, this risk is being mitigated to some extent with a p95 confidence for the Dam construction costs. This provides us

with a confidence of 95 percent that the Dam would be constructed within or under budget, and a five percent chance of going over budget;

9.2.3 that Council's major funding partners do not deliver on their contributions. This risk has been mitigated through the negotiations and commitments made to get to this point in the process; and

9.2.4 that NCC decides not to contribute \$5m towards the Dam project. If this occurs Council is likely to have to offset this contribution.

## 10 Policy / Legal Requirements / Plan

10.1 Council has elected to follow the legal requirements for the Special Consultative Procedure due to the moderate to high level of significance of this project, in particular the high level of public interest in it. Section 77(1) of the Local Government Act (LGA) 2002 outlines the requirements Council must consider in relationship to its decisions:

*(1) A local authority must, in the course of the decision-making process,—*

- (a) seek to identify all reasonably practicable options for the achievement of the objective of a decision; and*
- (b) assess the options in terms of their advantages and disadvantages; and*
- (c) if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.*

10.2 Councillors are obliged to consider and debate the advice staff have provided and validate the matters addressed in this report regarding their section 101(3) LGA 2002 obligations. Previous advice has been provided to Councillors on this matter.

10.3 Section 82 of the LGA 2002 outlines the principles of consultation Council should follow in relation to its decisions.

10.4 Section 87 of the LGA 2002 enables Council to use the Special Consultative Procedure if it chooses to. It states that a Statement of Proposal (the Consultation Document) must include:

- (a) a statement of the reasons for the proposal; and*
- (b) an analysis of the reasonably practicable options, including the proposal, identified under section 77(1); and*
- (c) any other information that the local authority identifies as relevant.*

10.5 When using a Special Consultative Procedure a Council must provide at least a month for consultation, acknowledge submissions and provide an opportunity for submitters to be heard.

10.6 The Consultation Document and the process we are proposing to follow meet the requirements of the LGA 2002.

## 11 Consideration of Financial or Budgetary Implications

11.1 The proposed Dam project is one of the larger infrastructure projects undertaken by this Council. It has financial and budgetary implications, including increasing Council's debt and increasing rates. The Consultation Document, Summary and the LGA Section 101(3)



Analysis contain information on how the Dam project, if it proceeds, would impact on rates and revenue. Council would need to consider the overall impact on debt as part of Council's total work programme when the Long Term Plan 2018-2028 is consulted on in March/April 2018.

## 12 Significance and Engagement

- 12.1 We consider that the funding and governance for the proposed Waimea Community Dam is of moderate to high significance to most residents, businesses and ratepayers of the District. In terms of Council's contribution to the cost, at \$26.8 million, it represents a major investment in securing the long term water needs for the Waimea Plains, but would also add to the Council's debt.
- 12.2 If the Dam proceeds, the funding of the asset would be of interest to many ratepayers and business. Council has, therefore, decided to consult on the funding and governance aspects of the Dam, using the Special Consultative Procedure, prior to the Long Term Plan 2018-2028 process.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Moderate to High	The funding and governance of the Waimea Community Dam is of high interest to many people living and businesses operating in the Waimea Plains. However, the funding and governance of the Dam is likely to be of moderate interest to many people and businesses in the District outside of the Waimea Plains. The Dam project has important economic, environmental and social benefits for the wider Nelson/ Tasman Region.

Is there a significant impact arising from duration of the effects from the decision?	High	The decisions on the funding and governance of the Dam project would have a reasonably long term impact, if the Dam proceeds. If the Dam project does not proceed, there would be greater financial impacts as the costs associated with an alternative water augmentation solution are significantly greater.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	No	The Waimea Community Dam is not listed as a strategic asset in Council's Significance and Engagement Policy.
Does the decision create a substantial change in the level of service provided by Council?	No	The decisions on the funding and governance of the Dam project do not in themselves change the level of service provided by the Council.
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Moderate to High	The decisions on the funding of the Dam project would have moderate to high impact on Council's rates and debt levels, if the Dam proceeds. The impact is likely to be similar to other major projects Council has and is undertaking (e.g. Queen Street upgrade, water and wastewater treatment plant upgrades)
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	The decision involves the formation of a CCO, but not the sale of one.
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?	Yes	The proposal involves a proposed partnership with WIL, CIIL (funded by the Government) and Nelson City Council.
Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	The project is a component of the water supply group of activities, but does not relate to the whole water supply activity.

### 13 Conclusion

- 13.1 Adopting the Consultation Document (Statement of Proposal) on the funding and governance arrangements for the proposed Waimea Community Dam is an important step towards Council making a final decision on whether to proceed with the Dam.
- 13.2 The Consultation Document provides fairly detailed and complex information on the project. The Summary document helps to provide this in a more simplified manner to members of the

public seeking a level of understanding of the project. We have provided a list of information sources and references in the Consultation Document, to enable members of the public highly interested in the project to find further information.

- 13.3 The LGA Section 101(3) Analysis provides an assessment of the funding and rating options reviewed by Council, and a reasoned basis for the funding model proposed.
- 13.4 The public meetings which Council is proposing throughout the District in October and November, would provide opportunities for further information to be provided to the public and for their questions to be answered. This report recommends that Council approves the Consultation Document and Summary.

#### **14 Next Steps / Timeline**

- 14.1 Following adoption by Council, the Consultation Document, Summary and supporting information will be published. Advertising of the proposal will be on or before 21 October 2017.
- 14.2 Council will hold public consultation sessions around the District between 25 October and 26 November 2017.
- 14.3 Submissions will close on Sunday 26 November 2017. Hearings of submissions will occur between 11 and 15 December 2017. The Council would then consider the submissions and decide on the funding and governance of the Dam project in February 2018.

#### **15 Attachments**

- |    |  |    |
|----|--|----|
| 1. | Waimea Community Dam Consultation Document (Statement of Proposal) for Governance and Funding Arrangements | 21 |
| 2. | Waimea Community Dam Consultation Document Summary   | 77 |
| 3. | Local Government Act Section 101(3) Analysis for Waimea Community Dam                                      | 89 |



# WAIMEA COMMUNITY DAM

## CONSULTATION DOCUMENT

Statement of Proposal for Governance and Funding Arrangements  
OCTOBER 2017



## CONSULTATION CLOSES: SUNDAY 26 NOVEMBER 2017

This Consultation Document (Statement of Proposal) summarises the key decisions and options for Council regarding the ownership and governance of the Waimea Community Dam and how Council proposes to fund its share of the project costs.

Supporting information on this consultation document can be found on Council's website: [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback)  
You can also phone us on 03 543 8400, or visit your local Council service centre or library. Section 4 of this

document lets you know how you can make a submission, the dates and locations of public meetings, and proposed hearing dates.

Your feedback will help Council make important decisions on how we manage and fund the Dam project to ensure continued urban and rural water supplies for the Waimea area and to improve the health of the Waimea River. Decisions on the matters covered in this Statement of Proposal will be made in late February 2018 and will be available on Council's website after that date.

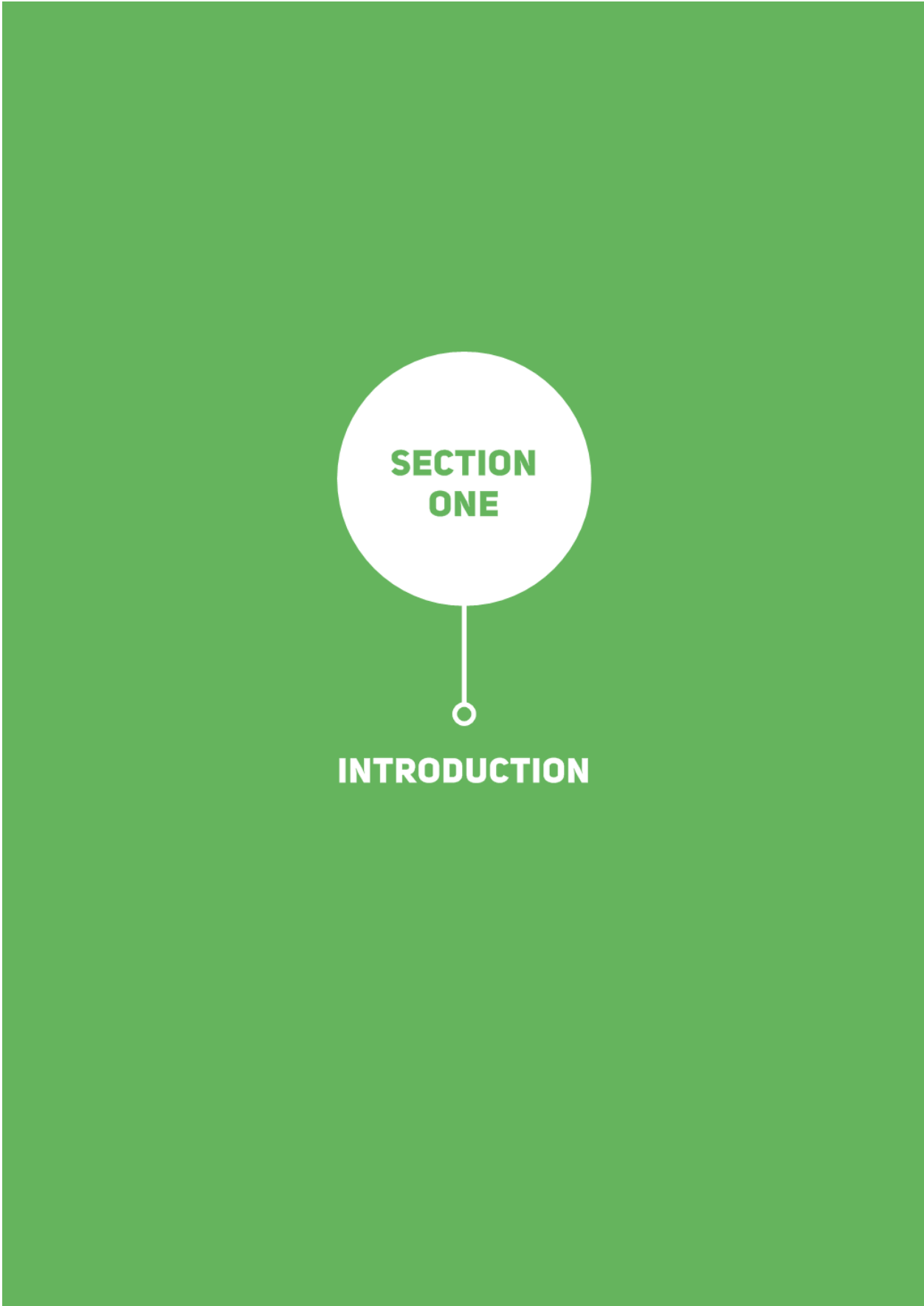


Make your submission online or use the pull-out submission form in our Summary document. Tell us if you support our proposed options or if you prefer any of the alternative options.



## CONTENTS

<b>SECTION ONE - INTRODUCTION</b>	<b>5</b>
Message from the Mayor and Chief Executive Officer	5
Executive Summary	6
Introduction	8
Why do we need an augmented water supply?	10
Facts about the Dam	12
Alternatives to the Dam	14
The Waimea Dam Project	16
<b>SECTION TWO - PROPOSALS</b>	<b>20</b>
Major Proposals for Decision Making	21
Proposal One: Ownership, Governance and Management of the Dam	22
Part A) Extractive Capacity - Urban Water Use	27
Part B) Environmental and Community Benefits	30
Proposal Two: Funding Council's Proposed Share of the Dam Project	26
Proposal Three: Credit Support of CIIL's loan to the dam company for WIL	37
<b>SECTION THREE - EFFECTS ON RATES AND CHARGES</b>	<b>39</b>
How do the proposed funding proposals affect you and your rates	40
<b>SECTION FOUR - YOUR SUBMISSION</b>	<b>43</b>
Public Meetings	44
<b>SECTION 5</b>	<b>46</b>
Questions and Answers about the Waimea Community Dam	47
Glossary	53
<hr/>	
<b>LIST OF TABLES</b>	
Table 1 – Dam Project Funding Proposal	7
Table 2 – Dam Facts	12
Table 3 – Dam design capacity and allocation of extractive user costs	13
Table 4 – Dam Funding Proposal	16
Table 5 – Proposed funding for the Dam	17
Table 6 – Proposed Urban Water Club charges	28
Table 7 – Zone of Benefit Funding Options	33
Table 8 – Funding Options for Environmental and Community Benefits	33
Table 9 – Zone of Benefit Examples of Cost	41
Table 10 – Volumetric Water Charges	41
Table 11 – Estimated Impact of Rates and Charges	42
<hr/>	
<b>LIST OF FIGURES</b>	
Figure 1 – Dam Costs and Dam Capacity	12
Figure 2: Governance Structure for the Dam Company	23
Figure 3 – Council's Proposed Funding Model	26
Figure 4 – Proposed Funding for Extractive Urban Water Use	27
Figure 5 – Options for Funding the Environmental and Community Benefits from the Dam	30
Figure 6 – Proposed Zone of Benefit	32
Figure 7 – Proposed Rating Methods and Charges	40





## A MESSAGE TO TASMAN'S RESIDENTS AND RATEPAYERS

Securing a reliable supply of good quality water to meet the needs of people and our community now and for the next 100 years or more is our top priority. Doing that in a manner that restores the Waimea River ecosystem and its ability to sustain life in nature and in human kind is just as important. The proposal to build a water augmentation scheme, the Waimea Community Dam, would achieve those outcomes.

While this consultation is not a yes/no vote for the Dam per se, if the proposal to form the joint venture with Waimea Irrigators Limited does not proceed, nor would the Dam, at least in the short term.

Council and irrigators have been investigating augmenting the flow in the Waimea River for the past 15 years. During our increasingly dry summer months, there is currently insufficient water in the river and aquifer systems to provide a secure urban water supply for the Richmond, Mapua and Brightwater areas. There is also not enough water for irrigators on the Waimea Plains. If we are to ensure a continued water supply and meet the minimum river flow requirements, doing nothing is not an option.

All our 'Plan B' options have been investigated, and in comparison to the Waimea Community Dam they are not cost effective and do not deliver the range of benefits (i.e. environmental, water supply and irrigation), so have been discounted. We need an augmented water supply to ensure the continued viability of our Region. The Waimea Community Dam is our preferred option, and one which provides security of water supply for next 100 years.

After several years of negotiations, we have now developed a preferred funding model for the Dam in partnership with Crown Irrigation Investments Ltd (CIIL), Waimea Irrigators Ltd (WIL) and Nelson City Council (NCC). What we are consulting on and asking for your views on is how the Waimea Community Dam should be owned and managed, and how under a partnership arrangement with Waimea Irrigators Limited, we should fund Council's share of the Dam project costs (\$26.8 million). We also want to know your views on Council's credit support of CIIL's loan to WIL through the dam company (acknowledging that this provides access to considerable funding for the project).

The ultimate decision to proceed with the construction of the Dam will depend on the outcomes of this consultation, all parties securing their funding contributions and related approvals, and on the tender price to build the Dam.

Under our funding proposals a \$600,000 capital value residence in Richmond using the average amount of water would expect to pay a maximum \$139 per year, (expected by 2021/2022 when debt repayments would potentially reach their peak). For those residents who live outside the Zone of Benefit, and do not belong to the Urban Water Club, their contribution is estimated to be \$29 per year.

We think the proposed funding model is the best we can achieve to secure an augmented water supply for our Region, to deliver on environmental outcomes, and the one that represents best value for our ratepayers.



*Richard Kempthorne*  
**Richard Kempthorne**  
 Mayor



*Lindsay McKenzie*  
**Lindsay McKenzie**  
 Chief Executive Officer

## EXECUTIVE SUMMARY

Public consultation on a proposal to build a dam in the Lee Valley was undertaken in 2014, and again through the Long Term Plan (LTP) 2015–2025. A total of \$25 million was allocated in the LTP towards funding a water augmentation solution for the Waimea Plains.

It was recognised that a dam in the Lee Valley was needed not just to augment water for irrigation purposes, but that a secure water supply was required for current and future urban water users, and to improve the health of the Waimea River.

After several years of investigation and negotiations, Council now has a proposed funding model in partnership with irrigators (Waimea Irrigators Limited (WIL) and Central Government (via Crown Irrigation Investments Limited (CIIL) and Ministry for the Environment (MFE)). For the Waimea Community Dam (Dam) project to proceed it is likely that Council will need to agree to the overall funding package and Council's contribution of \$26.8m. WIL have made it clear through the funding negotiations that they are at their potential shareholder affordability limit with this funding model.

The motivation for Council to agree to this funding model is that the alternative water augmentation solutions to provide water security for the Waimea area will be significantly more expensive and have a much larger impact on our ratepayers. Overall, it is a funding model that delivers the best value for our community and the best arrangement that can be achieved for funding the Dam.

### UNDER THE FUNDING PROPOSAL:

- a. A dam company would be formed as a Council Controlled Organisation and owned by WIL and Council. As majority shareholder, Council would hold at least 51% of the shares in the company at all times, and would appoint four of the seven board members. Of the other board members two would be appointed by WIL and one would be an iwi representative.
- b. The total estimated capital cost of the Dam (excluding incurred project costs) is \$75.9 million (m) (See table 1). This would be funded/allocated on the following basis:
  - \$50.22m by extractive users, where a secure water supply is guaranteed. Irrigators (WIL) will be responsible for \$37.12m; Council \$9.58m, and Nelson City Council (NCC) \$3.52m for urban water supply.

- \$22.77m – for benefits that would be achieved from the Dam to the environment and community generally. This would be funded through a \$7m grant from the Ministry for the Environment's Freshwater Improvement Fund (FIF Grant), a \$10m interest free loan from CIIL (that Council would need to repay), and the remainder through Council rates and charges.
  - \$2.91m – Council's share of additional/future water capacity in the Dam.
- c. This report has been prepared on the basis of a \$5m contribution from NCC which has been nominally apportioned between the extractive water use and benefits that would accrue to the environment and community. This contribution is subject to public consultation and confirmation by NCC.
  - d. Council would provide credit support of up to \$29m for the CIIL \$25m loan to the dam company for WIL. The actual potential maximum liability to Council would be the lesser of the balance of the loan and \$29m. The \$29m figure includes an allowance for capitalised interest and other costs during the construction period.

The proposal sees Council responsible for funding \$26.8m of the projects' total capital costs, which would have a rates and revenue implication. Council proposes to use commercial dividends and surpluses to pay some of those costs. Of Council's proposed contribution \$25m is budgeted for in the LTP 2015 – 2025, leaving an additional \$1.8m to fund. The dam company's annual operating expenses are currently estimated at \$1.4m to \$1.5m, of which Council would meet 51% (\$715,000).

This Consultation Document is about how Council will fund its share of the Dam costs and how the dam company should be owned and managed. We propose that our share of the Dam costs are spread across the District to recognise the direct and indirect benefits that the Dam will bring to urban water users, to our community generally, and to the environment.

Based on the proposal to fund the required revenue by way of targeted rates for the Dam Project, the total rate increases for most ratepayers would range between \$29 to \$160 per property per year. The

amount of estimated rate increase would depend on property location, property value, and connection to an urban water scheme (in the Urban Water Club). These rate increases are based on 2017/2018 figures and would be stepped in over time potentially reaching these increases in year three after dam construction (2021/2022). For example a ratepayer subject to the \$29/year charge may pay \$15 in year one, \$20 in year two, and so on.

WIL affiliated (irrigation) water users would pay the most towards the Dam. They would pay the ratepayer charges, as proposed in this document, and also the WIL affiliated costs. Waimea irrigators (through WIL) would be invited to buy shares in the Dam estimated to be between \$5000 to \$5500 a share. The final share price would be determined and set out in a product disclosure statement, which would require sign-off

from both the WIL Board and the Financial Markets Authority. Shareholders would also pay an estimated annual water user charge of between \$550 to \$600 per share, with the exact amount yet to be confirmed.

Overall, the Dam joint venture funding partnership would enable us to deliver water for the Region at a lower cost than any other alternative. It would bring benefits to the environment in terms of increased river flows and recharged aquifers, and it would provide water security for current and future demands.

The proposed governance model provides Council with a majority shareholding (51%) and majority of board members. The proposed distribution of our share of the Dam costs (\$26.8m) across our ratepayers, recognises the direct benefits that extractive users would gain, and the general benefits to the community and environment.

FUNDER	AMOUNT	SHARE OF DAM
Tasman District Council	\$16.78m	
Loan to Council from Crown Irrigation Investments Ltd	\$10m	
Grant to Council from Ministry for the Environment (FIF Grant)	\$7m	Council 51.1%
Nelson City Council (to be confirmed)	\$5m	
Waimea Irrigators Ltd – subscription from irrigators	\$15m	
Loan to WIL from Crown Irrigation Investments Ltd (via the dam company and underwritten by Council)	\$22.12m	WIL 48.9%
<b>Total</b>	<b>\$75.9m</b>	<b>100%</b>

Table 1 – Dam Project Funding Proposal

## INTRODUCTION

The purpose of this Consultation Document (Statement of Proposal) is to enable public participation in the Waimea Community Dam decision-making process. Council is responsible for the sustainable management of water resources throughout the District.

This responsibility includes meeting statutory requirements under the Local Government Act 2002, the Resource Management Act 1991, the National Policy Statements for Freshwater Management (2014) and Urban Development Capacity (2016), and the Tasman Resource Management Plan. In this context, it also must consider the future prosperity of the area, growth opportunities, environmental health, social and cultural wellbeing and the provision of essential services to its community. Supply of drinking water is one such essential service.

Council is seeking your feedback on the proposals and proposed options set out in this Consultation Document.

### WHAT ARE WE CONSULTING ON?

This Consultation Document relates to decisions that Council must make in relation to the ownership, governance and management of the Waimea Community Dam (Dam). It also deals with how Council proposes to fund its share of the Dam project costs. The proposed funding mechanisms that Council would adopt as a result of this consultation process would be confirmed through the Long Term Plan (LTP) 2018–2028 and our Revenue and Financing Policy.

After several years of negotiations, Council has now developed a preferred funding model for the Dam in partnership with Crown Irrigation Investments Limited (CIIL), Waimea Irrigators Ltd (WIL) and Nelson City Council (NCC). The ultimate decision to proceed with the construction of the Dam will still depend on this consultation, all parties securing their funding contributions, completing due diligence and obtaining approvals, and a favourable tender price to build the Dam. That final decision cannot be made until financial close (see Glossary) in May 2018.

We want to hear your views on the following elements of the Dam proposal that are outlined in this consultation document.

1. The ownership, governance and management of the proposed Dam
2. How Council's share of the Dam project costs would be funded across the District

3. Council's proposed credit support of CIIL's loan to the dam company for WIL's project contribution (acknowledging that this provides access to considerable concessionary funding for the Dam project).

### WHAT IS DIFFERENT THIS TIME AROUND?

The funding model in this document is a different proposition to what was put to our community in 2014. The Dam project now has proposed funding contributions from Central Government by way of a \$7m grant from the Freshwater Improvement Fund (FIF), a \$10m interest free loan to Council from CIIL, and a \$25m low interest loan to WIL via the dam company from CIIL as part of their contribution. Irrigators, through WIL, would also contribute \$15m in equity towards the Dam project.

There are changes to the way we now propose to fund the benefits that would accrue to our environment and community generally from the Dam, and the associated dam company operating costs.

In 2014, it was proposed that 30% of the dam project costs were apportioned to the benefits that would generally be achieved by the community and the environment. The funding proposal was for Council to fund 66% of the environmental and community benefits, with 34% being funded by extractive users. Under this proposal Council is responsible for funding the full cost of those benefits, which would be funded by the Government's \$7m FIF grant, along with the CIIL \$10m interest free loan. This means to some extent the extractive user contribution is satisfied. Council has only accepted this position because it gets the full benefit of the \$10m interest free loan, saving Council approximately \$500,000/year in interest costs.

Operating costs associated with the project have also been revised and are now more in line with realistic costs associated with managing and owning a dam. Operating costs include such things as insurance, repairs and maintenance, property rates, servicing the Board, and resource consent requirements.

The way we propose to fund operating costs has also changed since we last consulted in 2014. A share of

<http://www.legislation.govt.nz/act/public/2002/0084/latest/OLM172558.html>

## INTRODUCTION (CONT)

these costs is now being apportioned to the general environmental and community benefits that accrue from the Dam. As our joint venture partners (WIL) do not have the financial capacity to service these additional costs, we propose that Council funds these costs to ensure the project continues. Under section 101(3)(b) Local Government Act 2002 (LGA), Council has a responsibility to consider the overall impact of the allocation of costs on the community. As the costs associated with the alternative water supply solutions are significantly higher, Council proposes to fund these additional costs.

Overall the 2014 estimated Dam project costs have also risen from \$74.2m to \$75.90, as can be expected with inflation, economic conditions, and time delays. This total excludes amounts that have already been spent and also project costs that each funding partner must carry. Under the new proposal Council's funding contribution to the Dam project is now proposed to be \$26.78m; this is in comparison to the \$25m we had allocated to the project in our LTP 2015–2025. Our proposed total contribution excludes additional project management and funding negotiations costs of between \$2m to \$2.7m that we must also fund.

### WHERE CAN YOU GET MORE INFORMATION?

Section 5/Page 52 sets out the list of supporting documents. This includes:

- an analysis of alternative water augmentation options
- a Summary of information provided,
- our analysis under Section 101(3) of the Local Government Act 2002
- other related reports.

This supporting information is available to view or download from Council's website [www.tasman.govt.nz/](http://www.tasman.govt.nz/) feedback or view copies at any of our District libraries and service centres. Alternatively, contact us on [info@tasman.govt.nz](mailto:info@tasman.govt.nz), or phone your local Council office for more information.

This Consultation Document (Statement of Proposal) draws on information from Council and official Project sources. The information is current and reliable. Wherever possible the content of the Consultation Document and the material it relies on is supported by peer review and/or the professional and ethical obligations of the originator. The financial information contains estimates; uses the best information available and relies on the funding parties commitments and processes.

### HOW CAN YOU MAKE A SUBMISSION?

You can make a submission online at [www.tasman.govt.nz/](http://www.tasman.govt.nz/) feedback or in hard copy by downloading the form off our website, or filling in the form in our Summary document and sending it to Council by post or email. See page 44 for more details.

### WHAT HAPPENS NEXT?

**Submissions must be received by Sunday 26 November 2017**

Your submission will be considered by Council. You will be able to support your written submission at one of the scheduled hearing times, which are being held in mid-December 2017. Decisions will be finalised in February next year. See Section Four for the list of public meetings and hearing dates and venues.

The Council cautions against the use of outdated information, information that has not been subject to review through a professional or statutory process, and information sources that may be subject to biases.

## WHY DO WE NEED AN AUGMENTED WATER SUPPLY?

The Waimea Plains aquifer system supplies water for residential, commercial and industrial use to Richmond, Mapua, Brightwater, and Nelson South. Water is also extracted via individual bores for horticultural use, domestic supply and other uses.

With changing climatic conditions, our Region is projected to experience more extreme and more frequent drought conditions. Without a dam, we would currently have some form of water rationing for nine out of ten years. NIWA predicts that due to changing climatic conditions, parts of the Tasman Region, including the Waimea Plains, will by the year 2070 –2090, experience a 10% increase in the frequency of droughts that it currently experiences. For more information see the NIWA report on the Tasman Region: <http://www.tasman.govt.nz/environment/environmental-education/sustainable-communities/climate-change/>

Based on population growth and current water use, we can expect significant water shortages and restrictions for residents, businesses, industries and irrigators during dry periods without an augmented water supply. Our monitoring data shows that during these dry conditions, we generally experience peak water demand. So when we should be conserving water, water use is at its highest.

Security of water supply, particularly over the summer period with peak water demands, is essential for the local economy. A third of all employment in the Tasman District is in the primary industries and manufacturing sectors. Based on Statistics NZ information we are anticipating population growth of 9% in the District between 2018 and 2038 (based on medium series of projections). Recent figures indicate growth is likely to be higher than the Statistics NZ medium growth scenario. Due to the increase in our population, and a trend for smaller households, we expect that housing demand will grow at a higher rate over this period placing more pressure on our water supply. The Government's National Policy Statement for Urban Development Capacity (NPS-UDC) also requires us to plan and provide the necessary infrastructure such as water and wastewater to meet projected housing demand.

From 1 November 2018, as a result of national requirements and changes to our resource management plan, if there is no augmented water supply and river flows are low, some water take permits from the Waimea aquifers and river system could be cutback by as much as 100%, but most would be cut back by a lesser amount. This is required in order to protect the health of the Waimea River by maintaining a minimum river flow of 800 cubic metres per second (m<sup>3</sup>/s) at a measuring point in Appleby above the State Highway Bridge.

In the event that we do not have an augmented water supply (by way of a dam or other option), consented water users on the Waimea Plains have been notified (August 2017) what their new allowed levels of water allocation will be. These new allocation amounts will take effect in November 2018 (or earlier if a decision is made not to proceed with the Dam) and are based on 'bona fide' or actual and reasonable use for each water permit holder over 10 years to 2013. In a 'no dam' situation, it is likely that low flows in the Waimea River will also trigger further substantial reductions in water takes over most irrigation seasons. These rationing cuts will also include Council's urban water supply take. This will have significant implications for our residential, business and irrigation users.

## WHAT ARE THE BENEFITS OF THE DAM?

The Waimea Community Dam would have significant benefits, direct and indirect for the Region. These benefits focus mostly around providing security of water supply for our urban water users in the Waimea area, increasing the flows in the Waimea River to improve ecosystem health and meet national freshwater standards; providing enough water capacity to meet current and future primary production needs, and securing and boosting our regional economy. Some of the benefits in these areas include:

### Environmental

- Preservation of recreational use of the river during summer
- Improved and protected Catchment diversity e.g. in stream fauna and aquatic life
- A healthy river with minimum flows that reduce the risk of algae infestations

### Economic (flow on effects to the economy as opposed to direct benefits to landowners)

- More jobs created across the District
- Business development and expansion
- Existing economic activity and jobs retained because of security of water supply

### Community

- Security of water supply for users in the Waimea area
- Increased rating base through residential development and new business to spread costs
- Viability of community infrastructure maintained e.g. schools and halls
- Improved recreational and economic benefits as listed above

## FACTS ABOUT THE DAM

The proposed Dam would provide the water supply needs for existing urban households and businesses, future residential and business growth, and rural irrigators and domestic users in part of the District.

The Dam would be able to store 13.4 million cubic metres (m<sup>3</sup>) of which 12.4 million m<sup>3</sup> is active storage. The Dam scheme involves capture of river flows into storage in the reservoir behind the Dam, but leaving a required residual flow in the river below the Dam at all times. The stored water in the reservoir can then be released in a controlled manner during periods of high water demand and/or low natural river flows. This flow release augments the river flows to meet instream requirements in the river to Appleby and the sea, with water also available to recharge the aquifers connected to the river.

Pumping from the aquifers causes enhanced recharge as it causes more river flow losses and buffers aquifer storage. Water abstraction can either happen from the aquifers connected to the river or directly from the river. The maintenance of higher minimum flows in the river enables continued through flow (recharge) of water in the interconnected aquifers and also reduces seawater intrusion pressure along the coast, whilst also improving coastal spring fed stream flows.

Water from the Dam via the aquifers would be provided to residential, business, and rural users including:

- Urban households and businesses in Richmond, Brightwater and Mapua including those with a low flow restricted water connection
- Urban households and businesses in Nelson City South, which currently represents 2,150m<sup>3</sup>/day which is around 15% of NCC's total urban water supply
- Irrigators on the Waimea Plains within a 5,000 hectare (ha) delineated area, of which 3,800 ha is currently irrigated

The Dam is being designed to cater for part of the Region's needs for the next 100 years and to protect against a one in 60 year drought. This means that if we do experience a drought greater than a one in 60 year, there will be cutbacks on the water available to extractive users. The design capacity allows the flexibility for future generations to respond

appropriately to growth pressures, any national changes to the allocation of water and protection of our waterways, and to the impacts of climate change.

<b>Dam construction</b>	Concrete faced rockfill dam
<b>Size of reservoir</b>	13.4 million cubic metres
<b>Lake size</b>	65.9ha (total footprint 87ha)
<b>Dam height</b>	53m
<b>Construction period</b>	Approx. 3 years
<b>Time to fill</b>	1 – 3 months

Table 2 - Dam Facts

Some in our community have suggested that we should reduce the size of the dam in order to reduce costs. As demonstrated in Figure 1 below, when building a dam the bulk of the construction costs are in the foundations, whereas the bulk of the water is held at the top of the dam. Therefore reducing the size of the dam does not significantly reduce the associated costs.



Figure 1 – Dam Costs and Dam Capacity



**FACTS ABOUT THE DAM (CONT)**

The budget for the actual construction of the Dam is around \$50m. We have set the construction costs at the P<sub>95</sub> confidence level which means there is a 5% probability that the Dam construction would exceed estimated construction costs and a 95% probability that the Dam construction costs would be at or less than estimated. There is an additional \$13.5m contingency in the budget for changes in scope and unexpected costs. We expect to have a more accurate indication of the construction cost early in 2018.

The total design capacity of the Dam (7,765ha) has been used for the purposes of allocating extractive user costs across the joint venture partners (see Table 3). For funding purposes, the urban water supply is expressed as hectare equivalents (hae). This ensures that the required urban capacity can be compared on the same basis as irrigation needs, which is set on a per hectare basis. Hectare equivalents are used to convert consented volumes of water into an equivalent area of land. It is based on 300 cubic metres of water per hectare per week (300m<sup>3</sup>/ha/wk). The remaining 30% of dam project costs have been attributed to the benefits that would be achieved by the community and environment generally.

BENEFICIARY	DAM CAPACITY HA / HAE	DAM CAPACITY %
Irrigators	5,425 ha	69.9%
Council Urban Supply	1,825 hae	23.5%
NCC – Urban Supply	515 hae	6.6%
<b>Total Capacity Allocated</b>	<b>7,765 ha</b>	<b>100.0%</b>

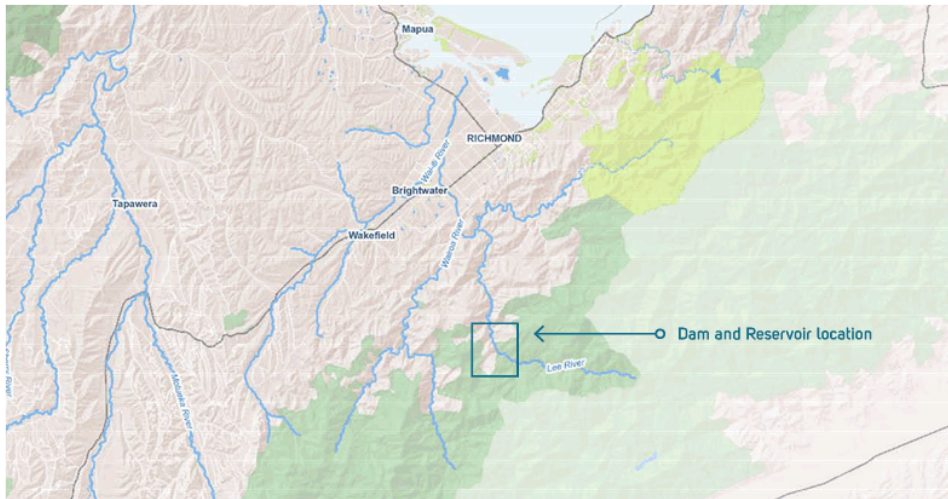
Table 3 – Dam design capacity and allocation of extractive user costs

**RESOURCE CONSENTS**

The construction and operation of the dam in the Lee Valley was consented in 2015. This followed a publicly notified application and a hearing before Independent Commissioners. The resource consents are subject to a series of conditions designed to manage both construction and operational risks and issues and to promote the efficient release of water when it is required.

**WHERE IS THE DAM SITE?**

The following map shows where the Dam and reservoir would be located in our District.



Map 1 – Location of Proposed Waimea Community Dam

## ALTERNATIVES TO THE DAM

Since 1991, we have been investigating water supply augmentation options for the Waimea Basin. Many reports have been commissioned over the years including a feasibility study undertaken between 2004 and 2007 that looked at 18 different sites. Of all of the water augmentation options investigated, a dam in the Lee Valley was the preferred option.

Ten years on and Council has reinvestigated several of those alternative options to ensure the proposed Dam is still the best solution for the District. The review confirmed that of all the reasonable alternatives for solving the Nelson Tasman region's summer water shortages, the Waimea Community Dam would provide the most advantages in terms of water augmentation and environmental gains, and would be the most cost effective solution.

The alternative water supply augmentation options reviewed included:

1. a high dam on the Roding River
2. transfer of water from the Motueka aquifer
3. storage ponds beside the Waimea River
4. water supply from Nelson City Council

The option of a dam at Teapot Valley was also included for comparison of the costs of a smaller dam in that locality.

### Dam on the Roding River

A high dam on the Roding River could have a storage volume of between 1.2 million m<sup>3</sup> and 5.1 million m<sup>3</sup>. Volumes above 2.3 million m<sup>3</sup> storage capacity would meet our estimated water for 100 years. The estimated capital cost ranges between \$95m and \$145m and operating cost of \$3.4m to \$3.8m. This option would require the construction of a new dam, extensive pipe installation, and a new water treatment plant. Risks raised included the consenting process and time delays, while disadvantages compared to the Waimea Dam were that with these smaller volumes it would not improve the health of the Waimea or Roding River or provide irrigation water security.

### Motueka Aquifer

This option comprises the drilling of pumping bores in Motueka and piping water to storage tanks in Old Coach Road. This option included various scenarios; supplying water needs for Mapua only, and for Mapua as well as for Richmond and Brightwater. The only supply scenario that would meet the wider areas water

needs for the next 100 years (at 31,000 m<sup>3</sup>/day), was estimated to cost at least \$160m to construct, with \$2.8m of annual operating expenses. Aside from the significant cost, other disadvantages included the installation of a pipeline across the Moutere inlet, and its consentability and processing costs. This option would not provide any irrigation water security nor improve to the health of the Waimea River.

### Riverside Storage

To meet current water demands during times of water rationing, we would require ponds capable of storing between 500,000 m<sup>3</sup> to 800,000m<sup>3</sup> of water, which have a project estimated cost of \$24.6m to \$54m. In order to cater for future growth and demand to the year 2117 (to be comparable to the Dam), we would need to build additional storage ponds to a cumulative storage capacity of 2.3 million m<sup>3</sup>. This would come at an estimated cost of \$108m, which would be spread over time as more water was needed. The annual operating costs would be in the order of \$5m.

There were significant risks associated with this option, including consentability, land acquisition, neighbour interest, geological constraints, and maintaining water quality. The storage ponds also did not offer the benefits of the Dam, as they would provide only for our urban water demand. There would be no irrigation water security nor improvements to the health of the Waimea River.

### Nelson City Water Supply

This option utilises the Nelson City Council water supply. Nelson City has indicated that its Tantragee Water Treatment plant will have 50,000m<sup>3</sup>/day capacity once some upgrade works are undertaken. The indicative costs of these upgrades are \$19m to \$24m and comprise renewing the membranes, additional on-site storage and upgrading the pump station on the Maitai dam duplicate raw water main. Nelson City has also advised that it needs to retain some headroom over its current use which leaves around 5-10,000m<sup>3</sup>/day available to service Richmond. The reticulation would need to be upgraded to deliver this volume of water from Tantragee Water Treatment Plant. This is estimated to cost up to \$10m. With these upgrades it is likely that the capital investment to Council to deliver the 5–10,000m<sup>3</sup>/day would be \$12m to \$14.8 million. This would meet the current water gap of 4,900m<sup>3</sup>/day for Step 3 rationing, however it would not meet the 13,300m<sup>3</sup>/day Step 5 water gap. So it does partially provide short term relief but not for severe droughts or for long-term relief. This option does not contribute to the health of the Waimea River nor improve the irrigation water security. It reduces the capacity that Nelson has invested in its water supply and increases the reliance on the Maitai Dam and the associated infrastructure as a raw water source.

See [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback) for a copy of the report on alternative options.

### WHY DON'T WE JUST USE RAINWATER TANKS TO SOLVE OUR URBAN WATER PROBLEM?

Rainwater harvesting and the use of storage tanks, while an option that residents could consider to conserve water, will not be sufficient to protect against rationing. Onsite rainwater harvesting is normally only used for flushing toilets and for watering gardens. It would not be connected to the Council supply as it would be a potential source of contamination. If every property in Richmond, Brightwater and Mapua installed rainwater storage it is likely to only reduce demand by 12.8% or 2041m<sup>3</sup>/day. This is insufficient to meet current and future water demands. For stage 3 water rationing, in times of drought, we require an additional 4,900m<sup>3</sup> per day, by 2047 this is predicted to rise to 11,800m<sup>3</sup> per day.

Individual owners installing rainwater tanks is also an expensive option, costing about \$5000 per property for storage and plumbing. Tank sizes would vary depending on individual owner demand, but most would need around 20m<sup>3</sup> to 22.5m<sup>3</sup> of storage. If every home installed a rainwater storage tank there would be a collective cost of \$32.4 million for the urban properties in the Waimea catchment. Unfortunately rainwater tanks would not prevent the need for rationing as they only provide water for toilets and gardens.

## THE WAIMEA COMMUNITY DAM PROJECT

### DAM PROJECT FUNDING

Council's proposed capital contribution of \$26.8m is greater than the \$25m allocated in the LTP 2015–2025. The increase in costs has mostly arisen from Council now proposing to fund operating costs for the environment and community benefits that would generally be achieved by the Dam. To ensure there are no new additional rates funding impacts on ratepayers above the \$25m, Council proposes to use revenue and surpluses from its commercial activities to fund these additional costs. In addition to the Dam project costs shared by the funding partners, we have also incurred additional costs estimated to be between \$2m to \$2.7m for our project management and funding negotiations. We have included \$2m of these estimated costs in the rating and charges calculations and apportioned these across the beneficiaries as discussed in this Consultation Document.

Beyond the construction of the Dam, in the short term, there are no other infrastructure costs for Council associated with the distribution of the water. Traditional irrigation and water distribution schemes generally require additional piping, pumping, and/or water races. Users on the Waimea Plains, including, Council, irrigators and domestic users mostly take their water from the aquifers via groundwater bores.

As discussed on page 30, 30% of the dam projects' capital costs are proposed to be apportioned to the environmental and community benefit that will come from the Dam. This portion is to be funded by the \$7m FIF grant, the \$10m interest free loan from CIIL (which Council would repay), a portion of NCC's contribution, and by Council through rates and revenue. The remaining 70% of capital costs under this proposal would be shared amongst the extractive users and beneficiaries.

	TOTAL CAPITAL COST %	\$/ MILLION
<b>Extractive users</b>		
Irrigators	48.9%	\$37.12*
Councils'	21.1%	\$16.01*
<b>Sub total</b>	<b>70%</b>	<b>\$53.13</b>
<b>Environmental/ Community Benefit</b>	30%	\$22.77
<b>Grand Total</b>	<b>100%</b>	<b>\$75.90</b>

\* including additional Dam capacity of \$2.91m  
Table 4 – Dam Funding Proposal

Under the funding proposal the total estimated cost of the Dam (excluding incurred costs to 2014) is \$75.9m. This figure excludes unrecoverable costs that each joint venture party has borne from 2014. These costs cannot be funded through the dam company and relate mainly to project management and funding negotiations through to financial close (expected May 2018). These costs for Council are expected to total between \$2m to \$2.7m.

The funding partners propose to fund costs on the following basis and as shown in Table 4:

The portion that provides a secure water supply would be funded by extractive water users:

- Irrigators through WIL would be responsible for funding \$37.12m. Their share would be funded from \$15m of irrigator equity, and \$22.12m from a low interest loan from CIIL.
- Council would fund \$12.49m for extractive use, of which we propose \$9.58m is shared across the Urban Water Club, and \$2.91m is funded from Council's commercial revenue and surpluses.
- Although NCC's \$5m contribution is still to be confirmed, we propose that \$3.52m is used to fund extractive user costs.

As part of the funding proposal, Council and WIL would contribute 50/50 to the additional water capacity in the Dam. This equates to funding 425ha or hectare equivalents each (\$2.91m). Because our additional capacity would be used for future use, we propose to include our share of this cost in with the environmental and community benefits that will come from the Dam. This is because the additional water capacity provides us with the opportunity to raise the minimum flow in the river if required, and for future use.

Council considers that 30% of the benefits that would be achieved from the Dam, are benefits to the community and environment generally. We propose to fund these costs (\$22.77m) by:

- a \$7m grant from the Government's Freshwater Improvement Fund (FIF Grant),
- a \$10m interest free loan from CIIL (that Council would need to repay),
- NCC funding \$1.48m from their \$5m contribution; and
- Council funding \$4.29m through targeted rates and charges.

## DAM PROJECT FUNDING (CONT)

The proposal to fund the Dam includes the \$5m contribution from NCC. However, this contribution is still subject to public consultation and confirmation by NCC. In the event that NCC do not contribute, alternative funding options are discussed on page 19 of this document.

The total amount of capital costs in Table 5 incurred spent costs that each dam funding partner has borne from 2014. A portion of these costs cannot be funded through the dam company as they relate to each partner's individual project management and funding negotiations.

FUNDER	AMOUNT	SHARE OF DAM
Tasman District Council	\$16.78m	Council 51.1%
Loan to Council from Crown Irrigation Investments Ltd	\$10m	
Grant to Council from Ministry for Environment (FIF Grant)	\$7m	
Nelson City Council	\$5m	
Waimea Irrigators Ltd Subscription from irrigators	\$15m	WIL 48.9%
Loan to WIL from Crown Irrigation Investments Ltd (via the dam company, underwritten by Council)	\$22.12m	
<b>Total</b>	<b>\$75.9m</b>	<b>100%</b>

Table 5 – Proposed funding for the Dam

<sup>2</sup> Includes all urban reticulated water supply users (except Motueka).

### CREDIT SUPPORT

Council proposes to provide credit support of \$29m for the CIIL loan of \$25m to the dam company for WIL. The reason why the credit support is more than the loan, is because of capitalised interest and other costs during construction. The CIIL loan is up to \$25m to allow WIL to fund its share of any cost overruns. The terms discussed with CIIL include the credit support and Council is the only party that has the financial strength. In the event of WIL defaulting, we would be most likely step in to protect our investment, to secure the wider community benefits, and to meet our financial obligations under the Public Works Act. It also means that funding comes at a lower interest cost to the project compared to commercial interest rates and provides the necessary security to allow lending.

In combination with this credit support CIIL proposes to provide a \$10m interest free loan to Council over 11 years. The favourable loan terms from CIIL reflects Council providing credit support. The credit support also enables Council to leverage more than \$15m of private sector investment from irrigators through WIL to the Dam project.

A condition of the CIIL \$10m interest free loan is that it must be allocated to the environment and community benefits accruing from the Dam. It cannot be used to help fund extractive water use.

We propose to repay the loan in two \$5m repayments at years 6 and 11. We propose to refund these repayments from returns on Council's commercial activities, rather than through rates.

### OPERATING COSTS

There would be annual management costs associated with the governance, maintenance and operational oversight of the dam company. Costs have been assessed to be in the order of \$1.4m – \$1.5m per year and are in addition to the capital costs. It is proposed that these would be met based on the ultimate level of shareholding in the dam company. That is, 49% of operational costs would be funded by WIL, and 51% funded by Council. Our contribution would be in the order of \$715,000 per year.

