



*For Tasman*

# LONG TERM PLAN (LTP) 2018 – 2028

VOLUME 2





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**LONG TERM PLAN  
(LTP) 2018 – 2028**

VOLUME 2

# CONTENTS

<b>PART 1 – INTRODUCTION</b>	<b>3</b>
<b>PART 2 – FUNDING IMPACT STATEMENT</b>	<b>6</b>
Description of Each Rate	8
Assessment and Invoicing	28
Indicative Rates Impact on Example Properties	30
Rating Area Maps	40
<b>PART 3 – FINANCIAL STRATEGY</b>	<b>93</b>
Financial Strategy Overview	96
Introduction	97
Context and Strategic Issues	100
Principles	105
Goals	106
Strategies and Methods	107
Caps on Rates, Rates Increases and Debt	116
Impact on Levels of Service	120
Policy on Giving Security for Borrowing	120
Financial Investments and Equity Securities	121
Glossary	124
<b>PART 4 – INFRASTRUCTURE STRATEGY</b>	<b>125</b>
Executive Summary	126
Introduction	130
Context	131
Key Infrastructure Issues and Priorities	134
Key Assumptions and Uncertainties	141
How we Manage our Infrastructure Assets	143
Long Term Financial Estimates	149
Timeline of Key Infrastructure Projects	152
Activity Summaries	154
<b>PART 5 – POLICIES AND STATEMENTS</b>	<b>203</b>
Revenue and