The operational costs include, but are not limited to, public liability and material damage insurance, property rates, ongoing repairs and maintenance, resource consent requirements and auditing of accounts. A portion of the operating costs are also associated with servicing the Board of seven directors.

It will be critical that during the construction phase, the appointed directors have the necessary expertise and experience to guide the project to its completion. Once the Dam is fully operational and it is business as usual, we expect that there would be a decrease in those costs.

Council proposes to apportion a share of these operational costs across the extractive users (33.8%) and environmental and community benefits (66.2%). These costs have been factored into the total amounts that our Tasman ratepayers would pay in their rates and charges for the Dam project. See section 3 to see how these costs would affect your rates.

### PROJECT COSTS

Prior to 2017 project costs of approximately \$6.6m were incurred by the parties involved in the dam project including NCC, Fish and Game, WWAC (WIL) and Council. The project costs included such expenses as the consenting of the Dam, expert reports, legal advice, and public consultation.

Since that time the funding partners have each incurred additional costs that are outside the dam company project budget and must be met individually. The project costs for Council are estimated to be approximately \$2m – \$2.7m through to financial close, which is expected to occur in May 2018. This is when we would have a final price for the construction of the Dam, and all parties would have committed their project funding. We intend to loan fund our additional project costs over 30 years and repay this loan using rates and charges. \$2m of these costs has been included in the calculations used to derive the proposed rates and charges in this Consultation Document.

### PROJECT COST OVERRUNS

The Dam's estimated construction costs are based on a P<sub>95</sub> confidence level. This provides Council with a 95% confidence level that the Dam would be constructed at or below the proposed cost. Within the total budget for the Dam Project there is a \$13.5m contingency for changes in scope and unexpected costs.

Within the financial modelling it is proposed that there is a 50/50 sharing between WIL and Council of up to \$3m of both project cost savings and over-runs. In the unlikely event of cost over-runs above \$3m, it is proposed that Council would need to meet these. Cost saving over \$3m would also go to Council.

### NCC FUNDING

Under the current funding model, it sees NCC contributing \$5m towards the Dam project. NCC are yet to consult with their community and to confirm their funding commitment. They are also to decide if they would provide their funding by way of a grant or become a shareholder in the dam company. If they decide to become a shareholder, they would be charged a share of the annual operating costs and we would jointly appoint one of our four board members.

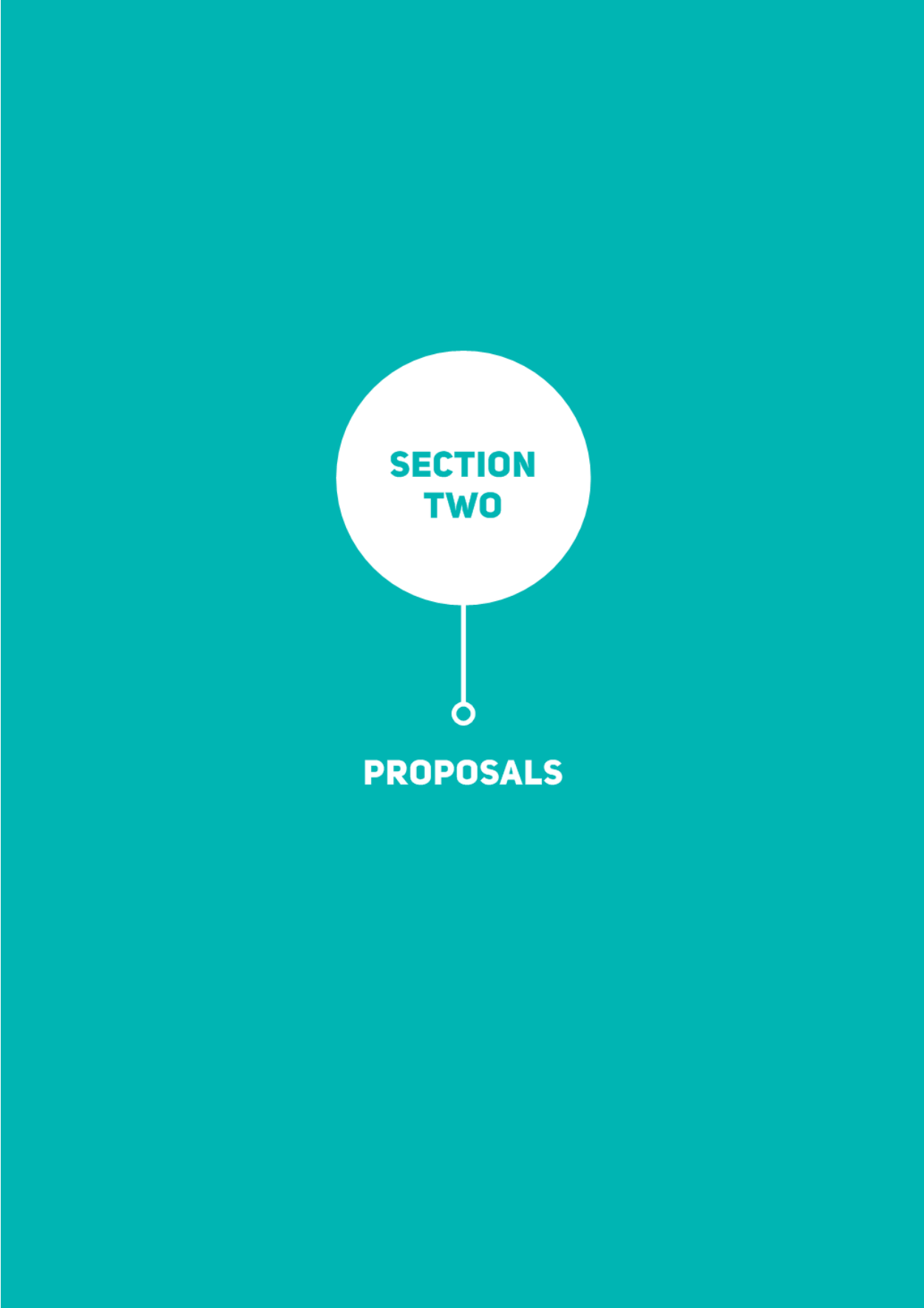
In the event NCC decided not to invest, Council would have to loan a further \$5m to offset their contribution if the project were to continue. It is likely that Council would fund this through a 30 year Table loan and apportion the repayments between the extractive users via the Urban Water Club (\$3.52m) and to the wider environmental and community benefits of the dam (\$1.48m). Alternatively, if the cross-boundary water supply agreement with NCC were to continue, Council could aim to recoup these costs through the fees and charges for water supplied to NCC, or some other funding offset. If available, we could also offset some of the funds required through Council's commercial revenue or operational surpluses.

### HYDRO POWER GENERATION

Council is investigating the Dam having a hydro power generator. The design and construction of the Dam allows for this in the future. The proposed financial arrangements with the joint venture partners precludes the dam company from owning or operating a hydro power scheme. The arrangements also preclude the dam company owning or operating irrigation infrastructure.

Concerns raised have been by our partners about the lack of a business case for a hydro power scheme and the risks of delays in the immediate to short term.

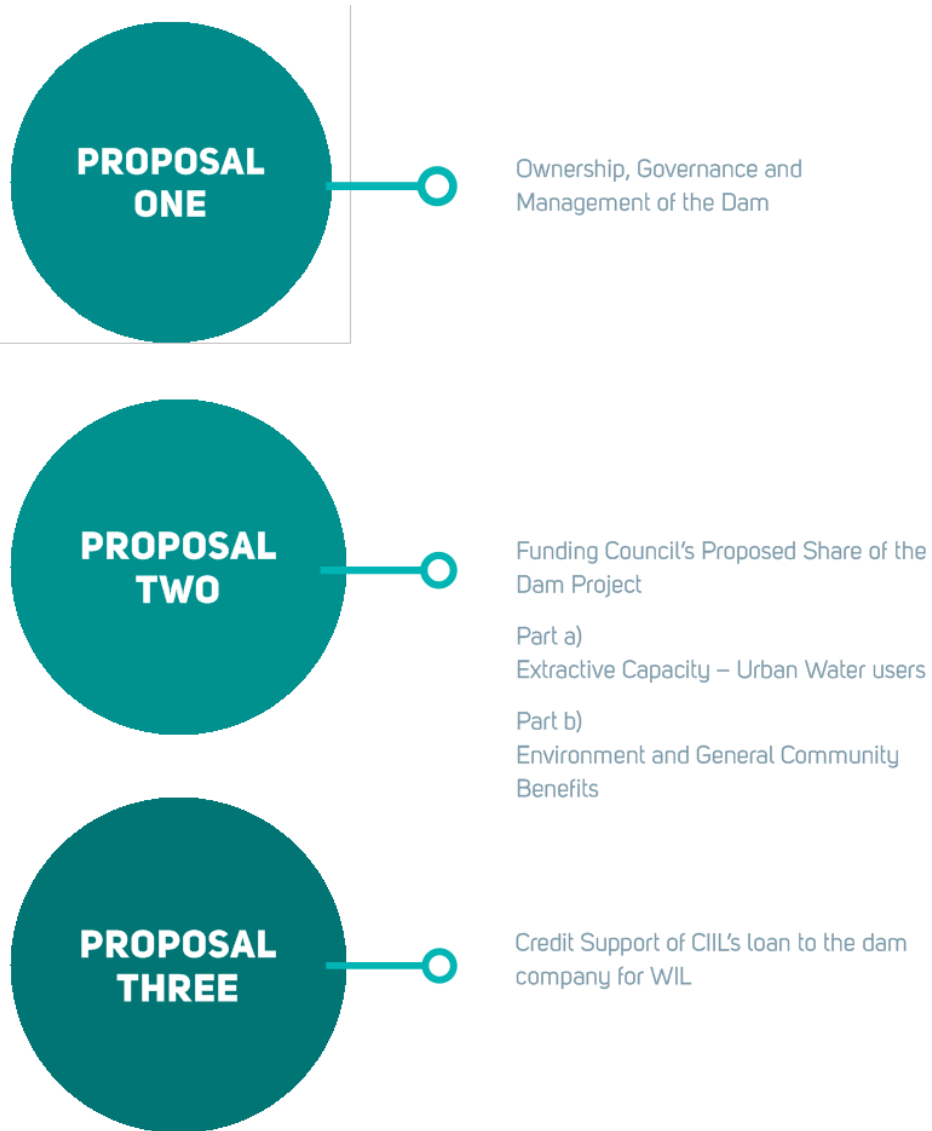
Council is proposing to complete a full business case for investing in a hydro power scheme. This business case would be focused on operating hydro power within the water release regimes required for the primary users of the water; namely river flow, irrigation, and urban water requirements. Early indications suggest that a viable business case around a \$5m investment is likely. Whether this can be achieved, and the timing of any investment in hydro power is still to be confirmed.





## MAJOR PROPOSALS FOR DECISION MAKING

There are three major proposals that Council must focus on as it makes its decisions for the Dam project.



## OWNERSHIP, GOVERNANCE AND MANAGEMENT OF THE DAM

### PROPOSAL ONE

#### Why is a Company structure proposed?

Council is proposing to fund its contribution to the project using its powers in the Local Government Act 2002 (LGA) and Local Government (Rating) Act 2002 (LGRA). This limits our governance and ownership options. As the land for the Dam is being acquired under the Public Works Act 1981, the Dam can only be owned by Council or a Council Controlled Organisation (CCO). To be a CCO Council must appoint 50% or more of the Board and/or hold 50% or more of the shares.

The original 2014 Dam funding proposal saw Council setting up a CCO and funding the entire Dam on its own almost entirely by rates. This was strongly opposed by the community and Council did not proceed with that part of the proposal.

Council has worked with WIL and CILL to develop a partnership model and to confirm proposed funding contributions. Each party has their own needs, but a governance and/or funding model that works satisfactorily for all partners is necessary.

We have limited options under the LGA. Council has discounted some options as a result of previous public consultation rounds on the Dam project and also those that pose risks of commercialisation as they are profit driven. The proposed option is to establish a dam

company that would be a CCO. Having a joint partnership CCO structure is consistent with the Public Works Act. The CCO would own and operate the Dam. Establishing a CCO would allow Council to leverage \$37.12m of private irrigator contribution (capital plus debt) through WIL, and also a \$10m interest free loan from CILL.

The CCO, referred to as the dam company, would be incorporated under the Companies Act. As a CCO, the dam company would not be able to trade for profit, unlike a Council Controlled Trading Organisation (CCTO), which does allow trading for profit.

Figure 2 outlines the proposed ownership and governance model for the dam company, its board of directors, shareholders, and the legal and accountability requirements between the shareholders and board. These requirements include an annual letter of expectation from the shareholders to the board, a corresponding statement of intent from the board to which they report against in terms of operational and financial performance. The dam company would have in place a shareholders agreement that would regulate certain matters between shareholders and may constrain some of the powers of the board.

## DAM COMPANY SHAREHOLDERS

From day one the shareholding in the dam company would be in majority Council Ownership. The exact percentage of shareholding is still to be finalised. Whatever is the case on day one, the Council's shareholding will never drop below 51%.

Initially there would be seven professional directors on the board of the dam company. This would include one iwi representative, two WIL appointed directors, and four Council appointed directors. Council's Policy on Director Appointments would apply when appointing our board members.

## ASSESSMENT OF OWNERSHIP AND GOVERNANCE OPTIONS

The options considered by Council in relation to the ownership, governance and management of the Dam are outlined in the table below. Council's proposed option is a company in the form of a CCO jointly owned by Council and WIL. The proposed model provides us with the best option to meet our legislative requirements, and it provides us with the majority shareholding and members on the Board. It also facilitates favourable funding terms from CILL with the \$10m interest free loan, the \$25m concessional loan to irrigators, and the \$7m grant from Government's Freshwater Improvement Fund. The Dam project would be most unlikely to proceed without this additional Government support.

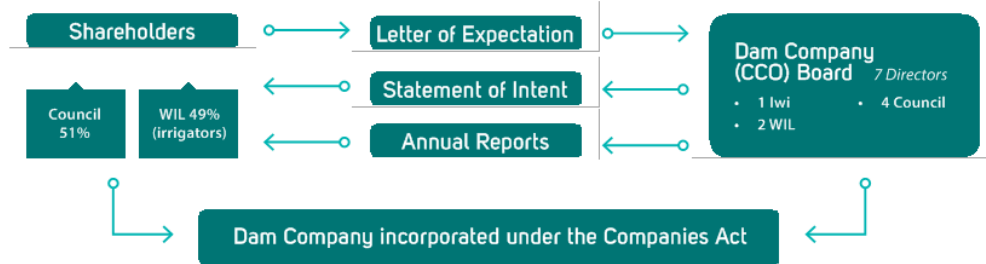


Figure 2: Governance Structure for the Dam Company

Proposed Governance options

OPTION	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Proposed Option</b></p> <p>Joint venture company in the form of a Council Controlled Organisation (CCO) owned by Council and WIL to fund, own and operate the Dam</p>	<p><b>Company structure</b></p> <p>Council owns at least 51% shares in the dam company</p> <p>WIL owns a maximum of 49% shares (once WIL has funded repayment of the CIIL loan to the dam company)</p> <p>Shares are issued to WIL as it repays the CIIL loan.</p> <p>Council Controlled Organisation</p> <p>Seven Board members:</p> <ul style="list-style-type: none"> <li>• 1 iwi representative</li> <li>• 2 WIL appointed</li> <li>• 4 Council appointed</li> </ul> <p>Board appoints chair. Chair would not have the casting vote</p> <p>Council meets 51% operating costs, WIL 49%</p> <p>50/50 share of project savings or cost over-runs up to \$3m</p> <p>Council responsible for project cost over-runs and cost savings over \$3m go to Council</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• the project attracts external funding – the Freshwater Improvement Fund grant of \$7m, low interest rate loans from CIIL (nil interest of \$10m to Council, low interest \$25m for WIL) and equity investment from WIL (\$15m), and \$5m from NCC (subject to public consultation). This is the most cost effective way to meet the present and future needs of water users.</li> <li>• Council has majority shareholding, the majority of directors and appointments</li> <li>• meets legal requirements that Council must operate under, namely the Local Government Act 2002, Local Government (Rating) Act 2002, and the Public Works Act 1981</li> <li>• is consistent with purpose of the proposal to provide a public benefit by constructing a dam for water augmentation on behalf of the community</li> <li>• the financial position of the CCO is reported regularly</li> <li>• the current and future water consent holders, and other financial contributors (NCC &amp; WIL) can share the capital and operating costs of the Dam, reducing the burden and risk on Tasman ratepayers</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• establishment and compliance costs in setting up the CCO as well as ongoing administration costs including CCO governance costs</li> <li>• Council provides full credit support to the dam company, and in turn, irrigators to obtain reduced cost funding from CIIL</li> <li>• In the event of default by partners in the project, Council is funder of last resort to protect its investment, wider community benefits, and financial responsibility obligations under the Public Works Act</li> </ul>

ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Alternative Option 1:</b>  <b>Council fully funds, owns, governs and operates the Dam</b></p>	<p>Council fully funds and operates the Dam</p> <p>This could be done either in-house or under the CCO model</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Council has full control and management of the asset</li> <li>• Meets Council's legal requirements under the provisions of the Local Government Act 2002, Local Government (Rating) Act 2002, and the Public Works Act 1981</li> <li>• costs of a board structure are removed if an in-house model is adopted</li> <li>• an advisory board could be set up to represent other interests including those of iwi, and other stakeholders including irrigators and environmental groups</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• This model does not attract external funding. This means we could not access the low interest rate loans from CIIL (nil interest of \$10m to Council, low interest on \$25m to WIL, and grants to WIL for project costs) and \$15m equity investment from WIL and \$5m from NCC (subject to public consultation)</li> <li>• Not the most cost-effective way to meet the present and future needs of water users</li> <li>• existing projects in the LTP would need to be postponed or removed to ensure there are sufficient funds available for the project</li> <li>• this option was strongly rejected during the consultation in 2014, and therefore may not be an acceptable option to the community</li> </ul>

ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<b>Alternative Option 2: Dam company set up as a Council Controlled Trading Organisation</b>	Company trades as a profit generating entity	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Would allow the dam company to trade for a profit and charge market rates for water consumption</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Does not attract external funding. Meaning we could not access the low interest rate loans from CIL (nil interest of \$10m to Council, low interest on \$25m to WIL, and grants to WIL for project costs) and \$15m equity investment from WIL and \$5m from NCC (subject to public consultation)</li> <li>• not a cost-effective way to meet the present and future needs of water users (including urban water supply)</li> </ul>
<b>Alternative Option 3: Private ownership model</b>	Private entity constructs, owns and operates the Dam	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• the owner/operator of the Dam bears all construction, management, operational and uptake risk</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• no private sector entity has shown interest in the project</li> <li>• Council would be significantly reliant on a private owner/operator of the Dam to meet its legal obligations to supply drinking water to the community and to satisfy its obligations under the National Policy Statements for Freshwater Management 2014 and Urban Development Capacity 2016</li> <li>• Council would have no control over the price charged for the water</li> <li>• The Public Works Act could not be used by Council to help facilitate the necessary land acquisition for the Dam</li> <li>• The establishment of an advisory board could not be guaranteed to represent the interests of iwi and stakeholders including irrigators and environmental groups</li> <li>• Council would lose access to concessional government funding</li> </ul>

**FUNDING COUNCIL'S SHARE**



After consideration of the various options that meet the provisions in the LGA, Council has selected its preferred funding model which is being consulted on as part of this Consultation Document. The model that we are consulting on and which is discussed below relates only to Council's funding contribution to the Dam project (\$26.8m).

**WHY IS COUNCIL PROPOSING THIS FUNDING MODEL FOR THE DAM?**

The funding model proposed is the best Council believes can be achieved with our funding partners. The proposal secures additional funding for the project to help fund our share, including a \$7m grant from the Government's Freshwater Improvement Fund (FIF Grant), and a \$10m interest free loan from CIIL (with a savings estimated to be in the order of \$500,000 per annum in interest costs).

Costs to the urban water users who are part of the Urban Water Club would be reduced through the

use of development contributions (DC's) for water infrastructure. This is currently estimated to be around \$1.9m over 30 years.

**APPORTIONING COSTS**

Council's total capital contribution is \$26.8m. Figure 3 below shows how we propose to apportion these costs across our ratepayers. Under the proposal a total of \$9.58m has been allocated to current and future urban water extractors, and \$17.2m towards benefits generally gained by the environment and community.

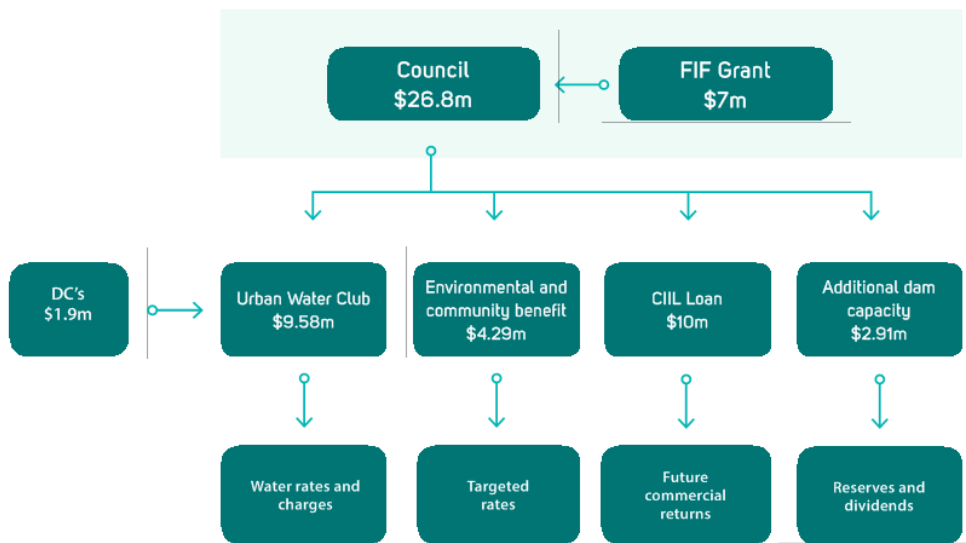


Figure 3 – Council's Proposed Funding Model

The costs/rate increases included in this proposal are only in relation to the Dam project. They do not include other rates charges that may occur due to other revenue requirements or changes such as revaluation. All rate increases in this document are estimates and are based on 2017/18 figures.

**PART A) EXTRACTIVE CAPACITY – URBAN WATER USE**

FUNDING SHARE: \$9.58M CAPITAL AND \$242,000 ANNUAL OPERATING COSTS

Based on hectare equivalent shares, Council’s extractive allocation that is proposed to be funded by our urban water users is 1,400 hae. This equates to \$9.58m as Council’s extractive use share of the capital costs. We propose to fund the costs through a 30 year Table loan, which would be repaid using the rating options as discussed below.

An estimated \$1.9m of this would be funded through development contributions for water infrastructure. The remaining 425 hae is 50% (\$2.91m) of the additional Dam capacity which we propose to fund as part of the benefits that would be gained by the environment and wider community. Of the proposed dam company annual operating costs that Council would be required to fund (\$715,000 per year), we propose that 34% (\$242,000 per year) is funded by the extractive urban water users.

Council extracts water from the Waimea River and aquifers to supply the reticulated urban areas including Richmond, Mapua and Brightwater. This grouping is included within the Urban Water Club<sup>3</sup>. Urban water account metered users are charged a fixed service charge and a volumetric charge based on water use and rural extensions are charged based

on water restrictor volume. Council also has separate agreements with large commercial and industrial water users, and NCC for urban water supply to residential properties in Nelson South. In the absence of a dam, future urban growth in the Waimea Basin is confined to the urban zone boundaries as existed in 2013.

It is proposed that the costs associated with augmenting the community water supplies are funded through the Urban Water Club. The Dam would provide a more secure water source for both existing and future residents and businesses with the incidents of water rationing being greatly reduced to a one in 60-year drought. The Dam would also provide the opportunity for further residential and business development and ensure there are no constraints within the next 100 years on future growth and development within the wider Waimea area.

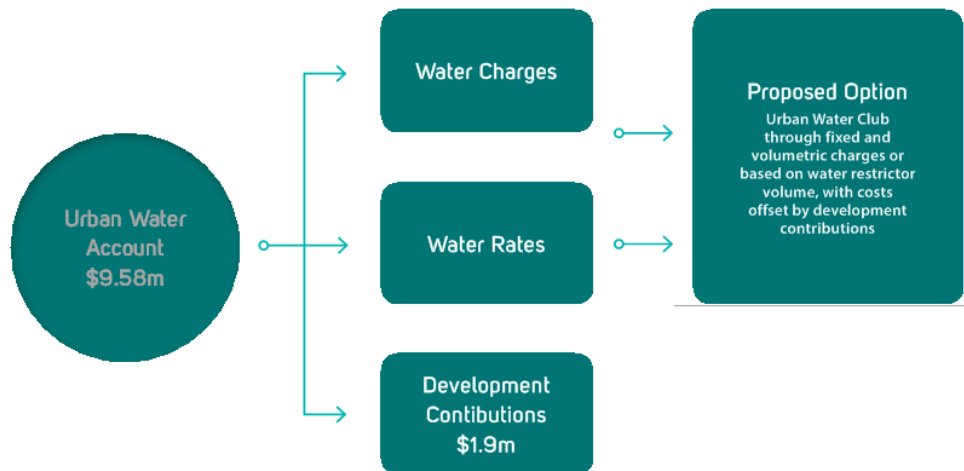


Figure 4 - Proposed Funding for Extractive Urban Water Use

<sup>3</sup>Includes 10 urban water supply schemes and their rural extensions, NCC water supply area and large industrials, and excludes Motueka urban water supply.

PART A) EXTRACTIVE CAPACITY – URBAN WATER USE (CONT)

**ASSESSMENT OF OPTIONS**

Council's proposed option is to fund some of our Dam project costs through the existing Urban Water Club in the same manner as costs are currently apportioned via a fixed service charge and volumetric charge.

This approach is consistent with Council's practice of funding District-wide water infrastructure through the Urban Water Club. A portion of future costs may be offset by including urban water supply development contributions (DC's) for all new residential and commercial developments. These would ordinarily attract some form of infrastructure cost sharing under Council's policies and resource management plan, and have been estimated to cover approximately \$1.9m of the capital amount. This income and the annual operating charge of \$242,000 have been included in the rates and charges indicated below.

Repaying the loan for extractive use (including capital and operating) increases the Urban Water Club costs by around 10% to both the fixed water rate and the volumetric charge. In order to model the costs of the proposal we have used the 2017/2018 rates as a basis for comparing expected revenue requirements. Under the proposal the fixed water rate would increase by \$31 – from the current \$320 per year to approximately \$351 per year, while the volumetric charge would increase by 20 cents per cubic metre –up from \$2.08/m<sup>3</sup> to \$2.28/m<sup>3</sup>.

Based on metered water usage in 2017/2018, the full cost of the additional volumetric water user costs per year are set out below. For most water users, the expected or planned average use of water across the Urban Water Club is 225m<sup>3</sup> per connection per year.

VOLUMETRIC WATER USE (M <sup>3</sup> )/YEAR	50M <sup>3</sup>	100M <sup>3</sup>	*225M <sup>3</sup>	400M <sup>3</sup>
Dam Cost \$	\$10	\$21	\$46	\$81
Total = Fixed + Volumetric charge	\$41	\$51	\$76	\$111

Table 6 – Proposed Urban Water Club charges

Proposed funding options and alternatives

OPTION	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Proposed Option</b>  <b>Funding Council's extractive use capital contribution of \$9.58m and operational of charges of \$242,000/ year through the Urban Water Club</b></p>	<p>Fixed service charge plus volumetric charge to meet the full costs</p> <p>Includes all users in the Urban Water Club</p> <p>Estimated fixed fee increase by \$31 per connection/ year and volumetric charge per cubic metre increase by 20 cents (\$0.2/m<sup>3</sup>)</p> <p>Rural water extensions to urban water schemes estimated rate increase would be from \$605.92/ 1m<sup>3</sup> of restrictor volume to ~\$664.81/1m<sup>3</sup> of restrictor volume</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Maintains the current funding mechanism</li> <li>• Consistent with current Council practices for funding urban water supply</li> <li>• Table loan repaid over 30 years to ensure intergenerational fairness</li> <li>• Development Contributions (DCs) would reduce the rates and charges</li> <li>• In the same way that other water supply infrastructure is provided across the District, most of the District helps meet the Dam project costs rather than just those who directly benefit.</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Increases charges by 10% to pay for water security and future demand</li> </ul>



Proposed funding options and alternatives (cont)

ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Alternative Option 1: Funding through the existing Urban Water Account with differentials</b></p>	<p>Fixed service charge plus volumetric charge remains unaffected by costs of the Dam for properties outside the Zone of Benefit (See page 32)</p> <p>There would be a higher charge (called a differential) to cover the Dam project for all properties in the Zone of Benefit.</p> <p>This would also include Rural water extensions to urban water schemes</p> <p>This would result in a 12-13% fee increase. The fixed charge would increase by \$41. The volumetric charge per cubic metre would increase by 25 cents.</p> <p>Based on expected average water use of 225m<sup>3</sup>/year an increase of \$97 would be typical.</p> <p>Rural water extensions to urban water schemes estimated rate increase would be from \$605.92/1m<sup>3</sup> of restrictor volume to ~\$677.99/1m<sup>3</sup> of restrictor volume</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Based on the current funding mechanism</li> <li>• Can target direct beneficiaries</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Undermines the current basis of charging through the Urban Water Account, potentially requiring Council to move to a catchment based approach for all catchments in the water account.</li> <li>• Creates a precedent for future urban water projects in the District being funded by the community directly benefitting</li> <li>• Would require a fundamental change to or disestablishment of the Urban Water Account policy and practices. This would adversely impact on the smaller settlements in the District</li> <li>• Creates significant added complexity and adds increased costs in the administration</li> </ul>
<p><b>Alternative Option 2: Targeted rate for the Waimea Community Dam project</b></p>	<p>Targeted rate based on cents in dollar of capital value. Applied District wide or to properties in Zone of Benefit excluding properties which are classified as non-rateable by the Local Government Rating Act 2002</p> <p>For District wide the calculated rate would be \$0.000065/dollar of capital value. Example charges would range from \$16 for a \$250k CV to \$65 for a \$1m CV.</p> <p>Applied only to the Zone of Benefit, rate would be \$0.000174/dollar of capital value. Charges would range from \$44 for a \$250k CV to \$174 for a \$1m CV</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Could be used with differentials</li> <li>• Relatively simple to apply</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• New targeted rate to be established</li> <li>• Doesn't incentivise water conservation as no increase in volumetric charge</li> <li>• If only on the Zone of Benefit, it creates precedent for future urban water schemes in the District being funded by the community directly benefitting. It would also create a precedent for future projects to be funded outside the Urban Water Account.</li> </ul>

## PART B) ENVIRONMENTAL AND COMMUNITY BENEFITS

FUNDING SHARE: \$17.2M CAPITAL AND \$473,000 ANNUAL DAM COMPANY OPERATING COSTS

It is proposed that thirty percent of the benefits that would be achieved by the Dam are benefits to the environment and community generally. These benefits have a proposed capital contribution of \$22.77m, which would be partly funded by the Government's FIF Grant of \$7m, and NCC's nominally proposed contribution of \$1.48m.

The remaining portion for Council to fund is \$14.29m, of which we propose \$10m is funded through the interest fee CIL loan, and \$4.29m by the Urban Water Club. In addition, Council's proposed share of the additional dam capacity of \$2.91m has been allocated to this area, making our total funding share \$17.2m.

Of the proposed dam company operating costs that Council would be required to fund (\$715,000 per year), we propose that 66% (\$473,000 per year) is funded by those that gain environmental and general community benefits. We propose to take out a 30 year Table loan to fund the \$4.29m and to repay this loan using the rating options proposed below.

Councils fund community benefits where the whole community can benefit to a greater or lesser degree. In these situations a form of targeted rate is applied. We already do this for example, for flood protection; and funding of economic development through the Nelson Regional Development Agency.

While the current and future community and environment benefits are shared by all in the District to some degree, it

could be considered that for the Dam project, properties in the Waimea basin ie in a Zone of Benefit (see page 32) are likely to benefit to a greater degree. Therefore Council is proposing to use a combination of a fixed District wide targeted rate, and a targeted rate based on capital value for properties in the Zone of Benefit to refund part of the loan (\$4.29m). The remainder (\$10m loan from CIL, and Council's share of additional Dam capacity) would be funded through Council's commercial activity dividends and surpluses.

The proposed funding model for capital costs attributed to the benefits that would be derived by the environment and general community is shown below in Figure 5.

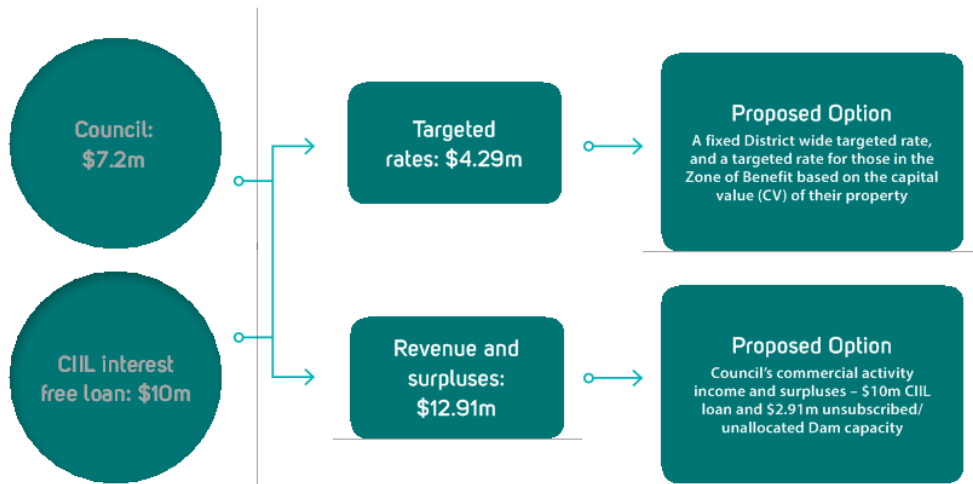


Figure 5 - Options for Funding the Environmental and Community Benefits from the Dam

**WHO IS IN THE ZONE OF BENEFIT?**

It is proposed that the Zone of Benefit includes those properties in the Waimea area with water available or supplied from the river and aquifers of the Waimea Plains. It would include the reticulated urban water supply for Richmond, Best Island, Mapua, Brightwater and their rural extensions, and areas of low flow connections including some Redwood Valley properties. Proximity to where more direct benefits would be achieved from the dam, such as additional employment, economic opportunities, social, cultural, and recreational benefits have also been considered in defining the aerial extent of this Zone. Figure 6 shows the properties that Council proposes to include in the Zone of Benefit.

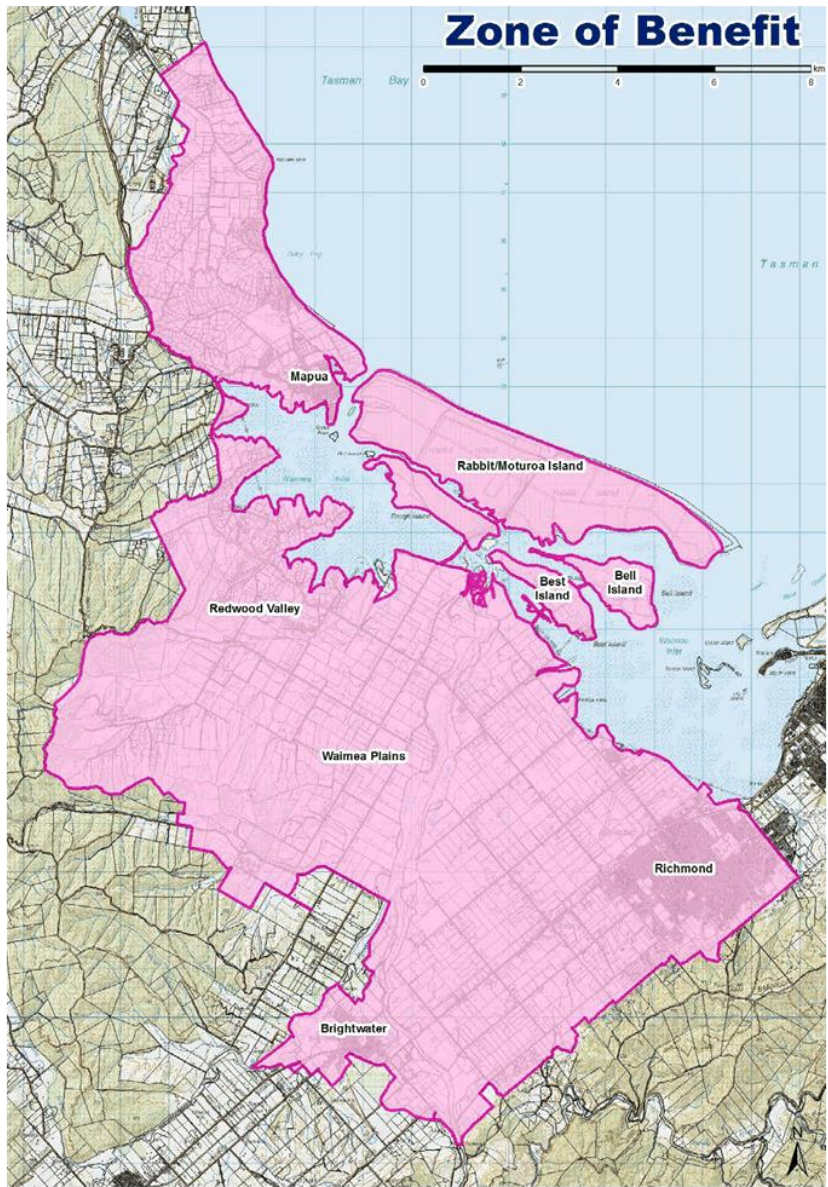


Figure 6 – Proposed Zone of Benefit

## FUNDING PROPOSAL

In order to fund the costs associated with the benefits that would be gained from the Dam by the environment and general community (\$4.29m), Council proposes that costs are apportioned 70% to all ratepayers within our District as a fixed charge, and 30% to the Zone of Benefit ratepayers based on the capital value (CV) of their property.

Tables 7 and 8 below shows the impact on Tasman ratepayers across the range of scenarios reviewed to arrive at the proposed option. These include the total costs (\$4.29m) being spread across all ratepayers in the District as a fixed District wide targeted rate (which would equate to \$42 per property per year), a 50/50 cost share (50% would be funded through a fixed District wide rate and 50% by ratepayers in the Zone of Benefit based on the property CV), and the proposed option of a 70% District wide charge and 30% Zone of Benefit cost share.

To calculate the Zone of Benefit rates, we have used current rating property valuations. The District is currently undergoing a district-wide revaluation with values being released in December. The effects of the revaluation on any rates set based on capital value will be incorporated into the rates set from 1 July 2018.

Please also note that the rates and charges above are not likely to reach these levels until after three years (2021/2022), when the Dam is fully operational.

Under Council's proposed option (70/30 cost share), the fixed District wide targeted rate would be \$29 per property per year. For those in the Zone of Benefit with properties with a capital value between \$250,000 to \$1m, they would pay between \$43 to \$85 including the fixed District wide targeted rate.

For someone in the Zone of Benefit with a property capital value of \$600,000, under this proposal they would pay a total of \$63. This includes the fixed District wide rate of \$29 plus the Zone of Benefit CV charge of \$34. For all other Tasman ratepayers that receive an indirect benefit from the Dam, they would only pay the fixed District wide charge estimated to be \$29.

Note: as discussed above in Proposal 1, if a Tasman ratepayer has their drinking water supplied through Council's urban reticulated network or through a rural extension to that network and they are in the Urban Water Club, they would also pay additional charges.

COST SHARE %	FIXED DISTRICT WIDE TARGETED RATE
50%	\$21
70%	\$29
100%	\$42

Table 7 – Zone of Benefit charging options

ZONE OF BENEFIT COST SHARE %	RATE PER \$ OF CV (INCL GST)	CAPITAL VALUE				
		\$250,000	\$400,000	\$600,000	\$750,000	\$1M
50%	0.000092	\$23	\$37	\$55	\$69	\$92
Total		\$44	\$58	\$76	\$90	\$113
30%	0.000055	\$14	\$22	\$34	\$42	\$56
Total		\$43	\$51	\$63	\$71	\$85

Table 8 – Funding Options for Environmental and Community Benefits

### ASSESSMENT OF OPTIONS

As discussed, Council’s proposed option to fund the Dam project charges that are allocated to this area include:

- a fixed District wide targeted rate
- a targeted rate on properties in the Zone of Benefit based on property CV
- the use of Council’s accumulated surpluses and revenue from its commercial activity.

Although there is no precise analytical approach for apportioning a differential in the benefits achieved by the Dam to the environment and community generally, the funding proposal recognises that those properties in the Zone of Benefit realise these environmental and community benefits to a greater degree, so should fund a higher proportion of those costs.

#### Proposed funding options and alternatives

OPTION	WHAT	ADVANTAGES AND DISADVANTAGES
<p><b>Proposed Option</b>  <b>A Fixed Charge across the District and a Targeted Rate on those in the Zone of Benefit</b></p>	<p>A flat fixed targeted rate on all District ratepayers (\$29/property/year) plus a targeted rate on properties in the Zone of Benefit based on the properties capital value</p> <p>Applied only to the Zone of Benefit, the capital value targeted rate would be \$0.000055/dollar of capital value. Example charges range from \$14 for a \$250,000 CV to \$56 for a \$1m CV. These totals exclude the additional fixed rate of \$29</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> <li>• Accounts for value/scale of activity per rateable unit</li> <li>• Provides a fair mechanism to apportion the environmental/ community benefit costs</li> <li>• Consistent with current District wide funding of activities</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Depending on how the costs are apportioned, the cost share may not be viewed as fair and reasonable</li> <li>• Some Tasman ratepayers outside the Zone of Benefit may object to contributing towards the Dam costs</li> </ul>

ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<b>Alternative Option 1: Funded through the Uniform Annual General Charge (UAGC)</b>	A flat fixed charge on all District ratepayers  The increase in the UAGC would be \$42 per property per year	<b>Advantages</b> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> </ul> <b>Disadvantages</b> <ul style="list-style-type: none"> <li>• Does not recognise the nature or scale of additional benefits to those who also directly benefit from the augmented water supply.</li> <li>• Not the most cost-effective way to meet the present and future needs of water users.</li> </ul>
<b>Alternative Option 2: Funded through a General Rate across the District based on Capital Value (CV)</b>	The rate based on CVs across the District  The general rate increase would be ~2.6%	<b>Advantages</b> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> </ul> <b>Disadvantages</b> <ul style="list-style-type: none"> <li>• No differentiation between land use or location from a beneficiaries' perspective</li> <li>• Likely to arouse wide debate and objection from the community</li> <li>• High value properties in outlying areas of the District, eg Golden Bay, would pay significant rates</li> </ul>
<b>Alternative Option 3: General rate with differential for land use activity</b>	A different amount per \$ CV for unit type. eg residential, commercial, rural, tourist services	<b>Advantages</b> <ul style="list-style-type: none"> <li>• Recognises benefits of the Dam project to different activities. eg businesses and tourist services are more likely to benefit</li> <li>• Accounts for scale/value of activity</li> </ul> <b>Disadvantages</b> <ul style="list-style-type: none"> <li>• Requires evidence and justification that would be relatively difficult to provide</li> <li>• Difficult to prove benefits to areas further away from the Zone of Benefit eg Golden Bay and Murchison</li> <li>• Likely to arouse wide debate and objection from the community</li> <li>• High value properties in outlying areas of the District would pay significant rates</li> </ul>

ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Alternative Option 4:</b>  <b>General rate – with location differential</b></p>	<p>General rate (CV) with a differential for Golden Bay and Lakes Murchison Wards. For example, these areas pay 50% of the rate paid by other Wards ratepayers</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Recognises accessibility of community benefits based on furthest distance from Zone of Benefit</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>Shifts rates burden more to the areas of direct benefit and does not recognise wider environmental and community benefits of the project</li> <li>Major shift in Council's Rating Policy which is likely to have flow on effects to other general rates funded activities, for example roading</li> </ul>
<p><b>Alternative Option 5:</b>  <b>Targeted rate on extractive water users</b></p>	<p>Targeted fixed rate on extractive users including irrigators on the Waimea Plains and the Urban Water Account</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>Shifts rates burden to the area of direct benefit</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>May not meet the requirements of the Local Government (Rating) Act if based on a volumetric charge.</li> <li>Apportions all costs to direct beneficiaries and does not recognise that there are wider benefits to the environment and community generally of the Dam project</li> <li>Would be difficult to administer as it would be based on water permits for irrigation</li> <li>Would be unaffordable for WIL affiliated members with current costs in the top quartile of what irrigators could meet (\$5000 – \$5500 per hectare/share plus initial operating costs of \$550–\$600/ha/year)</li> <li>Would significantly increase costs for those ratepayers in the Urban Water Club</li> </ul>



## PROPOSAL 3 – CREDIT SUPPORT OF CIIL'S LOAN TO THE DAM COMPANY FOR WIL

### PROPOSAL THREE

#### Why Is Council Proposing to Provide Credit Support for this Loan?

Council proposes to provide credit support of \$29m for CIIL's loan of up to \$25m to the dam company for WIL. The reason why the credit support is \$29m for a \$25m loan is because from day one, the potential maximum liability of the loan would be \$29m once the costs and interest are capitalised. Credit support for CIIL is one of the terms negotiated by the parties. Council's proposed option is to provide the guarantee as we are the only party that has the financial strength to do so, and in the unlikely event of WIL defaulting, we would be most likely to step in to protect our investment, to secure the wider community benefits, and to meet our financial obligations under the Public Works Act. Provision of the guarantee means that project funding comes at a much lower interest cost to the project compared to commercial interest rates and enables the project to leverage \$15m of private sector investment from irrigators through WIL.

Council would need to provide credit support to CIIL if there was a widespread failure of payment of water charges from WIL shareholders. This is considered to be unlikely as WIL propose to have significant remedies available in the event of non-payment by individual shareholders. This would be in accordance with its Constitution and shareholder agreement.

As a result of Council providing full credit support, CIIL is providing a \$10m interest free loan to Council over 11 years, which would result in a \$500,000 savings for Council in interest costs. The favourable loan terms from CIIL reflects Council providing credit support. The credit support also enables Council to leverage \$15m of private sector investment from irrigators through WIL to the Dam project.

A condition of the CIIL \$10m interest free loan, is that the funds must be allocated to the environment and general community benefits accruing for the Dam. It cannot be used to fund our extractive water use costs.

We propose to repay this loan in two \$5m repayments at years 6 and 11 by using revenue and budgeted surpluses from our commercial activity portfolio.

#### WHAT HAPPENS IF WIL CANNOT REPAY THEIR LOAN?

In the situation where WIL is unable to service the CIIL loan to the dam company, then Council as guarantor for this loan would be required to pay the outstanding amount to CIIL. Council's preferred option in this scenario would be to refinance the outstanding loan amount through the Local Government Funding

Agency (LGFA) with all costs and repayments recovered from WIL affiliated property owners via a targeted rate.

#### ALTERNATIVE OPTIONS TO PROVIDING CREDIT SUPPORT

There are five potential options by which Council could fund its allocation to capital costs for the Dam, without the need to provide credit support for the CIIL loan. It has previously discounted three including:

1. fully rate funding the Dam project -this was consulted on in 2014 and rejected both by the community and Council. Taking this approach would mean losing the low interest rate loans from CIIL (\$10m plus \$25m), and equity investment from WIL (\$15m).
2. a partnership with a private investor - the risks associated with a commercially driven model for water pricing, and potential conflicts with Council's regulatory roles were assessed as too high.
3. Council providing partial credit support capped at \$12 - \$15m. This was rejected as CIIL requires a high degree of control over procurement and construction of the Dam project as it is taking a higher risk, as is customary for this type of funding. This option also exposes Council to paying expensive compensation should it exercise a number of its regulatory and LGA powers deemed to be to the detriment of WIL or CIIL as a lender.

The remaining two viable options are summarised in the following table.

CIL Credit Support – Proposed Funding Options And Alternatives

PROPOSED OPTION	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Proposed Option</b>  <b>Council provides full credit support of the CIL Loan</b></p>	<p>CIL's funding of WIL through the dam company would have full credit support from Council of \$29m</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Has support of all funding partners</li> <li>• Council has majority shareholding and control of the Dam project</li> <li>• Other CIL funding is not put at risk</li> <li>• Funding comes at a lower interest cost to the project</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Council faces risks associated with any loan default by WIL in the event that there is widespread failure of WIL Shreholders to pay their water user charges</li> </ul>
ALTERNATIVE OPTIONS	HOW	ADVANTAGES AND DISADVANTAGES
<p><b>Alternative Option 1:</b>  <b>Council directly funds WIL</b></p>	<p>Council would loan \$22.12m - \$25m to WIL (via the dam company) We would fund this loan through the Local Government Funding Agency (LGFA)</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Water charges to irrigators would be used to repay the loan</li> <li>• Council would have full control of the Dam project</li> <li>• Loan agreement would be simplified and also avoids financing and oversight costs in the CIL arrangements</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Council would not be able to access the concessional loans from CIL or their irrigation accelerator grant funds</li> <li>• WIL would incur more expensive borrowing and other associated costs, and therefore likely to reject this option</li> <li>• Council would need to raise additional funds through the LGFA</li> </ul>



## HOW DO THE PROPOSED FUNDING PROPOSALS AFFECT YOU AND YOUR RATES?

By adopting the proposed rating options, this means Council would fund its share of the Dam project costs (capital and operating) via a layering approach as shown in Figure 7. Under this proposed scenario it means that:

- Every ratepayer in the District would contribute to the fixed District wide targeted rate of \$29 per property per year
- Those in the Zone of Benefit would pay the fixed District wide targeted rate plus an additional charge based on their property CV, plus the fixed and volumetric water charges if they are in the Urban Water Club.
- Those in the Urban Water Club, outside the Zone of Benefit, would pay the fixed District wide targeted rate, and the fixed service charge and volumetric charges for their water. This is consistent with other projects funded through the Urban Water Club.
- For irrigators on the Waimea plains affiliated to WIL, they would pay the fixed District wide targeted rate, plus the Zone of Benefit additional charge based on their property CV, plus the WIL subscription costs. If they are also in the Urban Water Club or on a rural water extension to an urban water scheme, they would also pay the fixed service charge and volumetric water charges.

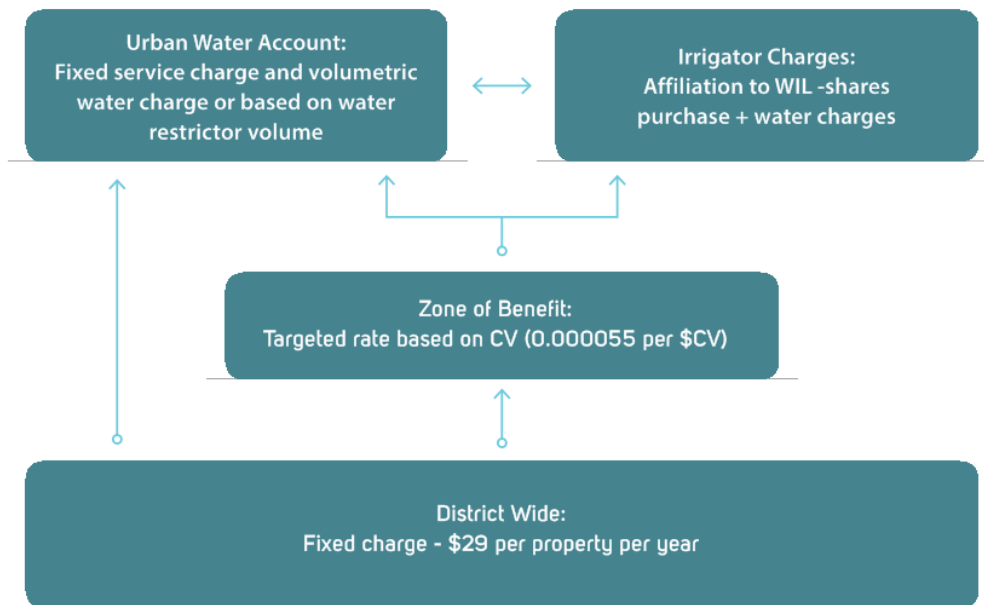


Figure 7 – Proposed Rating Methods and Charges

## CHARGES FOR THE GENERAL BENEFITS TO THE ENVIRONMENT AND COMMUNITY

To fund the costs apportioned to the environmental and community benefits generally, Council is proposing that every ratepayer in the District would

contribute a fixed District wide targeted rate which is estimated to be \$29 per property per year. For those in the Zone of Benefit (see Figure 6) they would also pay an additional charge based on the capital value of their property. Examples of the range of costs ratepayers could expect to pay, if they are in the Zone of Benefit are shown below.

Capital Value	\$250,000	\$400,000	\$600,000	\$750,000	\$1m
<b>Total cost</b>	\$43	\$51	\$63	\$71	\$85

Table 9 – Zone of Benefit Examples of Cost

## WATER RATES AND CHARGES

The proposed increase in costs to the Urban Water Club would be in the range of 10%. Water rate charges have been calculated taking into account an expected income from development contributions of \$1.9m.

Based on a 10% increase:

- the fixed water rate would increase by \$31 – from the current \$320 per year to approximately \$351 per year
- the volumetric charge would increase by 20 cents per cubic metre from the current \$2.08/m<sup>3</sup> to \$2.28/m<sup>3</sup>

Based on metered water usage in 2017/2018, the additional volumetric water user costs per year are set out below. For most water users, the expected or planned average use of water across the Urban Water Club is 225m<sup>3</sup> per connection per year.

Volumetric water use (m <sup>3</sup> )/year	50m <sup>3</sup>	100m <sup>3</sup>	225m <sup>3</sup>	400m <sup>3</sup>
<b>Total Cost \$</b>	\$41	\$51	\$76	\$111

Table 10 – Volumetric Water Charges

## WAIMEA IRRIGATOR CHARGES

Waimea irrigators (through WIL) would be invited to buy shares in the dam company. The share price is estimated to be between \$5000 to \$5,500 per hectare per share. The final share price will be determined and set out in a product disclosure statement, which will require sign-off from both the WIL Board and the Financial Markets Authority.

Shareholders will also pay an estimated annual water user charge of between \$550 to \$600 per share, with the exact amount yet to be confirmed. Each share and annual charge relates to a prescribed amount of water to extract, set at 300 m<sup>3</sup>/ha/week. The more water required by an irrigator, and/or the larger the land area to irrigate, the more shares they may need to purchase.

In addition to the WIL charges and costs, irrigators who purchase shares, and in doing so, affiliate their water permits, would also pay the proposed Council rates and charges applicable to their properties. That is, the fixed District wide targeted rate estimated at \$29 per property per year, the Zone of Benefit CV costs, and if they are on Council's reticulated network, the Urban Water Account fixed fee and volumetric charges. Those on rural water extensions to the urban water schemes would also pay increased charges.

### WHAT CHARGES WOULD YOU PAY?

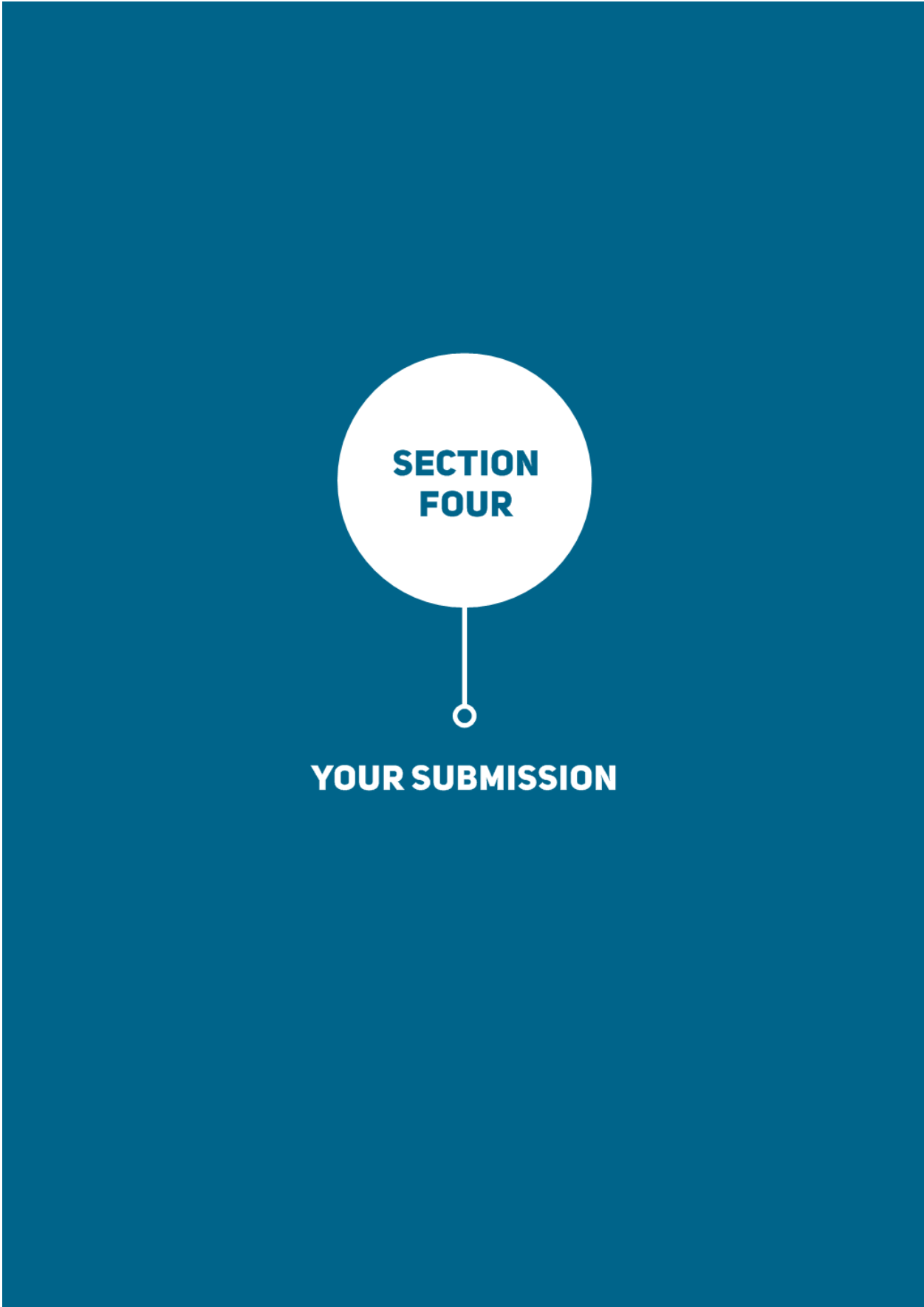
The table below provides some examples of the estimated charges a range of properties would pay towards the Dam project for Council's share of the Dam costs including our capital and operating contributions. The charges are based on whether or not your property is in the Zone of Benefit and whether you receive water as part of the Urban Water Club. The rates and charges also include the Council's proposed share of the annual operating costs for the dam company and \$2m of Council project costs.

EXAMPLES	PROPERTY CV	URBAN WATER CHARGE*	FIXED DISTRICT CHARGE	ZOB CHARGE	PEAK ANNUAL TOTAL
Richmond/Best Island	\$250,000	\$76	\$29	\$14	\$119
Richmond	\$750,000	\$76	\$29	\$42	\$147
Mapua	\$600,000	\$76	\$29	\$33	\$138
Brightwater/Hope	\$400,000	\$76	\$29	\$22	\$127
Kaiteriteri	\$1 million	\$76	\$29	n/a	\$105
Murchison, Wakefield, Pohara, Collingwood & Tapawera	n/a	\$76	\$29	n/a	\$105
Upper Moutere, Motueka and Takaka (excluding Upper Takaka)	n/a	n/a	\$29	n/a	\$29

\* Urban Water Club – based on average volumetric water use of 225 cubic metres per property per year. A user on a rural extension with a 1m<sup>3</sup> restrictor volume would have an urban water charge increase of \$59, as they pay 80% of the volumetric rate multiplied by 365, per 1m<sup>3</sup> of restrictor volume.

Table 11 – Estimated Impact of Rates and Charges

Online calculator: Head to [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback) to work out the likely effect of the proposals on your rates and charges. You may need to know your property capital value and annual water usage.



## YOUR SUBMISSION

You can make a submission on any part or all of this Consultation Document (Statement of Proposal). Tell us what you think of our proposal and proposed options. Either use the form in our Summary Document (insert link) or make your submission online at [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback)

**Please note:**

All submissions, including names and contact details will be made available to Councillors and the public through Council's website.

**Please send your submission to:**

Waimea Community Dam submissions, Tasman District Council, Private Bag 4, Richmond 7050

Or drop your submission into Council at 189 Queen Street, Richmond, or to your local library or service centre.

**We must receive your submission by Sunday 26 November 2017.**

### HEARING DATES AND TIMES

Richmond	11 December 2017	9.00 am – 4.30 pm	6.00 pm – 9.00 pm
	13 December 2017	9.00 am – 4.30 pm	6.00 pm – 9.00 pm
Takaka	12 December 2017	1.00 pm – 3.00 pm	3.30 pm – 6.30 pm
Motueka	15 December 2017	9.30 am – 12.30 pm	1.00 pm – 5.30 pm

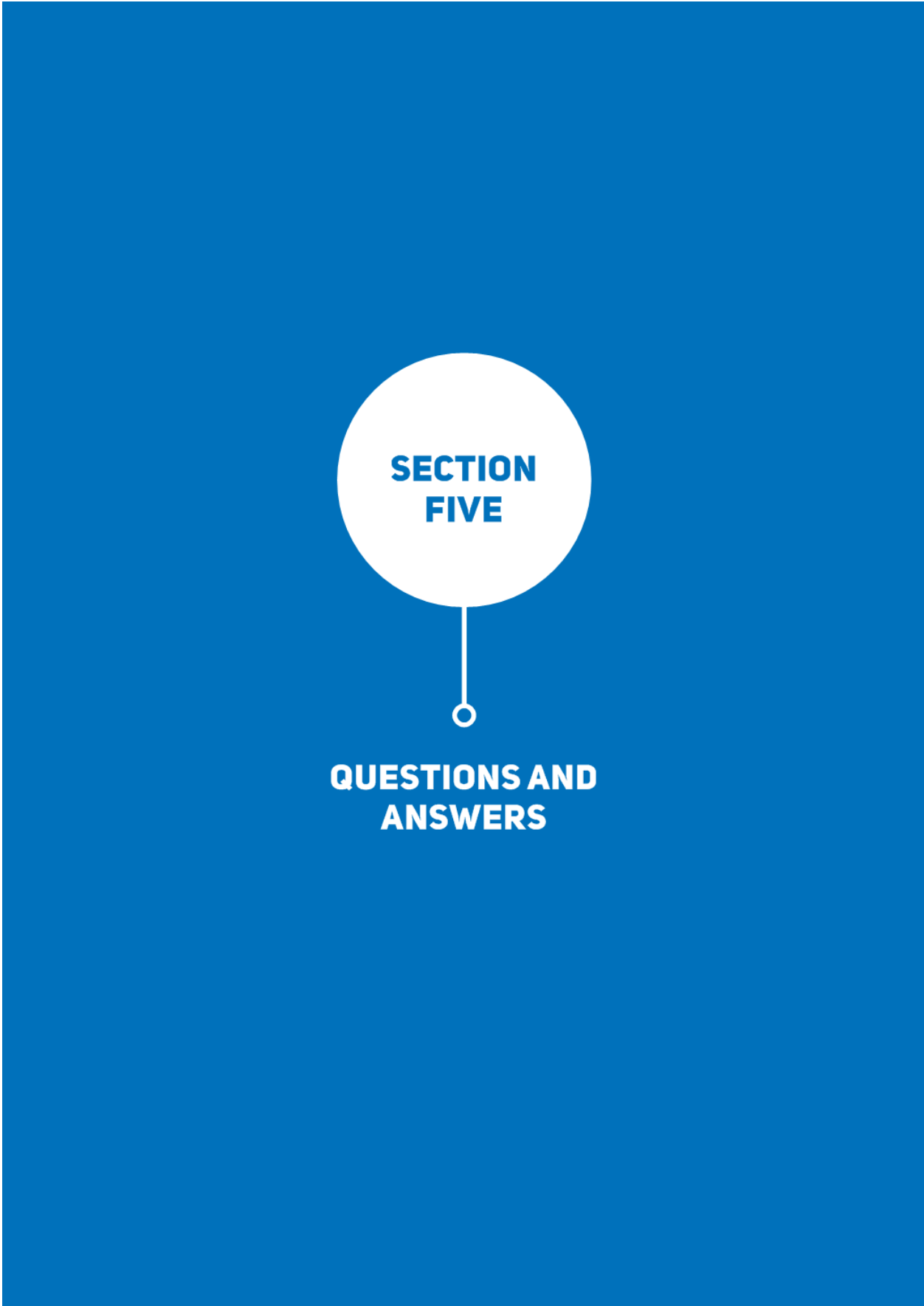
### PUBLIC MEETINGS

WHERE	WHEN	TIME AND PLACE
Tasman Area Community Assn Meeting	Wednesday 25 October 2017	7.30 pm, Tasman School
Rotoiti	Tuesday 31 October 2017	1.00 – 3.00 pm Drop-in Session, Lake Rotoiti Hall
Murchison	Tuesday 31 October 2017	6.00 – 8.00 pm Drop-in Session, Murchison Recreation Centre
Brightwater	Wednesday 6 November 2017	5.30 pm – 7.00 pm Drop-in Session Brightwater School 7.30 pm – Community Assn meeting BGW School
Motueka Market	Sunday 5 November 2017	9.00 am – 12.00 pm Drop-in Session
Richmond	Thursday 9 November 2017	5.30 – 7.00 pm Drop-in Session, Council Chamber, Tasman District Council office
Mapua	Saturday 11 November 2017	10.00 am – 12.00 pm Drop in Session, Mapua Wharf Precinct
Mapua Districts Community Assn Meeting	Monday 13 November	7.00 pm, Mapua Hall



## PUBLIC MEETINGS (CONT)

WHERE	WHEN	TIME AND PLACE
Golden Bay Community Board Meeting	Tuesday 14 November 2017	10.00 am, GB Service Centre, Takaka
Collingwood	Tuesday 14 November 2017	12.00 pm – 2.00 pm Drop-in Session, St Cuthbert's Anglican Church, Collingwood
Takaka	Tuesday 14 November 2017	4.00 pm – 5.30 pm Drop-in Session, Golden Bay Service Centre meeting room
Moutere Hills Residents Assn Meeting	Wednesday 16 November 2017	7.00 pm, Upper Moutere Community Centre
Richmond Mall	Saturday 18 November 2017	10.00 am – 12.00 pm Drop-in Session
Wakefield Community Council meeting	Tuesday 21 November 2017	7.30 pm, St John's Centre, Wakefield
Motueka	Tuesday 21 November 2017	3.00 pm – 4.00 pm Drop-in Session Motueka Service Centre 4.00 pm, Motueka Community Board meeting, Motueka Service Centre.
Tapawera and District Community Council meeting	Tuesday 21 November 2017	8.00 pm, Tapawera Community Centre
Richmond A & P Show	Saturday and Sunday 25 and 26 November 2017	Richmond, all day



## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<b>Why do we need a Dam?</b>	<p>Water security is a vital for urban water supply, economic and environmental sustainability and growth. Water rationing has occurred in dry months in urban areas most years since 2001, we lack water security for irrigators and other businesses in Summer, the health of the Waimea River is declining, and we face constraints on growth.</p> <p>If we do not build the Dam there would be significant new water restrictions for businesses, irrigators and residential users most years.</p>
<b>What are the water rationing rules under the Tasman Resource Management Plan?</b>	<p>Details of these can be found in the TRMP</p> <p>Step 3 rationing –which according to the MWH study could occur 9 out of every 10 years (based on the last 16 years of data). This would require the greater of a 25% reduction in urban water consumption and a 50% reduction in water for those with consented takes.</p> <p>Step 5 rationing (which could occur one out of every 6 – 10 years based on last 16 years of data (MWH)) allow for water takes of only 0.125 m<sup>3</sup> per day for essential human health.</p>
<b>Do we really have an urban water shortage problem?</b>	<p>Council engaged consultants MWH this year (2017) to provide an update on their 2011 work on our 100 year water demand and supply modelling.</p> <p>The MWH report concluded that of the areas reliant on Waimea water supply for urban use, including Richmond, Waimea basin, Brightwater, and Hope, in nine out of every 10 years there would be significant water rationing. This is based on Step 3 rationing where there would need to be a 25% reduction in urban water consumption and a 50% reduction in any consented take.</p>
<b>Who will benefit from the Dam?</b>	<ul style="list-style-type: none"> <li>• Current and future households and businesses who would have their water supplied through the Waimea urban water scheme including Richmond, Brightwater, Hope and Mapua.</li> <li>• Irrigators on the Waimea Plains</li> <li>• Businesses and homes in Nelson South (as Council supplies 9% of Nelson's water)</li> <li>• Water users in the wider Nelson Tasman region in the case of an emergency</li> <li>• The Waimea River with increased flows improving and protecting the life supporting capacity of the river.</li> <li>• Recreational users of the river and its environ with the improved river flows and river health</li> </ul>

## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<p><b>What happens if there is no Dam?</b></p>	<ul style="list-style-type: none"> <li>• A less stable, less healthy river</li> <li>• Less water for urban use and more frequent and greater water restrictions</li> <li>• Less water for irrigation, reduced security of supply</li> <li>• Future growth would be constrained in the District</li> <li>• The New Zealand Institute of Economic Research (2017) report suggests that the Nelson-Tasman economy would be \$20 million smaller each year on average with water allocation cuts of 20%, and \$49 million smaller with cuts of 35%.</li> <li>• The Northington Partners Report (November 2016) estimated the potential financial and economic loss from a no dam option at \$700m. Of this total, an estimated \$29m was the lost opportunity cost of environmental improvement in the river system.</li> <li>• Council would need to find an alternative water augmentation method. The alternative methods reviewed are more expensive and would take many years to develop.</li> </ul>
<p><b>How did we decide that the Waimea Dam was the best option?</b></p>	<p>There's been research and debate around water augmentation since 1993. Following the drought of 2001, the Waimea Water Augmentation Committee (WWAC) was established to find a solution to the acute water shortage in the Waimea Plains.</p> <p>Many alternatives have been explored and evaluated against water demand needs, engineering, social and environmental concerns, consentability and impact on affected residents.</p> <p>Council has concluded that the most affordable solution for the community and funders is the Waimea Community Dam.</p>
<p><b>Can we solve the problem by being more efficient with our water use?</b></p>	<p>Council staff and external analysts have studied the benefits that could be achieved by greater water conservation efforts. While there are savings to be made with such efforts, they are not enough to solve the Region's water problems.</p> <p>Savings from implementing water saving devices have been included in calculations for future water demand.</p>

## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<b>What are the costs of the Dam?</b>	The current estimate of capital cost to complete the Dam project is \$75.9 million, including Dam construction costs of \$50m. Total annual operating costs for the dam company have been assessed at \$1.4 – \$1.5m per year.
<b>What is the final price to build the Dam?</b>	The construction cost of the Dam is estimated to be \$50m. This has been calculated with a 95% confidence level. This means that within the overall budget, \$13.5m has been allowed for changes in scope and unexpected costs.  We expect to have a negotiated construction price in early 2018.
<b>Why is Council's contribution greater than \$25 million in the Long Term Plan 2015 – 2025?</b>	Estimated costs have increased and Council is now funding all costs attributed to benefits received to the environment and community generally.
<b>Why should Council provide credit support for the WIL loan from CIIL?</b>	Credit support is critical to securing the CIIL funding of up to \$25m to the dam company. Providing credit support significantly reduces interest costs and assists irrigators to pay back the loan quicker.
<b>Have enough irrigators committed to paying for the project?</b>	WIL has obtained expressions of interest from irrigators over the 3000 shares required. These figures have been independently verified.  See <a href="http://www.tasman.govt.nz/feedback">www.tasman.govt.nz/feedback</a>  WIL is due to issue a Product Disclosure Statement (prospectus) in November 2017 to formally seek irrigator interest.
<b>What happens if irrigators can't pay their way?</b>	In the event that WIL does not raise the full \$15m in subscriptions from irrigators (current and potential), then Council, WIL, and CIIL would need to fully re-evaluate the project economics. Without the minimum 3000ha irrigator support the entire project is at risk.  If irrigators default on the loan from CIIL, Council would be required to pay the outstanding balance to CIIL plus any CIIL costs. Council's preferred option would be to recover the amount through a targeted rate on all WIL affiliated property owners.

## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<b>Do we have a resource consent for the Dam?</b>	<p>Yes, the resource consent was granted on 26 February 2015. See <a href="http://www.tasman.govt.nz/feedback">www.tasman.govt.nz/feedback</a></p> <p>The consent covers the construction, operation and maintenance of a dam and associated infrastructure on the Lee River in Tasman District, as part of the Waimea Water Augmentation Project.</p>
<b>How does the Dam work?</b>	<p>The Dam scheme involves capture of river flows into storage in the reservoir behind the Dam but leaving a required residual flow in the river below the Dam at all times. The stored water in the Dam reservoir can then be released in a controlled manner, during periods of high water demand and/or low natural river flows.</p> <p>This flow release augments both the river flows to meet instream requirements all the way down the river to Appleby and the sea, with water also available to recharge the aquifers connected to the river. Water abstraction can either happen from the aquifers connected to the river, or directly from the river. Most current users are from the adjacent aquifers.</p>
<b>What is the risk of Dam failure?</b>	<p>Extensive work has been carried out on the seismic conditions at the Dam site. Dam design is required to meet new engineering standards following knowledge gained after the Canterbury, Seddon and Kaikoura earthquakes. Tonkin &amp; Taylor Ltd have recently commissioned an updated research from GNS, and this has in turn has been independently peer reviewed by OPUS. Detailed design would take the risk of an earthquake and seismic activity into account. The proposed concrete faced rockfill dam design has a very high level of resilience to seismic loading.</p>
<b>How will the dam affect river habitat?</b>	<p>The Dam would mean that some of the river and its riparian habitat would be submerged. The resource consent conditions for the Dam require regular monitoring of water levels and quality in the lake as well as in the river downstream of the Dam. There are also requirements for restoration and re-establishment of various native plant-life in the area.</p>

## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<b>Would the Dam negatively impact water quality and swimming sites?</b>	The Dam would improve water quality and swimming sites by maintaining regular flows that flush water through the river system. The minimum river flow requirements would mean an improved river and ecosystem which is healthier and better able to be used and enjoyed by recreational users. Improved flows in the river would also better protect against salt water intrusion into the aquifers, the risk of which could increase with our changing climate.
<b>Does building the Dam increase nitrate levels from more intensive land use?</b>	<p>Building the Dam would mean current water users would have improved security of water supply. There would also be the opportunity to increase the scale of irrigation. This may impact on nitrate levels, but this risk would be managed through nutrient management plans provided for in the Tasman Resource Management Plan.</p> <p>The increased flow in the river would also improve river water quality. Ongoing monitoring of groundwater would also better inform impacts of increased recharge to groundwater due to Dam flow releases.</p> <p>The environmental effects of the Dam were considered during the resource consent process and consent conditions address these issues.</p>
<b>How can I make a submission?</b>	You can make a submission online through our website <a href="http://www.tasman.govt.nz/feedback">www.tasman.govt.nz/feedback</a> , or by filing out the form in our Summary Document <a href="http://www.tasman.govt.nz/feedback">www.tasman.govt.nz/feedback</a>
<b>Why don't we reduce the size of the Dam to save money?</b>	Reducing the size of the Dam does not significantly reduce costs associated with constructing the Dam (see page 12 SOP) The design capacity of the Dam is designed to meet predicted water supply needs for next 100 years and protect against a one in 60 year drought.
<b>Is my property in the Zone of Benefit?</b>	See page 32 of this Consultation Document
<b>How much are irrigators paying?</b>	Irrigators are paying 48.9% of the capital costs to complete the Dam project. This equates to \$37.12 million which would be funded through a loan of \$22.12m from CILL (which must be paid back in 15 years), and \$15m of irrigator equity.
<b>Why don't irrigators pay for the whole cost?</b>	Only a proportion of the Dam's water is required for irrigation, the rest is needed for urban water supply and to augment the flows in the Waimea River.

## QUESTIONS AND ANSWERS ON THE WAIMEA COMMUNITY DAM

QUESTIONS	ANSWERS
<b>Who would control the Dam?</b>	Under the proposal Council has the majority shareholding and would appoint the majority of the Board directors of the Dam.
<b>Will the Dam provide water in all drought conditions?</b>	The Dam is designed to secure supply in a one in 60 year drought. This means that during those droughts our urban water consumption would be restricted and there would be potential cut-backs in water supply.
<b>Why don't we extract water directly from the Dam and/or Waimea River?</b>	To do this would involve installing new infrastructure to extract the water from the River. The plan is to use existing groundwater bores to take the water from the aquifers, therefore avoiding the need for new pipes, pumping stations etc. Using existing bores also avoids the need for further water treatment costs, as river water would need a higher level of treatment. The water in the river would still need to be augmented by the Dam.

### WHERE CAN YOU FIND MORE INFORMATION?

Please go to our website to view any of the following reports  
[www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback)

- Summary of the Consultation Document (Statement of Proposal)
- Section.101(3) Local Government Act 2002 analysis
- Assessment of Alternative Options to the Waimea Community Dam
- Resource Consent for the Waimea Community Dam
- More frequently asked questions
- Seismic Assessment Reports
- Economic Assessment Reports
- Waimea Community Dam Submission form



## GLOSSARY

<b>CCO:</b>	Council Controlled Organisation
<b>CCTO:</b>	Council Controlled Trading Organisation (i.e. a CCO that is trading for profit)
<b>CIIL:</b>	Crown Irrigation Investments Limited
<b>Equivalent hectare (hae):</b>	This is used to convert consented volume of water into an equivalent area of land, based on an allocation of 300m <sup>3</sup> of water per hectare per week
<b>FIF Grant:</b>	Freshwater Improvement Fund Grant of \$7m from Ministry for the Environment
<b>Financial Close:</b>	When tender price has been confirmed and all parties have committed their funding, expected May 2018
<b>LGFA:</b>	Local Government Funding Agency
<b>Litres per second (l/s):</b>	1 l/s equals 86.40 cubic meters per day (m <sup>3</sup> /d)
<b>LTP:</b>	Long Term Plan
<b>M<sup>3</sup>:</b>	Cubic Metre. (1m <sup>3</sup> equals 1000 litres)
<b>NCC:</b>	Nelson City Council
<b>TRMP:</b>	Tasman Resource Management Plan
<b>UAGC:</b>	Uniform Annual General Charge (a 'Flat Rate' charged to all properties as part of general rates).
<b>Urban Water Club:</b>	Includes 10 urban water supply schemes (excluding Motueka), rural extensions to urban schemes through a low flow restricted water connection, NCC water supply and large industrial users.. They are grouped together for the purpose of allocating the costs of urban water supply and related infrastructure. The charge is consistent across all members of the Urban Water Club
<b>Volumetric Charge:</b>	A charge for the cubic metres of water used
<b>WIL:</b>	Waimea Irrigators Limited
<b>Water Augmentation:</b>	The process of storing water when it is plentiful and then releasing it to improve water flows, commonly during periods of drought
<b>Zone of Benefit:</b>	The area which receives a more direct benefit from water augmenting the Waimea River and its aquifers (page 32)
<b>Unit Calculator:</b>	<a href="https://www.convertunits.com/from/(cubic+meters)+per+day/to/litres+per+second">https://www.convertunits.com/from/(cubic+meters)+per+day/to/litres+per+second</a>

**Item 8.1**

**Attachment 1**

PAGE 54 – WAIMEA COMMUNITY DAM



*Feel free to contact us:*



Tasman District Council  
Email [info@tasman.govt.nz](mailto:info@tasman.govt.nz)  
Website [www.tasman.govt.nz](http://www.tasman.govt.nz)  
24 hour assistance

**Richmond**  
189 Queen Street  
Private Bag 4  
Richmond 7050  
New Zealand  
Phone 03 543 8400  
Fax 03 543 9524

**Murchison**  
92 Fairfax Street  
Murchison 7007  
New Zealand  
Phone 03 523 1013  
Fax 03 523 1012

**Motueka**  
7 Hickmott Place  
PO Box 123  
Motueka 7143  
New Zealand  
Phone 03 528 2022  
Fax 03 528 9751

**Takaka**  
78 Commercial Street  
PO Box 74  
Takaka 7142  
New Zealand  
Phone 03 525 0020  
Fax 03 525 9972

# WAIMEA COMMUNITY DAM

## SUMMARY CONSULTATION DOCUMENT

Consultation closes – Sunday 26 November 2017



## INTRODUCTION

The Waimea Community Dam is the preferred option for providing a secure water supply for urban and rural homes and businesses in the Waimea Plains area, now and for the next 100 years.

From 21 October to 26 November 2017 we are consulting on the ownership, governance and funding options for the dam. This is your opportunity to let us know how you think we should share the Council's dam costs amongst ratepayers and water users, and approach its ongoing management.

We have consulted you before on how to fund the dam, back in 2014. The proposal before you now is very different. Ratepayers are not being asked to carry the full \$75.9 million cost of the project. The Council's contribution to the dam's capital costs is \$26.8 million. Waimea Irrigators Limited (WIL) has come on board as a funding partner, and we have secured Government support through a \$7 million grant and a \$10 million interest-free loan. That significantly reduces the costs to you.

The Waimea River recharges the aquifers from which we draw water for homes and businesses on the Plains. However, it cannot sustain the demands we are making of it and its health is declining. We have been working for many years on ways to protect the health of the river and still provide the water our communities need. We either have to increase the water available, or make cuts to the amount of water homes and businesses – both rural and urban use.

Water take rules to protect the Waimea River and meet national freshwater requirements, by providing a minimum river flow, mean urban and rural areas will experience severe water restrictions most summers from 2018 if there is no augmented water supply. That would have a significant impact on day to day water use, and is a threat to regional economic prosperity and our way of life. If there is no dam, we would need to find another option to boost our water supply.

For the project to proceed it is likely we will need to agree to the overall funding package outlined in this document, and a Council contribution of \$26.8m. WIL is unlikely to be able to commit more funding to the project. The alternative options to provide water security for the Waimea area would be significantly more expensive and have a much larger impact on ratepayers.

The analysis shows the dam is the most cost-effective and practical option for providing a secure water supply, and is the only option that can also boost river flows to enhance river health.

The final decision to build the dam will depend on the outcome of this consultation, all the parties securing their funding contributions, and on the dam construction price.

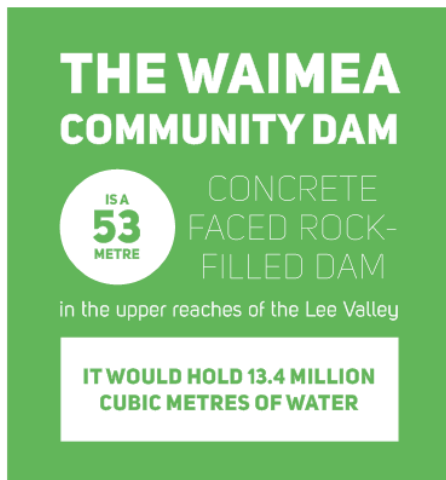
The proposal outlined here is the Council's preferred option. More detail, including the assessment of alternatives, is in the full Statement of Proposal Consultation Document, which can be found on our website at [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback) or at Council service centres and libraries.



## DAM FACTS

### THE WAIMEA COMMUNITY DAM:

- Provides a secure water supply to urban homes and businesses in Richmond, Brightwater, Hope, Mapua, Best Island and Nelson South
- Provides water to rural homes and businesses on the Waimea Plains
- Provides a secure water supply for 100 years
- Prevents the need for rationing in all but the most severe droughts (a one-in-60-year drought)
- Releases water to provide a minimum flow in the Waimea River of 1100 litres a second, enhancing river ecology and reducing the risk of saltwater intrusion into aquifers
- Has an estimated capital cost of \$75.9 million
- Doesn't rely on pipes from the dam to deliver water to Richmond, to the water treatment plant or to irrigators
- Has resource consent
- Will take about three years to build and one to three months to fill



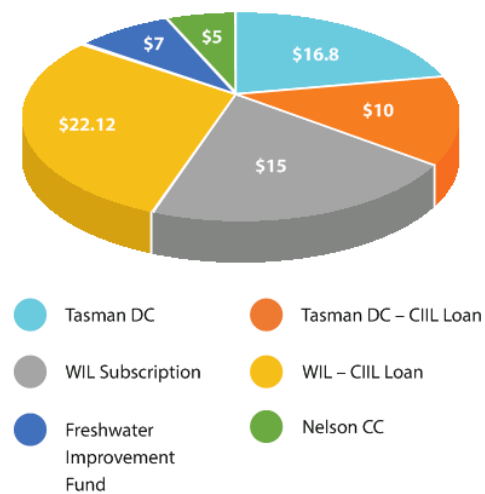
### SHARING THE COSTS

There are several partners contributing capital funding to the project. Waimea Irrigators Limited (WIL), representing irrigators on the Waimea Plains, would raise \$15 million through share subscriptions and a further \$22.12 million in loan funding from Crown Irrigation Investments Limited (CIIL). The Government has offered the Council a \$7 million grant through its Freshwater Improvement Fund and a \$10 million interest free loan through CIIL. A \$5 million contribution from Nelson City Council is subject to consultation with Nelson City ratepayers.

The Tasman District Council would fund \$26.8 million of the capital cost, taking advantage of the \$10 million interest free CIIL loan to reduce the ongoing interest costs to ratepayers.

Tasman District Council and WIL would share the dam company's ongoing operating costs. The Council's 51% share of operating costs is about \$715,000 a year.

### DAM CAPITAL FUNDING \$M



### COST OVER-RUNS

The dam's estimated construction costs are based on a P95 confidence level, meaning there is a 95% probability the project will come in at or below the proposed cost. There is a \$13.5m contingency for changes in scope and unexpected costs. WIL and the Council would share any over-runs or savings up to \$3m equally. In the unlikely event of cost over-runs above \$3m, the Council would meet these. Cost saving over \$3m, will also go to the Council.

## OWNERSHIP AND GOVERNANCE

### Proposed option:

We propose to form a dam company that is owned and operated by the Council and WIL. The company would be a Council Controlled Organisation, and the Council would hold at least 51% of the shares in the company at all times.

The options for ownership and governance of the dam are limited because we plan to raise our contribution to the project using our powers under the Local Government Act 2002 and Local Government Rating Act 2002. Either the Council builds, owns and operates the dam, or a Council Controlled Organisation (CCO) does.

To be a CCO, the Council must appoint 50% or more of the board and/or hold 50% or more of the shares. As the land for the dam is being acquired under the Public

Works Act, the dam can only be held in ownership by the Council or a CCO.

There will initially be seven professional members on the board – one iwi representative, two WIL appointed directors and four Council appointed directors.

### Alternative options

- Council fully funds, owns, governs and operates the dam
- Dam company set up as a Council Controlled Trading Organisation
- Private ownership model

## FUNDING COUNCIL'S SHARE OF COSTS

Our share of the dam's capital costs would be \$26.8 million. Of that amount, \$10 million would be raised through an interest-free loan provided by CIL and repaid using surpluses and revenue from commercial activities. A further \$1.8 million (representing the increase in capital funding over the \$25 million budgeted in our Long Term Plan 2015 – 2025) would also be repaid this way. The rest is proposed to be funded by a combination of urban water charges, and targeted rates and charges.

We propose to apportion the dam costs across the District to recognise both direct (the ability to take water) and indirect benefits (environmental and community benefits, such as jobs and opportunity for the region).

Proposed rate increases for most people are expected to range from \$29 to \$160 per property per year, depending on: property location, property value, and connection to an urban water scheme.

The example rates in this document are based on 2017/18 figures and show the potential rate increase. The increase would be stepped in over time with these charges being reached in year three after Dam construction (2021 – 2022). For example, a \$29 a year fixed charge for all ratepayers may be \$15 in year one, \$20 in year two, and so on.

As an example, the owner of a Richmond property with a capital value of \$600,000, using the expected average amount of water (225m<sup>3</sup>/yr), could expect to pay a proposed total increase of about \$139 a year.



## YOUR SUBMISSION

You can make a submission on any part or all of this Consultation Document. Tell us what you think of our proposals to address the issues identified. Either use the form below or make your submission online at [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback)



Submitter Details (please print clearly)

Your name: \_\_\_\_\_

Phone and Cell phone No: \_\_\_\_\_

Your postal address: \_\_\_\_\_

Town: \_\_\_\_\_

Postcode: \_\_\_\_\_

How would you prefer to receive correspondence about your submission and the hearing?

Email \_\_\_\_\_

Phone \_\_\_\_\_

Would you like to speak to your submission at a Council hearing held for this purpose?

Yes      No

If yes please indicate your preferred location, day, and time:

Richmond	11 December 2017	9.00 am – 4.30 pm	6.00 pm – 9.00 pm
	13 December 2017	9.00 am – 4.30 pm	6.00 pm – 9.00 pm
Takaka	12 December 2017	1.00 pm – 3.00 pm	3.30 pm – 6.30 pm
Motueka	15 December 2017	9.30 am – 12.30 pm	1.00 pm – 5.30 pm

If applicable please indicate if you intend to present your submission in: Maori       NZ sign language

Are you writing this submission as: an individual       on behalf of an organisation

If an Organisation, please name the organisation and your position:

Organisation: \_\_\_\_\_

Position: \_\_\_\_\_

Please note: all submissions, including names and contact details will be made available to Councillors and the public through the Council website.

Please send your submission to:

Waimea Community Dam submissions, Tasman District Council, Private Bag 4, Richmond 7050

Or drop your submission in to Council at 189 Queen Street, Richmond, or to your local library or service centre.

**WE MUST RECEIVE YOUR SUBMISSION BY SUNDAY 26 NOVEMBER 2017**

YOUR SUBMISSION – PAGE 5

## WAIMEA COMMUNITY DAM SUBMISSION FORM

OWNERSHIP, GOVERNANCE & MANAGEMENT			
Which ONE of the following options for ownership, governance and management do you support?			Tick ONE only
Proposed Option	1	Joint Venture company in the form of a CCO owned by Council and WIL to fund and operate the dam	<input type="radio"/>
Alternative Option	2	Council fully funds, owns, governs and operates the Dam	<input type="radio"/>
Alternative Option	3	The Dam company is set up as a CCTO – Council controlled trading organisation	<input type="radio"/>
Alternative Option	4	The Dam is set up under a private ownership model (not owned all or in part by Council)	<input type="radio"/>
	5	None of the above	<input type="radio"/>
<b>Your comments</b>			
FUNDING COUNCIL'S SHARE – URBAN WATER SUPPLY			
Which ONE of the following options for funding Council's share of the urban water supply do you support?			Tick ONE only
Proposed Option	6	Funding through the existing Water Urban Account – fixed service charge increase \$31 and volumetric charge increase of 20 cents/m <sup>3</sup> . (10% increase)	<input type="radio"/>
Alternative Option	7	Funding through the existing Water Urban Account with a higher charge on properties in the Zone of Benefit – fixed service charge increase \$41 and volumetric charge increase of 25 cents/m <sup>3</sup> . (13% increase)	<input type="radio"/>
Alternative Option	8	Targeted rate based on property capital value: Applied either: <ul style="list-style-type: none"> <li>• District Wide – for \$250k to \$1m CV from \$16 to \$65; or</li> <li>• Zone of Benefit –for \$250k to \$1m CV from \$44 to \$174</li> </ul>	<input type="radio"/>
	9	None of the above	<input type="radio"/>
<b>Your comments</b>			

FUNDING COUNCIL'S SHARE – ENVIRONMENTAL & COMMUNITY BENEFIT			
Which ONE of the following options for funding Council's share of the environmental and community benefit do you support?			Tick ONE only
Proposed Option	10	Fixed charge across all ratepayers in the District (\$29) and a targeted rate on properties in the Zone of Benefit based on capital value (CV) Rate per \$ of CV (incl GST) = 0.000055	<input type="radio"/>
Alternative Option	11	A Uniform Annual General Rate (UAGC) – a flat fixed charge on all District ratepayers of \$42/year	<input type="radio"/>
Alternative Option	12	A general rate across the District based on capital value (CV) The general rate increase would be 2.6%	<input type="radio"/>
Alternative Option	13	A general rate with differential for land use activity – an amount based on CV and unit type eg residential, rural, industrial etc	<input type="radio"/>
Alternative Option	14	A general rate based on CV with location differential eg Golden Bay and Murchison could pay 50% of other ward rates	<input type="radio"/>
Alternative Option	15	Targeted rate on extractive users including irrigators on the Waimea Plains and other urban water users	<input type="radio"/>
	16	None of the above	<input type="radio"/>

ZONE OF BENEFIT				
Which ONE of the following options for funding Council's share of the urban water supply do you support?			Yes	No
Proposed Option	17	In principle do you support the concept of using a Zone of Benefit area to allocate Dam costs?	<input type="radio"/>	<input type="radio"/>
Proposed Option	18	Do you support the Zone of Benefit area, see page 10	<input type="radio"/>	<input type="radio"/>
Proposed Option	19	Do you support the 70/30 cost share between the District and the properties in the Zone of Benefit?	<input type="radio"/>	<input type="radio"/>

Your comments

CREDIT SUPPORT OF CIIL LOAN TO WIL			
Which ONE of the following options for credit support of CIIL loan to WIL do you support?			Tick ONE only
Proposed Option	20	Council provides full credit support for the CIIL loan to the dam company for WIL	<input type="radio"/>
Alternative Option	21	Council directly loans WIL the amount required of \$22.12 million	<input type="radio"/>
	22	None of the above	<input type="radio"/>

Your comments

YOUR SUBMISSION – PAGE 7

Tape here

2. Fold here

Freepost Authority 172255



Waimea Community Dam Submissions  
Tasman District Council  
Private Bag 4  
Richmond 7050



Please fold both ends of this form inwards along the dotted lines in order and fasten with tape where indicated above.

1. Fold here

**MAKE A SUBMISSION**

We want your views on the following elements of the dam proposal:

- 1. The ownership, governance and management of the dam
- 2. How the Council's share of costs will be funded across the District
- 3. The Council's proposal to underwrite a loan of up to \$25 million from Crown Irrigation Investments Limited to the dam company for WIL's project contribution

More information and online submission forms can be found online at [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback).

Submission forms are also available at any Council service centre or library.



SUBMISSIONS CLOSE ON SUNDAY 26 NOVEMBER 2017.

PULL THIS SECTION OUT TO HAVE YOUR SAY

## EFFECT ON RATES AND CHARGES

Online calculator: Head to [www.tasman.govt.nz/feedback](http://www.tasman.govt.nz/feedback) to work out the likely effect of the proposals on your rates and charges. You may need to know your property capital value and annual water usage.

### EXTRACTIVE USE: WATER RATES AND CHARGES

#### Proposed option:

Under this proposal, urban water charges would increase by about 10% between now and 2021 – 2022. People whose homes are connected to the reticulated Council supply and are part of the Urban Water Club (including those living in Richmond, Brightwater, Best Island, Hope, Wakefield, Kaiteriteri, Riwaka, Mapua, Pohara, Collingwood, Murchison, Tapawera, and Upper Takaka, as well as those with rural water supplies connected to the urban water scheme) would be affected by the increase.

- Fixed water rate would increase by \$31 – from current \$320 per year to approximately \$351 per year
- Volumetric charge would increase by 20 cents per cubic metre – from current \$2.08/m<sup>3</sup> to \$2.28/m<sup>3</sup>

Based on metered water usage in 2017/2018, examples of extra water charges per year are shown on page 11.

For an average urban water user (based on the expected or planned use of water per connection per year), the total increase (including both the fixed charged and new volumetric charge) would be about \$76 a year.

#### Alternative options:

- Funding through the existing Urban Water Club with differentials
- Targeted rate for the Waimea Community Dam project based on capital value and either applied District-wide or to properties in the Zone of Benefit

### ENVIRONMENTAL AND COMMUNITY BENEFITS: TARGETED RATES

#### Proposed option:

While the environmental, recreational, social, cultural and economic benefits of the dam would be shared by everyone in the District, those living closer to the Waimea River are likely to benefit more. We propose a fixed District-wide rate to recognise the wider community benefit, and a targeted rate based on capital value for properties in the area known as the Zone of Benefit.

- The proposed District-wide fixed rate would be \$29 per property per year.

#### Alternative options

- Funded through the Uniform Annual General Charge (a District-wide fixed charge of \$42 per property per year)
- Funded through a general rate throughout the District based on capital value
- General rate with a differential for land use activity
- General rate with location differential
- Targeted rate on extractive water users

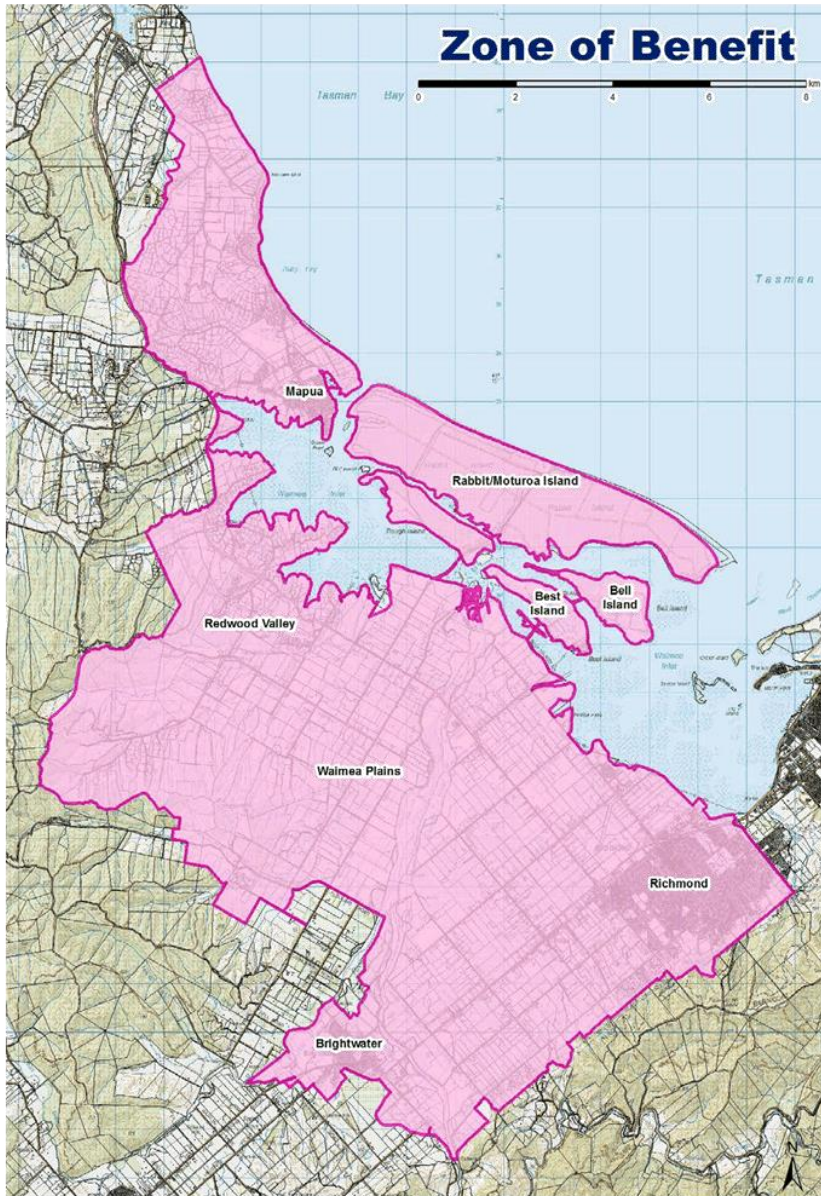
### EXAMPLE ZONE OF BENEFIT COSTS

Capital Value	\$250,000	\$400,000	\$600,000	\$750,000	\$1m
ZOB Rate + District-wide fixed rate	\$43	\$51	\$63	\$71	\$85

**THE ZONE OF BENEFIT**

This includes properties in the area with water available or supplied from the river and aquifers of the Waimea Plains. It includes the reticulated urban water supply for Richmond, Mapua, Brightwater, and rural extensions and areas of low flow connections including Redwood Valley. Proximity to environmental and community benefits such as additional employment, economic opportunities, social, cultural, and recreational benefits are also considered.

- Those in the Zone of Benefit with properties with a capital value between \$250,000 and \$1m would pay between \$43 and \$85 a year including the District-wide fixed rate.



## EFFECT ON RATES AND CHARGES (CONT)

### SAMPLE PROPERTY EXAMPLES

Actual increases would be stepped in over time with the charges indicated below likely in 2021 – 2022. The examples here show the estimated potential peak rate increases.

EXAMPLES	PROPERTY CV	URBAN WATER CHARGE*	FIXED DISTRICT CHARGE	ZOB CHARGE	PEAK ANNUAL TOTAL
Richmond/Best Island	\$250,000	\$76	\$29	\$14	\$119
Richmond	\$750,000	\$76	\$29	\$42	\$147
Mapua	\$600,000	\$76	\$29	\$33	\$138
Brightwater/Hope	\$400,000	\$76	\$29	\$22	\$127
Kaiteriteri	\$1 million	\$76	\$29	n/a	\$105
Murchison, Wakefield, Pohara, Collingwood & Tapawera	n/a	\$76	\$29	n/a	\$105
Upper Moutere, Motueka and Takaka (excluding Upper Takaka)	n/a	n/a	\$29	n/a	\$29

\* Urban Water Club – based on average volumetric water use of 225 cubic metres per property per year. A user on a rural extension with a 1m<sup>3</sup> restrictor volume would have an urban water charge increase of \$59, as they pay 80% of the volumetric rate multiplied by 365, per 1m<sup>3</sup> of restrictor volume.

### EXAMPLE WATER CHARGES

Volumetric water use (m <sup>3</sup> )/year	50m <sup>3</sup>	100m <sup>3</sup>	225m <sup>3</sup>	400m <sup>3</sup>
Total Increase \$ (incl fixed charge)	\$41	\$51	\$76	\$111

### IRRIGATOR CHARGES

Waimea irrigators (through WIL) would be invited to buy shares in the dam. We anticipate that the share price would be about \$5000 per hectare per share, with operating costs in the range of \$500 – \$550 per hectare per year. The exact figures are yet to be confirmed and would be set out in a product disclosure statement from WIL as part of the capital raising process. The more water required by an irrigator, and/or the larger the land area to irrigate, the more shares they would need to purchase.

Irrigators would also pay the proposed fixed District-wide rate of \$29, the Zone of Benefit targeted rate and, if they are on the Council's reticulated network, the increased water charges.

### CREDIT SUPPORT

#### Proposed option:

We propose to provide credit support of \$29m for CIL's loan of \$25m to WIL, which is being made through the dam company. The reason why the credit support is \$29m for the loan is because from day one, the potential maximum liability of the loan would be \$29m once the costs and interest are capitalised. Credit support for CIL is one of the terms negotiated by the parties. Council's proposed option

is to provide the guarantee because we are the only party that has the financial strength to do so, and in the unlikely event of WIL defaulting, we would most likely step in to protect our investment, to secure the wider community benefits, and to meet our financial obligations under the Public Works Act. Provision of the guarantee means that project funding comes at a much lower interest cost compared to commercial interest rates and enables the project to leverage \$15m of private sector investment from irrigators through WIL.

Council would need to provide credit support to CIL if there was a widespread failure of payment of water charges from WIL shareholders. This is considered to be unlikely as WIL propose to have significant remedies available in the event of non-payment by individual shareholders. These remedies would be in accordance with its Constitution and shareholder agreement.

As a result of Council providing full credit support, CIL is providing a \$10m interest free loan to Council over 11 years, which would result in a \$500,000 savings for Council in interest costs. The favourable loan terms from CIL reflect Council providing credit support for WIL's loan.

#### Alternative options

- Council directly loan-funds WIL

## FIND OUT MORE

Come along to one of the public meetings to find out more about the proposals and talk to councillors and staff, or head to our website for information and supporting documents.

### PUBLIC MEETINGS

WHERE	WHEN	TIME AND PLACE
Tasman Area Community Assn Meeting	Wednesday 25 October	7.30 pm, Tasman School
Rotoiti	Tuesday 31 October	1.00 – 3.00 pm Drop-in Session Lake Rotoiti Hall
Murchison	Tuesday 31 October	6.00 – 8.00 pm Drop-in Session Murchison Recreation Centre
Brightwater	Wednesday 6 November	5.30 pm – 7.00 pm Drop-in Session Brightwater School 7.30 pm – Community Assn meeting Brightwater School
Motueka Market	Sunday 5 November	9.00 am – 12.00 pm Drop-in Session
Richmond	Thursday 9 November	5.30 – 7.00 pm Drop-in Session, Council Chamber, Tasman District Council office
Mapua	Saturday 11 November	10.00 – 12.00 pm Drop in Session, Mapua Wharf Precinct
Mapua Districts Community Assn Meeting	Monday 13 November	7.00 pm, Mapua Hall
Golden Bay Community Board Meeting	Tuesday 14 November	10.00 am, GB Service Centre, Takaka
Collingwood	Tuesday 14 November	12.00 pm – 2.00 pm Drop-in Session St Cuthbert's Anglican Church, Collingwood
Takaka	Tuesday 14 November	4.00 pm – 5.30 pm Drop-in Session, GB Service Centre meeting room
Moutere Hills Residents Assn Meeting	Wednesday 16 November	7.00 pm, Upper Moutere Community Centre
Richmond Mall	Saturday 18 November	10.00 am – 12.00 pm Drop-in Session
Wakefield Community Council meeting	Tuesday 21 November	7.30 pm, St John's Centre, Wakefield
Motueka	Tuesday 21 November	3.00 pm – 4.00 pm Drop-in Session Motueka Service Centre 4.00 pm, Motueka Community Board meeting, Motueka Service Centre.
Tapawera & District Community Council meeting	Tuesday 21 November	8.00 pm Tapawera Community Centre
Richmond A & P Show	Saturday and Sunday 25 and 26 November	Richmond, all day

Feel free to contact us:



Tasman District Council  
Email [info@tasman.govt.nz](mailto:info@tasman.govt.nz)  
Website [www.tasman.govt.nz](http://www.tasman.govt.nz)  
24 hour assistance

Richmond  
189 Queen Street  
Private Bag 4  
Richmond 7050  
New Zealand  
Phone 03 543 8400  
Fax 03 543 9524

Murchison  
92 Fairfax Street  
Murchison 7007  
New Zealand  
Phone 03 523 1013  
Fax 03 523 1012

Motueka  
7 Hickmott Place  
PO Box 123  
Motueka 7143  
New Zealand  
Phone 03 528 2022  
Fax 03 528 9751

Takaka  
78 Commercial Street  
PO Box 74  
Takaka 7142  
New Zealand  
Phone 03 525 0020  
Fax 03 525 9972



# Funding of the Waimea Community Dam

## LGA Section 101(3) Analysis

### 1. Purpose

- 1.1 This paper seeks to provide c under Section 101(3) of the Local Government Act 2002 (LGA) for the Tasman District Council (Council) to allocate its funding contribution to the Waimea Community Dam (the Dam) project. Funding relates to the capital, annual operational, Council project costs and contingency costs.
- 1.2 It is a required step in seeking Council's agreement on a preferred option for a funding model that would then be included in the 2017 Statement of Proposal (SOP) for consultation on the Dam project. Considerations including the Long Term Plan (LTP) 2015-2025, a proposed \$26.8 million contribution by Council for capital costs towards to the Dam project, and estimated Council projects costs to May 2018 (financial close) of \$2 - \$2.7 million, are included as appropriate.
- 1.3 Council can, and has, considered a range of funding and rating options for its contribution to the Dam project. Finalising the level of Council's contribution and its preferred funding model is subject to public consultation, and ultimately inclusion in the LTP 2018-2028.

### 2. Background to funding considerations

- 2.1 Council is responsible for the sustainable management of water resources throughout the District. This includes meeting statutory requirements under the LGA 2002, the Resource Management Act 1991, and the National Policy Statements for Freshwater Management 2014 and Urban Development Capacity 2016. In this context, it also must consider the future prosperity of the area, growth opportunities, environmental health and the provision of essential services to its citizens. Supply of potable water is one such essential service.
- 2.2 Since a severe drought in 2001, when the Waimea River almost completely dried up, there has been significant work undertaken examining various water augmentation options. The Waimea Water Augmentation Committee (WACC) was established in 2003 for this purpose. It had representation from Waimea water users, local iwi, environmental interests (represented by Fish & Game and Department of Conservation); Tasman District Council and Nelson City Council.
- 2.3 Of all the options reviewed, the WACC determined that a dam in the Lee Valley was the best and most cost-effective option for addressing the water shortage in the area. Governance and funding options for a storage dam on the Waimea River were consulted on in 2014 and again through the LTP 2015-2025 process. Since that time cost estimates have been updated and peer reviewed. This has increased the overall project cost to \$75.9 million and also Council's share of these costs.
- 2.4 Reticulated water supplied to Richmond, Mapua and Brightwater areas is drawn from the Waimea River system and aquifers. Waimea irrigators and residents also have consents to extract water from the river aquifers under the Waimea Plains which is particularly required during periods of drought. Current water availability is over allocated. When the Waimea River reaches low flow rates, cutbacks of up to 70% of allocated consents will be required after 1 November 2018 in order to comply with Tasman Region Management Plan (TRMP) conditions. These cutbacks will affect not only irrigators but also Council's urban water supply.

2.5 The parties that are affected by water restrictions are within an area defined as the Zone of Benefit (Figure 1). This zone also represents both the primary exacerbators and beneficiaries of the Dam. Beneficiaries would be direct in terms of irrigators and reticulated urban and business water users supplied by Council. The capital value of property in this zone represents over 40% of the total for the District. There are also indirect beneficiaries as a result of improved river flows, the retention and growth of business and employment activity in the District and an increased income from our CCTO's (eg Port Nelson and Nelson Airport) which are used to offset rates.

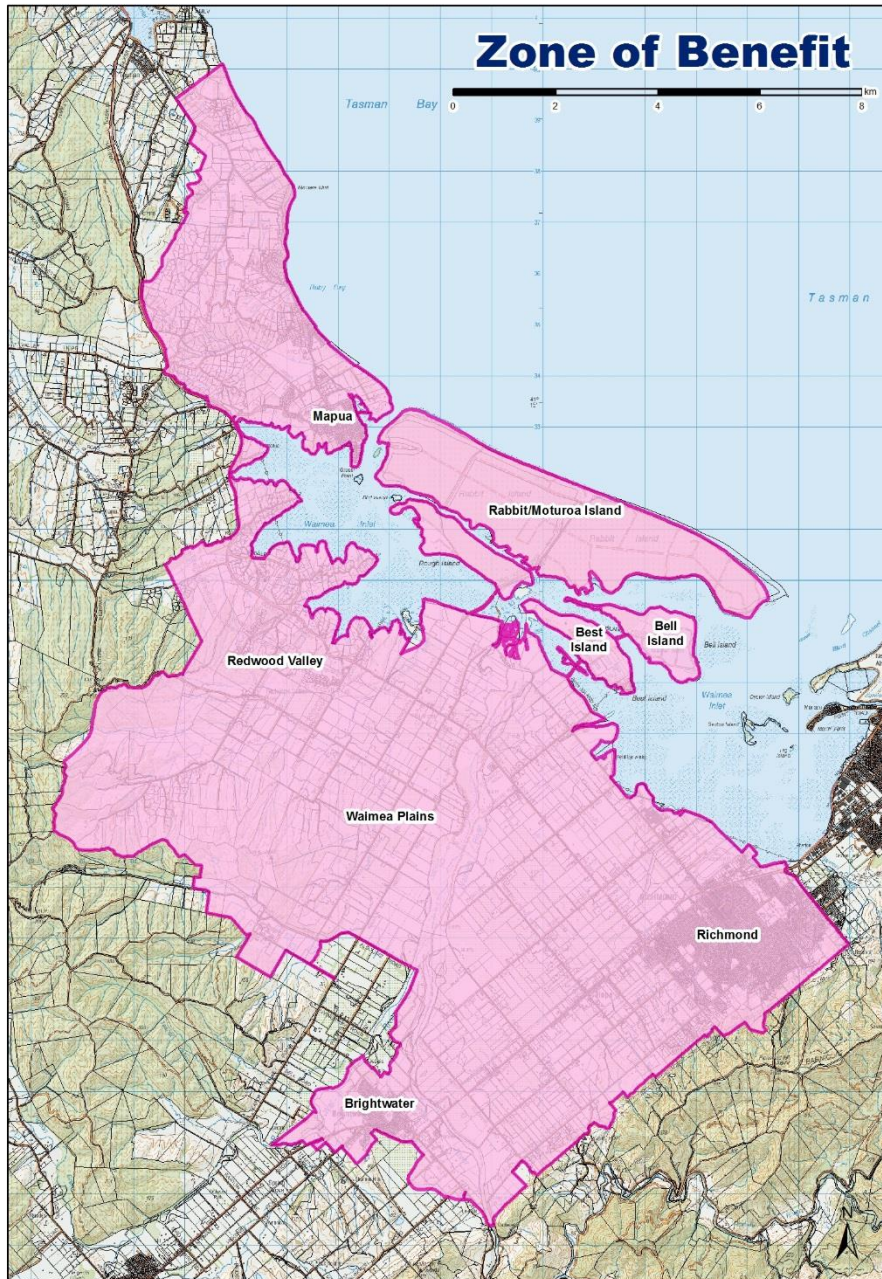


Figure 1 – Zone of Benefit

2.6 The irrigators established Waimea Irrigators Ltd (WIL) which was formalised in September 2016. It is designed primarily to provide a mechanism for the affiliated land owners to have an entity that would provide private sector funding and would become a joint venture (JV) partner in the Dam project with Council. Irrigators purchase shares in WIL on the basis that each one equates to a set amount of water

extraction per hectare and attracts an annual charge to cover financing WIL's share of the Dam operating costs and loan servicing.

- 2.7 Capital funding contributions from WIL and Council have been agreed in principle and are in the process of being finalised. Nelson City Council (NCC) has yet to undertake public consultation on their funding. Their funding contribution would either be by way of direct shareholding in the CCO, or through a direct grant to Council.
- 2.8 Rather than the final amount of Council's proposed contribution, the focus of this paper is on how this contribution could be funded. This includes the apportionment of benefits the Dam to the environment and community generally and to urban water supply.

### 3. Legal framework

- 3.1 The purpose and rating powers of local government are set out in the Local Government (Rating) Act (LGRA) 2002. For the purposes of this paper, the focus is on LGA Section 101 pertaining to financial management and policy. In applying Section 101, material from SOLGM *Dollars and Sense* (2011 & 2016) guidelines is used.
- 3.2 Step 1 of the LGA Section 101(3) process requires specific consideration to be given to the following five principles:
- a) How the activity **contributes to the community outcomes** – it can be demonstrated that the Dam contributes to some degree to five community outcomes in the LTP.
  - b) The **user/beneficiary pays principle** – the distribution of benefit between the community, parts of the community, and individuals are included in Dam project funding and rating decisions. Analysis around this principle is provided in this report.
  - c) **Intergenerational equity** – the period over which the benefits are expected to be accrued. In the case of large infrastructure projects like the Dam, consideration should also be given to who funds future consumption. Like most infrastructure projects, the benefits of the Dam are expected to extend over multiple generations. The proposed dam storage allows for future urban and business growth demands for the next 100 years. Capital cost would be met predominantly through borrowing with loan repayments and charges structured over 11 and 30 years depending on the terms of different loans.
  - d) The extent to which actions or inactions of particular individuals or groups contribute to the need – referred to as the **exacerbator principle**. Council and NCC are exacerbators because of their consented urban and business water supply take. Consented irrigators on the Waimea Plains are also exacerbators given that existing consents would exceed water supply under TRMP requirements from 1 November 2018. Due to over-allocation, reductions in water take are required in a no dam situation.
  - e) The **costs and benefits** of funding the particular activity, including those for transparency and accountability.

3.3 In the case of the Dam, other principles can be applied as a basis for funding decisions and who benefits, or not. For example:

- a) What directly benefits part of the region/community also has **indirect benefits to the whole Region** For example, additional production on the affected land area creates employment and business opportunities across the region. Also, recreational areas can be enjoyed by all and attract visitors which in turn supports a regional tourism sector. Because such indirect benefits are often complex to quantify, it can become easier to default to a user/direct beneficiary pays based model.
- b) **Affordability** - For the Dam the user pays principle must be valid. However, from an irrigators' perspective there is an affordability factor that must be considered for this principle to work in practice. There is research material on successful irrigation schemes in New Zealand such as Opuha and the Lower Waitaki that demonstrate significant benefits both to the land owners and the community. These examples have generally been based on a relatively low volumetric cost of water to irrigators<sup>1</sup>.

The annual cost of water, including debt servicing for the CIIL loan of 25 million (m) in the CCO, for irrigators under the Dam proposal would be in the range of \$550- \$600 per hectare per year. Permit volume is controlled at a bore or take level. For irrigators joining the scheme there would also be the cost of purchasing shares in the irrigation company (WIL) and these are estimated to be \$5,000 to \$5,500 per hectare. It is considered that the costs at these levels are at the top end of the affordability range for irrigators. These collective costs potentially affect smaller land blocks and/or less intensive land-use where higher set charges make a property uneconomical, particularly for current use.

- c) There is also an argument to include the principle of **"partnership"** given that the Dam project is being jointly funded and managed, albeit through a Council Controlled Organisation (CCO). While the project objectives may be agreed by all parties, there has been on-going discussion on the degree of private versus public good that would be derived from the project. The proposed establishment of a JV between Council, NCC, the irrigators (WIL) and Crown Irrigation Investment Ltd (CIIL) is testament to applying this partnership principle.
- d) **Overall Impact** – Section 101(3)(b) of the LGA, requires Council to look at the overall impact of any cost allocation on the community.

3.4 The principles applied by Council in determining its preferred funding options for the Dam (in addition to the specific considerations under LGA Section 101 (3) analysis) are attached as Appendix 1. In this instance, Council also has to consider its practice and policies in the funding of water supply and the associated infrastructure.

3.5 A list of funding tools available to Council to fund its contribution to the Dam project is attached as Appendix 2. This includes comment on the application of the different tools to the Dam project.

<sup>1</sup> Value of Irrigation in NZ, NZIER & AgFirst (2014)

#### 4. Proposed Dam Funding Model

- 4.1 Council has reached agreement in principle with the funding partners on a proposed funding model, the apportionment of costs and the basis upon which CIIL loans to WIL (through the dam company) and Council are offered. Council has proceeded to review its options in funding its share of costs based on these proposed positions. Previous options including Council fully funding the Dam and a Public Private Partnership (PPP) have been rejected by the community or deemed unworkable from a practical perspective.
- 4.2 A funding model with the Council providing full credit support for the CIIL loan to the dam company for WIL has been proposed. This option would mean that Council would retain control of the procurement and construction phases of the Dam project; it would receive a \$10m interest free loan from CIIL; and it would provide favourable terms for WIL such that it can contribute its proposed capital investment.

##### Project costs

- 4.3 Capital costs associated with the Dam were assessed in 2015 at \$82.5m. This total includes spent costs associated with the project of approximately \$6.6m. These costs have been borne by the various funding partners including NCC, Fish and Game, WWAC (WIL) and Council, and incurred for activities such as consenting of the Dam, expert reports, legal advice, staff time, and public consultation. Council expects it would have additional project costs which would total \$2 - \$2.7 million through to financial close in 2018. This leaves \$75.9m of capital raising by the funding partners to complete the Dam project.
- 4.4 The proposed funding levels for the project and their allocation to the Dam's design capacity are summarised in *Table 1* below. A \$7m grant from the Ministry for the Environment (MFE) from the Freshwater Improvement Fund (FIF Grant) has been confirmed subject to all other parties contributing to the capital costs as proposed. NCC is yet to confirm its funding. Funding risks and options are discussed in Section 7 as part of the Section 101 analysis.
- 4.5 Under the proposal the Dam would be owned and operated by a Council Controlled Organisation (CCO) with Council having the majority shareholding at 51.1%. This shareholding is proportional to the total capital funding from Council/NCC combined and WIL at 48.9%. However, WIL would only reach its 48.9% shareholding once it had repaid the loan from CIIL for which the Council is providing credit support of up to \$29m. The CIIL loan is for a total amount of \$25m for any cost overruns. The \$29m is the potential liability of the loan from CIIL from day one, once loan costs and interest are capitalised.
- 4.6 CIIL would provide Council with a \$10m interest free loan over 10 years. This would be apportioned to the costs that would be paid by Council for the benefits accrued to the environment and general community of the Dam project. Council was presented with several options to fund the costs attributed to the wider environmental and community benefits. The proposed loan from CIIL along with Council's credit support for the WIL loan was assessed as the most cost effective for Council.

	<b>Total Capital Cost</b>	
	<b>%</b>	<b>\$/million</b>
<b>Extractive Users</b>		
Irrigators	48.9%	\$37.12
Councils' (incl NCC \$3.52m)	21.1%	\$16.01
<b>Sub total</b>	<b>70%</b>	<b>\$53.13</b>
<b>Environmental/Community Benefit</b>	30%	\$22.77
<b>Grand Total</b>	<b>100%</b>	<b>\$75.90</b>

Table 1: Project Funding Streams

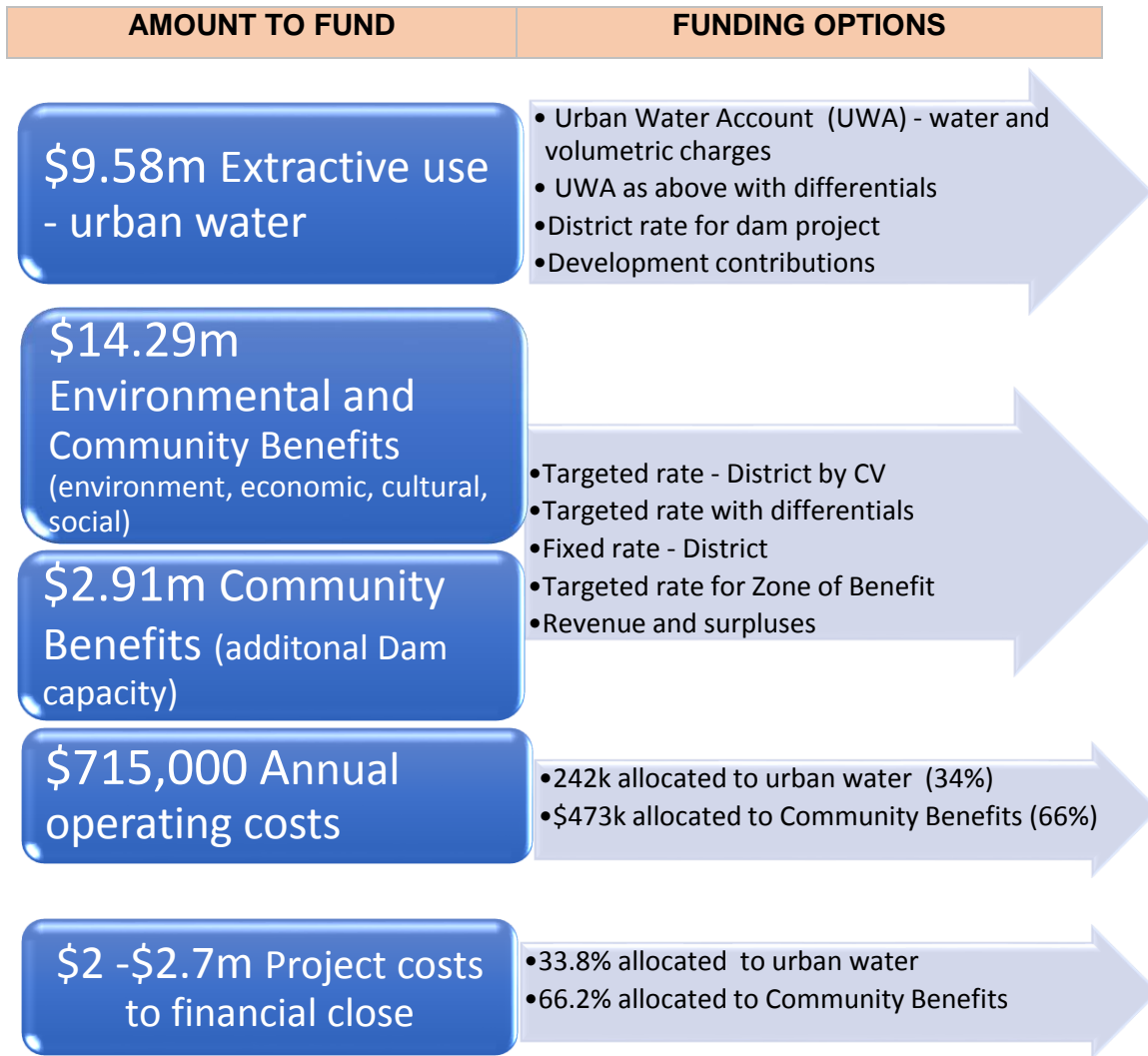
- 4.7 The total amount to be met through Council rating tools and other revenue is \$26.78m plus project costs expected to be approximately \$2 - \$2.7 million. The difference of \$1.78m between the capital required for Council's allocation and the amount in the LTP is proposed to be met through revenue and surpluses from the Council's commercial activity portfolio.
- 4.8 Council is proposing to fund its share of the dam costs of \$26.78m through:
- a \$9.58m Table loan over 30 years to be repaid through Urban Water Club charges.
  - a \$4.29m Table loan over 30 years to be repaid through targeted rates and charges.
  - a \$10m interest free loan from CIIL as part of the agreed project funding terms with Council. The loan to Council is for a term of 10 years at 0% interest and can only be used for the costs attributed to the benefits for the environment and general community. Council proposes to repay this in two equal instalments of \$5m at years 6 and 11 through revenue and surpluses from the Council's commercial activity portfolio.
  - Council's commercial activity revenue of \$2.91m for Council's share of the additional Dam capacity.
  - The additional \$1.78m not budgeted in the LTP 2015-2025 for the project would also be funded through Council's commercial activity revenue and surpluses.
- 4.9 In addition to the funding towards the \$75.9 million project costs, Council would raise a further \$2m to \$2.7m through a Table loan over 30 years to cover additional project costs to financial close (May 2018).
- 4.10 Items (a), (c) and (e) have rating and water charges implications. Items (b) and (d) have implications for either debt repayment, and/or other Council projects for which the revenue and surpluses could be used. These factors would be considered as part of the next LTP (2018-20280) process alongside all revenue, costs and charges.
- 4.11 In addition to funding the capital costs, there is an annual operational cost estimated at \$1.4m - \$1.5m. The Council's share is \$715,000 which represents its 51% shareholding in the dam company. It is proposed that this annual amount is apportioned 66.2% to the Urban Water Club and 33.8% to those ratepayers funding the benefits gained by the environment and general community.

- 4.12 Council rates and charges modelling in this report relate to the collective costs of servicing loans and paying Council's share of the CCO operating costs.
- 4.13 Council's total funding allocations are summarised in Figure 3. This includes the funding options that were considered by Council in developing its proposed options for funding the Dam project.
- 4.14 Waimea irrigators (through WIL) would be invited to buy shares in the Dam at \$5,000 – 5,500 per share. This would be determined and set out in a product disclosure statement as part of the capital raising process. There would be an associated annual charge per share of \$550 - \$600/ hectare, the exact amount yet to be confirmed. Each share and annual charge relates to a prescribed amount of water to extract: - 300 m<sup>3</sup>/ha/wk. The more water required by an irrigator and the larger the land area, the more shares that would need to be purchased. Extractive volumes are further controlled by water permits and TRMP (Section V) conditions. Irrigators may purchase more shares in WIL (water allocation) than their current permit allows to be used.
- 4.15 The annual charge to irrigators is apportioned to cover their share of operating costs for the dam company, and financing of up to \$25m for the loan from CIIL.

## 5. Proposed Basis for Allocating Costs

- 5.1 As with other forms of infrastructure services (i.e roads, wastewater, airports, railways, telecommunications network, electricity network, water supply etc), dams perform functions that are both for public and private good.
- 5.2 The public good characteristics relate to river flow regulation from which environmental and recreational benefits accrue. This is compared to the private good which is consumptive (water allocation) in nature. Other public good outcomes identified in research on existing New Zealand water storage and irrigation schemes are economic and community in nature. For example, the flow on effect to the economy from more productive land use results in job creation and greater business activity.
- 5.3 This is opposed to the direct benefits accrued by the irrigators for which they would be expected to contribute to.
- 5.4 Literature on the subject also refers to other community benefits that ultimately result from security of water supply. Such benefits are expressed as additional jobs, increased wage levels and increased school rolls (otherwise threatened in rural areas) for example.

Figure 3 – Funding Options for Council





- 5.5 The distribution of benefits from the Dam project between the Region as a whole, parts of the community and individuals is complex. While some benefits can be attributed and quantified at a spatial level, others would be more qualitative in nature. Yet there needs to be a sound basis for a distribution of costs and the subsequent funding mechanisms available to Council. There are several activities that are funded across the District, despite benefiting members of the community in one area e.g. the Golden Bay Recreation Centre, and Mapua rehabilitation rate.
- 5.6 In 2014, the basis of distributing the costs for the proposed Dam were apportioned across current demand, future capacity and environmental aspects. These could be retained. However, to a greater or lesser degree, each of these elements exhibit public good characteristics where it is efficient for Council to rate the general community that benefits.
- 5.7 Community feedback to the Dam consultation in 2014 generally supported a user pays funding model and some questioned the validity of attributing costs based on environmental, current and future capacity. The 30% allocation to the benefits accrued to the District for the environment and general community was strongly argued as being too high from a uniform charge perspective. The current situation is now different in that (a) Council is not fully funding the Dam project as per the original proposal, and (b) the environmental/ community benefit allocation would be reduced significantly for Council with the \$7m FIF grant (MFE) and \$10m interest free CIIL loan directly contributing to this allocation.
- 5.8 The general community and environmental benefits (public good) includes the following:
- Environmental
- Preservation of recreational use of the river during summer period
  - Catchment diversity protected and improved eg instream fauna and aquatic life
  - A healthy river with minimum flows that reduce the risk of algae blooms
- Economic (flow on effects to the economy as opposed to direct benefits to landowners)
- More jobs created across the District
  - Business development and expansion
  - Existing economic activity and jobs retained because of security of water supply
- Community
- Security of water supply for users on the Waimea Plains
  - Increased rating base through residential development and new business to spread costs
  - Improved recreational and economic benefits as listed above
  - Viability of community infrastructure maintained eg schools
- 5.9 Economic scenario modelling can place a value on benefits including job creation, returns to landowners and the impact of this additional activity for the local economy (by GDP). Benefits of the Dam to the environment and general community are untradeable to the extent that it is difficult to place a market value on them. The Dam would however provide a range of valuable services to recreational, biodiversity protection, amenity, job creation and community service activities.

### Applying the Exacerbator/User Pay Principle

- 5.10 The user-pays principle is the principle that a user of a service or resource pays directly for the amount they use, rather than the cost being shared by all the users or a community equally. It follows that the price for the use of a resource should be the full long-run marginal social cost of using it, including the external costs associated with its development and any resultant adverse effects and control activities.
- 5.11 Where the principle of user pays and/or direct beneficiaries pay is applied to the Dam project, then the allocation of capital cost relative to the levels of current and future extraction is:
- \$37.13m for irrigators (WIL) - 69.9% of \$53.13m capital costs allocated to extractive use
  - \$12.5m for Council – 23.5% of \$53.13m
- 5.12 This meets the test of the exacerbators/user pay as these apportionments match Council’s and WIL’s proposed contributions. The real question is “who pays for the benefits received by the environment and general community relative to the dam costs that allows Council to meet conditions in the TRMP into the future; protects the values associated with the Waimea River catchment; and protects/provides community benefits such as employment and business activity?”.
- 5.13 Table 2 shows how the funding for the extractive water use from the Dam was calculated. In order to compare like with like, the urban water take is converted to hectare equivalents so that it can be easily compared to irrigation use. The total unsubscribed capacity of 850ha has been divided 50/50 between irrigators and Council. The Urban Water take is converted to hectare equivalents so it can be compared on a like basis to irrigation takes.

Exacerbator/User	Hectare equivalent allocation	Percent of total extractive use	Capital funding (\$m)	Percentage of total funding (%)
Council – Urban Water Supply (current & future)	1400 hae	18%	9.58	12.7
Council - Additional dam capacity - \$2.91m	425 hae	5.5%	2.91	3.8
NCC – Urban Water Supply	515 hae	6.6 %	3.52	4.6
Irrigators (current & future)	5,425 ha	69.9 %	37.12	48.9
<b>Subtotal</b>	<b>7,765</b>	<b>100%</b>	<b>\$53.13</b>	<b>70%</b>
Council District Wide - Benefits to Environment and General Community			\$22.77m Council - \$14.29m MFE - \$7m NCC - \$1.48m	30%
<b>TOTALS</b>			<b>\$75.9m</b>	<b>100%</b>

Table 2 Proposed Allocation of Dam Capital Costs Relative to Extractive Water Use

- 5.14 Such community benefits from infrastructure projects like the Dam are generally funded by Government and/or local government. Of the \$22.77m capital cost of the Dam allocated to benefits to the environment and general community, Council has secured a \$7m grant from Government (FIF Grant). Of NCC's \$5m contribution, Council propose to nominally apportion \$1.48m to this area. This leaves \$14.29m for Council to fund. The interest free loan of \$10m is to contribute to this amount. Additional dam capacity is treated as a future community and environmental benefit as it could be used for any purpose including augmenting river flows above the minimum flow level.
- 5.15 If the \$22.77m capital cost allocation apportioned to environmental/community benefits was fully funded by the exacerbators/users at the same percentage of their extractive use, then Council's share would be \$5.35m and WIL's \$15.92m. The effect of this scenario is significant in that:
1. The shareholding in a CCO based on the level of capital investment would mean that WIL would be the majority shareholder at 70%. Council would be exposed as it is providing credit support but does not have control at the shareholder level.
  2. CIIL's loan of \$25m to WIL through the dam company would be at risk as Council has less incentive to provide security for this and the loan cannot be realised without credit support.
  3. CIIL's interest free loan to Council would be unlikely to be transferred to WIL.
  4. The total cost if transferred to landowners/irrigators would make it unaffordable for them. It represents a 43% increase in the proposed capital investment and the associated costs.
- 5.16 The net effect of the above scenario is that the partnership arrangement between Council, WIL and CIIL would not proceed, meaning the dam project is unlikely to proceed. Council would then need to consider alternative water augmentation solutions for the urban water supply to the Waimea area.

### **Assessing the Costs and Benefits of the Environmental and Community Benefits**

- 5.17 A total of 30% of Dam projects costs have been allocated to the benefits derived to the environment and community generally (\$22.77m). Of this amount, \$17.2m has a rates, charges or revenue implication for Council. Council's proposed 50% share of the additional dam capital (425 hae) is also assigned to these benefits as its future use is not yet determined and could be used to augment river flows.
- 5.18 The question then arises as to what is the dollar value that Council (representing the community) receives in return for funding this share of the Dam costs?
- 5.19 Community benefits, or public good, are a mix of environmental, economic, cultural and social considerations. In the absence of sufficient data to undertake a full cost account exercise (i.e monetise all direct and indirect costs/benefits), value judgements are ultimately required. For the Dam this particularly applies to environmental aspects, recreational value, regional reputation, economic sustainability, and the retention of community assets (as opposed to potential losses).

### **Environmental Benefits**

- 5.20 Low flows in the Waimea and Wairoa River systems, particularly in the summer months, are having an adverse effect on the ecological health and recreational values. Current low flows are a consequence of over-allocation of water from the Waimea Water Management Zones during drought or dry weather conditions.

- 5.21 Adverse environmental and recreational factors include increasing risk from saltwater intrusion into the aquifer systems, increasing river coverage of filamentous green algae, a high concentration of phormidium algae (resulting in dog deaths) in sections of the Waimea River, and loss of regionally significant swimming, angling and natural character attributes.
- 5.22 New provisions in the TRMP related to minimum river flows levels in the Waimea catchment zones come into force in November 2018. Without an augmented water supply these provisions mean 20 - 70% reduction in water takes annually based on consumptive extraction over the last 16 years. On the one hand, such cuts would mitigate ecological and recreational risks, but on the other would result in significant economic loss for Waimea Plain irrigators, and the wider Region.
- 5.23 In the context of the TRMP, the potential financial and economic loss from a no dam option was estimated at \$700m in the Northington Partners Report (November 2016). Of this total, an estimated \$29m was the lost opportunity cost of environmental improvement in the river system.

#### Economic and Community Benefits

- 5.24 There is a large body of research from New Zealand, Australia and USA (California) on storage and irrigation schemes related to the community benefits being realised. Consistent themes that emerge are summarised in the quote below from a Tasmanian Report (2012) on the subject.

*'Tasmanian Irrigation's schemes provide important social benefits to the regions in which they are located. They derive from the improvements in the economic base attributable to the schemes and include greater community resilience and ability to adapt to change, maintenance of social cohesion through maintenance of community facilities and infrastructure. Importantly, the schemes, through the provision of reliable irrigation water, minimise or avoid income and employment losses that occur during extended periods of low rainfall.'*  
(Tasmanian Irrigation Report, 2012)

- 5.25 Indirect economic benefits for the community result from increased land productivity and increased spend by land owners. Security of product supply through irrigation also results in processing plants establishing in an area. For example, a report on the Opuha irrigation scheme (South Canterbury) showed that onion and dairy plants were built as a direct result of that scheme. Business case studies from Opuha included:
- Alpine Fresh, a horticultural producer, that increased its staff and gross farm profit 5 fold between 1997 (pre dam) and 2013 with the irrigation scheme becoming operational
  - Temuka Transport grew from 21 to 78 trucks during a similar period.
- 5.26 Infrastructure projects such as water storage and irrigation schemes have demonstrated significant economic impact overtime<sup>2</sup>. As with other Council infrastructure investments e.g. roads, the private sector leverages these to the benefit of themselves and the wider community.
- 5.27 Land use scenario modelling by BERL for the Wairarapa water storage and Irrigation project<sup>3</sup> demonstrated that a 1000ha area of land converted to apple orchards would create an additional 2764 jobs and \$325m GDP annually within 25 years. For 2,400ha of land converted to vegetables/ horticulture, additional jobs would be in the order of 2685, contributing \$311m annually into the local economy. This type of land use is evident across the Waimea Plains and provides an indication

<sup>2</sup> Value of Irrigation in NZ, NZIER & AgFirst (2014)

<sup>3</sup> Water Wairarapa Governance Group reports 9 Feb & 9 March 2017

of the scale of opportunity for additional high production land use, and conversely the scale of economic risk without security of water supply.

- 5.28 This modelling also demonstrated that for every \$1 of additional gross output to the land owner, there was around a further \$1.70 additional gross output to the rest of the local economy, depending on the nature of land use. Similarly, for increased employment due to additional irrigated land and/or land use changes, for every additional job on the land there would around an additional 1.4 jobs in the local economy (again depending on the nature of land use activity).
- 5.29 There is an argument for a user pays principle applied to the land owner, and for a wider community good element through the additional downstream employment and business activity across the wider economy i.e the public good principle. Research in this area suggests a 50:50 split between private and community future economic benefit from irrigation related projects is conservative from a public benefit perspective.
- 5.30 NZIER's 2017 report of the economic impact of a fully augmented water supply (the Dam) is in the range of an additional \$71m - 89m annually. Assuming a 50:50 split between direct and indirect beneficiaries this equates to \$35.5m – \$44.5m of economic value to the wider community. Therefore a project funding allocation to environmental and community benefits (environmental, economic, cultural and social) based a 30% Dam design capacity appears reasonable relative to Council's capital allocation of \$17.2m for the benefits the dam would bring to the environment and general community.
- 5.31 Without the Dam (or other augmented scheme) there is an opportunity cost associated with business and employment growth; and a direct cost related to reduced land productivity that in turn affects major processing-based companies. This total cost to the local economy (by GDP) was estimated by Northington Partners at up to \$1b over 25 years. At an average of \$40m per annum this represents around 2.6% of the District's economy.
- 5.32 Recent reports on the economic impacts of the Dam do not include employment numbers. However, if the percentage regional GDP from agriculture/horticulture and manufacturing is assumed as being representative of employment numbers in these sectors, then this equates to around 5,800 jobs.<sup>4</sup> A 3% loss of direct employment resulting from land use changes, lower production and reduced processing capacity without an augmented water supply, equates to 175 jobs.
- 5.33 Quantified environmental and community benefits from the various sources (and related to the Tasman District) are summarised as follows:
- \$29m opportunity cost for the environment with no dam option
  - Additional \$35.5m - \$44.5m benefit annually across the local economy
  - Retention of estimated \$40m GDP annually
  - Retention of estimated 175 jobs in the District

## 6. Council's Proposed Funding Options

- 6.1 Council has considered its funding options under LGA section 101 (3) and in the application of some general principles. The advantages and impacts of all options have been presented in arriving at the preferred ones. These are summarised as follows:

---

<sup>4</sup> MBIE Regional Economic Activity Tool and author's calculations.

(a) \$9.59m allocated to extractive capacity for the urban water supply provided to Council reticulated properties and business supply agreements, would be funded through the existing Urban Water Account. This approach is consistent with the funding of District wide water infrastructure. Other options with differentials or a District wide rate for the Dam have been assessed as setting precedence and open to legal challenge. Future costs can be offset by development contributions estimated in the range of \$1.9m.

(b) A total of \$17.22m allocated to the benefits accrued to the environment and general community. This is more complex than the extractive use component and is dependent on how the “beneficiaries” are determined and therefore the appropriate rating tool to be used. Council proposes to minimise the impact of rates as much as possible and at the same time fairly apportion costs across the District and the Zone of Benefit, as follows:

- \$10m CIIL interest free loan repayment in two lump sums in years 6 and 11 using Council’s commercial activity revenue and surpluses of \$1m/yr for 10 years. Council has flexibility in the application of revenues from its commercial activities and it does not affect rates repayments.
- \$4.29m to be repaid for benefits received by the environment and community. Council propose to repay this debt through a combination of a fixed charge across the District and a targeted rate based on capital value for properties in the Zone of Benefit. This is to reflect that the whole District has access to the community benefits derived from the Dam project, although those in the Zone of Benefit have more direct benefits in general. The impact of a 100% of the loan being repaid via a fixed charge across the District would be \$42 per property per year. Such an approach does not meet the “beneficiary pays” test to the extent that the proposed option does.
- \$2.91m for Council’s share of additional dam capacity funded from Council’s commercial activity revenue and surpluses. This proposal is consistent with Council’s Financial Strategy in using such revenues for reducing debt and reducing future demands on rates.

6.2 There is an accumulative rates and charges implication for funding of the Dam project using the proposed options. The proposal is designed so that extractive users and properties in the Zone of Benefit would pay the greater share of costs, but it also recognises that there are significant District wide community benefits over time. Properties in the Zone of Benefit would pay a fixed District wide charge, the Zone of Benefit targeted rate based on their CV and charges through the Urban Water Account in the vast majority of cases. The same applies to irrigators on the Waimea Plains who incur the same costs plus directly investing in the Dam project via WIL.

6.3 An issue that arises from funding some of the Dam cost from revenues and surpluses is the diversion of these funds from other projects or other debt repayment. Council’s Financial Strategy is to make its commercial operations more effective in generating income to help offset general rates and reduce debt. To the degree that Council would be borrowing to fund its share of the Dam’s capital costs, using commercial revenues is consistent with the strategy. It has also identified security of water supply for the Waimea Plains as a strategic issue for the District and as such would be one of the priority projects to fund. Ultimately Council has the flexibility to determine what revenues will be used to fund as part of the LTP review process.

6.4 Below is a summary of the proposed options for funding councils share of the capital costs for the Dam (26.8m) and how this will impact rates and charges for Tasman’s ratepayers.

<p><b>Urban Water Supply</b> – Council reticulated properties and business supply agreements.</p> <p><b>Capital Funding:</b> \$9.58m funded as a Table loan over 30 years</p> <p><b>Operational Costs:</b> \$242,000 per annum (34% of Council’s operational costs)</p>	
<ul style="list-style-type: none"> <li>•</li> <li>• <b>Funding through the existing Urban Water Account</b></li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed charge fee plus volumetric charge meets full cost of current and future capacity</li> <li>• Includes all areas in the Urban Water Account</li> <li>•</li> <li>• Estimated fee increase from \$320 fixed charge to ~ \$350 and volumetric charge per cubic metre from \$2.10 to ~ \$2.30</li> </ul>

<p><b>Benefits from Dam to the Environment and General Community</b></p> <p><b>Capital Funding:</b> \$17.2 million</p> <ul style="list-style-type: none"> <li>• \$4.29m funded via a Table loan over 30 years</li> <li>• \$12.91m funded from commercial activities income and surpluses</li> </ul> <p><b>Operational Costs:</b> \$473,000 per annum (66% of Council’s operational costs)</p>	
<p><b>\$4.29m Fixed Charge across the District and Targeted Rate</b></p>	<p>A flat fixed charge on all District ratepayers (\$29/property/year) plus a targeted rate on properties in the Zone of Benefit based on capital value</p>
<p><b>\$12.91m Revenue and Surpluses</b></p>	<p>To repay the CIIL \$10m interest free loan - two \$5m repayments made in years 6 and 11. These repayments would be funded from revenue and surpluses from Council’s commercial activities.</p> <p>Unallocated Dam capacity of \$2.91m funded by commercial activity revenue and surpluses</p>

Credit support of \$29m for CIIL's \$25m loan to the dam company for WIL	
<p><b>Council provides full credit support for the CIIL Loan</b></p>	<p>CIIL's funding of WIL through the dam company would have full credit support from Council of \$29m for the CIIL loan of up to \$25m. The \$29m credit support is from day one when the interest costs and loan charges are capitalised.</p> <p>In the event that WIL could not repay or refinance the loan, Council would refinance the outstanding loan amount with all costs and repayments recovered from WIL affiliated property owners via a targeted rate.</p>

6.5 Because of the inter-generational equity consideration of the Dam, Council is proposing a mix of loan and revenue options. Loans would be repaid over a 30 year period from rates and charges to the urban water account, the Zone of Benefit and the District. Revenues from Council's commercial activities would be used to repay the interest free loan from CIIL and the unallocated Dam capacity. Use of investment income and surpluses reduces the rates impact/burden on ratepayers. It does however also present a lost opportunity, as it precludes Council from reducing debt and/or spending on other community and infrastructure projects. Council has agreed that the Dam is critical infrastructure for the future growth of the District, to protect and grow the primary sector economy, and help manage its regulatory and environmental requirements.

## 7. Funding Risks and Project Costs

- 7.1 There is a \$13m contingency allowance for the budgeted dam construction cost of \$50m. This provides a high level of confidence (95%) that the dam will be constructed within budget. In relation to project cost overruns, amounts between 0 - \$3m would be shared on a 50/50 cost share basis between Council with irrigators, while debt above \$3m would fall to Council to fund. Cost savings greater than \$3m would also fall to Council.
- 7.2 In a scenario where Nelson City Council (NCC) decided not to invest in the Dam project, Council would have to loan a further \$5m to offset their contribution. It is likely that Council would fund this through a 30 year Table loan and apportion the repayments between the Urban Water Club (\$3.52m) and the ratepayer for the benefits accrued to the environmental and general community (\$1.48m). Alternatively, if the cross-boundary water supply agreement with NCC were to continue, Council would aim to recoup all or some of these costs through the fees and charges for water supplied to NCC or some other means. Council could also choose to fund through any available surpluses and revenue.
- 7.3 In the situation where WIL is unable to repay the CIIL loan, then Council as guarantor for this loan would be required to pay any outstanding amount to CIIL. If this occurred Council would look to refinance the outstanding loan amount through the Local Government Funding Agency with all costs and repayments recovered from WIL affiliated property owners via a targeted rate.
- 7.4 Should WIL not raise the full \$15m in subscriptions from irrigators (current and potential) then Council, irrigators and CIIL would need to fully re-evaluate the project economics. Without the



minimum 3000ha irrigator support the entire project is at risk. It is likely CIIL would withdraw their support and loans.

- 7.5 In addition to the \$75.9m capital cost to complete the Dam project, there have been additional associated costs since 2014 that are considered outside the total budget estimate. Prior to June 2015 these were in the order of \$6.6m and were shared amongst the project contributors at that time including Council, WWAC, Fish and Game, NCC and Government agencies. Since that date Council has also incurred additional project costs that have been assessed to be in the order of \$2 - \$2.7m until financial close (anticipated May 2018). Additional costs of \$2m have been included in the overall rating figures discussed above in the proposed options.

## 8. Summary LGA Section 101(3) Analysis

8.1 LGA Section 101 (3) analysis is provided in Table 3 below. It is based on Council’s proposed funding options in the Statement of Intent (SOP) presented for consultation on the dam project.

**Table 3: Summary Section 101(3) Analysis for funding Waimea Community Dam project**

<p><b>Activity</b></p>	<p><b><i>Proposed Waimea Community Dam (the Dam)</i></b></p> <p>Provides an augmented water supply for irrigators and reticulated water user in a defined area (Zone of Benefit), to provide for current and future water demand. Consented water extraction by the Council and irrigators would have to be reduced after 1 November 2018 to meet conditions in the Tasman Region Management Plan (TRMP) without an additional water source.</p> <p><b><i>Capital cost:</i></b> Estimated \$75.9 million of which the Council’s contribution is \$26.8 million. Capital costs are to be met primarily by the exacerbators and beneficiaries of the Dam.</p> <p><b><i>Annual operating cost:</i></b> Estimated \$1.4 - 1.5m with the Council’s contribution being 51% in proportion to its shareholding in the Dam company (\$715,000/year).</p>
<p><b>Contributes to Community Outcomes</b></p>	<p>The Dam would contribute to the following Community Outcomes in Council’s LTP 2015-2025:</p> <ul style="list-style-type: none"> <li>• <b><i>Our unique natural environment is healthy and protected</i></b> – the Waimea River system and its values would be protected through adequate river flows, even in times of high water demand</li> <li>• <b><i>Our urban and rural environments are people-friendly, well planned and sustainably managed</i></b> – residents have sufficient year-round water supply to meet their expectations and productive land use is enabled in a sustainable manner</li> </ul>

	<ul style="list-style-type: none"> <li>• <b><i>Our infrastructure is efficient, cost effective and meets current and future needs</i></b> – the dam project is the most cost effective augmented supply investigated, it mitigates the need to restrict current use at peak periods and would cater for population growth out a 100 years</li> <li>• <b><i>Our Council provides leadership and fosters partnerships, a regional perspective and community engagement</i></b> – Council takes a leadership role in driving the dam project and has encouraged engagement with all stakeholders. This includes sharing the costs with extractive water users, Government and the wider community that benefits in environment, economic and social ways</li> <li>• <b><i>Our Region is supported by an innovative and sustainable economy</i></b> – security of water supply for irrigators and business would help ensure an existing economy that is heavily reliant on primary industries; and promote new highly productive land uses and new value-add activities. Income from primary industry activities flows through the rest of the local economy.</li> </ul>
<p><b>Distribution of benefits</b></p>	<p>The direct beneficiaries include property owners on the Waimea Plains with resource consents and/or the potential to obtain these; and horticultural/agricultural businesses that irrigate. The total affected area is 5860 ha of which 5000 ha is assessed as suitable for current and potential irrigation.</p> <p>Also reticulated urban water users (domestic and business) in the Richmond, Mapua, Brightwater, Waimea and West Nelson catchments. All extractive water users would have a more reliable supply of water, particularly at times of peak demand and during summer once TRMP conditions and subsequent water restrictions are applied.</p> <p>Future benefits would also accrue to businesses, residents and irrigators where the Dam provides capacity for further growth. Those likely to benefit most would be those with direct access to, or supplied with, water drawn from the river and its aquifers. In the case of irrigators this equates to an additional 1,200 ha of arable land. They would also receive, along with current users, significant social and economic benefits realised from a more secure water supply due to the dam project. Such benefits include additional business and employment opportunities.</p> <p>NZIER (2017) estimated up to an additional \$923million of GDP to the local over 25 years.</p> <p>The beneficiaries extend beyond those parties who have created the need for it i.e. the exacerbators. This is particularly true from a wider public good perspective in relation to the following:</p> <ul style="list-style-type: none"> <li>• the environmental health of the Waimea River system</li> <li>• recreational use of the river during the summer period because of minimum flows being obtained</li> <li>• mitigating the risk of economic and employment losses due to constrained water supply</li> <li>• allowing for future residential and business growth, thus increasing the rating base to help fund District activities</li> </ul>

	<ul style="list-style-type: none"> <li>• mitigating the reputational risk that could potential impact on the visitors and future population growth. There is a national tourism perspective to account for also given high domestic and international visitor numbers to the region</li> <li>• the potential for increased land based production and employment</li> <li>• the potential for value-add business activities to help grow the local economy</li> </ul> <p>The degree of direct and indirect benefit to the community and different water users derived from the Dam, has been assessed by the Council as follows:</p> <p>(a) <b>The benefits to the district community including environmental, economic and social ones.</b> This is assessed at 30% of the Dam cost. Benefits are shared by the whole community however it is recognised that such benefits may be dependent on factors such as proximity to the area of direct benefit. Indirect benefits accrue to the wider economy from irrigated land production, and the increased spend in the community as a result.</p> <p>It is acknowledged that the District is a large land area and communities at its periphery are less likely to receive the same level of benefits as those urban areas with proximity to the Dam.</p> <p>(b) <b>The direct benefits arising from current and future capacity for residential and business growth in the urban areas of Richmond, Brightwater and Mapua that would be supplied water from the Dam system.</b> This equates to 1400 ha equivalent of the design capacity for the Dam. Benefits include an increased rating base, more employment and business activity to sustain and grow a prosperous local economy and population growth.</p> <p>(c) <b>The benefits derived from the security of water supply to existing and future Waimea irrigators/land owners.</b> Under the proposed model irrigators have been allocated 5425 ha of the Dam design capacity, of which 76% of that water would be subscribed by current irrigators, plus 425ha of unsubscribed capacity. Significant economic loss would occur without the Dam and there would be a need to claw back consented water use in dry periods with low river flows. Northington Partners (2016) estimated a \$1billion (GDP) loss over 25 years to the District’s economy without an augmented water supply.</p> <p>(d) <b>The benefits to Nelson City Council (NCC) and reticulated water supply to residential properties and businesses at the western end of the city adjacent to its boundary with the Tasman District.</b> The funding contribution from NCC to the Dam reflects the volume of water supply going to this prescribed area plus a contribution to environmental and community benefits.</p>
<p><b>Period of benefit(s)</b></p>	<p>Like most infrastructure projects, the benefits of the Dam are expected to extend over multiple generations. The proposed dam storage allows for future urban and business growth demands for the next 100 years; and future irrigation capacity for 1200 ha of productive land to be taken up over the next 25 years. To enable the full 1200ha to be used for irrigation,</p>

	<p>it would require further investment in irrigation infrastructure by landowners.</p> <p>For current irrigators, benefits would occur from 1 November 2018 after which consented water use could be reduced by up to 70% without an augmented water supply. The Dam would help protect existing (and future) business activity and the economic impact this has across the wider community.</p> <p>Because of the inter-generational equity consideration of the Dam, the Council is proposing a mix of loan and revenue options. A loan would be repaid over a 30 year period from rates and charges to the urban water club, the Zone of Benefit and the District. Revenues from Council’s commercial activities would be used to repay the \$10m interest free, 10 year loan from CIIL.</p>
<p><b>Whose actions create the need for the activity</b></p>	<p>Over-allocation of consents to take water from the Waimea River and its aquifers has resulted in over extraction of water, particularly in times of summer droughts which generally coincide with peak water demand. Over extraction has led to significantly reduced river flows at certain periods, impacting on the health of the river ecosystem.</p> <p>Current water permit holders include:</p> <ul style="list-style-type: none"> <li>• Properties totalling 3,800 ha on the Waimea Plains, including land-based activity that irrigate, and commercial and industrial water user activities</li> <li>• Council which supplies reticulated urban water sourced from the Waimea aquifer to Richmond, Nelson South, Hope, Brightwater, Redwood Valley (limited) and the Mapua area. Current consented extraction would not provide for projected future growth</li> <li>• Nelson City Council who currently rely on water sourced from Council’s supply system for the southern part of Nelson – urban and industrial</li> </ul> <p>The over-allocation of consents would result in the need for severe water restrictions after November 2018 during peak demand and/or drought periods. Severe would equate to a 70% reduction on peak demand.</p> <p>The need to maintain a healthy river to protect environmental and recreational characteristics also contributes to the need for the Dam to help enable maintenance of adequate river flows and water quality.</p> <p>This position is reinforced by the National Policy Statement on Freshwater Management and increased community expectations for how natural resources are managed. Conditions related to water in the TRMP (part V) reflect both a national requirement and local position.</p>
<p><b>Costs and funding</b></p>	<p>Council’s capital funding is \$26.8m of the \$75.9m total cost (excluding incurred project costs). In the LTP 2015-2025 \$25m was allocated for a water augmentation project for the Waimea Plains. That earlier cost estimate predates current estimates.</p> <p>The remainder of the total costs would be met by the primary beneficiaries being the Waimea Irrigators and Nelson City Council. Government has contributed to the project through Crown Irrigation</p>

	<p>Investments Ltd (CIIL) loans, and MFE’s Environmental Improvement Fund grant of \$7m.</p> <p>Based on the “distribution of benefits” above, Council’s funding for the Dam is distributed across different rating tools.</p> <p>Council’s current preferred funding structure is:</p> <ul style="list-style-type: none"> <li>• \$9.58m allocated to the Urban Water Account and debt funded over 30 years through water and volumetric charges. Increased charges would be partly offset by development contributions estimated at \$1.9m</li> <li>• \$10m interest free loan from CIIL allocated to environmental and community benefits (public good) repaid in two lumps sums at years 6 and 11 from Council’s commercial activity revenue and surpluses.</li> <li>• \$2.91m for Council’s share of unallocated Dam capacity to be funded from Council’s commercial activity revenue and surpluses.</li> <li>• \$4.29m allocated to environmental and community benefits to be funded through a mix of a fixed charge across the District, plus a targeted rate on capital value for those in the Zone of Benefit.</li> </ul> <p>Annual operating costs of \$1.4m - \$1.5m are allocated between the Dam company partners being represented by WIL and Council. The proposal is to apportion 51% to Council (\$715,000) and 49% to WIL based on the ultimate shareholdings in the dam company. Councils share is proposed to be apportioned between the Urban Water Account (34%) and the wider environmental and community benefits (66%).</p> <p>The funding structure reflects significant private benefit and the ability to make user charging feasible through volumetric (consented) and irrigated land area charges.</p> <p>Costs that are attributable to the extractive urban use would be applied to all members of the Urban Water Account across the District whether or not they are in the Zone of Benefit for other rating purposes. This approach is consistent with previous urban water account costs.</p> <p>Council is also proposing to underwrite the CIIL loan to WIL. This underwrite provision ensures a below market interest rate, and the offer of the \$10m interest free loan from CIIL to Council. The financial risk to Council has been mitigated by requiring WIL to repay principle on the loan from lump sum payments required by all new irrigators signed up to water extraction rights.</p> <p>Irrigators also pay an annual fee based on their number of shares/irrigated hectares to cover finance and their share of annual operational costs.</p>
<p><b>Overall community impact</b></p>	<p>This is a significant project for the District and up to \$25m is budgeted in the LTP 2015- 2025. Under the proposal we intend to meet the additional unbudgeted \$1.78m from current surpluses and revenue from Council’s commercial activities.</p>

In the LTP, surpluses from these activities are generally to be used to repay debt, however debt is not attributed to specific projects for which loans are raised. The effect of attributing surpluses to the development of the Dam is that other Council debt is not reduced and/or funds are not allocated to other future capital projects. Council has agreed that the Dam is critical infrastructure for the future growth of the District, to protect and grow the primary sector economy, and help manage its regulatory and environmental requirements.

Limiting the impact on rates is proposed to be managed through various mechanisms. These include a \$7m grant from MFE over three years towards the river catchment management; a \$10m interest free loan from CIIL to go towards the environmental/community benefits allocation of funding; and using current and future surpluses from commercial activities over the next 10 years to repay the \$10m CIIL loan and the additional dam capacity cost of \$2.91m.

Increased charges to the Urban Water Club would be in the range of 10% including funding the capital and annual operational costs. This increase is proposed to reduce over time with future development contributions relating to the growth component of the Dam's capital costs. The environmental and community benefits allocation of \$7.2m plus annual operating cost would under this proposal be funded 70:30 from a fixed charge across the District and a targeted rate (based on property CV) in the Zone of Benefit. This reflects that benefits can accrue District-wide, however would they be greater in the Zone of Benefit because of proximity to the dam and its environmental and community impacts.

The fixed charge would equate to \$29 per property per year. The Zone of Benefit CV charge would be calculated at 0.000055 per dollar of CV (including GST).

Under this proposal irrigators, who are in the Zone of Benefit, would be paying annual charges through WIL, plus the District-wide, plus the Zone of Benefit CV-based rate, and the urban water charges where they are on an urban reticulated scheme or a rural connector to an urban scheme.

Whereas, under the proposal residential and business properties outside the Zone of Effect would only pay the District wide rate, and the urban water charges where they are part of the Urban Water Club.

The negotiated position between the Dam funders (including Government) is assessed as the best possible deal for the Council and therefore ratepayers. Not getting community and Council agreement on the funding model can only further shift risks and costs to Council.

Increasing the contributions from Irrigators (WIL) would make their costs commercially unaffordable. Growers/farmers would have to consider lower production land uses and/or restrict summer production where there is a risk of severe water restrictions in a no Dam scenario. This in turn would result in lower revenues, reduced employment and reduced spend across the local economy.

	<p>Risks have been assessed and contingencies related to funding shortfalls from JV partners considered. Council would likely fill gaps such as NCC withdrawing, but should CIIL or MFE withdraw contributions then the whole project is unlikely to progress. The risk of construction costs exceeding the budget estimate is assessed at 5%.</p>
--	--

**Appendix 1: Funding Principles**

The table below outlines the common principles, and related considerations upon which these proposed different rates and charges options were developed and assessed:

---

**PRINCIPLES**

---

- 1. Benefits are recognised for current water users; future users; and the wider community*

---

- 2. Benefits that are accrued in the future should be recognised differently from the benefits to current users*

---

- 3. Current benefits are apportioned to properties in the Zone of Benefit and the wider community. There will be no differentiation between affiliated (to WIL) and unaffiliated users when Council rates*

---

- 4. Cost recovery for the community water supplies will be dealt with through the current urban water account rates and funding mechanisms*

---

- 5. For future community benefits, all properties are rated on the basis that Council cannot determine who the particular beneficiaries will be. This is managed by loan funding the capital costs rather than meeting these from operational expenditure*

---

- 6. The cost of future community environmental, economic, and social benefits is met by the whole District and ratepayers in the Zone of Benefit*

---

- 7. Proximity to the Zone of Benefit will impact on the level of access to benefits*

---

- 8. Operational costs are met by current beneficiaries*

---



## Appendix 2: Council's Funding Tools

Rating mechanisms are set out in the Local Government (Rating) Act 2002 (LGRA) to allow councils to raise revenue through rates from the community generally, specified groups or categories of ratepayers, and those who use or generate the need for particular services or amenities.

The rating mechanisms include:

1. **General rates** – where the community as a whole meets costs of a particular function or functions. These taxes are rated on property value, according to a 'cents in the dollar' formula set annually by Council.

For the Dam project, a general rate could be applied to pay for community benefit aspects including environmental and recreational benefits, and further employment and business created throughout the District through improved security of water supply.

2. **Targeted rates** – these are designed to fund a function or group of functions. Factors which can be used for calculating targeted rates are– land value, improvement value, capital value, annual value, total land area, area of land paved, sealed or built on, area of land protected, area of floor space of buildings, number of connections, number of water closets and urinals, number of separately used/inhabited parts, and extent of provision of services.

Targeted rates could be applied to those properties with existing and future water extraction rights, plus reticulated water users that rely on the Waimea River supply network.

3. **Differential rates** – general rates can be set on a differential basis, where the Council can take into account property value, location, area, use, and activities allowed for under the Resource Management Act. A differential might also be applied across the District based on land use and/or zoning. Where it can be shown, for example, businesses accrue a greater benefit over time than residential, then a differential rate can be applied.

Council does not currently apply differentials.

A form of differential could be applied to the community benefit element of funding the dam project based on distance/location from the zone of direct benefits. For example, residents in the Takaka/Collingwood area could argue that the dam does not directly benefit them as they are less likely to travel to the Waimea area for future work opportunities or recreational access to the river system. However, for example, the Golden Bay Recreation Centre is funded District wide although most users would live in Golden Bay.

This distance from direct benefit and access was applied for example to a regional targeted rate to pay for the Wellington Stadium. Wellington City businesses and residents, with close proximity to the stadium, pay a higher rate than those in the outer areas like Upper Hutt and the Kapiti Coast.

4. **Uniform annual general charges** – these are part of the General rates and are a fixed charge applied to every rating unit, regardless of the capital value of the property.
5. **Water rates** – some councils meter water consumption and charge accordingly.

Where any targeted rate is calculated as a fixed amount per rating unit, a council cannot collect more than 30% of its total rates revenue by way of a combination of those targeted rates and the uniform annual general charges.

In addition to rating powers, councils can also generate revenues from the following sources:

6. **Development contributions** - new subdivisions and more intensive developments in existing areas can impose significant new costs on existing ratepayers. Councils can decide that developers and their clients should bear the costs of new infrastructure, such as reserves, roads, water and wastewater infrastructure, and community facilities.

In the case of the Dam, the future costs could be partially offset by development contribution on new subdivisions and commercial operations.

7. **Subsidies and grants** – Central Government provides subsidies and grants, particularly for infrastructure related activities. In the case of the Dam, Council has received \$7m grant from MFE's Freshwater Improvement Fund subject to the project proceeding as proposed. CIIL has also agreed to loan up to \$25m to the dam company for WIL on concessionary terms. They have also provided a further \$10m as an interest free loan to Council to contribute to the environmental and community benefit costs.
8. **Fees and charges** - councils charge users for some council services such as swimming at council pools. These are usually referred to as user charges. Councils can also fix reasonable charges for a range of regulatory services, such as issuing permits and licences, undertaking inspections (such as building inspections) and issuing parking infringement notices.
9. **Debt** – is generally raised for capital projects which are life-long assets over which the period of a loan might be extended. A rating mechanism may still be used to repay the loan.
10. **Income from investments** – these can be used both in terms of asset sales and using profits to fund specific activities. Council receives income from its investment activities to offset the general rate and reduce debt.

The above rating and funding mechanisms (as relevant to Council) have been considered for the Dam project.

## Appendix 3: Assessment of Funding Options

### Extractive Users

EXTRACTIVE USERS - PROPOSED FUNDING OPTIONS AND ALTERNATIVES		
Option	How	Advantages and Disadvantages
<p><b>Proposed Option</b></p> <p><b>Funding the capital contribution of \$9.58m and operation charge of \$242,000/year through the Urban Water Club</b></p>	<p>Fixed service charge plus volumetric charge to meet the full costs Includes all users in the Urban Water Club</p> <p>Estimated fixed fee increase by \$31 per connection/ year and volumetric charge per cubic metre increase by 20 cents (\$0.2/m<sup>3</sup>)</p> <p>Rural water extensions to urban water schemes estimated rate increase would be from \$605.92/1m<sup>3</sup> of restrictor volume to ~\$664.81/1m<sup>3</sup> of restrictor volume</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Maintains the current funding mechanism</li> <li>• Consistent with current Council practices for funding urban water supply</li> <li>• Table loan repaid over 30 years to ensure intergenerational fairness</li> <li>• Development Contributions (DCs) would reduce the rates and charges</li> <li>• In the same way that other water supply infrastructure is provided across the District, most of the District helps meet the Dam project costs rather than just those who directly benefit.</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Increases charges by 10% to pay for water security and future demand</li> </ul>
<b>Alternative Options</b>		
<p><b>1. Funding through the existing Urban Water Account with differentials</b></p>	<p>Fixed service charge plus volumetric charge remains unaffected by costs of the Dam for properties outside the Zone of Benefit.</p> <p>There would be a higher charge (called a differential) to cover the Dam project for all properties in the Zone of Benefit.</p> <p>This would also include Rural water extensions to urban water schemes</p> <p>This would result in a 12-13% fee increase. The</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Based on the current funding mechanism</li> <li>• Can target direct beneficiaries</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Undermines the current basis of charging through the Urban Water Account, potentially requiring Council to move to a catchment based approach for all catchments in the water account.</li> <li>• Creates a precedent for future urban water projects in the District being funded by the community directly benefitting</li> <li>• Would require a fundamental change to or disestablishment of the Urban Water Account policy</li> </ul>

	<p>fixed charge would increase by \$41. The volumetric charge per cubic metre would increase by 25 cents. Based on expected average water use of 225m<sup>3</sup>/year an increase of \$97 would be typical.</p> <p>Rural water extensions to urban water schemes estimated rate increase would be from \$605.92/1m<sup>3</sup> of restrictor volume to ~\$677.99/1m<sup>3</sup> of restrictor volume</p>	<p>and practices. This would adversely impact on the smaller settlements in the District</p> <ul style="list-style-type: none"> <li>• Creates significant added complexity and adds increased costs in the administration</li> </ul>
<p><b>2. Targeted rate for the Waimea Community Dam project</b></p>	<p>Targeted rate based on cents in dollar of capital value. Applied District wide or to properties in Zone of Benefit including properties which are classified as non-rateable by the Local Government Rating Act 2002</p> <p>For District wide the calculated rate would be \$0.000065/dollar of capital value. Example charges would range from \$16 for a \$250k CV to \$65 for a \$1m CV.</p> <p>Applied only to the Zone of Benefit, rate would be \$0.000174/dollar of capital value. Charges would range from \$44 for a \$250k CV to \$174 for a \$1m CV.</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Could be used with differentials</li> <li>• Relatively simple to apply</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• New targeted rate to be established</li> <li>• Doesn't incentivise water conservation as no increase in volumetric charge</li> <li>• If only on the Zone of Benefit, it creates precedent for future urban water schemes in the District being funded by the community directly benefitting. It would also create a precedent for future projects to be funded outside the Urban Water Account.</li> </ul>

## General Ratepayer - Benefits to Environment and General Community

PROPOSED FUNDING OPTION AND ALTERNATIVES		
Option	How	Advantages and Disadvantages
<p><b>Proposed Option</b></p> <p><b>A Fixed Charge across the District and a Targeted Rate on those in the Zone of Benefit</b></p>	<p>A flat fixed targeted rate on all District ratepayers (\$29/property/year) plus a targeted rate on properties in the Zone of Benefit based on the properties capital value</p> <p>Applied only to the Zone of Benefit, the capital value targeted rate would be \$0.000055/dollar of capital value. Example charges range from \$14 for a \$250,000 CV to \$56 for a \$1m CV. These totals exclude the additional fixed rate of \$29.</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> <li>• Accounts for value/scale of activity per rateable unit</li> <li>• Provides a fair mechanism to apportion the environmental/community benefit costs</li> <li>• Consistent with current District wide funding of activities</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Depending on how the costs are apportioned, the cost share may not be viewed as fair and reasonable</li> <li>• Some Tasman ratepayers outside the Zone of Benefit may object to contributing towards the Dam costs</li> </ul>
<b>Alternative Options</b>		
<p><b>1. Funded through the Uniform Annual General Charge (UAGC)</b></p>	<p>A flat fixed charge on all District ratepayers</p> <p>The increase in the UAGC would be \$42 per property per year</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• Does not recognise the nature or scale of additional benefits to those who also directly benefit from the augmented water supply.</li> <li>• Not the most cost-effective way to meet the present and future needs of water users.</li> </ul>
<p><b>2. Funded through a General Rate across the District based on Capital Value (CV)</b></p>	<p>The rate based on CVs across the District</p> <p>The general rate increase would be ~2.6%</p>	<p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>• Easy to administer alongside existing rating mechanisms</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>• No differentiation between land use or location from a beneficiaries' perspective</li> <li>• Likely to arouse wide debate and objection from the community</li> </ul>

		<ul style="list-style-type: none"> <li>High value properties in outlying areas of the District, eg Golden Bay, would pay significant rates</li> </ul>
<p><b>3. General rate with differential for land use activity</b></p>	<p>A different amount per \$ CV for unit type. eg residential, commercial, rural, tourist services</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>Recognises benefits of the Dam project to different activities. eg businesses and tourist services are more likely to benefit</li> <li>Accounts for scale/value of activity</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>Requires evidence and justification that would be relatively difficult to provide</li> <li>Difficult to prove benefits to areas further away from the Zone of Benefit eg Golden Bay and Murchison</li> <li>Likely to arouse wide debate and objection from the community</li> <li>High value properties in outlying areas of the District would pay significant rates</li> </ul>
<p><b>4. General rate – with location differential</b></p>	<p>General rate (CV) with a differential for Golden Bay and Lakes Murchison Wards. For example, these areas pay 50% of the rate paid by other Wards ratepayers</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>Recognises accessibility of community benefits based on furthest distance from Zone of Benefit</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>Shifts rates burden more to the areas of direct benefit and does not recognise wider environmental and community benefits of the project</li> <li>Major shift in Council’s Rating Policy which is likely to have flow on effects to other general rates funded activities, for example roading</li> </ul>
<p><b>5. Targeted rate on extractive water users</b></p>	<p>Targeted fixed or variable rate on extractive users including irrigators on the Waimea Plains and the Urban Water Account</p>	<p><u>Advantages</u></p> <ul style="list-style-type: none"> <li>Shifts rates burden to the area of direct benefit</li> </ul> <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> <li>May not meet the requirements of the Local Government (Rating) Act if based on a volumetric charge.</li> <li>Apportions all costs to direct beneficiaries and does not recognise that there are wider benefits to the environment and community generally of the Dam project</li> </ul>

		<ul style="list-style-type: none"><li>• Would be difficult to administer as it would be based on water permits for irrigation</li><li>• Would be unaffordable for WIL affiliated members with current costs in the top quartile of what irrigators could meet (\$5000 - \$5500 per hectare/share plus initial operating costs of \$550-\$600/ha/year)</li><li>• Would significantly increase costs for those ratepayers in the Urban Water Club</li></ul>
--	--	---





**8.2 RATES REMISSION APPLICATION - LAND SUBJECT TO COUNCIL INITIATED ZONE CHANGES****Decision Required**

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Kelly Kivimaa-Schouten, Revenue Accountant; Russell Holden, Finance Manager
<b>Report Number:</b>	RCN17-10-03

**1 Summary**

- 1.1 Council has a policy on Remission of Rates for Land Subject to Council Initiated Zone Changes (the Remission Policy). This policy is attached (Attachment 1).
- 1.2 The objective of the Remission Policy is to temporarily offer rates relief to residential property owners whose rates have increased as a result of land being rezoned.
- 1.3 Council can only approve rates remissions if they are satisfied that the conditions and criteria of the Remission Policy are fully met. The costs of rates remissions are met by other ratepayers through increased rates.
- 1.4 An application for a rates remission for valuation #1937027500 has been received for 2017/2018. This is a property in Wakefield which has had a land value and capital value increase as a result of a recent rezoning.
- 1.5 The Remission Policy states that Council may delegate authority to consider and approve applications to Council officers, however in the event of any doubt, the application is to be referred to the Corporate Services Committee for a decision.
- 1.6 Since this is a first time application and the Council has considerable discretion under the Remission Policy, the Corporate Services Manager declined to exercise his delegation. The decision has been referred to Full Council for consideration because there is no longer a Corporate Services Committee.
- 1.7 Staff recommend a remission at 100% of the increased rates that occurred as a result of rezoning for this applicant.

**2 Draft Resolution**

**That the Full Council**

- 1. receives the Rates Remission Application - Land Subject To Council Initiated Zone Changes report RCN17-10-03; and**
- 2. approves the remission of rates for the 2017-2018 year, being \$679.42 for valuation # 1937027500, in accordance with Council's Policy on Remission of Rates for Land Subject to Council Initiated Zone Changes**

### 3 Purpose of the Report

- 3.1 The purpose of this report is to consider the remission application for property valuation #1937027500 under the Council's policy on Remission of Rates for Land Subject to Council Initiated Zone Changes (the Remission Policy).

### 4 Background and Discussion

- 4.1 Council has received a first time remission application under its Remission Policy for a property on Edward Street, Wakefield, rating valuation #1937027500, for the 2017-2018 rating year. This property had a capital value increase from \$415,000 to \$645,000 as a result of a recent rezoning from rural residential to residential.
- 4.2 The Remission Policy states that Council may delegate authority to consider and approve applications to Council officers, however in the event of any doubt, the application is to be referred to the Corporate Services Committee for a decision.
- 4.3 Since this is a first time application and the Council has considerable discretion under the Remission Policy, the Corporate Services Manager declined to exercise his delegation. The decision has been referred to Full Council for consideration because there is no longer a Corporate Services Committee.

#### When can a Council remit rates and how are remissions funded?

- 4.4 Councils have limited discretion to reduce rates that have been validly set, but Section 102 (3) of the Local Government Act 2002 permits Councils to set a rates remission policy.
- 4.5 Section 109 of the Local Government Act 2002 requires the remission policy to state the objectives to be achieved by the remission of the rates and the conditions and criteria to be met in order for rates to be remitted.
- 4.6 Section 85 of the Local Government (Rating) Act 2002 restricts the ability of Councils to remit rates to those circumstances when the local authority has adopted a rates remission policy and the Council is **satisfied** that the **conditions and criteria in the policy are met**.
- 4.7 The Council has budgeted for remissions expense under the remission policy. This remission expense is directly funded by rates i.e. everyone's rates are slightly higher in order to fund the expected costs of rates remissions.

#### Remission Policy Factors to Consider

- 4.8 Council can only legally remit rates that meet its Remission Policy. The objectives of the Remission Policy state that "This Policy is to allow Council, at its discretion, to remit rates charged on any rating unit used for residential purposes that is rezoned as a result of a Council initiated zone change. The aim of this Policy is to allow the Council to consider remitting rates for those ratepayers most adversely affected... The Council's preference is to allow a transition period before affected ratepayers are required to pay the increased rates in full."
- 4.9 Council will need to consider whether the applicants are among those most adversely affected by the zone change.
- 4.10 In order to qualify for a remission the Council's Remission Policy states that a number of conditions and criteria must apply including the following:

- 4.10.1 The rating unit is used for residential purposes and must have been used for residential purposes prior to the zone change being initiated **MET**
- 4.10.2 The rating unit has been rezoned as a result of a Council initiated zone change notified after 5 October 2007 **MET**
- 4.10.3 The effect of the rezoning is that the land value of the rating unit increases **MET**
- 4.10.4 The applicant must have owned the rating unit prior to the zone change being initiated **MET**
- 4.10.5 The rating unit must be the principle place of residence both at application and prior to the rezoning **MET**
- 4.11 Another of the criteria is that the rates payable increase to an extent the Council considers appropriate. Rates in the prior year were \$2,889. Rates this year are \$3,578. The rates increase of \$689 or 24% is largely due to rezoning (\$679.42).
- 4.12 Council needs to consider whether this increase is inappropriate.
- 4.13 The Remission Policy then grants the ability to remit any or all parts of the rates, but not more than the amount the rates have increased as a result of the zone change.
- 4.14 Prior to this application, all remissions approved under the Remission Policy have related to the rezoning in the Lower Queen Street/ Headingly Lane area. Applications were first approved for the 2012-2013 rating year, and all applications that have been approved have been at the 100% level.

## 5 Options

- 5.1 Option 1: Decline Remission
- 5.1.1 The Council can decline to grant a remission for this application. This option is not recommended by staff because it is inconsistent with past applications in the Headingly Lane/Lower Queen Street area.
- 5.1.2 Land use change may be better incentivised by selecting this option.
- 5.1.3 Selecting this option would mean that the rates on the property, which reflect the increased property values from rezoning, would be paid for by the property owner rather than the general ratepayer.
- 5.2 Option 2: Grant Remission of between 0-100%
- 5.2.1 Council can grant a remission if they interpret that the conditions and criteria of the Remission Policy are met. This option is recommended by staff.
- 5.2.2 Granting a remission would be of financial benefit to the applicant, with the rates cost resulting from value increases due to rezoning being paid by other ratepayers in the district.

## 6 Strategy and Risks

- 6.1 The rates Remission Policy was put in place to consider remitting rates for those ratepayers adversely affected by an increase in rates when the land value of their rating unit has increased as a result of a Council initiated zone change, with the intention that full rates

would ultimately be paid. Council will need to apply its Remission Policy to determine whether this application meets the objectives and conditions and criteria of the policy.

## **7 Policy / Legal Requirements / Plan**

- 7.1 Legal requirements are set out in clauses 4.4-4.7 and 4.8-4.13 above.

## **8 Consideration of Financial or Budgetary Implications**

- 8.1 If approved, any remission granted under this application would be covered by Council's current year remission expense budget, which is general rate funded.

## **9 Significance and Engagement**

- 9.1 This decision is of high significance to the applicant because of its immediate impact on their rates. The decision is of low to moderate significance for the rest of the ratepayers in the district as it is a unique remission application and the current pool of applicants under this policy are limited to those with rates that have increased as a result of a Council initiated zone change.
- 9.2 The Remission Policy under which the application has been considered has already been subject to consultation and no consultation is required on this decision.

## **10 Conclusion**

- 10.1 The Council is asked to consider the rates remission application for valuation #1937027500

## **11 Next Steps / Timeline**

- 11.1 The applicant will be notified of the decision.

## **12 Attachments**

- |    |   |     |
|----|---|-----|
| 1. | Policy on Remission of Rates for Land Subject to Council Initiated Zone Changes | 127 |
|----|---|-----|



## POLICY ON REMISSION OF RATES FOR LAND SUBJECT TO COUNCIL INITIATED ZONE CHANGES

### OBJECTIVES

This Policy is to allow Council, at its discretion, to remit rates charged on any rating unit used for residential purposes that is rezoned as a result of a Council initiated zone change. The aim of this Policy is to allow the Council to consider remitting rates for those ratepayers most adversely affected by an increase in rates when the land value of their rating unit increases as a result of a Council initiated zone change. The Council's preference is to allow a transition period before affected ratepayers are required to pay the increased rates in full. It is accepted that the rates remitted will be paid by other ratepayers.

### APPLICATION

This policy applies to properties located in the Tasman District.

### POLICY

#### 1 CONDITIONS AND CRITERIA

1. The Council may, on the application of a ratepayer, remit all or part of the rates on a rating unit, if
  - a) the rating unit is used for residential purposes, and
  - b) the rating unit has been rezoned as a result of a Council initiated zone change made under Part 1 Schedule 1 of the Resource Management Act 1991, and
  - c) the zone change was notified after 5 October 2007, and
  - d) the effect of that zone change is that the land value of the rating unit increases, and
  - e) consequently the rates payable in respect of the rating unit increase to an extent the Council considers to be inappropriate.
2. The amount of remitted rates on a rating unit will not exceed the amount by which the rates on the rating unit have increased as result of the zone change.
3. To be considered for a rates remission under this Policy:
  - a) the rating unit must be situated within the area of land that has been rezoned; and
  - b) the rating unit must be used for residential purposes, and must have been used for residential purposes prior to the zone change being initiated by the Council; and
  - c) the applicant ratepayer must have owned the rating unit prior to the zone change being initiated by the Council; and
  - d) the rating unit must be the applicant ratepayer's principal place of residence, and must have been the principal place of residence of the applicant ratepayer prior to the zone change being initiated by the Council.
4. The remission of all or any part of the rates on a rating unit may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the land rezoning affected the land value of the rating unit and increased the rates payable in respect of the rating unit, provided that no rates shall be remitted that were due in a financial year (1 July to 30 June) prior to the one in which this Policy commenced.
5. The decision to remit all or any part of the rates on a rating unit shall be at the sole discretion of the Council.
6. The Council may refuse to remit rates even where the conditions set out in this Policy are met by a ratepayer.
7. Subject to clause 8 of this Policy the remission of rates on a rating unit will cease upon the happening of any of the following events:
  - a) the death of the ratepayer; or
  - b) the ratepayer ceases to be the owner of the rating unit; or
  - c) the ratepayer ceases to use the rating unit as his/her principal place of residence; or
  - d) a date determined by the Council in any particular case; or
  - e) any earlier date determined by the ratepayer in any particular case.

## POLICY ON REMISSION OF RATES FOR LAND SUBJECT TO COUNCIL INITIATED ZONE CHANGES (CONT.)

8. The Council may at any time at its discretion grant the ratepayer an extension of the rates remission period previously agreed to by the Council.
9. The Council may consider and be guided by the following criteria in its decisions on applications for a rates remission under this Policy –
  - a) those relevant matters set out in s101 of the Local Government Act relating to the determination of appropriate funding sources;
  - b) whether the applicant ratepayer actively sought rezoning or any deferred zone uplifting;
  - c) whether the applicant ratepayer has realised a financial benefit from the zone change;
  - d) the influence of market movements on land values;
  - e) the personal circumstances including the financial circumstances of the applicant ratepayer;
  - f) equity and fairness among ratepayers;
  - g) the precedent effect.

### Definitions

10. In this Policy residential purposes means any land used for residential or residential/lifestyle purposes, including land not zoned for those purposes on which a dwelling is located and is occupied by the ratepayer as their principal place of residence.
11. In this Policy ratepayer means the registered proprietors of a rating unit at the time the Council decides to remit all or part of the rates on that rating unit in accordance with this Policy.
12. In this Policy rates means the general rate and other rates set by the Council that are calculated by utilising the rateable value of the rating unit.

### 2 PROCEDURE

1. The application for rates remission must be made to the Council on or before 15 September of a rating year if the applicant wishes the remission to apply to rates payable in that year.
2. Applications for remission must be made on the prescribed form.
3. Applications will not be accepted for prior years.
4. Each application for a rates remission will be considered on a case by case basis following receipt of an application by the ratepayer. The extent and duration of any remission shall be determined by the Council.
5. As part of the application process the Council will direct its valuation service provider to inspect the rating unit and prepare a valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal, for valuations of this type. The extent of any remission will be based on valuations supplied by Council's valuation service provider.
6. Council may recover costs from applicant ratepayers in accordance with the Fees and Charges Policy.
7. Council may delegate authority to consider and approve applications to Council officers. In the event of any doubt or dispute arising, the application is to be referred to the Corporate Services Committee for a decision.



### 8.3 GRANT OF EASEMENT TO NETWORK TASMAN LIMITED AT RIVER VIEW CAMPGROUND

Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Robert Cant, Senior Property Officer
<b>Report Number:</b>	RCN17-10-04

#### 1 Summary

- 1.1 The operators of the Council owned River View Campground in Murchison have asked Network Tasman Limited (NTL) to provide an upgraded power supply before the busy summer holiday season.
- 1.2 We have been advised by NTL it is more efficient to install an upgraded power supply on the legal road adjacent to the campground. Locating a better supply on the legal road will require Council to grant an easement for the underground cabling, and small connecting boxes, either under or on a small part of the recreation reserve land the campground is located on.
- 1.3 Because the easement land is on a recreation reserve, the decision must be made by Full Council. This is due to limitations in the delegation from the Minister of Conservation allowing the Council to grant easements on reserve land without obtaining consent from the Department of Conservation.
- 1.4 The easement itself is one with a very low impact. If not for the fact the land is recreation reserve, the decision to grant the easement would be made at staff level.
- 1.5 This request represents a cost saving to NTL, while having no impact on the Council. As such it is recommended that the Council grant the easement as a matter of 'public good' and to help retain the good working relationship between NTL and Council.

**2 Draft Resolution**

**That the Full Council**

- 1. receives the Grant of Easement To Network Tasman Limited at River View Campground report RCN17-10-04; and**
- 2. approves the granting of a perpetual easement in favour of Network Tasman Limited, covering the small land area between the proposed electricity infrastructure to be established on the legal road adjacent to the camp ground, and the existing power pole within the camp ground recreation reserve area; and**
- 3. authorises the Property Manager to sign any papers required to give effect to this resolution.**

**3 Purpose of the Report**

- 3.1 To approve the granting of an easement in favour of Network Tasman Limited (NTL), to allow an upgrade of the power supply at the Council owned River View Campground in Murchison

**4 Background and Discussion**

- 4.1 The campground lessee has requested NTL upgrade the power supply at the River View Campground. The present power supply is marginal over the busy summer season.
- 4.2 A picture of the present supply is shown on attachment 1. This supply is protected under the Electricity Act 1992, so has no existing easement. It is very close to the boundary with the legal road, albeit the legal road is only roughly formed and realistically part of the campground.
- 4.3 To upgrade the campground supply would ordinarily involve installing a larger transformer on the same power pole.
- 4.4 Network Tasman Limited are about to start a significant upgrade of their network supply. This will involve replacing all of the transformers situated on power poles and replacing them with larger capacity units based on the ground.
- 4.5 Network Tasman Limited have asked if this upgrade in supply could be done by going straight to the ground based equipment. A mockup of what is proposed is shown on attachment 2. The ground based transformer will be on legal road, so doesn't need an easement. The underground connecting cables to the power pole will run under the reserve, along with two small connection boxes so, therefore, will need an easement.
- 4.6 The power upgrade is being done at NTL's cost, including the cost of registering the easement. It is worth pointing out that this type of upgrade outside of NTL's area usually involves the person requesting the upgrade, paying for all equipment.
- 4.7 Network Tasman Limited are asking the Council to consider granting this easement as a matter of urgency, so the new ground based transformer can be installed before the summer. The alternative is to install an expensive upgrade on the power pole, only to take it down in the next year or so to replace it with the ground based transformer. If that occurred, the process would still involve easements at that time.
- 4.8 This activity is being undertaken at this time essentially as a favour to NTL. It does mean a substantial saving in terms of equipment for NTL. Given NTL is owned by the same people who are Tasman District Council's ratepayer base, it is considered in the public interest to allow the ground based upgrade now, rather than the more expensive two stage process with an easement required in a year or two.
- 4.9 The underground connecting cables, along with a couple of small on ground control boxes, will be located on the recreation reserve on which the campground operates. The legal powers to grant an easement sit with the Full Council. They are unable to be approved at officer level. See Section 7 of this report.
- 4.10 The decision on whether to grant the easement is considered to be very minor. There will be no negative impact on the campground. The power upgrade was planned by NTL anyway, but the campground needs it sooner than scheduled.

- 4.11 The cables will be underground, and the small above ground controllers will be next to the existing power poles. The effect on the reserve, and the public enjoyment of it will be negligible. The actual transformer is being moved from the reserve and onto legal road. The easement is arguably positive on the reserve. The overall impact on public enjoyment of the area is positive, with the upgraded equipment providing better security of supply to the users of the campground.
- 4.12 The proposal is to grant NTL an easement in perpetuity. Section 17(3)(c) of the Conservation Act 1987 allows the granting of easements for the duration of a public work. Electricity supply is considered to be a public work, and a public work that endures in perpetuity. The easement area will cover the land under which the cabling traverses to the power pole. This will only be 3-5m between the transformer and the pole. The width of the easement will be 3m.

## 5 Options

- 5.1 The recommended option is for Council to grant the easement in favour of NTL, in perpetuity, covering the short distance between the new transformers, and the existing power pole. This will allow for underground cabling, plus some small controller boxes adjacent to the power pole.
- 5.2 The other option is to deny the request to grant the easement. This would necessitate NTL installing a transformer on the existing power poles (NTL would not require an easement as it is existing infrastructure), but then approaching Council to grant this same easement in a year or so. This would involve a waste of significant public money, albeit not a cost for Tasman District.

## 6 Strategy and Risks

- 6.1 Granting the easement is not considered to have any effective risks. The power supply needs to be upgraded to allow the campground to continue to operate efficiently. The proposed infrastructure will have no practical impact on the reserve users, when compared to the existing NTL infrastructure.
- 6.2 There are two risks associated with refusing to grant the easement. The largest is reputational risk with NTL. At the moment, there is some give and take with NTL relaxing their processes to allow infrastructure to be installed earlier than it might be with other agencies. They have frequently installed important power upgrades based on letters of intent, rather than waiting for registered easements. The relationship is predominantly positive. The associated risk in this case is that it could delay the installation of the upgrade, causing issues with the supply to the campground.

## 7 Policy / Legal Requirements / Plan

- 7.1 The powers to grant this easement follow a complex path. The question of whether the Council could grant this easement have been much harder to confirm, than the decision on whether the Council should grant this easement. The following is the legislative path.
- 7.2 The reserve is one that derived its title from the Crown (as opposed to one that the Council purchased, or one that vested as a reserve through a subdivision process).

- 7.3 The Minister of Conservation appointed Tasman District Council to control and manage this reserve (Lot 1 DP 10575) by NZ Gazette 2015, page 4621.
- 7.4 Section 59A(1) of the Reserves Act 1977 grants the Minister of Conservation the power to grant concessions over reserves which are subject to an appointment to control and manage. This requires the Minister to grant this easement using the powers available in Part 3B of the Conservation Act 1987.
- 7.5 The Minister of Conservation has delegated her powers under Section 59A(1) to the Council. The Department of Conservation's view is that the Council cannot further delegate its powers to an officer of Council. This decision must therefore be made by Full Council.
- 7.6 Section 17Q of the Conservation Act gives the power to grant the easement; Section 17s, sets out the information required to be provided; Section 17U specifies the matters to be considered in considering whether to grant the easement; and Section 17Z covers the term the easement can be granted for. All of these requirements are covered in section four of this report.

## **8 Consideration of Financial or Budgetary Implications**

- 8.1 As is covered in section four of this report, the installation of the power supply is at NTL's cost. There are no known financial implications for Council. Any unexpected costs could be accommodated from within existing budgets for the campground commercial asset.

## **9 Significance and Engagement**

- 9.1 This decision is considered to have a very low level of significance. See attached table.
- 9.2 It is therefore not considered necessary to consult beyond the directly impacted parties – namely Network Tasman Limited, and the River View Campground Managers.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low	The public are unlikely to notice the new infrastructure.
Is there a significant impact arising from duration of the effects from the decision?	Low	The easement will be in perpetuity, but there will be no impact on public use.
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Low	While the campground is an important asset, this will not impact on the ongoing use
Does the decision create a substantial change in the level of service provided by Council?	Low	Positive change to service to campground users from the upgrade
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	No impact on debt
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	Low	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?	Low	Network Tasman Ltd is providing its usual services to Council by installing the supply.
Does the proposal or decision involve Council exiting from or entering into a group of activities?	Low	Not applicable

## 10 Conclusion

- 10.1 This is a very low impact decision. If the land was owned by the Council it would ordinarily be made at a staff level, rather than having to be presented to the Full Council.
- 10.2 The easement itself will have no practical impact on the public enjoyment of the reserve.
- 10.3 It is appropriate for the Council to agree to grant this minor easement.

## 11 Next Steps / Timeline

- 11.1 As soon as Council has made a decision, advice will be provided to NTL, who will start work immediately on the upgrade to the power supply. It is hoped installation can be completed before the busy summer season.

<b>12 Attachments</b>
-----------------------

- |    |   |     |
|----|---|-----|
| 1. | Existing Supply Photo                                     | 137 |
| 2. | Proposed Supply Mock Up                                   | 139 |
| 3. | Appointment to control and manage River View Domain Area. | 141 |













NEW ZEALAND GAZETTE, No. 87 — 6 AUGUST 2015

**Classification of Parts of a Reserve and Appointment of the Tasman District Council to Control and Manage Part of a Reserve**

Under the Reserves Act 1977, the Rotoiti Nelson Lakes Conservation Services Manager, Department of Conservation, classifies that part of the reserve described in the First Schedule as a recreation reserve, and further classifies that part of the reserve described in the Second Schedule as a scenic reserve, and further appoints the Tasman District Council to control and manage the recreation reserve described in the First Schedule for recreation purposes, and further appoints the Tasman District Council to control and manage that part of the reserve described in the Second Schedule for scenic reserve purposes, subject to the provisions of the Act.

***Nelson Land District—Tasman District***

**First Schedule**

Area ha	Description
31.3841	Part Section 94A Square 170 (Napalis Parcel #1830129); Part Section 94A Square 170 (Napalis Parcel #1917120); Section 136 Block II Tutaki Survey District; Lot 1 DP 10575.

**Second Schedule**

Area ha	Description
3.1363	Section 26 Block II Tutaki Survey District.

Dated at St Arnaud this 3rd day of August 2015.

JOHN WOTHERSPOON.

(DOC PAR-10-02-193)

2015-in183



**8.4 WAIMEA COMMUNITY DAM PROJECT REPORT**

Information Only - No Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Lindsay McKenzie, Chief Executive
<b>Report Number:</b>	RCN17-10-05

**1 Summary**

- 1.1 This is the **seventeenth status report** on the Waimea Community Dam Project. The Project Board met on 15 September 2017 and is due to meet again on 20 October 2017 following the council meeting. This report is brief because there are two other project reports on this agenda.
- 1.2 The commercial negotiations reached a milestone when I signed the **process/commitment letter** on 21 September 2017. Council authorised that at its 7 September meeting. A copy was sent to you together with the term sheets. Mike Drummond's report deals with those.
- 1.3 There was a further negotiation meeting in Wellington on 5 October which I attended on Mike Drummond's behalf. The meeting dealt with regulatory and financial risks and their mitigation.
- 1.4 I've previously advised that the Stuart, Irvine (Mitch) and Lee Forests objections to the **Public Works Act taking** of some of their land had been resolved and full settlement reached. JWW Forestry has also now withdrawn its Environment Court objections. That followed a brief negotiation to finalise matters. Council can now proceed to take the land even though compensation is not finally agreed.
- 1.5 A fresh application has been made to the **Department of Conservation** to transfer the 9.9ha of land from the Mt Richmond Forest Park to Council. The Department is working on the issue internally. We will meet them when Peter Graham (The Property Group) returns from overseas in late October.
- 1.6 The **Request for Proposals** for dam construction was issued to tenderers as scheduled on 29 September. This work stream is transitioning to the Project Office, which is gradually being set up.

**2 Draft Resolution****That the Full Council**

1. receives the Waimea Community Dam Project Report RCN17-10-05;

**3 Purpose of the Report**

- 3.1 The purpose of this report is to provide an update on Waimea Community Dam project work streams.

**4 Overall Project Timeline**

- 4.1 There has been no material change to the overall project timeline. Council's decisions and work streams are on track. It is likely that the release of Waimea Irrigators Ltd (WIL) Product Disclosure Statement will be delayed while Financial Markets Authority approval is sought.
- 4.2 All going well, WIL's capital raising should commence in November and not delay the project's financial close – but it may. The prospect of not having capital flowing into WIL until early 2018 will need to be managed.

**5 Risks**

- 5.1 The key risks to the project include the decision of the Tasman and Nelson councils on their Statements of Proposal (SOP) and the outcome of the community consultation processes; WIL's capital raising; the position the Department of Conservation takes on the Council's application for land transfer; the remaining land and access negotiations and third party litigation.
- 5.2 It is satisfying to note that all of the legal challenges to the project's 'public works' credentials have been met and the proceedings withdrawn.
- 5.3 Time is a risk factor. Council should be alert to the impact any significant delay in reaching financial close has on the construction contract as you are carrying most of the overrun risk.

**6 Finance and Funding**

- 6.1 Mike Drummond is reporting separately on these matters.
- 6.2 I attended a negotiation meeting in Wellington on 5 October on Mike's behalf. The matters considered at that meeting focused on financial risks and risks relating to a change in the TRMP provisions and their mitigation. All of the remaining term sheet matters were resolved.
- 6.3 WIL has advised us that the drafting of their product disclosure statement is well underway. WIL's Board have established a Due Diligence Committee as part of its Due Diligence process. The Due Diligence process will ensure that the requirements of the Financial Markets Conduct Act 2013 (FMCA) and Financial Market Conduct Regulations 2014 (Regulations) are fully complied with. The FMCA and Regulations set out the specific requirements as to information that must be included in the product disclosure statement.
- 6.4 The WIL Board has yet to determine the date that the offer under product disclosure statement will be open, however the intention is that this will happen pre-Christmas. A timeline that includes provision for a pre-lodgment review by the FMA is being developed.



**7 The Council Controlled Organisation and Commercial Terms**

- 7.1 The draft Statement of Proposal (SOP) is on this agenda. A separate paper on the matters Council needs to consider when allocating its costs is also presented. Initial work on the effect on rates and water charges has also been carried out.

**8 Contractor Procurement**

- 8.1 The Request for Proposal (RfP) together with its terms and conditions has been finalised. It was issued to the tenderers as scheduled on 29 September 2017. The RfP is the result of a significant effort and excellent collaboration by all involved. The tenderers have commenced with their tender queries and were scheduled to commence site visits starting from 10 October 2017.
- 8.2 The tenders are Fulton Hogan with Taylor Contracting, Fletcher Construction and McConnell Dowell Constructors.

**9 Land and Access**

- 9.1 JWW Forestry, whose land is at the upstream end of the reservoir, has now withdrawn its objection and the Environment Court has closed its file on the matter. This follows a further negotiation meeting in Christchurch that Peter Graham and I attended in with one of the JWW directors and his counsel. Compensation has not been finalised but there is agreement on the quantum. Some fine points relating to access to the site during dam construction remain to be resolved. Notwithstanding that, Council can now proceed and take the land.
- 9.2 The four proceedings in the Environment Court have been withdrawn. While it's been a costly process and a lot of time went into preparing evidence for a hearing that did not proceed, the outcome was a good one. All of the private land and the challenges to the use of the Public Works Act have been withdrawn.
- 9.3 A fresh application for consent to transfer the 9.9ha of land from the Mt Richmond Forest Park to Council has been made. The Minister of Lands makes the transfer with the consent of the Minister of Conservation. The Department has advised us that they are giving the application priority and will engage with us again towards the end of this month.
- 9.4 Work continues with Tasman Pine Forests, the Crown Forest Licensee on the Ngati Koata land. I met the Ngati Koata Chief Executive on 6 October to get talks back on track.

**10 Project Management and Direction**

- 10.1 As a consequence of observations at a meeting of the financial work stream participants in Wellington on 12 September, the Project Board met on 15 September to consider the future project management and governance arrangements.
- 10.2 The following observations were made;
- the Project needs stronger financial reporting;
  - strong work stream management is required in the interests of all parties;
  - the role of the Project Office and Project Board needs clarity;

- ramping up of the shared funding and resourcing of the Project Office is needed with associated employment and payment arrangements in place
- an appropriately skilled Chair needs to be appointed to drive this role, acceptable to all parties
- clear cost sharing arrangements and protocols need to be documented

10.3 The Project Board agreed to commence the transition from essentially a Council led and resourced arrangement to a separate Project Office that, over time, would be properly funded and mandated

10.4 To that end a Heads of Agreement including on co-funding is being drafted along with an appropriate Terms of Reference. The Terms of Reference needs to be appropriate for the period between now and the ultimate formation of the proposed Council Controlled Organisation. I will refer the Heads of Agreement to Council's November meeting for approval.

10.5 In the interim, several work streams have been transitioned to the Project Office. Terms of Reference and Delegated Authority has been prepared and is awaiting sign-off. The Project Office has mapped out what is required by all parties in order to achieve financial close.

10.6 Applications for the role of a 'permanent' Project Director closed on 10 October 2017. The plan was to confirm an appointment around the time consultation on the Statement of Proposal concludes. That may be delayed to fit in with WIL's capital raising.

## **11 Strategic Relationships**

11.1 There was meeting with Nelson City Council representatives on 11 October 2017 to discuss regional funding.

11.2 Mayor Kempthorne and I had a meeting with Kevin Hague who is the Chief Executive of Forest and Bird when we were in Wellington on other business on 5 October. The meeting was useful in obtaining an understanding of Forest and Bird's stance on water augmentation schemes, irrigation generally, the use of the Freshwater Improvement Fund for this project and the exchange or transfer (in this case) of DoC land. We are being proactive in meeting Forest and Bird's need for information.

## **12 Attachments**

Nil

## 8.5 CHIEF EXECUTIVE'S ACTIVITY REPORT

Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Lindsay McKenzie, Chief Executive
<b>Report Number:</b>	RCN17-10-06

### 1 Summary

- 1.1 This activity report covers the period since Council's 7 September 2017 meeting. Most of the time between then and now was taken up with Waimea Water Augmentation Project business and Council workshops. Staff have been really stretched but do appreciate that their efforts create a lot of work for you also, especially in a Long Term Plan year.
- 1.2 For the year to 30 September 2017 **our accounting surplus was \$412k** which is an adverse variance of \$2.021m against budget. The operating position is a better than budget surplus of \$1.773m. As we are only three months into the financial year, it is difficult to draw any conclusions about the year-end position. External net debt was \$122m compared to a budget of \$159m.
- 1.3 In September, we applied to the **Tourism Infrastructure Fund (TIF)** for \$365,000 towards tourism infrastructure projects at eight locations and a feasibility study at Marahau. The details of the infrastructure projects are in the applications (attached). Council agreed (on 28 September 2017) that these costs be funded from activity balances across five Council activities. We now ask Council to formally approve the application to the TIF fund.
- 1.4 A brief update on the **Golden Bay Grand Stand** is included. We did not have a signed agreement at the time of writing. Staff are still discussing the form of the agreement with the Trust. The sticking point is the payment of the demolition costs. I expect a substantive report to be presented to the 16 November 2017 Council meeting. While that is after the 3-month period that the Council set for a response, it is fairer to assess progress then than now.
- 1.5 The **Office of the Auditor General (OAG)** has been considering complaints about conflicts of interest that the Mayor and Cr Maling are alleged to have in the Waimea Community Dam Project. The Mayor's interest was found to be one in common with the public. He is not prohibited from debating and voting on matters relating to the proposal. In relation to the concerns raised about Cr Maling, this issue is still with the OAG and we will keep you updated with progress on this. We have received the attached letter from the OAG relating to the Mayor.
- 1.6 The report contains the six monthly **Health and Safety Indicators and Monitoring Report**.

<b>2 Draft Resolution</b>
---------------------------

**That the Full Council**

- 1. receives the Chief Executive's Activity Report report RCN17-10-06; and**
- 2. approves applications to the Tourism Infrastructure Fund totalling \$365,000 for tourism infrastructure projects and a feasibility study; and**
- 3. notes that if final project costs exceed the amount approved on 28 September 2017 by more than ten percent, a formal funding request will be made to Council; and**
- 4. notes the Council Action Sheet.**

### 3 Purpose of the Report

- 3.1 The purpose of this report is to inform you about my activities since the 7 September Council meeting and to report on the matters on the Council meeting Action Sheet.

### 4 Strategy and Planning

- 4.1 In September, **we applied to the Tourism Infrastructure Fund for \$365,000** towards tourism infrastructure projects at eight locations and a feasibility study at Marahau. The details of the infrastructure projects are in the final applications (attached). The projects aim to improve the tourism experience for visitors and campers in the district. The projects were initially prioritised at a Council workshop on 10 August 2017, reviewed by a sub-group of four Councillors on 29 August 2017, and then the final list and costs were sent to all Councillors.
- 4.2 If all projects and the feasibility study are approved for funding, Council's share is estimated to be \$429,170. Council agreed on 28 September 2017 for these costs to be funded from activity balances from five Council activities. There is a medium risk that the project costs will be higher than estimated and no contingency has been factored into these costs. We now ask Council to formally approve our application to the TIF fund. Council's approval will be sought for any additional funds.

### 5 Advice and Reporting

- 5.1 Following the 27 July Council meeting, a draft agreement was prepared giving effect to the resolutions Council passed and this was sent to **the Grandstand Trust**. A demolition estimate was also prepared and subsequently passed on to the Trust.
- 5.2 We did not have a signed agreement at the time of writing and staff are still in discussing the form of the agreement with the Trust. The sticking point is the payment of the demolition costs. The Trust has been informed that until an agreement is signed, the partial demolition works will not start.
- 5.3 As reported to the 28 September Council meeting, the Trust is continuing work on a Restoration Plan, including dealing with the implications of retaining the grandstand. The Trust has until 27 October to submit the Restoration Plan and this will be reported, along with staff advice, to the 16 November Council meeting. The Trust has asked to speak at today's Council meeting.
- 5.4 Here is an update on issues raised with the **Office of Auditor-General (OAG) into members' interests and the Waimea Dam**. As previously reported to you, the OAG notified us that they had received correspondence from a member(s) of the community relating to:
- concerns about a conflict of interest by Cr Maling in respect of the proposed Waimea dam; and
  - a complaint about the Mayor casting a deciding vote on a Council decision about the proposed Waimea dam.
- 5.5 The OAG's interest in these matters arises from a statutory role in administering the Local Authority (Members' Interests) Act 1968 (the Act) in respect of pecuniary interests. We have

been assisting the OAG with their queries, so they can consider and respond to the concerns that have been raised and determine whether there has been any breach of the Act.

- 5.6 In relation to the concerns raised about Cr Maling, this issue is still with the OAG and we will keep you updated with progress. The issue is complex and it is not surprising that the OAG is still considering the matter. In relation to the concern raised about the Mayor, we have received the attached letter from the OAG. The OAG has concluded that it seems likely that the Mayor's interest in the Waimea dam proposal will be the same as all the other ratepayers similarly affected. Therefore, his interest is in common with the public, and he is not prohibited from participating in Council discussions or voting on matters relating to the Waimea Dam proposal.
- 5.7 **Trish Palmer spoke at the public forum** at the 7 September 2017 Council meeting. She was dissatisfied with Council services including an inquiry about buildings that don't require consents; a road drainage service request; Sunday Creek Road maintenance around forest harvesting time; her mother's water account credit treatment; her mother's rates rebate application; and our response to her rates indebtedness. Suzanne Westley has reviewed each service request/issue and our response. I undertook to report to you on her concerns.
- 5.8 I've decided not to do that in any detail publicly but have sent you and Trish Palmer a copy of the folder Suzanne prepared for me. I am happy if Trish makes the information public but I think it would be inappropriate for Council to do that given the information it contains about her finances and her mother.
- 5.9 In short we could have done better but the nuances and inferences Trish Palmer draws are not supported by the information I have.
- 5.10 For example, the proforma letter about outstanding rates was not at all threatening. Other than the 'Sir/Madam' salutation, to which I have an aversion, the tone and language was moderate and non-threatening. We will add a sentence to make it clear when the mortgagee referral occurs.
- 5.11 She did not take up the suggestion staff made about the approach to clearing her arrears and current years rates and incurred a 10% penalty for paying the August installment late – this was the very situation we were trying to avoid her facing.
- 5.12 On the exempt buildings issue staff did not direct her to read the Building Act but provided a link to a guidance document on the [www.building.govt.nz](http://www.building.govt.nz) website. It would have been better to have referred Trish to our website where there is a helpful Q&A section.
- 5.13 One thing that has come out of this is the fact that our service request systems and other records enable these concerns to be tracked, the veracity of the complaint to be tested and the staff response to be monitored and corrected if need be. My overall sense is that what frustrated Trish, including staff contacting her mother when Trish wasn't contactable, were honest attempts to provide a service and be helpful and not what she feels.

## **6 Management of Council Resources**

- 6.1 The Council has an **accounting surplus of \$412k** which is an adverse variance of \$2.021m against budget. The budget 2017/18 column includes all Council resolutions relating to approved budget transfers. As such it does not reflect the adopted Annual Plan 2017/18.
- 6.2 The table reconciles the accounting position with the operating position. Non-cash items and funds that can only be used for capital expenditure are removed.

- 6.3 We achieved a better than budget September year to date operating surplus of \$1.773m. Being only three months into the financial year it is difficult to draw any conclusions about the final year end position. However all things being equal, a surplus is expected given that debt levels are lower than budgeted at the start of this financial year.

Tasman District Council						
Accounting Surplus v Operating Surplus						
	Act YTD Sep 2017	YTD Fc'st Sep 2017 \$000	Variance YTD \$000	Forecast 2017/18 \$000	Budget 2017/18 \$000	Var \$000
<b>Accounting Surplus/(Deficit)</b>	412	2,433	(2,021)	6,100	6,100	0
<b>Less Non Controllable</b>						
Revaluation of Swaps (non cash)	(934)	0	(934)	797	797	0
Vested Assets (non cash)	1,470	3,051	(1,581)	3,051	3,051	0
Capital Subsidies	(254)	1,025	(1,279)	4,099	4,099	0
<b>Total</b>	<b>282</b>	<b>4,076</b>	<b>(3,794)</b>	<b>7,947</b>	<b>7,947</b>	<b>0</b>
<b>Controllable Operational Surplus/(Deficit)</b>	<b>130</b>	<b>(1,643)</b>	<b>1,773</b>	<b>(1,847)</b>	<b>(1,847)</b>	<b>0</b>
<b>Explained by</b>						
Income	26,758	26,703	55	108,357	108,357	0
Expenditure	26,628	28,346	(1,718)	110,204	110,204	0
<b>Total</b>	<b>130</b>	<b>(1,643)</b>	<b>1,773</b>	<b>(1,847)</b>	<b>(1,847)</b>	<b>0</b>

- 6.4 Please note the controllable operating surplus is different from the closed account or activity account movement. A key difference between the two is depreciation and how much of this is being funded.

#### Operating Expenditure

- 6.5 Employee related expenses are slightly behind budget at this early stage of the financial year end. Staff vacancies account for this variance.
- 6.6 Interest costs are under budget by \$236k. These savings were expected as the closing budgeted debt position for 2016/17 was significantly higher than the actual year end audited debt position. Other reasons include;

#### Lower Interest rates than budgeted

- 6.7 Direct operating expenditure was lower than planned, meaning funds received are used to retire debt which in turn meant less interest expense.
- 6.8 The depreciation expense is under budget by \$545k as the asset revaluation was less than expected and there was a lower capital expenditure in 2016/17. The depreciation expense will be reviewed in October to ensure the revaluations are flowing through correctly.
- 6.9 An exercise to correctly phase insurance cost is to occur in October

#### Operating Income

- 6.10 Subsidies are under budget with the bulk of the roading work being undertaken over the summer months so the variance is timing in nature. We are in the third year of a three year work programme with NZTA. As such all programmed work needs to be completed in this financial year.
- 6.11 Phasing issues in Engineering and Environmental Planning also resulted in unfavourable variances – these are expected to rectify themselves as the year progresses.

- 6.12 The forestry activity has earned more income than expected at this early stage of the financial year. This is partially offset by an increase in operating costs.
- 6.13 Vested Asset income is down at this early stage of the year but is expected to meet the annual budget.

### Treasury

- 6.14 External net debt is \$122m compared to a budget of \$159m. The balance sheet is strong. This lower debt position reflects the capital spend not occurring to the levels expected or as quickly as planned and the strong 2015/16 and 2016/17 operating results.
- 6.15 Due to a favourable interest rate we prefunded \$16m of debt due to the LGFA, in December. The short term effect is to have higher debt and cash balances. This decision was made with Council Treasury Advisors and is being replicated in other Councils.

### Capital Expenditure

- 6.16 The Annual Plan 2017/18 for capital is \$45.522m. On top of this there have been carry overs approved and changes to the original budget that add on a further \$20.984m to the approved budget. As at 30 September \$8.135m had been spent.

	YTD Actual Sep 2017 \$000	Budget 2017/18 \$000	Council Resolutions	Revised Budget 2017/18 \$000	% Spend as at 30 September 2017
Environment & Planning	60	450	105	555	11%
Engineering	7,176	39,071	15,304	54,374	13%
Community Development	97	2,131	3,792	5,923	2%
Council Enterprises	653	2,445	1,414	3,859	17%
Governance	8	2	0	2	372%
Departmental Overheads	142	1,424	369	1,793	8%
<b>Total Capital Expenditure</b>	<b>8,135</b>	<b>45,522</b>	<b>20,984</b>	<b>66,507</b>	<b>12%</b>

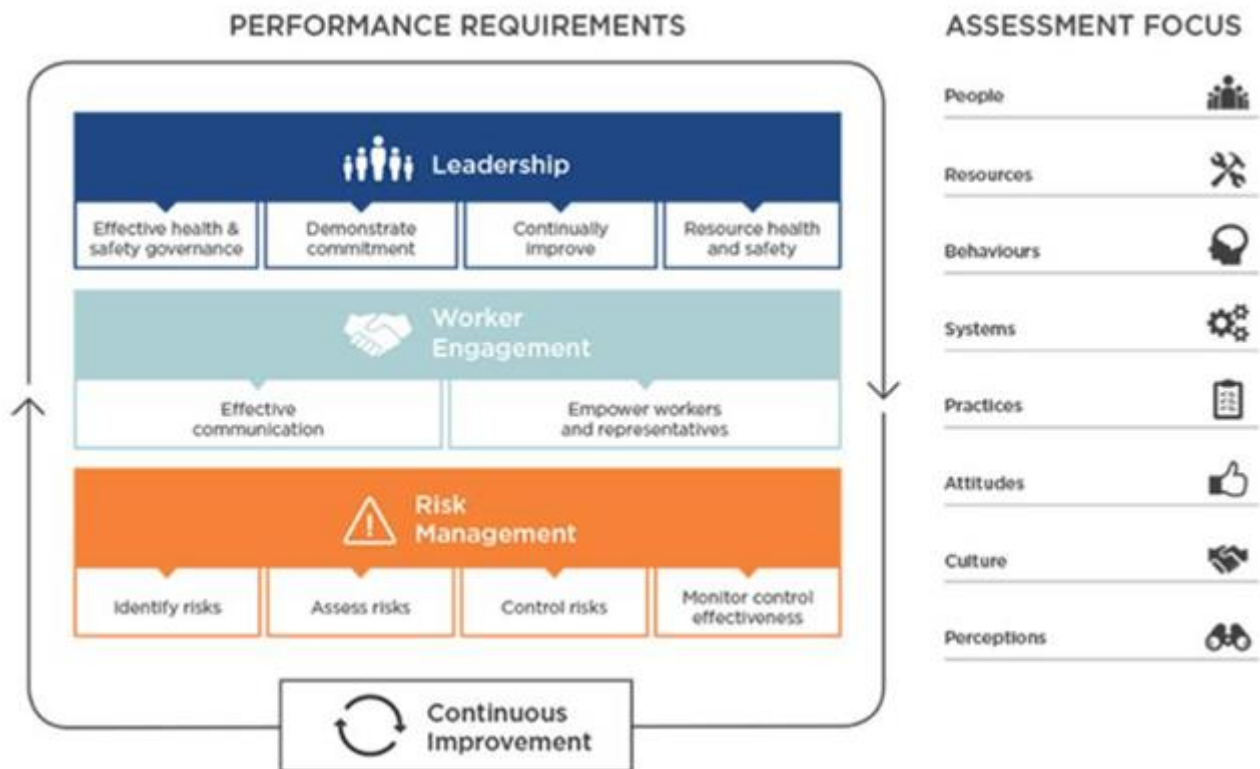
## 7 Managing People

- 7.1 The Six Monthly **Health and Safety Indicators and Monitoring Report** is included as an attachment to this report. I would like to align the reporting cycle for this report with the financial year so the next report will be for a three month period, and then it will return to the agreed six monthly cycle.
- 7.2 You will note a significant increase in health and safety training for this period. This is because the other six months of the year (October to March) is traditionally a busy period, so training is generally deferred, plus it includes the summer break period. The total number of risks in Vault has reduced because most of the risks associated with individual utilities infrastructure sites have been removed in favour of a common risk approach. In other words the different types of pump stations are treated as having common risks, instead of each pump site and its associated risks being recorded in Vault. For Corporate Services, a number of risks relating to property and buildings have been eliminated and are now archived in Vault.
- 7.3 Since my last report there have been five staff related health and safety events. All five were minor injury events; four sprain/strains and one minor cut to a finger. One contractor had a notifiable event when they dug up and broke an unmarked power cable while digging a trench



at the Mariri Transfer Station. The cable was repaired by Network Tasman within hours of the event happening.

- 7.4 WorkSafe has now launched SafePlus, its new voluntary health and safety performance improvement toolkit. It defines what good health and safety looks like above the minimum legal compliance and unlike the previous compliance audit programmes, SafePlus has been designed to be an education tool and is made up of 10 performance requirements that WorkSafe see as essential to achieving good health and safety performance.



- 7.5 SafePlus offers three products; a suite of free resources and guidance; an independent onsite assessment; free online assessment (available mid-October 2018). It is very likely that we will participate in an independent onsite assessment within the next 12 months and the cost to Council for this is expected to be \$10,000 - \$15,000 + GST.
- 7.6 The **Moturoa-Rabbit Island Health and Safety Steering Group** met for the second time in mid-September and as reported previously now has an agreed Terms of Reference. The operational managers for each respective PCBU operating on the Island have been tasked with agreeing their own Terms of Reference and arranging a workshop to share and discuss their overlapping health and safety duties and obligations.
- 7.7 We have reached the last step of the **Australasian Local Government Performance Excellence Programme (ALGPEP)** and Price Waterhouse Cooper is now completing their final analysis and report. The reports are expected to be available early in the New Year.
- 7.8 The **future workforce planning review** that was noted in my 22 June report to Full Council is progressing slower than anticipated. State Services Commission (SSC) were initially

engaged to carry out this review but we have since agreed with the SSC that their mid-stream performance improvement framework (PIF) approach is unlikely to provide what we were seeking. It also wouldn't provide any future workforce needs analysis or human resource strategy blueprint. SSC has recommended a number of consultants for us to contact and they have some very useful workforce planning tools we can utilize. I have arranged to meet one consultant in Wellington when I attend the next Chief Executives Environment Forum meeting.

7.9 The human resources statistics for the quarter ending September 2017 show that we have 269 FTE and a headcount of 295. Turnover for the quarter was 2.03% and down to 11.58% for the rolling 12-month period.

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

- Co-ordinator Land Use Consents (replacement)
- Compliance & Investigations Officer (replacement)
- Principal Planner – Resource Consents
- Commercial Property Co-ordinator (replacement)
- Information Services Developer (replacement)
- Building Technical Officer (replacement)
- Administration Officer – Property (replacement)
- Administration Officer – Property Transactions, 12 months fixed term (new position)
- Library Assistant – Part Time, Golden Bay (replacement)

7.12 Since my last report eight appointments have been made:

- Co-ordinator – Subdivision Consents (replacement)
- Asset Systems Team Leader (replacement)
- Property Officer – Maintenance & Facilities (new position)
- Property Services Team Leader – Land & Leases (new position)
- Project Manager (new position)
- Transportation Engineer – Graduate (new position)
- Policy Planner – Urban & Rural Development (replacement)
- Policy Planner – Natural Resources (new position)

7.11 Ten summer student holiday placements are being appointed to work through this summer period; two in Engineering, six in Environment & Planning, one in Corporate Services and one in Community Development.

## 8 Relationship Management

8.1 I have had the following meetings and commitments over the period since Council last met:

- Awaroa erosion near Meadow Bank;
- Talking Heads meeting where Youth Council issues were picked up;
- Paton Rise subdivision processing issues;
- Nelson City CEO and Mayoral catchup meetings;
- Department of Conservation liaison meeting;

- Sport Park Motueka grandstand seat repayments;
- Joint Council briefing on Treaty of Waitangi claims settlement issues – Paul Beverly presented;
- Various Waimea Water Project negotiations on land and financial matters;
- Business Central CEO and Business Development Manager briefing;
- Port Nelson AGM;
- Regional Council CEO meeting and Chief Executives Environment Forum.

## **9 Council Action Sheet**

- 9.1 The Council Action Sheet is attached for Councillors' information, including updates from the Full Council meetings 7 September and 28 September.

## **10 Attachments**

1.	TIF Projects Application from TDC	157
2.	TIF Feasibility Study for Marahau	181
3.	OAG letter re conflicts of interest - Mayor Kempthorne	191
4.	2017 April to September H&S Indicators and Monitoring 6 month report	195
5.	TOR Moturoa-Rabbit Island H&S Steering Group	199
6.	Action Sheet	203





MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT  
HĪKINA WHAKATUTUKI



---

# Tourism Infrastructure Fund

---

**Application from Tasman District Council** September 2017

---



[New Zealand Government](#)

## Tourism Infrastructure Fund

### Completing this form

This form is designed to be completed in association with the 'Guidance for Applicants' document. If you need any assistance with completing this form, please contact the TIF secretariat on [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz).

Please complete the form in full, and submit it electronically to [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz). Completed proposals must be received by the TIF secretariat no later than 4pm on the deadline date.

All deadlines are available on the TIF website and are subject to change. Late proposals will not be considered but may be re-submitted in the next funding round.

#### Proposal checklist

**Before you apply be sure to complete the following:**

- Check the TIF website to ensure you have downloaded the most recent version of each document.
- Read the 'Guidance for Applicants' document available on the website.
- Read the supporting information on the TIF website, particularly the FAQs

**When filling out this form please ensure:**

- All answers are typed into the space provided for each section in font no smaller than size 10 point.
- You provide the information required for each question. This is outlined clearly within the TIF 'Guidance for Applicants' document.
- You have read and understood the declaration details outlined in Section 4 and have signed the declaration.

Once you have completed this form:

- Ensure you save the completed document in either .DOC or .DOCX format.
- Email a copy of the completed form to the TIF secretariat at [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz) and ensure that you attach any supporting information you wish to provide.

**Note:** There is a 20MB size limit (in total) for any proposals submitted.

#### Evidence

When MBIE assesses proposals against the eligibility and/or the assessment criteria, we will consider whether the evidence provided supports the claims, as well as the quality of that evidence. Where questions ask for evidence to support claims, it is highly recommended that you provide reference sources that attest the accuracy and quality of the evidence.

MBIE will assess the application using the information provided by the applicant.

## Section 1: Proposal and applicant key details

Please enter answers in the right-hand column.

1.1 Proposal key details	
<b>Name of project</b> [A short title that describes your proposed project.]	Meeting tourist needs in Tasman District.
<b>Short description of proposed project to be co-funded</b>	<p>We've identified two bundles of projects that will meet the immediate needs of visitors at key tourist hotspots in Tasman District.</p> <p><b>BUNDLE 1:</b> The first bundle includes the five projects that will improve camping experiences in Tasman District.</p> <p>New toilets and/or rubbish disposal facilities are urgently needed at Waitapu Bridge (near Takaka), Alexander Bluff (Motueka Valley) and at the Kina Reserve Campground (a low-key, non-commercial campground owned by Council). There are currently no shower facilities for freedom campers in Golden Bay, so we propose to install two alongside the i-SITE in Takaka. The existing caravan dump station in Motueka isn't coping with growing demand. A larger capacity dump station is needed, ideally located at a different site that is easier for larger vehicles to access.</p> <p><b>BUNDLE 2:</b> The second bundle includes three projects that will improve visitor experiences in Tasman District.</p> <p>New toilets and rubbish compactors are needed at Marahau*. New toilets are also needed at St Arnaud and at the entrance to Rough Island (which is the gateway to the popular Moturoa/Rabbit Island in the Waimea Inlet).</p> <p>Each bundle of projects is described in more detail below. Maps of the eight sites, showing the location of proposed facilities, are attached as Appendix 1 to this application.</p> <p>* Note that we've also made a separate application for a feasibility study to address tourist needs at Marahau (the settlement at southern end of Abel Tasman Coast Track).</p>
<b>Estimated total cost of project</b>	Total for both bundles: \$749,170 <ul style="list-style-type: none"> <li>• Bundle 1: \$487,670</li> <li>• Bundle 2: \$261,500</li> </ul>
<b>Amount of TIF co-funding sought – this must exceed \$100,000 (excl. GST)</b>	Total for both bundles: \$335,000

	<ul style="list-style-type: none"> <li>• Bundle 1: \$220,500</li> <li>• Bundle 2: \$114,500</li> </ul>
Is this a discrete project or a bundle of projects?	<input type="checkbox"/> Discrete project <input checked="" type="checkbox"/> Bundle of projects
Is this project ready to commence immediately once funds are available or will it be completed in the longer term?	<input checked="" type="checkbox"/> Immediate commencement <input type="checkbox"/> Longer term

1.2 Applicants' key details		
Lead applicant details	Applicant name	Tasman District Council
	Applicant address, including postcode	189 Queen Street Private Bag 4 Richmond Nelson 7050
Other applicants (if applicable)	Applicant name	N/A
	Applicant address, including postcode	N/A
1.3 Contact person details		
This will be the only person who receives the correspondence relating to the proposal. Fill out all fields unless otherwise indicated		
Contact person details	Full name	Lindsay McKenzie
	Job title or Role	CEO
	Contact phone	(03) 543 8405
	Contact email address	<a href="mailto:Lindsay.McKenzie@tasman.govt.nz">Lindsay.McKenzie@tasman.govt.nz</a>
	Contact postal address (if different to lead applicant), including postcode	

### Prioritisation of Projects

We've prioritised projects within each of the two bundles based site-specific information on tourist and visitor demand (the number of campers and/or visitors), environmental and cultural impacts, and community and visitor feedback.

BUNDLE ONE: IMPROVED CAMPING EXPERIENCE	BUNDLE TWO: IMPROVED VISITOR EXPERIENCE
<b>Highest Priority Projects</b>	<b>Highest Priority Projects</b>
Waitapu Bridge – one rubbish compactor and one toilet	Marahau – two rubbish compactors and two toilets
Alexander Bluff – one rubbish compactor and one toilet	St Arnaud – one rubbish compactor and one toilet
Takaka i-SITE – new shower block with wash sink	
<b>Medium Priority Projects</b>	<b>Medium Priority Projects</b>
Kina Reserve – two new toilet blocks	Rough Island – one toilet
Motueka – new caravan dump station	



## Section 2: Eligibility and project overview

2.1 Eligibility checklist	
<p><b>Do you meet AT LEAST one of the eligibility criteria below:</b></p> <p>Annual tourism revenue in your territorial authority less than \$1 billion <span style="float: right;">✓ Yes</span></p> <p>Visitor to rating unit ratio of 5 or more <span style="float: right;">✓ Yes</span></p> <p>Local Government Finance Agency lending limits have been reached <span style="float: right;"><input type="checkbox"/> Yes</span></p> <p><b>Project eligibility:</b></p> <p>Is your project for visitor-related public infrastructure? <span style="float: right;">✓ Yes</span></p> <p>Is your project for new facilities or enhancements? <span style="float: right;">✓ Yes</span></p> <p>Does your project have local community support? <span style="float: right;">✓ Yes</span></p> <p>Are you seeking co-funding of \$100,000 or more? <span style="float: right;">✓ Yes</span></p> <p>Have you ensured no other central government funding is available for your project? <span style="float: right;">✓ Yes</span></p> <p>Have you ensured your project will not compete with local private commercial activities? <span style="float: right;">✓ Yes</span></p> <p><b>NOTE:</b> If you do not answer 'Yes' to the project eligibility questions above, your project is unlikely to be eligible for TIF co-funding.</p>	
2.2 Project overview	
a. Is your project addressing a need that is current or anticipated?	<input checked="" type="checkbox"/> Current <input type="checkbox"/> Anticipated
b. Will your project deliver visitor benefits and also benefits to your local community?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
c. Is TIF co-funding critical to the project starting, happening sooner, or being of better quality [Tick all relevant boxes]	<input checked="" type="checkbox"/> Starting <input checked="" type="checkbox"/> Happen sooner <input checked="" type="checkbox"/> Better quality
d. Is your proposed co-funding the maximum you can commit to the project, and in monetary form only?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
e. Have you planned for the ongoing maintenance of the proposed infrastructure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
f. Do you have certainty of land access over the expected life of the proposed infrastructure?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
g. Does your organisation have systems in place to ensure the proposed project complies with health and safety regulations? (You will need to demonstrate this prior to contracting)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
h. Do your procurement processes require all external contractors involved in construction projects to have valid health and safety processes/plans in place?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## Section 3: Project Description

### 3.1 Problem definition and need for additional infrastructure

**3.1.1 Briefly describe the challenge(s) you are facing as a result of current or anticipated visitor growth that underpin this application. Where possible, please provide qualitative and/or quantitative evidence to indicate the scale of challenge(s).**

#### Overview

Tasman District has been experiencing strong growth in visitor numbers over the last few years, with average annual growth in guest nights of 6% in the year ended June 2017. Most of this growth has been international visitors.<sup>5</sup>

Our regional visitor strategy has a destination management approach which focuses on the overall visitor experience. Tourism infrastructure facilities such as good quality toilets are critical to ensuring an overall positive experience for our visitors.

Our District is particularly popular for freedom camping, which is placing pressure on existing toilet and rubbish facilities. At peak times, commercial campgrounds are full and are unable to even provide shower facilities to casual visitors.<sup>6</sup> There has also been a decline in commercial accommodation capacity in Tasman over the last few years.<sup>1</sup>

The closure of State Highway 1, following the Kaikoura earthquake, has increased traffic and visitor numbers to the Region. St Arnaud has experienced five-fold growth in traffic numbers compared with a year ago.<sup>7</sup>

There is concern that insufficient provision of toilets, showers and rubbish bins is resulting in environmental degradation at popular tourist locations (e.g. littering and dumping of waste and pollution of freshwater streams/rivers/lakes and coastal areas).

#### Bundle One: Improved Camping Experience

##### Project 1: New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)

At the southern end of the Waitapu Bridge (located a couple of kilometres north of Takaka township), the parking area between the highway and river is a popular spot for freedom camping. Currently one older-style containment toilet is the only facility provided for this activity. There has been issues with rubbish and toilet paper being discarded in this area, as well as some campers using the river for bathing and washing dishes. These actions are having a negative environmental impact, particularly on the freshwater quality. Adding a brand-new fully-accessible single containment toilet and provision of a rubbish compactor would greatly improve the visitor experience at this site and reduce the environmental degradation.

##### Project 2: New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)

The inland route between Tapawera and Motueka is popular with tourists, including domestic tourists driving from south of Murchison through to Kaiteriteri or Golden Bay. Alexander Bluff is located approximately midway along the Motueka Valley Highway. At Alexander Bluff, one of the few bridges crossing the Motueka River provides access to the west bank. On the eastern bank, Council manages a large block of unformed road reserve that is a popular freedom camping site. At present, the only service provided here is one single containment toilet, which is old and poorly maintained. We have received complaints about people dumping rubbish in this location and concerns about negative environmental impacts. The visitor experience and surrounding environment could be greatly enhanced by providing two containment toilets of a much higher standard along with a rubbish compactor.

<sup>5</sup> <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/commercial-accommodation-monitor/cam-regional-pivot-tables>

<sup>6</sup> <http://www.stuff.co.nz/travel/news/88098967/fully-booked-golden-bay-campgrounds-send-desperate-overseas-visitors-away>

<sup>7</sup> <https://www.nzta.govt.nz/resources/state-highway-traffic-growth/>

**Project 3: Two new showers adjacent to Takaka i-SITE building**

There are no public showers available to freedom campers and other visitors to Golden Bay. Freedom camping is a very popular activity in this part of the District and Council often receives complaints about people bathing in rivers or the ocean. These actions, and the use of soap, shampoo and dishwashing detergent, has a negative effect on freshwater quality. We propose to install two new pay-per-use showers adjacent to the Takaka i-SITE building to address this need.

**Project 4: Two new two-pan toilet blocks at Kina Reserve campground**

Kina Reserve is owned by Council and managed as a 'remote', low-key, non-commercial campground for visitors to the Region. There are currently two very basic toilet blocks servicing the site, each with two pans. There are no Council wastewater or water services to this site. These toilet facilities are nearing the end of their life and no longer suit their purpose, particularly with the peak demand over the popular summer camping season. Replacing these toilets with fully-accessible containment toilets with adequate ventilation and greater storage capacity will greatly improve the visitor experience for tourists visiting or staying overnight at Kina Reserve.

**Project 5: A new caravan dump station for Motueka**

There is currently one campervan dump station servicing Motueka and surrounding areas. It is located in the New World supermarket car park (on land owned by the Council) near the centre of town. There is often vehicle congestion at the site and larger campervans and buses find manoeuvring difficult, due to limited space and awkward layout. A water supply is provided for wash-down only, there is no potable supply. Water is supplied from the Council Service Centre bore supply. It is untreated and has an inadequate flowrate and pressure. As a consequence there are frequent blockages of the dump station with overflows into the carpark. The dump station is subject to the most number of complaints of any wastewater asset in the Tasman District. The dump station does not have adequate capacity to service the growing demand from tourists.

**Bundle Two: Improved Visitor Experience****Project 1: New rubbish compactors and new two-pan toilet block at Marahau**

Marahau is the gateway to Abel Tasman National Park, both for tourists starting or ending the Great Walk or accessing the Park via the sea. Tourist numbers continue to increase, both during the peak summer season and increasingly in the shoulder seasons either side. The DOC pedestrian counter at Marahau (located on the causeway at start of Abel Tasman Coast Track) recorded 111,600 movements in the year ending mid-2017, compared to 105,600 movements in the year prior. The counter also recorded a peak of 23,000 movements during the month of January 2017, around 10-15,000 in spring and autumn months and 2,600 in winter (see Appendix 2 for further data). This data does not include tourists on day visits to the beach, or those departing from/arriving at Marahau via boat/kayak.

While Council provides a kerbside rubbish and recycling service to residents, there is one small rubbish bin on the roadside near the main beach and one at Otuwhero Spit for tourists to use. These are failing to meet the demand, resulting in frequent littering and dumping of solid waste. Few public toilets are available and these aren't coping with peak demand. There are two on Otuwhero Spit, at the southern entrance to Marahau, one on the main road near the beach and one toilet block in the DOC carpark adjoining the start of the Great Walk. There is no wastewater reticulation in Marahau. DOC is planning to upgrade their toilets and car park area in the near future. The Marahau Residents Association would like Council to improve the facilities available to tourists, particularly at Otuwhero Spit and on the main road by the beach entrance, to cope with ever-increasing demand (see Appendix 3).

**Project 2: Two new toilets for St Arnaud village**

The closure of State Highway 1, following the Kaikoura earthquake, has increased traffic and visitor numbers to the region. St Arnaud traffic numbers are now five times the level experienced a year ago.<sup>8</sup> This has placed pressure on the existing DOC toilet facility down by the lake, prompting the installation of a temporary portacom toilet facility with four toilets on Council-owned land adjoining SH63 (at the Lake Rotoiti Hall Reserve, Main Road St Arnaud). However this temporary facility offers only a basic standard and has suffered ongoing maintenance issues, as it is not designed to cope with the high use it's been receiving. It also isn't designed for the cold winter conditions (it often snows in or near St Arnaud village). The temporary portacom is not visually appealing or conducive with the natural environmental values of a town at the gateway to Nelson Lakes National Park. The temporary facility has also shown the need for Council to provide toilets on the main highway, which is more convenient for campervans, tour buses and other through traffic than taking a detour down a narrow road to the DOC toilets by the lake.

### **Project 3: New toilets at Rough Island entrance (near Moturoa/Rabbit Island, Waimea Inlet)**

Rough Island and Moturoa/Rabbit Island have been a popular day-trip destination for local residents for the past century. Domestic and international tourists are increasingly attracted to the Islands, with its wide shallow beach and diverse recreational opportunities (e.g. dog walking, cycling, mountain biking, horse riding, picnic/BBQ areas, swimming, sun bathing and walking). While toilets are provided in many key locations, the Islands are large and there is an immediate need to provide a new toilet at the Rough Island entrance (i.e. first part of the Island you arrive at after crossing the causeway from the mainland). During the recent review of the Moturoa/Rabbit Island Reserve Management Plan we received feedback from many users who either requested a toilet be provided in this location or complained about finding toilet paper etc in the nearby bushes. These actions have negative impacts on the sensitive natural environment and on cultural values (local iwi consider the islands to be wāhi tapu).

## **3.2 Proposed infrastructure**

**3.2.1 Briefly describe the infrastructure you propose to construct, and how it addresses the challenge(s) you have identified above. Please also list the other options considered and explain why the proposed project is fit-for-purpose and offers value for money.**

Note - Appendix 4 includes photos of the proposed infrastructure and further cost estimate details.

### **Bundle One: Improved Camping Experience**

#### **Project 1: New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)**

We propose to install a new fully-accessible single toilet facility and a rubbish compactor alongside the existing toilet at the Waitapu Bridge freedom camping site. An additional toilet will meet the increased demand from freedom campers, and both new facilities will improve the visitor experience at this location.

#### **Project 2: New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)**

We propose to install a new fully-accessible double toilet facility and a rubbish compactor. Increasing the number of toilets will meet the increased demand from freedom campers, and higher standard toilets and a rubbish compactor will improve the visitor experience at this location. Improvements will also be made the access to the road reserve to ensure vehicles can safely drive in to use the facilities.

#### **Project 3: Two new showers adjacent to Takaka i-SITE building**

<sup>8</sup> <https://www.nzta.govt.nz/resources/state-highway-traffic-growth/>

We propose to install a separate concrete building fit out with two shower cubicles, one accessible & one standard with center storage/service room. It could include a hot water cylinder and a changing bench seat in each cubicle.

#### **Project 4: Two new two-pan toilet blocks at Kina Reserve campground**

We propose to replace both blocks with two double fully-accessible toilet buildings, and to include a changing-table facility for babies in each block. Replacing the current ageing, basic facilities with brand new facilities which have adequate ventilation and greater storage capacity will greatly improve the visitor experience for tourists visiting or staying overnight at Kina Reserve.

#### **Project 5: A new caravan dump station for Motueka**

We have identified an area of Council-owned land alongside the Motueka aerodrome, where a new dump station can be located. The site would be accessed via Marchwood Park Road, on the western edge of Motueka town. It will service Motueka and surrounds, including nearby tourist destinations such as Kaiteriteri and Marahau.

The new dump station will have drive-through access, catering for even the largest buses. It will allow two vehicles to empty at one time, doubling the capacity, as well as providing adequate queuing and turning space.

The site has an existing irrigation water supply nearby and the Council wastewater reticulation is approximately 200m away. The dump station will have potable and wash-down water (UV disinfection unit and backflow protection), a waste reception facility, wastewater pump station and low pressure main to connect to the Council wastewater network.

We have considered the option of providing a potable water supply to the existing dump station, but this would not provide additional capacity or deal with the carpark congestion over summer.

People staying in self-contained vehicles at the adjacent privately-owned campsite would have easy access to the site. Marchwood Park Road connects to Queen Victoria Street, which is the main route used by large vehicles to bypass the Motueka CBD (the NZTA periodically consider re-routing the state highway along this route). Once the new dump station opens, we would close the existing one in town, meaning that less congestion would occur in the New World car park area.

### **Bundle Two: Improved Visitor Experience**

#### **Project 1: New rubbish compactors and new two-pan toilet block at Marahau**

We propose to install two new rubbish compactors at Marahau, replacing the two existing small rubbish bins. One compactor will be located near the southern entrance to the settlement, on the Council-owned Local Purpose (Car park) Reserve at Otuwhero Spit (to be sited near the existing two-pan toilet facility). The other compactor will be located on the roadside near the main beach entrance point. Each compactor will have capacity 5-10 times that of a regular 60L rubbish bin, will automatically compact waste, and will automatically communicate when approaching capacity. The bins offer efficiency and cost savings, particularly in high use and remote areas.

We also plan to provide a double fully accessible toilet facility, with additional ventilation and containment storage capacity, on the roadside near the main beach entrance point. The existing single pan toilet at this location is currently of a very basic standard and under capacity (particularly during peak summer season). This inadequate facility would be removed once the new double toilet facility (with new rubbish compactor alongside) has been installed.

Increasing the rubbish capacity and the number of toilets will meet the current short-term pressures, particularly the peak demand, from the growing visitor numbers

#### **Project 2: Two new toilets for St Arnaud village**

We propose to install a permanent, fully-accessible, 2-pan toilet facility, heated in winter, to provide a more positive experience for visitors. The facility will be located on Council-owned land adjoining the highway (at

the Lake Rotoiti Hall Reserve, Main Road St Arnaud) and include change table for babies and a nappy disposal facility. The design will be enhanced by native planting. The new facility will meet the long-term demand from SH63 traffic but also respond to any short-term increases in traffic when there are detours or delays on SH1. An alternative site down by the lake was considered but as visitors have difficulty finding the current DOC toilet facility there, it is preferred to locate a new facility on the main thoroughfare. The proposed site is also better suited to large vehicles, with its existing formed car park area.

### **Project 3: New toilets at Rough Island entrance (near Moturoa/Rabbit Island)**

We propose to install a new fully-accessible single toilet facility at the car park entrance to Rough Island. This location will be easy for visitors to find, and is beside a car park which large vehicles and campervans can easily access.

### **3.2.2 Demonstrate that the proposed project has the support of the local community (e.g. has gone through some type of consultative process).**

#### **Overall comments:**

Appendices 3 and 5 to this application contain detailed comments from community groups and individuals, outlining support for the eight proposed projects. Council has received these comments during recent public consultation on the Long Term Plan (LTP) 2018-2028, LTP 2015-2025, Draft Freedom Camping Bylaw 2017, Draft Moturoa/Rabbit Island Reserve Management Plan 2016, Community Residents Survey 2017 or via email, letters or phone calls to Council from individuals.

Through our annual residents' survey, residents have expressed dissatisfaction with the number and quality of toilets in the district, and dissatisfaction levels have increased in recent years to 18% of residents. Verbatim comments state that residents want more toilets due to the large numbers of freedom campers, and the summer influx of tourists. Takaka, Marahau and Moturoa/Rabbit Island were specifically mentioned.

### **Bundle One: Improved Camping Experience**

#### **Project 1: New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)**

Recent consultation on a Draft Freedom Camping Bylaw received 383 submissions and there appears to be support from the community for this location to be designated for freedom camping. There was specific feedback on the need to improve toilet and rubbish facilities for freedom campers at Waitapu Bridge, and in Golden Bay in general.

Feedback from the Golden Bay Promotion Association on the area's tourism infrastructure needs was that freedom camping facilities are a priority, specifically pay-per-use showers and more toilets.

#### **Project 2: New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)**

We received 383 submissions when we recently consulted on our Draft Freedom Camping Bylaw (submissions closed mid-August 2017) and there appears to be support from the community for this location to be designated for freedom camping. There was specific feedback on the need to improve toilet and rubbish facilities for freedom campers at this location.

#### **Project 3: Two new showers adjacent to Takaka i-SITE building**

Feedback from the Golden Bay Promotion Association on the area's tourism infrastructure needs was that freedom camping facilities are a priority, specifically pay-per-use showers and more toilets.

A submission to the Annual Plan 2016/2017 from the Chair of Golden Bay Community Board also proposed shower facilities at this location, as well as an outdoor sink for washing dishes.

#### **Project 4: Two new two-pan toilet blocks at Kina Reserve campground**

We employ a part-time caretaker to clean toilets at this reserve. While not recorded as formal complaints in our service request system, we have received a lot of feedback during discussions with the reserve caretaker that users of the existing toilets are unhappy with their existing standard.

#### **Project 5: A new caravan dump station for Motueka**

Evidence of community support for a new dump station in Motueka is attached as Appendix 5, which includes correspondence Council has received from the Motueka Community Board, NZMCA, tourists and other campervan users. The NZMCA have lobbied the Council and Community Board for several years, advocating strongly for a new caravan dump point as the existing one is poorly designed and inadequate.

### **Bundle Two: Improved Visitor Experience**

#### **Project 1: New rubbish compactors and new two-pan toilet block at Marahau**

The Marahau/Sandy Bay Ratepayers and Residents Association [MSBRRA] would like Council to improve the facilities available to tourists, particularly on the main road by the beach entrance, to cope with ever-increasing demand. A copy of recent correspondence received from the MSBRRA is attached in Appendix 3 (see page 18 of that appendix).

#### **Project 2: Two new toilets for St Arnaud village**

Feedback on this issue was received as part of early consultation on the LTP 2018-2028. The Rotoiti District Community Council requested that funding be put aside to construct a permanent toilet block located within the township of St Arnaud adjacent to SH 63. They asked that the design of the block needs to be sympathetic to the area in terms of design, noting that a Landscape Priority Area exists over this special Alpine area.

#### **Project 3: New toilet at Rough Island entrance (near Moturoa/Rabbit Island)**

During the recent review of the Moturoa/Rabbit Island Reserve Management Plan we received feedback from many users who either requested a toilet be provided in this location or complained about finding toilet paper etc in the nearby bushes. There was majority agreement to progressively add facilities such as toilets, picnic tables, bbqs and information hubs.

### **3.2.3 List all the benefits that you expect will flow from your proposed project (focusing particularly at the visitor benefits).**

### **Bundle One: Improved Camping Experience**

#### **Project 1: New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)**

Ensuring adequate infrastructure capacity to meet the growing demand will provide an improved quality experience for visitors and will help ensure there is continued community support for tourists to camp at this highly visible location. It will also reduce environmental degradation from people discarding rubbish or toilet waste in the bushes or rivers.

#### **Project 2: New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)**

Increasing the infrastructure capacity to meet the growing freedom camper numbers will provide an improved quality experience for visitors. Providing a rubbish compactor should reduce the dumping of rubbish and help ensure there is continued community support for tourists to camp at this location. There will also be safety benefits from improve the configuration of the access to both the layby and the camping area. It will also reduce environmental degradation from people discarding rubbish or toilet waste in the bushes or rivers.

#### **Project 3: Two new showers adjacent to Takaka i-SITE building**

Provision of a shower facility at the entrance to Takaka will reduce the need for freedom campers to bath in the rivers or ocean, resulting in environmental benefits.

#### **Project 4: Two new two-pan toilet block at Kina Reserve campground**

New fully-accessible containment toilets with adequate ventilation and greater storage capacity will greatly improve the visitor experience for tourists visiting or staying overnight at Kina Reserve.

#### **Project 5: A new caravan dump station for Motueka**

Tourists would benefit by having much improved access to a conveniently located dump station site with adequate turning areas and temporary parking bays. Less congestion would occur in the New World carpark and Motueka CBD areas as a result. A larger capacity dump station would also reduce waiting times to dump waste at the site, compared with current wait times at peak use times. It would also provide a potable water supply which has been requested by users of the existing dump station.

### **Bundle Two: Improved Visitor Experience**

#### **Project 1: New rubbish compactors and new two-pan toilet block at Marahau**

Increasing the rubbish capacity and the number of toilets will meet the current pressures, particularly the peak demand, from the growing visitor numbers. New facilities will also ensure a better quality experience for tourists. It will also reduce environmental degradation from people littering.

#### **Project 2: Two new toilets for St Arnaud village**

Tourists travelling by car or bus would have a positive experience from a better quality facility, including heating. Being located on the main thoroughfare means it will be easy to find.

#### **Project 3: New toilet at Rough Island entrance (near Moturoa/Rabbit Island)**

The visitor experience will be improved by providing a brand new, easily accessible toilet facility at the main entrance to the Islands. It will also reduce environmental degradation caused by people using the bushes as a toilet.

**3.2.4 Provide a project timeline in the table below, highlighting all key milestones for your project (you will be asked to provide a financial breakdown for each milestone in section 3.3.3).**

### **Bundle One: Improved Camping Experience**

NOTE: The estimated end dates are based on the assumption that TIF funding will be approved by 1 December 2017

#### **'Milestones for Project 1' New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)**

Milestone	Estimated start date	Estimated end date
Task 1 – Apply for resource and building consent for toilet	Once TIF funding confirmed	5 weeks later
Task 2 – Tender installation	Once Task 1 is completed	5 weeks later
Task 3 - Install rubbish compactor and new toilet	Once Task 2 is completed	By 31 March

#### **'Milestones for Project 2' New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)**

Milestone	Estimated start date	Estimated end date
Task 1 – Apply for resource and building consent for toilet	Once TIF funding confirmed	5 weeks later
Task 2 – Tender installation	Once Task 1 is completed	5 weeks later



Task 3 - Install rubbish compactor and new toilets	Once Task 2 is completed	1 week later
Task 4 – Improve access configuration	Once Task 3 is completed	By 31 March
<b>'Milestones for Project 3' Two new showers adjacent to Takaka i-SITE building</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Apply for resource and building consent	Once TIF funding confirmed	5 weeks later
Task 2 – Tender installation	Once Task 1 is completed	5 weeks later
Task 3 - Installation	Once Task 2 is completed	By 31 March
<b>'Milestones for Project 4' Two new two-pan toilet blocks at Kina Reserve campground</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Apply for resource and building consent	1 March 2017	5 weeks later
Task 2 – Tender demolition and installation	Once Task 1 is completed	5 weeks later
Task 3 - Demolish existing toilet blocks and install new toilet blocks	Once Task 2 is completed	By 30 June
<b>'Milestones for Project 5' A new caravan dump station for Motueka</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Design dump station	Once TIF funding confirmed	8 weeks later
Task 2 – Develop specification and tender documents	Once Task 1 is completed	4 weeks later
Task 3 – Tender construction of dump station	Once Task 2 is completed	4 weeks later
Task 4 – Apply for resource and building consent	Once Task 3 is completed	5 weeks later
Task 5 – Construct dump station	Once Task 4 is completed	By 30 June
<b>Bundle Two: Improved Visitor Experience</b>		
NOTE: The estimated end dates are based on the assumption that TIF funding will be approved by 1 December 2017		
<b>'Milestones for Project 1' New rubbish compactors and new two-pan toilet block at Marahau</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Apply for resource and building consent for toilets	Once TIF funding confirmed	5 weeks later
Task 2 – Tender demolition and installation	Once Task 1 is completed	5 weeks later
Task 3 - Demolish existing toilet and install rubbish compactors and new toilets	Once Task 2 is completed	By 31 March

<b>'Milestones for Project 2' New two-pan toilet block at St Arnaud</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Apply for resource and building consent	1 March 2017	5 weeks later
Task 2 – Tender installation	Once Task 1 is completed	5 weeks later
Task 3 - Install new toilets	Once Task 2 is completed	By 30 June
<b>'Milestones for Project 3' New toilets at Rough Island entrance (near Moturoa/Rabbit Island)</b>		
<b>Milestone</b>	<b>Estimated start date</b>	<b>Estimated end date</b>
Task 1 – Apply for resource and building consent	1 March 2017	5 weeks later
Task 2 – Tender installation	Once Task 1 is completed	5 weeks later
Task 3 - Install new toilets	Once Task 2 is completed	By 30 June

### 3.3 Funding the project

**3.3.1 Briefly describe the current financial situation of your organisation and why TIF co-funding is required for the proposed project. Where possible, provide quantitative and/or qualitative evidence to support your case.**

The need to reduce our debt levels and limit rates increases have been the community's clear messages to Council over the last six years. With net debt levels set to rise to around \$300 million by 2022, Council embarked on a number of austerity measures to reduce our spending and associated rate rises in our last Long Term Plan 2015-2025.

We developed debt limits and rates affordability limits based on external advice to levels that are appropriate for a Council of our size. We set our net debt limit to \$200 million and rates increases to 3% per annum plus growth. These limits have enabled us to retain our current credit rating of AA-.

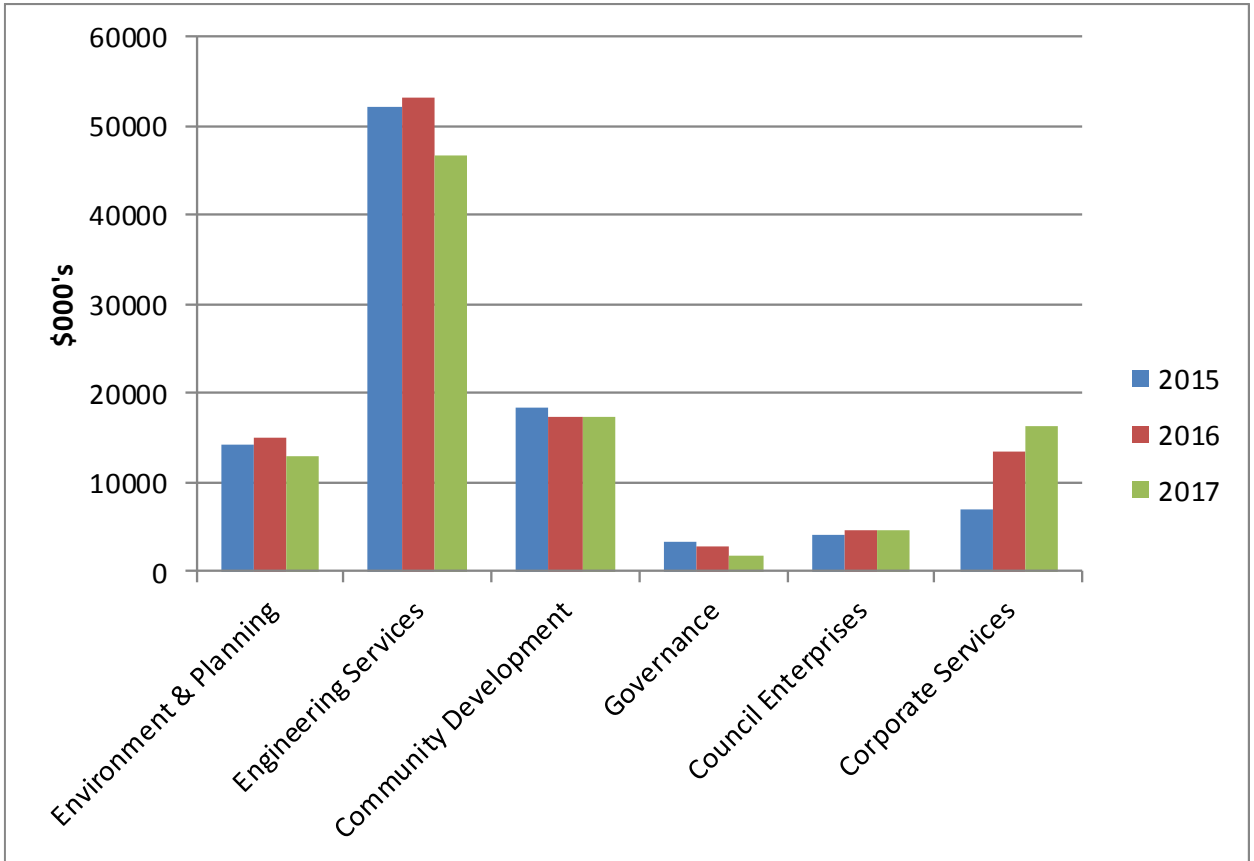
In order work within our new debt and rate caps, we have changed how we fund the wearing out of assets (depreciation), and have focused capital spend on projects that support growth, coping with natural hazards, and providing core services (wastewater, stormwater, water and roads). The non-essential projects and 'nice to haves' have either been cut from our budgets or delayed to future years.

This has meant that many of our facilities that support tourism and visitors to our Region, such as toilets/showers, signage, and solid waste solutions, have been a lower priority for Council. Our communities have told us they are not happy with funding these tourism facilities; so we currently maintain what we have and provide the bare minimum in most places. We are aware there is an immediate need for infrastructure to support our growing visitor numbers. However, on our own, if we are to remain within our financial restraints, we are unable to fund the provision of much needed and identified new and upgraded infrastructure to meet our growing visitor demands.

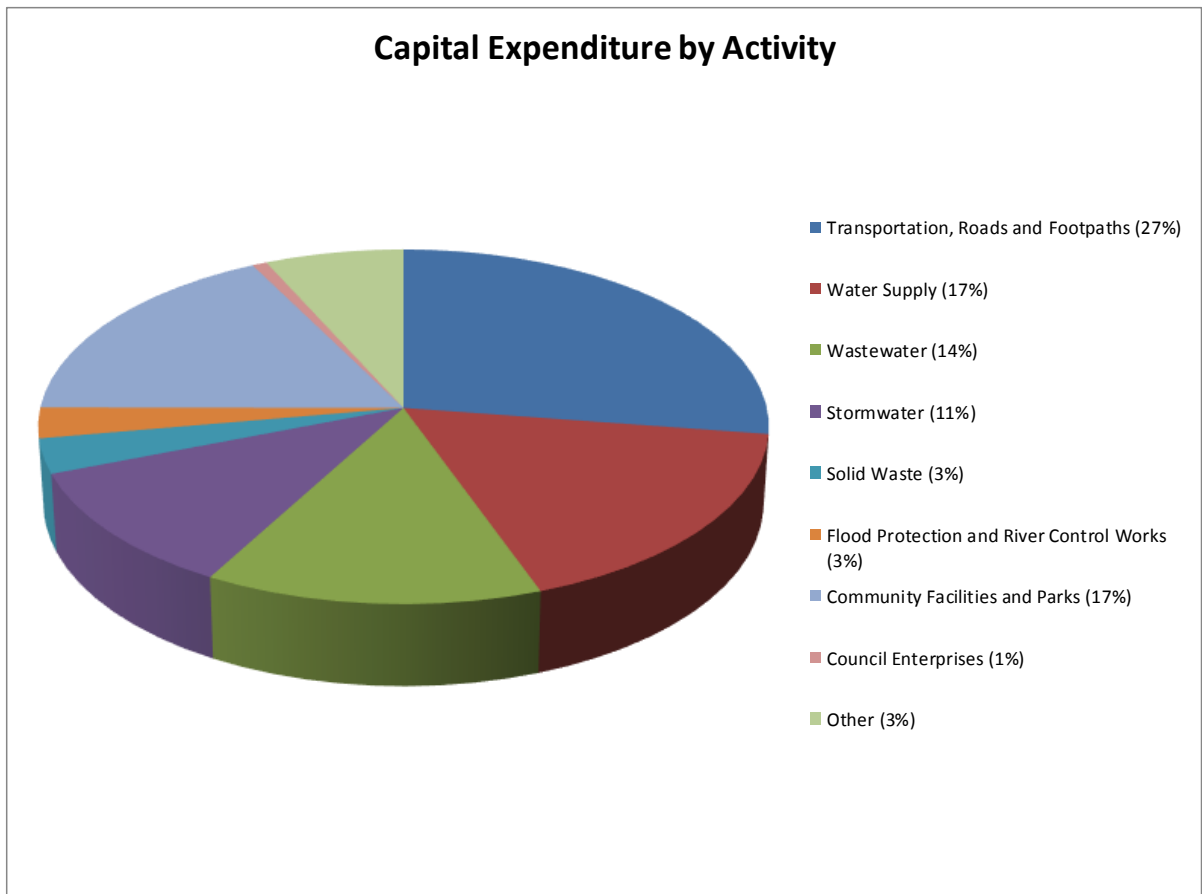
Council has committed funds to support 50% of the projects identified in this application. This list has not been developed lightly, and many other much needed projects to support tourism have been cut from this funding round. The \$430k is the maximum that Council can afford to contribute towards these new assets, with the knowledge that we will need to also manage these new projects to fruition as well as carry on subsidising the maintenance and upkeep of these facilities.

As at 30 June 2017, our net external debt was \$123 million. The Annual Plan 2017/2018 forecasts this to be \$158.7 million by 30 June 2018. Total spend by each Council Department is shown in the bar graph below, with the pie graph showing capital expenditure by activity.

### **Total Spend by Council Departments: 2014/2015 to 2016/2017**



**Capital Expenditure by Activity, 2016/2017**



**3.3.2 Describe what alternative sources of funding were explored before this co-funding request was made.**

**Item 8.5**

When considering potential projects to address tourist needs in Tasman District, we initially identified the need for additional recycling facilities in key tourist locations and additional toilets along Tasman's Great Taste Trail (cycle/walkway). However, we have subsequently eliminated these from this TIF project application, as both types of projects potentially qualify for other government subsidies.

The projects remaining in our application provide public good benefits to both domestic and international tourists that private individuals, businesses or other organisations have not provided to date and are unlikely to provide in future.

Our communities are raising funds for a number of other community facilities and generally see the provision of toilet and rubbish facilities, to serve growing visitor numbers, as a Council expense.

**Attachment 1**

### 3.3.3 Financials for proposed project

Provide a breakdown of the tasks and associated costs required in achieving the milestones identified in 3.2.4. All costs should exclude GST.

Milestones	Total cost	TIF co-funding sought	Applicant co-funding	Key assumptions made in estimating costs
<b>Bundle One: Improved Camping Experience</b>				
<b>'Milestones for Project 1' New rubbish compactor and additional toilet at Waitapu Bridge (just north of Takaka)</b>				
<ul style="list-style-type: none"> <li>Task 1 – Apply for resource and building consent for toilet</li> </ul>	\$5000 + \$2500	\$0	\$7,500	Resource consent is non-notified. NZTA give approval.
<ul style="list-style-type: none"> <li>Task 2 – Tender installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task 3 - Install rubbish compactor and new toilet</li> </ul>	\$19,000 (toilet) + \$22,000 (toilet installation)+ \$9,000 (compactor) \$1,500 (compactor installation)	\$25,750	\$25,750	Installation costs of toilet are higher than other sites in order to mitigate flooding risk.
Total costs for Project 1	\$60,000	\$26,250	\$33,750	
<b>'Milestones for Project 2' New rubbish compactor and new two-pan toilet block at Alexander Bluff (Motueka Valley)</b>				
<ul style="list-style-type: none"> <li>Task 1 – Apply for resource and building consent</li> </ul>	\$5000	\$0	\$5000	
<ul style="list-style-type: none"> <li>Task 2 – Tender demolition and installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task 3 - Demolish existing toilet and install rubbish compactor and new toilets</li> </ul>	\$22,000 (toilet) + \$22,000 (toilet demolition and installation)+ \$9,000 (compactor) \$1,500 (compactor installation)	\$27,250	\$27,250	Costs based on a similar project where tank was included.
<ul style="list-style-type: none"> <li>Task 4 – Improve access configuration</li> </ul>	\$10,000	\$5,000	\$5,000	
Total cost for Project 2	\$70,500	\$32,750	\$37,750	
<b>'Milestones for Project 3' Two new showers adjacent to Takaka i-SITE building</b>				
<ul style="list-style-type: none"> <li>Task 1 – Apply for resource and building consent</li> </ul>	\$13,000	\$0	\$13,000	Resource consent is non-notified. Consultant is needed to prepare application.
<ul style="list-style-type: none"> <li>Task 2 – Tender installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.

<b>3.3.3 Financials for proposed project</b>				
Provide a breakdown of the tasks and associated costs required in achieving the milestones identified in 3.2.4. All costs should exclude GST.				
<b>Milestones</b>	<b>Total cost</b>	<b>TIF co-funding sought</b>	<b>Applicant co-funding</b>	<b>Key assumptions made in estimating costs</b>
<ul style="list-style-type: none"> <li>Task 3 - Installation</li> </ul>	\$92,000 (shower facility) +\$30,000 (installation)	\$61,000	\$61,000	Water, wastewater and electricity connection costs are similar to previous projects.
Total Cost for Project 3	\$136,000	\$61,500	\$74,500	
<b>'Milestones for Project 4' Two new two-pan toilet blocks at Kina Reserve campground</b>				
<ul style="list-style-type: none"> <li>Task 1 – Apply for resource and building consent</li> </ul>	\$8000	\$0	\$8000	Resource consent is non-notified.
<ul style="list-style-type: none"> <li>Task 2 – Tender demolition and installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task 3 - Demolish existing toilet blocks and install two new toilet blocks</li> </ul>	\$44,000 (toilet) + \$44,000 (toilet demolition and installation)	\$44,000	\$44,000	Costs based on a similar project where tank was included.
Total Costs for Project 4	\$97,000	\$44,500	\$52,500	
<b>'Milestones for Project 5' A new caravan dump station for Motueka (as identified in 3.2.4)</b>				
<ul style="list-style-type: none"> <li>Task 1 – Design pump station</li> </ul>	\$15,000	\$7,500	\$7,500	
<ul style="list-style-type: none"> <li>Task 2 – Develop specification and tender documents</li> </ul>	\$5,000	\$2,500	\$2,500	
<ul style="list-style-type: none"> <li>Task 3 – Tender construction of dump station</li> </ul>	\$1,000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task 4 – Apply for resource and building consents</li> </ul>	\$13,170	\$0	\$13,170	Resource consent is non-notified. Consultant is needed to prepare application.
<ul style="list-style-type: none"> <li>Task 5 – Construct dump station</li> </ul>	\$90,000	\$45,000	\$45,000	
Total costs for Project 5	\$124,170	\$55,500	\$68,670	
<b>Total BUNDLE 1</b> (Must add up to 100 per cent of project cost detailed in Section 1.1)	<b>\$ 487,670</b>	<b>\$220,500</b>	<b>\$267,170</b>	

### 3.3.3 Financials for proposed project

Provide a breakdown of the tasks and associated costs required in achieving the milestones identified in 3.2.4. All costs should exclude GST. Use the 'insert row' function if you wish to add more milestones/tasks.

Milestones	Total cost	TIF co-funding sought	Applicant co-funding	Key assumptions made in estimating costs
<b>Bundle Two: Improved Visitor Experience</b>				
<b>'Milestones for Project 1' New rubbish compactors and new two-pan toilet block at Marahau</b>				
<ul style="list-style-type: none"> <li>Task 1 – Apply for resource and building consent</li> </ul>	\$5000 (resource consent prep) + \$5000 (resource consent fee) + \$2500 (building consent fee)	\$0	\$12,500	Resource consent is non-notified. Consultant is needed to prepare application.
<ul style="list-style-type: none"> <li>Task 2 – Tender demolition and installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task 3 - Demolish existing toilet and install rubbish compactors and new toilets</li> </ul>	\$22,000 (toilet) + \$22,000 (toilet demolition and installation) + \$18,000 (compactor x2) + \$3,000 (compactor x2 installation)	\$32,500	\$32,500	Costs based on a similar project where tank was included.
Total costs for Project 1	\$78,500	\$33,000	\$45,500	
<b>'Milestones for Project 2' New two-pan toilet block at St Arnaud</b>				
<ul style="list-style-type: none"> <li>Task one – Apply for Resource and Building Consents</li> </ul>	\$12,500	\$0	\$12,500	Resource consent is non-notified. Consultant is needed to prepare application.
<ul style="list-style-type: none"> <li>Task two – Tender installation</li> </ul>	\$1000	\$500	\$500	Assume open tender process is used.
<ul style="list-style-type: none"> <li>Task three – Install new toilets</li> </ul>	\$125,000	\$62,500	\$62,500	Assume same design will meet seismic safety standards.
Total Costs for Project 2	\$138,500	\$63,000	\$75,500	
<b>'Milestones for Project 3' New toilet at Rough Island entrance (near Moturoa/Rabbit Island)</b>				
Task 1 – Apply for resource and building consent	\$7500	\$0	\$7500	Resource consent is non-notified.
Task 2 – Tender installation	\$1000	\$500	\$500	Assume open tender process is used.
Task 3 - Install new toilet	\$19,000 (toilet) + \$17,000 (installation)	\$18,000	\$18,000	Costs based on a similar project where tank was included.
Total Costs for Project 3	\$44,500	\$18,500	\$26,000	

### 3.3.3 Financials for proposed project

Provide a breakdown of the tasks and associated costs required in achieving the milestones identified in 3.2.4. All costs should exclude GST. Use the 'insert row' function if you wish to add more milestones/tasks.

Milestones	Total cost	TIF co-funding sought	Applicant co-funding	Key assumptions made in estimating costs
<b>Total BUNDLE 2</b> (Must add up to 100 per cent of project cost detailed in Section 1.1)	\$261,500	\$114,500	\$147,000	

### 3.4 Risks and Mitigations

Describe any risks associated with this project that you have identified and list the mitigations for each risk.

	Risk	Mitigation
<b>All projects requiring resource consent</b>	<i>Installation costs are higher than estimated due to consent requirements to address iwi concerns, and/or to mitigate potential earthquake, inundation or flooding risks</i>	<i>Alert Council as early as possible and obtain funding from the operating surplus</i>
<b>All projects</b>	<i>Pre-fabricated facilities and products are late to arrive due to supply constraints</i>	<i>Alert MBIE as early as possible and renegotiate timeframes</i>
<b>All projects requiring resource consent</b>	<i>Timing delayed due to resource consent application being notified.</i>	<i>Alert MBIE as early as possible and renegotiate timeframes</i>



## Section 4: Declaration by lead applicant


I declare on behalf of the applicant(s), that:

- I have read this form, and the Guidance for Applicants, and fully understand the procedures, terms, conditions and criteria for TIF co-funding;
- this application form outlines the basis on which this application is made;
- I have read, understand and accept MBIE's standard form contract, including the terms and conditions, a copy of which is attached as Schedule 1 in the Guidance for Applicants;
- the statements in this application are true and the information provided is complete and correct and there have been no misleading statements, omission of any relevant facts nor any misrepresentation made;
- I understand MBIE and its advisers may disclose to or obtain from any government department or agency, private person or organisation, any information about the applicant(s) or project for the purposes of gaining or providing information related to the processing and assessment of this application;
- the applicant(s) will, if requested by MBIE or its advisers in connection with this funding process, provide any additional information sought and provide access to its records and suitable personnel;
- I understand MBIE may undertake due diligence checks as needed to meet government requirements, and I consent to checks required being carried for those purposes;
- I consent to the public release, including publishing on the Internet, of the name of the applicant(s), the amount of grant sought, contact details of the applicant(s) and a general statement of the nature of the activity/project, and undertake to cooperate with MBIE on communications relating to this application;
- I understand MBIE's obligations under the Official Information Act 1982 and that, notwithstanding any relationship of confidence created as a result of this application, the provisions of this Act apply to all of the information provided in this application;
- the application involves an activity/project that is a lawful activity that will be carried out lawfully;
- the applicant(s) is not in receivership or liquidation nor will the project be managed by an undischarged bankrupt or someone prohibited from managing a business;
- where external providers are being employed as part of the project/activity, the relevant providers will not be employees or directors of the applicant, and nor do they have any other direct or indirect interest in the applicant, whether financial or personal unless specifically stated in the application;
- I am authorised to make this application on behalf of the applicants identified in section 1;
- I understand that MBIE may withdraw its offer of funding should the proposed project fail to be completed within the agreed timeline (detailed in Section 3.2.4).

**Signature of lead applicant**

**This acknowledgment must be signed by a person with the legal authority to commit your organisation to a transaction (e.g. Chief Executive or Mayor)**

Item 8.5

<b>Name</b>	Lindsay McKenzie
<b>Title</b>	CEO
<b>Organisation</b>	Tasman District Council
<b>Signature</b>	
<b>Date</b>	4 September 2017

Attachment 1

## Section 5: Attachments

[Attach here, as a PDF, any additional information you consider necessary to support your application.  
Note that there is a 20MB size limit]

See separate PDF file, containing all five of the following appendices:

- Appendix 1 – Maps of sites and ownership details
- Appendix 2 – DOC visitor data for Marahau Abel Tasman Coast Track
- Appendix 3 – Evidence of community support for need for toilets, showers and rubbish compactors to service tourists visiting Tasman District.
- Appendix 4 – Photos of proposed facilities and cost estimates
- Appendix 5 - Evidence of community support for a new caravan dump station in Motueka





**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



---

# ➤ Tourism Infrastructure Fund

---

Application from Tasman District Council

For Marahau Feasibility Study Co-funding (September 2017)

---



## Tourism Infrastructure Fund

### FEASIBILITY STUDY CO-FUNDING - APPLICATION FORM

---

#### Context

The Tourism Infrastructure Fund (TIF) will support local government in meeting public infrastructure needs where visitor growth (international and domestic) is placing pressure on, or potential growth is constrained by, existing infrastructure, and where the local community is unable to respond in a timely way without co-funding assistance.

The TIF is intended to protect and enhance New Zealand's tourism reputation, both domestically and internationally, by supporting the development of visitor-related public infrastructure which in turn contributes to quality experiences for visitors and maintains the social licence for the sector to operate.

#### Feasibility Studies

A feasibility study provides evidence to support a potential future application to the TIF. It should be conducted objectively and should test proposed solutions to an identified problem linked to visitor growth. The cost of your feasibility study should be directly related to the size and scale of your proposed project.

The TIF co-funding is contestable. Requests for feasibility study co-funding will need to satisfy the applicable criteria, and be ranked against other feasibility funding applications seeking investment. Approved co-funding for a feasibility study does not guarantee subsequent TIF co-funding for the proposed project.

#### Process

The process for Feasibility Study funding is:

- Applicant fills out this form and submits it to MBIE within the timeframes for each TIF funding round
- MBIE receives the application
- MBIE assesses the applications against the criteria, and makes recommendations to the TIF Panel
- The TIF Panel recommends to the Minister of Tourism proposals for feasibility study co-funding
- MBIE advises the applicant(s) of decision(s) and negotiates contracts with successful applicants

#### Deadlines

Applications for the feasibility study co-funding must be submitted during the period applications are open for the TIF.

#### Completing this form

If you need any assistance with completing this form, please contact the TIF Secretariat on [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz).

Please complete the form in full, and submit it electronically to [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz). Please provide any attachments in separate PDF documents submitted with your application form.

### Checklist

**Before you apply, be sure to complete the following:**

- Check the TIF website to ensure you have download the most recent version of each document
- Read the Guidance for Applicants document on the website
- Read the supporting information on the TIF website, particularly the FAQs

**When filling out this form, please ensure:**

- All answers are typed into the space provided for each section in font no smaller than size 10 point.
- You provide the information required for each question.
- You have read and understood the declaration details outlined in Section 4 and have signed the declaration.

**Once you have completed this form:**

- Ensure you save the completed document in either .DOC or .DOCX format.
- Email a copy of the completed form to the TIF Secretariat at [tif@mbie.govt.nz](mailto:tif@mbie.govt.nz) and ensure that you attach any supporting information you wish to provide.  
Note: There is a 20MB size limit (in total) for any applications submitted.

### Evidence

When MBIE assesses proposals against the eligibility and/or the assessment criteria, we will consider whether the evidence provided supports the claims, as well as the quality of that evidence. Where questions ask for evidence to support claims, it is highly recommended that you provide reference sources that attest the accuracy and quality of the evidence.

MBIE will assess the application using the information provided by the applicant.

### Official Information Act

MBIE is bound by the Official Information Act 1982 (OIA). Accordingly, while the information provided by applicants is intended to be held in the strictest confidence, the information that MBIE holds can be requested by third parties and MBIE must provide information as required by law. The OIA enables MBIE to withhold information under certain conditions. Where possible, MBIE will consult with the relevant applicant when it receives an OIA request.

MBIE recognises that applicants are bound by the Local Government Official Information and Meetings Act 1987. Applicants should consult with MBIE where possible on request for information record under this Act.

## Section 1: Proposal and applicant key details

Please enter answers in the right-hand column.

### 1.1 Proposal key details

<b>Title</b> [A short title that describes your proposed project]	Marahau – Tourism Infrastructure Feasibility Project
<b>Estimated total cost of feasibility study (excl. GST)</b>	\$30,000
<b>Amount of TIF co-funding sought (excl. GST)</b>	\$15,000

1.2 Applicant key details		
<b>Applicant details</b>	<b>Applicant name</b>	Lindsay McKenzie
	<b>Organisation</b>	Tasman District Council with support from Marahau Sandy Bay Ratepayers and Residents Association [Inc.] (see Appendix 1).
	<b>Postal address</b> [Include postcode]	Private Bag 4 Richmond Nelson 7050
	<b>Street address (if different from above)</b>	189 Queen Street Richmond
<b>Contact person details</b> [This will be the <i>only</i> person who receives all the correspondence from MBIE. Fill out all fields unless otherwise indicated]	<b>Name</b>	Lindsay McKenzie
	<b>Job title or Role</b>	CEO
	<b>Contact phone</b>	(03) 543 8405
	<b>Contact email address</b>	<a href="mailto:Lindsay.McKenzie@tasman.govt.nz">Lindsay.McKenzie@tasman.govt.nz</a>
	<b>Contact postal address (if different from applicant organisation's)</b> [Include postcode]	

## Section 2: Eligibility checklist

<b>Do you meet AT LEAST one of the eligibility criteria below:</b>	
Annual tourism revenue in your region (territorial authority) less than \$1 billion	<input checked="" type="checkbox"/> Yes
Visitor to rating unit ratio of 5 or more	<input checked="" type="checkbox"/> Yes
Local Government Finance Agency lending limits have been reached	<input type="checkbox"/> Yes



<p><b>Project eligibility:</b></p> <p>Is your project for visitor-related public infrastructure?</p> <p>Is your project for new facilities or enhancements?</p> <p>Does your project have local community support?</p> <p>Have you ensured no other central government funding is available for your project?</p> <p>Have you ensured your project will not compete with local private commercial activities?</p> <p><b>NOTE:</b> If you do not answer 'Yes' to the questions above, your project is unlikely to be eligible for TIF co-funding (including feasibility study co-funding).</p>	<p>✓ Yes</p> <p>✓ Yes</p> <p>✓ Yes</p> <p>✓ Yes</p> <p>✓ Yes</p>
---	--

### Section 3: Proposal overview

**3.1 Briefly describe the challenge(s) you are facing as a result of current or anticipated visitor growth that underpin this application. Where possible, please provide qualitative and/or quantitative evidence to indicate the scale of the challenges.**

Marahau is a small coastal settlement, with an estimated 125 permanent residents and 100 residential dwellings (many of which are holiday homes). Marahau is the gateway to Abel Tasman National Park, both for tourists starting or ending the Great Walk or accessing the Park via the sea. Tourists arrive in/depart from Marahau by road, boat, kayak, or via the Abel Tasman Coastal Track. The proximity to the Park, along with its intrinsic natural qualities, also make Marahau a popular recreation and tourism destination in its own right. Many tourists visit Marahau to spend a day at the beach or Otuwhero Inlet, visit cafes/other food outlets, or to go camping or horse riding.

Tourist numbers continue to increase, both during the peak summer season and increasingly in the shoulder seasons either side. The DOC pedestrian counter at Marahau (located on the causeway at start of Abel Tasman Coast Track) recorded 111,600 movements in the year ending mid-2017, compared to 105,600 movements in the year prior. The counter also recorded a peak of 23,000 movements during the month of January 2017, around 10-15,000 in spring and autumn months and 2,600 in winter (see Appendix 2 for further data). This data does not include tourists on day visits to the beach, or those departing from/arriving at Marahau via boat/kayak.

In 2016, the committee of the Marahau Sandy Bay Ratepayers and Residents Association ('the Association') agreed to formulate a future plan of direction and action on how Marahau could look, with the expectation of giving residents and visitors an enjoyable experience. The resulting report is attached as Appendix 3. As part of the process, a survey was undertaken. The purpose of the survey was to better understand local issues and to give residents and visitors an opportunity to express their desired outcomes for Marahau. The information obtained can help shape the future of Marahau settlement: the gateway to the Abel Tasman National Park.

The survey identified a number of issues arising from increased visitor numbers, which require attention. These include an urgent need for: additional and upgraded public toilets; enhanced rubbish and recycling; and improved directional [or way-finding] signage. Tasman District Council is making a separate TIF application to co-fund the toilet and rubbish facilities (excluding recycling, which other

government funding is available for). Other needs identified in the survey included provision of a children's playground and permanent cell phone coverage. These two items are being progressed separately and are not included in this proposal.

However there are other perennial matters which continue to impact Marahau, including:

- Insufficient parking for boat trailers and associated tractors,
- Traffic congestion along the beachfront and main road to the Abel Tasman National Park,
- Beach access for recreational users\*,
- Persistent beach erosion,
- Launching facilities for kayaks,
- The need to preserve sensitive environmental and ecological attributes (e.g. 'wetlands' and other historical sites) at a location subject to intense tourism pressure and use.

A feasibility study is required to consider and develop practical, sustainable solutions to these issues.

\* Public access to Otuwhero Inlet, at the southern entrance to Marahau is available via a Council-owned Local Purpose Reserve (where a small car park is currently located). The Department of Conservation has management responsibility for the public conservation land comprising the remainder of the Otuwhero Spit. However, at the northern end of the settlement, the main beach area is in the ownership of Wakatu Inc., whose title to the land extends well out into the tidal flats beyond the foreshore. Public access to this beach is at the discretion of Wakatu, who control access via a small gate between the road and the beach. Wakatu currently allow the public access to this beach, but no lease or other management agreement exists to formalise this arrangement. At this location, the beach itself continues to erode at a steady rate. Council has a resource consent to periodically replenish the beach to slow the rate of erosion.

### 3.2 Briefly describe the infrastructure options you are considering in the feasibility study in order to address the challenge(s) you have identified above, which will be the subject of your feasibility study.

- 
- Marahau is very much influenced by its geography, which influence or contribute to:
  - Beach erosion and the inherent coastal processes
  - The impact of tourist development and associated activities on beach and foreshore access for the public
- 
- The feasibility study would be expected to provide [in light of present and projected visitor numbers] enduring solutions such as:
  - Improved parking and traffic management
  - Solutions to address beach erosion
  - Improved beach access ways
  - Launching facilities for kayaks
  - Options to preserve wetlands and other important environmental and ecological attributes.
- The Association has recently been advised informally by the local office of the Department of Conservation that there has been a recent and significant increase in walkers leaving from Marahau for the Abel Tasman National Park [one of the great walks] and also people leaving by water taxi. These are in the process of being validated and will be finalised and available later in the year. Increasing use adds to the imperative that the issues outlined and the impacts on Marahau village are addressed.
- 

### 3.3 List all the benefits you expect will flow from addressing the challenge(s) you have identified in 2.1 (focusing particularly at the visitor benefits).

- 
- In light of present and projected visitor numbers, Marahau runs the very real risk of reacting to the above matters on a case-by-case basis, which may have unintended negative consequences. Both Tasman District Council and the Resident and Ratepayer Association consider that a more strategic and structured approach is required to develop sensible and sustainable infrastructure options that respect the special nature of Marahau and maximise the shared benefits.
- The feasibility study would be expected to provide [in light of present and projected visitor numbers] enduring solutions that:
  - Maintain and enhance the natural features [including landscapes and ecosystems], which contribute to Marahau's natural environment
  - Provision of convenient and safe access by both residents and visitors to the Marahau beach and foreshore area
  - Avoidance or mitigation of the adverse effects of visitor activities on the Marahau area – particularly traffic management and parking
  - Maintenance and enhancement of the amenity values of Marahau

**3.4 Provide the estimated cost of the feasibility study and describe how you have estimated that cost.**

- 
- We estimate that \$30,000 would be required to engage a suitably qualified consultancy to work with Council and the Association to consider the issues outlined above, develop options and assess any recommendations accordingly. Previous research into similar issues at Marahau can be used as a basis for this study.

**3.5 Do you have a preferred supplier to carry out this feasibility study? If yes, please provide their details, and describe the experience and qualifications this supplier have in preparing feasibility studies for similar projects.**

- 
- No – Council policy requires that we tender for this task. Please note that Council did previously engage Boffa Miskell approximately 20 years ago to investigate similar issues at Marahau. This previous report could be used as a basis for this feasibility study.

**3.6 What is the expected timeline for your feasibility study?**

Urgent and to be progressed as soon as the decision on funding application is advised.

Section 4: Declaration


I declare on behalf of the applicant(s), that:

- I have read this form and I fully understand the procedures, terms, conditions and criteria and for feasibility studies co-funding from the Tourism Infrastructure Fund;
- this application form outlines the basis on which this application is made;
- I have read, understand and accept MBIE’s standard form contract, including the terms and conditions, a copy of which is attached as Schedule 1 in the Guidance for Applicants;
- the statements in this application are true and the information provided is complete and correct and there have been no misleading statements or omission of any relevant facts nor any misrepresentation made;
- I understand MBIE and its advisers may disclose to or obtain from any government department or agency, private person or organisation, any information about the applicant or project for the purposes of gaining or providing information related to the processing and assessment of this application;
- the applicant(s) will, if requested by MBIE or its advisers in connection with this funding process, provide any additional information sought and provide access to its records and suitable personnel.
- I understand MBIE may undertake due diligence checks as needed to meet government requirements, and I consent to checks required being carried for those purposes;
- I consent to the public release, including publishing on the Internet, of the name of the applicant(s), the amount of grant sought, contact details of the applicant(s) and a general statement of the nature of the activity/project, and undertake to cooperate with MBIE on communications relating to this application;
- I understand MBIE’s obligations under the Official Information Act 1982 and that, notwithstanding any relationship of confidence created as a result of this application, the provisions of this Act apply to all of the information provided in this application.
- the application involves an activity/project that is a lawful activity that will be carried out lawfully.
- the applicant is not in receivership or liquidation nor will the project be managed by someone who is undischarged as bankrupt or prohibited from managing a business.
- where external providers are being employed as part of the project/activity, the relevant providers are not employees or directors of the applicant, and nor do they have any other direct or indirect interest in the applicant, whether financial or personal unless specifically stated in the application.
- I am authorised to make this application on behalf of the applicant identified in Section 1 of this form.

**Signature of lead applicant**

**This acknowledgment must be signed by a person with the legal authority to commit your organisation to a transaction (e.g. Chief Executive or Mayor)**

<b>Name</b>	Lindsay McKenzie
-------------	------------------

<b>Title</b>	Chief Executive
<b>Organisation</b>	Tasman District Council
<b>Signature</b>	
<b>Date</b>	4 September 2017

## Section 5: Attachments

Attach, as a PDF, additional information you consider necessary to support your application.

**Note:** There is a 20MB limit.

See separate PDF file, containing all three appendices to this application:

- Appendix 1 – Letter of support from Marahau Sandy Bay Ratepayers and Residents Association [Inc.]
- Appendix 2 – DOC visitor data for Marahau: Abel Tasman Coast Track
- Appendix 3 – ‘Vision Marahau’, prepared by the Marahau/Sandy Bay Ratepayers & Residents Association (February 2017)



OFFICE OF THE AUDITOR-GENERAL

Te Mana Arotake

Level 2, 100 Molesworth Street, Thorndon 6011 Telephone: +64 4 917 1500  
PO Box 3928, Wellington 6140, New Zealand Facsimile: +64 4 917 1549Email: [info@oag.govt.nz](mailto:info@oag.govt.nz)  
Website: [www.oag.govt.nz](http://www.oag.govt.nz)

18 September 2017

Lindsay McKenzie  
Chief Executive  
Tasman District Council[lindsay.McKenzie@tasman.govt.nz](mailto:lindsay.McKenzie@tasman.govt.nz)

Dear Lindsay

**Mayor Kempthorne and the Waimea Dam Project**

We received a ratepayer complaint about the Mayor casting a deciding vote on a Council decision about the proposed Waimea dam.

As I explained to you in my earlier letter, when considering complaints such as this one we are interested in whether the participation rule in section 6 of the Local Authorities (Members' Interests) Act 1968 has been breached. That rule is that members of an authority are not allowed to participate in discussion or voting on any matter before the authority in which they have a direct or indirect pecuniary interest, other than an interest in common with the public.

*The complaint*

The ratepayer is concerned that the Mayor has an undeclared conflict of interest because of his involvement in horticulture, and should not have participated in the Council's consideration of the proposed dam. The ratepayer's view is that the main purpose of the proposed dam is to supply water for irrigation, primarily horticulture.

The ratepayer claims that Mayor Kempthorne:

- Has previously been the head of Horticulture NZ, and has also held other positions in it or its various entities.
- Has not declared his Horticulture NZ position on the Council's register of interest.
- Has a link to Horticulture NZ on his web page [Kempthorne.co.nz](http://Kempthorne.co.nz).
- Has declared an interest in a family inheritance, presumed to be an apple orchard because his family owns horticulture blocks.

I sought information from you about the complaints in order to assess whether Mayor Kempthorne has a financial conflict of interest in the Waimea Dam. Thank you for providing this Office with information you obtained from Mayor Kempthorne in response to the complaints.

You explained that:

- The Mayor and his wife owned an orchard in Appleby from 1980 until 2001.

- During that time he became:
  - a. a Director of the NZ Fruitgrowers Federation,
  - b. a member and eventually the Chair of the NZ Agrichemical Education Trust (NZAET)
- The Mayor was an interim director of Horticulture NZ (HortNZ) when the NZ Fruitgrowers Federation and Veg Fed (representing vegetable growers) were combined.

The positions Mayor Kempthorne held in the NZ Fruitgrowers Federation and his interim directorship in Horticulture NZ ended around 14 years ago. In our view these historic roles do not create issues of conflict for the Mayor in his present role.

*The role of the Auditor-General*

When considering complaints such as this one we are interested in whether the participation rule in section 6 of the Local Authorities (Members' Interests) Act 1968 has been breached. That rule is that members of an authority are not allowed to participate in discussion or voting on any matter before the authority in which they have a direct or indirect pecuniary interest, other than an interest in common with the public.

The Act does not define a pecuniary interest. The test we use is:

*Whether, if the matter were dealt with in a particular way, discussing or voting on that matter could reasonably give rise to an expectation of a gain or loss of money for the member concerned.*

You advised me that the Mayor recently reviewed all of his interests on the Council Interests Register. The Register shows that he has ownership interests in two properties in the Tasman District. I consider below whether those ownership interests create a financial interest for the Mayor in the proposed Waimea dam.

*(a) Estate Property, Eves Valley, Brightwater*

The Council's Interests Register records the Mayor's 50% interest in a family estate property in Eves Valley.

You provided me with the following information from the Mayor:

- The land in which the RG & JE Kempthorne Family Trust has an interest is approximately 27 hectares;
- Approximately 4 hectares of the land is planted in apples;
- The balance of the land is in pasture for farming sheep;
- The Mayor has a 50% interest in the 27 hectare property;
- The orchard uses water from storage dams in Eves Valley. The land has no connection to the Waimea Plains, and the Trust will not be purchasing water from the Waimea Community Dam.

On the basis of what we have been told, if this land cannot use water from the proposed dam it creates no financial interest for the Mayor in the dam proposal.



(b) *Primary residence at Richmond.*

The Mayor has recorded on the Interests Register his primary residence at Richmond. The residence is located in the Richmond urban area. Water from the proposed dam will be used for supplies to the urban area.

You explained that:

- As an urban water user the Mayor will benefit from the dam along with all households connected to the urban supply network that is sourced from the Waimea catchment.
- Some other councillors and the chief executive of the Council also live within the Richmond urban area and will benefit from the dam.

Under the Act, if a member's pecuniary interest can be said to be "in common with the public", they will not be prohibited from discussing and voting on the matter.

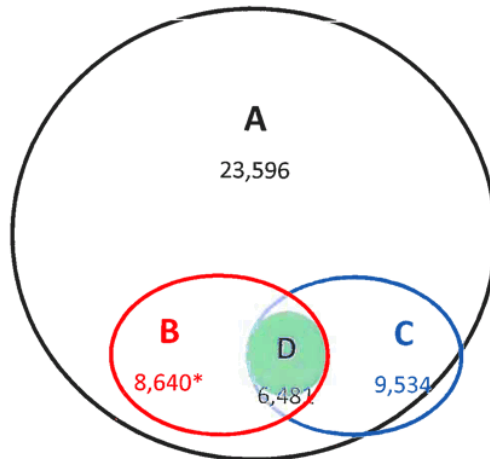
Whether the member's interest is in common with the public will depend on the circumstances of the case. For the exception to apply, not only must the public also be affected but there must be some similarity between the way the member is affected and the way the public are affected.

Thank you for the helpful information you sent to me on 6 September 2017 in response to my queries.

You advised that the Mayor's property interest in Richmond puts him in a group, along with four other councillors and approximately 6,481 ratepayers, that is within the "Zone of Benefit" and part of the urban "water club".

You provided a very useful table and diagram which I have copied below:

	Group	Approximate numbers of ratepayers in each group	% of all ratepayers in district
A	All ratepayers in the district	23,596 The Mayor and all Councillors are in this group	100%
B	<b>Zone of Benefit</b> The Zone of Benefit captures ratepayers in the proximity of the Waimea Plains whose properties will receive a benefit from the proposed dam that is greater than the community at large. The Zone of Benefit includes ratepayers in Richmond, Brightwater, Mapua and Hope.	8,640* The Mayor and five Councillors reside in this area.	36.6%*
C	<b>Water club</b> The "water club" represents ratepayers connected to the urban supply network. The urban water supplies in various areas (detailed below) are all 'clubbed' together which means they all pay the same rates and meter charges for their water.	9,534 The Mayor and five Councillors are in this group.	40.4%
D	<b>Water Club members in the Zone of Benefit</b> Some members of the water club are also in the Zone of Benefit.	6,481 The Mayor and four Councillors are in this group.	27.5%



*\*Note: Indicative/provisional figure only - subject to change as a result of public consultation and a final decision (yet to be made) on the Revenue and Financing Policy for funding of the proposed dam.*

*Other figures are approximate as at 30 June 2017.*

You explained that the Council is yet to finalise its proposed approach to the Revenue and Financing Policy in relation to the funding of the proposed dam. You advised that Council staff are working through various options and are due to report to Councillors later this month on refined options, before going out to public consultation later in the year. Therefore, it is not currently possible for you to determine the rates impact on any particular group of ratepayers because the Council has not finalised its approach to the funding of the proposed dam.

From the information you provided it seems that more than a quarter of all ratepayers (approximately 6,481) in the Tasman District are likely to be "water club" members in the "Zone of Benefit" who will be affected in the same way as the Mayor is affected by the proposed dam. But until the funding decision is made we do not know the size of the Mayor's pecuniary interest.

In these circumstances it seems likely that the Mayor's interest in the Waimea Dam proposal will be the same as all the other ratepayers similarly affected. Therefore his interest is in common with the public, and he is not prohibited from participating in Council discussions or voting on matters relating to the Waimea Dam proposal.

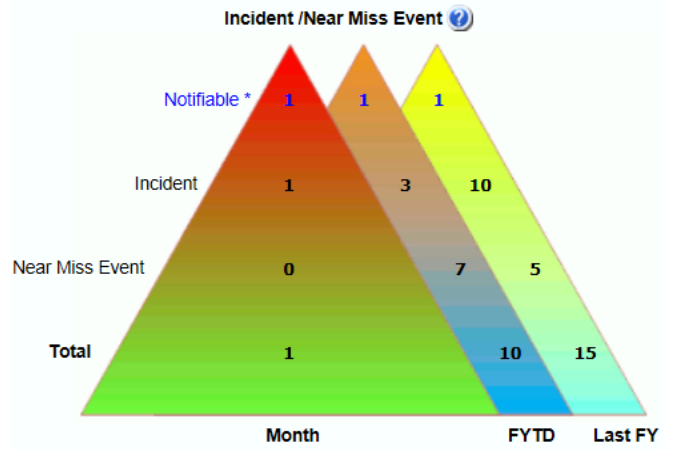
Yours sincerely

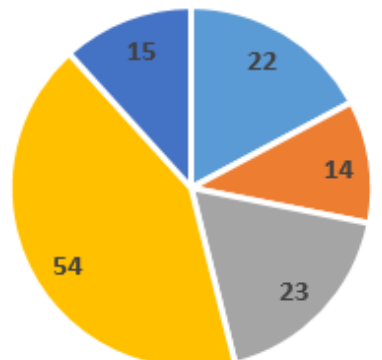
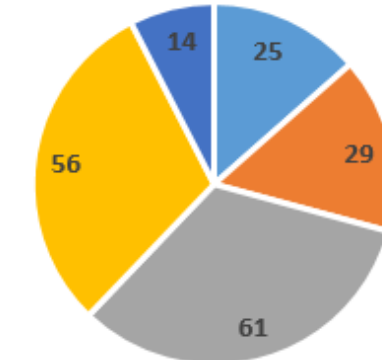
Melanie Webb  
Assistant Auditor-General, Legal

Cc Appointed Auditor, Bede Kearney  
Sector Manager, Tony Appleyard

# Health and Safety Indicators and Monitoring Report – for Six Month Period April to September 2017

Health and Safety Commitment – We are amongst the best when it comes to health and safety performance and care for people																																																																																											
<b>Leadership</b>	<b>Visible Commitment and Decision Making</b>	Currently no specific H&S leadership indicators have been identified because the demonstration of safety leadership is fundamental to the Council (PCBU) effectively managing its H&S responsibilities and is interwoven through everything we do. This includes performance KRAs, induction processes, and safety leadership training.																																																																																									
<b>People</b>	<b>Accident / Incident Events</b>	Notifiable Events <b>0</b> <sub>(0)</sub>	1. No events to describe for this reporting period  Outstanding audit corrective actions <b>0</b> <sub>(0)</sub>																																																																																								
		<div style="display: flex; justify-content: space-around;"> <div style="width: 45%;"> <p><b>H&amp;S Event Statistics to 30 September 2017 Employees</b></p> <p><b>Injuries / Illnesses</b></p> <table border="1"> <tr><td>Fatalities</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Lost Time Injuries</td><td>0</td><td>0</td><td>3</td></tr> <tr><td>Restricted Work</td><td>0</td><td>0</td><td>1</td></tr> <tr><td>Medical</td><td>1</td><td>2</td><td>8</td></tr> <tr><td>First Aid</td><td>1</td><td>1</td><td>7</td></tr> <tr><td>No Treatment</td><td>3</td><td>5</td><td>17</td></tr> <tr><td><b>Total</b></td><td><b>5</b></td><td><b>8</b></td><td><b>36</b></td></tr> </table> <p>Month FYTD Last FY</p> <p><b>Incident / Near Miss Event</b></p> <table border="1"> <tr><td>Notifiable *</td><td>0</td><td>0</td><td>1</td></tr> <tr><td>Incident</td><td>0</td><td>3</td><td>20</td></tr> <tr><td>Near Miss Event</td><td>0</td><td>1</td><td>21</td></tr> <tr><td><b>Total</b></td><td><b>0</b></td><td><b>4</b></td><td><b>41</b></td></tr> </table> <p>Month FYTD Last FY</p> </div> <div style="width: 45%;"> <p><b>H&amp;S Event Statistics to 30 September 2017 Public and Volunteers</b></p> <p><b>Injuries / Illnesses</b></p> <table border="1"> <tr><td>Fatalities</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Lost Time Injuries</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Restricted Work</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Medical</td><td>0</td><td>2</td><td>1</td></tr> <tr><td>First Aid</td><td>0</td><td>0</td><td>2</td></tr> <tr><td>No Treatment</td><td>0</td><td>0</td><td>1</td></tr> <tr><td><b>Total</b></td><td><b>0</b></td><td><b>2</b></td><td><b>4</b></td></tr> </table> <p>Month FYTD Last FY</p> <p><b>Incident / Near Miss Event</b></p> <table border="1"> <tr><td>Notifiable *</td><td>0</td><td>0</td><td>1</td></tr> <tr><td>Incident</td><td>0</td><td>0</td><td>6</td></tr> <tr><td>Near Miss Event</td><td>1</td><td>1</td><td>4</td></tr> <tr><td><b>Total</b></td><td><b>1</b></td><td><b>1</b></td><td><b>10</b></td></tr> </table> <p>Month FYTD Last FY</p> </div> <div style="width: 45%;"> <p><b>Sick days taken to total work days available</b></p> <p>■ Work days available ■ Sick days taken this period</p> <p>Winter Wellbeing: Flu vaccinations – <b>105</b> staff</p> </div> </div>		Fatalities	0	0	0	Lost Time Injuries	0	0	3	Restricted Work	0	0	1	Medical	1	2	8	First Aid	1	1	7	No Treatment	3	5	17	<b>Total</b>	<b>5</b>	<b>8</b>	<b>36</b>	Notifiable *	0	0	1	Incident	0	3	20	Near Miss Event	0	1	21	<b>Total</b>	<b>0</b>	<b>4</b>	<b>41</b>	Fatalities	0	0	0	Lost Time Injuries	0	0	0	Restricted Work	0	0	0	Medical	0	2	1	First Aid	0	0	2	No Treatment	0	0	1	<b>Total</b>	<b>0</b>	<b>2</b>	<b>4</b>	Notifiable *	0	0	1	Incident	0	0	6	Near Miss Event	1	1	4	<b>Total</b>	<b>1</b>	<b>1</b>	<b>10</b>
Fatalities	0	0	0																																																																																								
Lost Time Injuries	0	0	3																																																																																								
Restricted Work	0	0	1																																																																																								
Medical	1	2	8																																																																																								
First Aid	1	1	7																																																																																								
No Treatment	3	5	17																																																																																								
<b>Total</b>	<b>5</b>	<b>8</b>	<b>36</b>																																																																																								
Notifiable *	0	0	1																																																																																								
Incident	0	3	20																																																																																								
Near Miss Event	0	1	21																																																																																								
<b>Total</b>	<b>0</b>	<b>4</b>	<b>41</b>																																																																																								
Fatalities	0	0	0																																																																																								
Lost Time Injuries	0	0	0																																																																																								
Restricted Work	0	0	0																																																																																								
Medical	0	2	1																																																																																								
First Aid	0	0	2																																																																																								
No Treatment	0	0	1																																																																																								
<b>Total</b>	<b>0</b>	<b>2</b>	<b>4</b>																																																																																								
Notifiable *	0	0	1																																																																																								
Incident	0	0	6																																																																																								
Near Miss Event	1	1	4																																																																																								
<b>Total</b>	<b>1</b>	<b>1</b>	<b>10</b>																																																																																								
	<b>Worker Participation</b>	Health and safety training completed <b>124</b> <sub>(18)</sub> staff  Health & Safety Committee meetings <b>4</b> <sub>(2)</sub>  Health & Safety Representatives	1. Driver awareness (Theory) – 26 staff 2. Advanced anti-skid course – 9 staff 3. 4WD course – 6 staff 4. Conflict / robbery awareness – 37 staff 5. Dog bite awareness – 6 staff 6. Fire warden training – 8 staff 7. First aid (new / refresher) – 5 staff 8. Health & Safety Representative course – 4 staff 9. Psychological first aid course – 4 staff																																																																																								
		Registered Volunteer Workers <b>172</b> <sub>(145)</sub>	Health and Safety Liaison Person																																																																																								

		<b>8</b> (8) (1 to be appointed)	10. Workstation assessment – 19 staff	<b>22</b> (22) (8 to be appointed)
<b>Systems</b>	<b>Health and Safety Management Systems (HSMS)</b>	The Council has a Health and Safety Management Systems Manual (HSMS) and this forms the primary framework for managing H&S. It complies with the requirements of the Health and Safety at Work Act and the ACC WSMP programme.		
		The Council's corporate H&S policies and processes are up to date and are next due for review in November 2017. There are now 26 corporate H&S processes documented in Promapp and these are updated as required.		
		The Council holds Tertiary accreditation level for the ACC Workplace Safety Management (WSMP) Programme and accreditation was re-newed in February 2017. The programme has been withdrawn by ACC and WorkSafe has replaced it with SafePlus, a new voluntary health and safety performance improvement toolkit.		
	Internal H&S Audits / Internal Practice Reviews	External H&S audits	Outstanding audit corrective actions	
		<b>11</b> (4)	<b>0</b> (1)	<b>0</b> (0)
<b>Risk</b>	<b>Contractor Health and Safety Monitoring</b>	Contractors H&S pre-qualified	Contractors H&S pre-qualification expired	<b>Contractor H&amp;S Event Statistics to 30 September 2017</b> 
		Contractor safety observations	Contractor HSMS audits	
		Contractor Notifiable Events	<ol style="list-style-type: none"> <li>Lumbar spine injury from falling into an open excavation at the Queen Street Upgrade site (previously reported to 22 June Full Council meeting)</li> <li>Hitting an undisclosed power cable during a trench excavation at Mariri Transfer Station</li> </ol>	
	<b>Risk Management</b>	Risks identified (recorded in Vault)	Critical Residual Risks (risk rating of ≥15)	
		<b>185</b> (185)	<b>0</b> (0)	<b>0</b> (0)

		<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Total # of Risks Identified by Department April to September</p>  <ul style="list-style-type: none"> <li>■ Community Development</li> <li>■ Corporate Services</li> <li>■ Engineering Services</li> <li>■ Environment &amp; Planning</li> <li>■ Executive &amp; Governance</li> </ul> </div> <div style="text-align: center;"> <p>Total # of Risks Identified by Department January to March</p>  <ul style="list-style-type: none"> <li>■ Community Development</li> <li>■ Corporate Services</li> <li>■ Engineering Services</li> <li>■ Environment &amp; Planning</li> <li>■ Executive &amp; Governance</li> </ul> </div> </div>
<p><b>Communication</b></p>	<p><b>Sharing Information</b></p>	<p>Currently no specific H&amp;S communication indicators have been identified because communication and sharing information on H&amp;S is fundamental to the Council (PCBU) effectively managing its H&amp;S responsibilities and is interwoven through everything we do. This includes formal contract documentation, site meetings and recorded safety observations.</p>



ITEM																						
Purpose	<p>To ensure:</p> <ol style="list-style-type: none"> <li>1. The Council, PF Olsen the NRBSU and any other PCBU that may operate at Moturoa - Rabbit Island or Rough Island from time to time will consult, cooperate and coordinate on their activities to meet their 'primary duty of care' under the Health and Safety at Work Act 2015.</li> <li>2. That recreation and operational activities safely co-exist on Moturoa – Rabbit Island.</li> <li>3. That the Moturoa - Rabbit Island Reserves Management Plan can be implemented safely.</li> </ol>																					
Objectives	<p>The role of the Steering Group is to:</p> <ul style="list-style-type: none"> <li>• Enable health and safety issues to be discussed and addressed with positive solutions and outcomes, and</li> <li>• Ensure that the Reserves Management Plan actions relating to the health and safety aspects of operational activities are met, and</li> <li>• Discuss recreation and operational activities occurring on the Islands, and how the work could affect other PCBU's and the public, and</li> <li>• Resolve health and safety matters escalated from recreation and operational activities by: <ul style="list-style-type: none"> <li>Identifying the health and safety risks that need managing, and</li> <li>Deciding who is best placed to control each risk, and</li> <li>Clearly defining roles, responsibilities, actions and timeframes, so everyone knows what is expected, and</li> <li>Agreeing the best way to control each risk.</li> </ul> </li> <li>• Annually review and agree on the appropriate health and safety mitigations, appropriate cost sharing, and agree on appropriate alternative control measures.</li> <li>• Review the operational and recreational activity health and safety management plans on a six monthly basis to assess how well control measures are working for all stakeholders.</li> </ul>																					
Members	<table border="0"> <tr> <td>Land owner:</td> <td>Chief Executive</td> <td>Lindsay McKenzie (Chair)</td> </tr> <tr> <td>Health and safety:</td> <td>Health &amp; Safety Advisor</td> <td>Barbara McDonald</td> </tr> <tr> <td>Recreation:</td> <td>Reserves &amp; Facilities Manager</td> <td>Beryl Wilkes</td> </tr> <tr> <td>Commercial:</td> <td>Property Services Manager</td> <td>Mark Johannsen</td> </tr> <tr> <td>PF Olsen:</td> <td>Nelson Branch Manager</td> <td>Brendan Horrell</td> </tr> <tr> <td>NRSBU:</td> <td>General Manager</td> <td>Jeff Robinson</td> </tr> <tr> <td>Secretary</td> <td>Governance Advisor/EA to CEO</td> <td>Kate Redgrove</td> </tr> </table>	Land owner:	Chief Executive	Lindsay McKenzie (Chair)	Health and safety:	Health & Safety Advisor	Barbara McDonald	Recreation:	Reserves & Facilities Manager	Beryl Wilkes	Commercial:	Property Services Manager	Mark Johannsen	PF Olsen:	Nelson Branch Manager	Brendan Horrell	NRSBU:	General Manager	Jeff Robinson	Secretary	Governance Advisor/EA to CEO	Kate Redgrove
Land owner:	Chief Executive	Lindsay McKenzie (Chair)																				
Health and safety:	Health & Safety Advisor	Barbara McDonald																				
Recreation:	Reserves & Facilities Manager	Beryl Wilkes																				
Commercial:	Property Services Manager	Mark Johannsen																				
PF Olsen:	Nelson Branch Manager	Brendan Horrell																				
NRSBU:	General Manager	Jeff Robinson																				
Secretary	Governance Advisor/EA to CEO	Kate Redgrove																				
Agenda (Standard)	<p>Apologies  Minutes of previous meeting  Actions and/or matters arising  Standing items:</p> <ul style="list-style-type: none"> <li>• Health and safety action plan (objectives)</li> <li>• H&amp;S issues escalated from operations and recreational activities</li> <li>• Incident statistics</li> <li>• General business</li> <li>• Date of next meeting</li> </ul>																					
Frequency	<p>The Steering Group shall meet six monthly and the date of these meetings will be determined by the Chair.  The Steering Group may meet more frequently, on an as needs basis.</p>																					

Quorum	To convene a Steering Group meeting all members or their nominated representatives must be in attendance.
Chair's Responsibilities	The Chair shall: <ul style="list-style-type: none"> <li>• Set meeting dates</li> <li>• Request and approve the Agenda</li> <li>• Review and approve the meeting minutes</li> </ul> The Chair, as the landowner, is the final authority for any decision should operational managers be unable to reach an agreement.
Operational Managers Responsibilities	Operational managers have an obligation to consult, cooperate and coordinate on health and safety matters and shall facilitate this obligation by meeting at least quarterly. This obligation to work together to resolve operational issues as they arise must be evident in all operational level meetings, discussions, recorded meeting notes and be in keeping with the Terms of Reference - Operational Managers' Responsibilities.
Secretary Responsibilities	<ul style="list-style-type: none"> <li>• Arrange a suitable venue</li> <li>• Call for agenda items one week prior to the meeting</li> <li>• Prepare and distribute the agenda, and take minutes</li> <li>• Distribute any operational reports and meeting minutes</li> </ul>
Review of the Steering Group	The Steering Group shall undertake an annual self-review of its objectives, responsibilities and of these terms of reference. The Steering Group may at any time initiate a review of the group's members and can make appropriate recommendations for membership changes to the Chair.
Acceptance	Terms of reference adopted by the Steering Group on: ____/____/____

## Signatures

Name	Signature	Date
Lindsay McKenzie		
Mark Johannsen		
Brendan Horrell		
Jeff Robinson		
Beryl Wilkes		
Barbara McDonald		

Background:



The introduction of the Health and Safety at Work Act 2015 (HSWA) clarified the duties of Person's Conducting a Business or Undertaking (PCBU) and the overlapping duties where multiple PCBU's co-exist on the same site.

The HSWA places an explicit duty on all PCBU's to cooperate coordinate and consult with each other. It's widely acknowledged that many organisations are struggling to understand their over lapping PCBU duties. This is challenging many people to think about what this means, consider other's positions and work together to achieve a level of harmony.

The Moturoa-Rabbit Island Health and Safety Steering Group has been setup by the Council to provide a governance structure that will encourage good health and safety stewardship and responsibility by all PBUC's and recreational users of the Island.

The co-existence of forestry activities and biosolids application activities alongside recreational activities creates a heightened health and safety risk. A collective approach to health and safety risk management is needed. As there are multiple PBCU's that operate on the island(s), they need to consult, collaborate and cooperate in order to meet their obligations.

The provisions of the Moturoa – Rabbit Island Reserves Management Plan encourage a shared use arrangement. As this is the Council's Plan, its obligation is to provide leadership to the other PCBU's that operate in the area.

This Terms of Reference for the Health and Safety Steering Group is one means of taking that lead.



## Action Sheet – Full Council as at 19 October 2017

Item	Action Required	Responsibility	Completion Date/Status
Meeting Date 1 December 2016			
Policy on Rates Remissions	Report back on likely impact of the Policy on Council's ability to achieve objectives of NPS on Urban Development Capacity in time for this to be consulted on ahead of LTP 2018-2028.	Finance Manager / Community Development	Report back will occur within the context of the Long Term Plan. The matter has been workshopped and will be reported to a future Council meeting.
Meeting Date 2 March 2017			
Appointment of Directors to Nelson Airport Ltd and Port Nelson Ltd Boards	Commence process to appoint Council director to Nelson Airport Limited Board	Mayor	<b>COMPLETED.</b>
Meeting Date 23 March 2017			
Remuneration of Independent Member to Nelson Regional Sewerage Business Unit (NRSBU)	Draft Policy and procedure for appointing and remunerating independent members of Council committees and business units	Corporate Services Manager / Finance Manager	A draft policy will be presented to the Senior Management Team for review in late October, early November, to be presented to November Full Council meeting.
Meeting Date 11 May 2017			

Item	Action Required	Responsibility	Completion Date/Status
General Disaster Fund	Review scope of the General Disaster Fund.	Finance Manager	This matter, along with Insurance, is in the LTP work programme as part of the Natural Hazards work. Updates will be progressively provided in the LTP workshops. <b>COMPLETED.</b>
Meeting date 14 June 2017			
Waimea Dam	Commence work on a Statement of Proposal for community consultation on the Waimea Water Augmentation Project.	Community Development Manager	A draft SOP and covering report is being considered at the Council meeting on 19 October 2017.
Meeting date 27 July 2017			
Golden Bay Recreation Park Grandstand (CN17-07-2)	<ul style="list-style-type: none"> <li>Progress formal agreement with Golden Bay Grandstand Community Trust.</li> <li>Arrange staged demolition of the Grandstand.</li> </ul>	Environment & Planning Manager (while Acting CE)	Draft agreement prepared and sent to Trust for feedback. Staff have arranged for staged demolition.
	Report to 16 November 2017 Full Council meeting: <ul style="list-style-type: none"> <li>in the event that the outcomes resolution CN17-07-2 seeks cannot be achieved; <b>OR</b></li> <li>on plan for public consultation in the event that the Trust's proposal to restore and protect the grandstand is supported by Council</li> </ul>	Chief Executive	Underway – update in CE Activity Report.
Meeting Date 7 September 2017			

Item	Action Required	Responsibility	Completion Date/Status
Public Forum – Trish Palmer	Investigate complaints about poor quality of services concerning advice on the Building Act, rates, road drainage and maintenance and provide a response to Ms Palmer. Update to Council in Activity Report to Council October 2017.	CEO	<b>COMPLETED.</b>
Corporate Services – Quarterly Report	Vote Council's shares in Civic Financial Services in favour of the sale of Civic Assurance House	Mayor	<b>COMPLETED.</b>
Traffic Control Bylaw – Parking Control Update	Communicate to the public the recommendations approved by Council in relation to changes to the Traffic Control Bylaw 2016	Transportation Manager	The public communication regarding the Traffic Control Bylaw will be included in the next edition of Newslines. <b>COMPLETED.</b>
Proposal to Stop Unformed Road – Rainbow Community Golden Bay	Refer proposal to the Environment Court	Senior Property Officer	This has been referred to our legal advisers. The Senior Property Officer will advise the Council when the issue is resolved, via the Chief Executive's Activity Report to a future meeting.
Change to the Delegations Register	Update the Delegations Register with the approved changes from the Environment and Planning Department and publish.	Executive Assistant	<b>COMPLETED.</b>
Electoral System	Give public notice of Council's decision by 19 September 2017	Policy Officer	Public notice was given on the Council's decision on the electoral system and the ability for electors to demand a poll. The public notice went on Council's website on 15 September and an article on it was carried in Newslines on 22 September.

Item	Action Required	Responsibility	Completion Date/Status
Nelson Airport Director Appointment	Engage Intepeople to assess candidates and make a recommendation.  Review Policy on Director Appointments early in 2018	Mayor  Corporate Services Manager	<b>COMPLETED.</b>
Meeting Date 28 September 2017			
Annual Report	Sign off and publish Summary Report and final Full Annual Report	Senior Policy Advisor	At the time of writing this update, the Annual Report and the Summary have been laid up. Staff are currently checking the documents. We will send the Annual Report to Audit NZ for a final check during the week starting 16 October. The documents will go to print in the week of 23 October and be published on Council's website by the 28 October, in order to meet the statutory deadline.
Activity Balances Report	Advise Tasman Rugby Union of Council's decision and the need to apply to the Special Grants Fund	CEO	<b>COMPLETED.</b>
Regional Pest Management Plan	Notify the proposed Plan for submissions	Coordinator - Biosecurity and Biodiversity	This will be notified by the end of October as per the resolution.

Item	Action Required	Responsibility	Completion Date/Status
Saxton Field Committee	Advise Nelson City Council of decision.  Clarify cost split for Council prior to the recommendation put.	Community Development Manager  Community Development Manager	Nelson City Council advised of Council's decision on 10 October.  Councillors were emailed the clarification on 10 October.





**8.6 MAYOR'S ACTIVITY REPORT TO FULL COUNCIL**

**Information Only - No Decision Required**

**Report To:** Full Council  
**Meeting Date:** 19 October 2017  
**Report Author:** Richard Kempthorne, Mayor  
**Report Number:** RCN17-10-07

**1. Summary**

- 1.1. The attached report is a commentary of the Mayor's activities for the month of September for Councillors' information.

**2. Draft Resolution**

**That the Tasman District Council receives the Mayor's Activity Report to Full Council (RCN17-10-07).**

**1 Activities**

- 1.1 On 1 September, Lindsay and I attended a **Regional Sector Meeting** in Auckland. The afternoon before the meeting, members were able to attend a tour and look at some of Auckland's challenges and opportunities around the three waters. I have listed the topics covered during the tour below and would be happy to discuss any of these in more detail with Councillors should they wish.
- Green field and brown field growth
  - Special Housing Areas, Housing New Zealand and urban design
  - At-source stormwater treatment
  - Papakura artillery tunnel
  - Unitary Plan approach for water quality management (vs legacy plans)
  - Flooding issues
  - Swimability, litter and climate change
- 1.2 Jane and I attended the **Big Brothers Big Sisters Annual Dinner** with guest speaker Buck Shelford. I would like to acknowledge and thank all of the volunteers and supporters of Big Brothers Big Sisters for the wonderful work they do with young people in our district.
- 1.3 On 4 September, I attended the **Rata Foundation Annual Public Meeting**.
- 1.4 I joined Minister for Primary Industries Hon Nathan Guy and local MP the Hon Nick Smith, who flew into Nelson on 4 September to announce a change to the constitution of **Crown Irrigation Investments Ltd** (CIIL). Councillors will be aware that this change allows CIIL to provide concessionary loans to local authorities for irrigation and community projects that directly lead to environmental benefits. It was great news for our Council that the proposed Waimea Community Dam is considered one such project.
- 1.5 On the evening of 9 September I attended a **Richmond District Community Patrol** service recognition meeting. Community Patrols do really valuable work in our communities and it is always a pleasure to help them whenever I can.
- 1.6 On 11 September I once again joined members of the Motueka community to welcome a delegation from one of our **Friendly Towns, Kiyosato** in Japan. This year was a particularly auspicious occasion as it marked the 20<sup>th</sup> anniversary of Tasman and Kiyosato signing their Friendly Towns agreement.
- 1.7 I gave an **interview to Caitlin McGee**, a reporter with The Nation. Caitlin was doing a story on the Waimea Dam Project and was looking for a perspective on the benefits of the dam and why it is needed.
- 1.8 On 13 September Lindsay and I met with Lees Seymour and Grant Kerr from the **Nelson Tasman Chamber of Commerce**. This was one in a series of quarterly meetings between Tasman District Council and the Chamber of Commerce.
- 1.9 I joined some of you at the **Port Nelson Annual General Meeting**. It was pleasing to hear the progress that the port is making with the renewal of earthquake vulnerable buildings and providing new facilities, such as the Nick Patterson Quay Connect building that will provide facilities for the wine industry.

- 1.10 On 21 September Council was joined by the newly elected President of Local Government New Zealand, Dave Cull and Deputy Chief Executive Advocacy, Helen Mexted as part of the **LGNZ President's Roadshow**. This was an opportunity for Councillors to meet the new President and Helen, discuss key issues for our council and engage on key issues and opportunities facing local government in New Zealand.
- 1.11 On 21 September, I also attended part of the **2017 Aquaculture New Zealand Conference** hosted in Nelson City.
- 1.12 On 25 September, I took part in the **LGNZ Freedom Camping Working Group**.
- 1.13 I attended the **Suter Trust Annual General Meeting**.
- 1.14 I was pleased to be invited to attend the **2017 Impressions National Art Awards** and to open the art exhibition on behalf of Council. This year the exhibition is being housed in Mapua and the Tasman Arts Focus Group were extremely thankful for the grant they received from Council.
- 1.15 I have attended several Board meetings for **Cawthron Trust, Sport Tasman** and **Top of the South Rural Support Trust**. Jane and I also attended the Cawthron Annual Memorial Lecture, which this year was given by Professor Bruce Clarkson on the subject of restoring native habitat and ecosystems.
- 1.16 Since my last Mayor's report to Council, I have also had several **meetings with ratepayers** to discuss individual concerns that they have raised with me directly. I also met with a gentlemen who had recently become a New Zealand citizen in the Tasman District and who wanted to share his experiences of that process.

## 2 Other

### Local Government New Zealand (LGNZ) and National Council

- 2.1 On 5 and 6 October I attended the National Council meeting as representative for all of the Councils in Zone 5. One of these days was given over to a National Council strategy session, during which members discussed the following items. I would be happy to talk to any Councillors who would like to hear more detail on any of the matters covered at National Council.
- The role of Te Maruata within LGNZ.
  - The role of Young Elected Members within LGNZ.
  - LGNZ current and future priorities.
  - LGNZ stakeholder relations strategy.
  - Recap on prioritisation of new initiatives relative to present priorities.
  - Resource alignment with current business plan.
- 2.2 I have also continued as Director of the LGNZ Equip Board, the Mayors' Professional Development Advisory Group and Chairing the Policy Advisory Group. Again, I am happy to share details of ongoing work programmes with any Councillors who are interested.

### Nelson Airport Directorship

- 2.3 At the 7 September 2017 Full Council Meeting I reported to Councillors on the process to make a Council appointed Director to the Nelson Airport Ltd Board. This process is underway and I will continue to update Councillors through my Mayor's Reports to Full Council.

#### **First Encounter 375**

- 2.4 From 13 to 20 December 2017 we will host a delegation from one of our Friendly Towns Councils, Grootegast in the Netherlands. The delegation will include the Mayor of Grootegast, Ard van der Tuuk, two of their Councillors, an Alderman and a member of their council staff.
- 2.5 The delegation are visiting Tasman District as part of a wider trip to mark the 375<sup>th</sup> anniversary of Abel Tasman's visit to Tasmania and New Zealand. I have been in regular contact with the Mayor's Office in Grootegast to make plans for their time in Tasman. I would like to invite Councillors to join me in hosting our guests from Grootegast and my office will confirm details of the programme with you in the coming weeks. I would also like to acknowledge the tremendous time and effort that has been extended by Penny Griffith from Golden from Golden Bay to celebrate Abel Tasman's visit. Thank you Penny.
- 2.6 One of the important things that we hope to do while the Grootegast Mayor and Councillors are here is to resign the Friendly Towns agreement that was originally signed by both Councils in 2003. I am planning on signing this as part of our Council meeting on 14 December and will invite the delegation to join Councillors for lunch following resigning of the agreement.

#### **Civil Defence Emergency Management (CDEM) Plan Review**

- 2.7 Deputy Mayor Tim King and I are on the Joint Committee for CDEM with Nelson City Mayor Rachel Reese and Deputy Mayor Paul Matheson. We recently heard submissions and then attended deliberations and decision making on the new CDEM Plan. I would like to commend Emergency Management Officer, Roger Ball and his team for the excellent process they ran.

#### **Waimea Community Dam Consultation**

- 2.1 Councillors will note the report requesting that Council adopts the Consultation Document (which is a Statement of Proposal) and Summary for consultation on the Funding and Governance arrangements for the proposed Waimea Community Dam (Dam), and the Local Government Act Section 101(3) Analysis as supporting information.
- 2.2 It is satisfying to have reached the stage of having a funding and governance proposal to present to our community and invite feedback.
- 2.3 I would like to take this opportunity to remind myself and Councillors of the collective responsibility we have to support the outcome of today's decision, as with all decisions of Council, whatever they might be. The place for debate on issues faced by Council is in the debating chamber and once decisions are reached, it is our obligation as elected members to collectively support the decisions made by Council as a whole, regardless of what our individual opinions may be. Assuming the decision is to proceed to consultation this will be pertinent when we have the community meeting and drop in sessions throughout the district.
- 2.4 We have an elected members training session with Equip relating to Applying Good Governance where collective responsibility will also be covered.

**Issues Councillors would like to raise**

- 2.5 A reminder that when this report comes up for discussion on 19 October, Councillors are welcome to raise any issues that they would like myself or the Council to consider.

**Appendices**

Nil



**8.7 MACHINERY RESOLUTIONS REPORT**

Information Only - No Decision Required

<b>Report To:</b>	Full Council
<b>Meeting Date:</b>	19 October 2017
<b>Report Author:</b>	Gabrielle Drummond, Administration Assisstant - Governance Services
<b>Report Number:</b>	RCN17-10-08

**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**

- 1. receives the Machinery Resolutions report RCN17-10-08 and that the execution of the following documents under the Seal of Council be confirmed:**
  - a) Easement in Gross- H.C and J.E Edwards – Easement in Gross over Tasman District Council Sewer Main where there has never been an easement.**
  - b) Deed of Lease- Lavery Enterprises Ltd – Agreement between Council (landlord) and the owners of the Jellyfish (Tenant) or compensation during the closure of the restaurant for construction.**
  - c) Easement in Gross – Ross Holland, Christine Dollory, Robert Holland – RM 160381 - The existing water pipes and sewer pipes are being protected by an easement in gross as part of a subdivision.**
  - d) Easement in Gross – Moylan – Water Pipes.**
  - e) Plan Change Approval Certificate under RMA 1991 – Tasman District Council – Approval and commencement of Change 62 (Progressive Enterprises Ltd: Richmond North Commercial Zone) to the Tasman Resource Management Plan.**
  - f) Easement in Gross – Mapua Limited – RM140641 – Sewer.**

- g) Easement in Gross – Tasman Ltd – RM 140125.**
- h) Covenant and Encumbrance - Steve and Maria - Covenant allowing penstock under legal road, encumbrance.**
- i) Assignment of Plunket Lease – Plunket Local Branch to Plunket No.2 – Technical assignment only.**







## 9 CONFIDENTIAL SESSION

### 1. 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 Waimea Community Dam - Joint Venture Funding Proposal Update

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	s48(1)(a)  The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

### 9.3 Roading - Option for Land Purchase

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)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  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 Proposed TRMP Change 60 Variation 1**

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.	48(i)(d) - To deliberate in private in a procedure where a right of appeal lies to a Court against the final decision.	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.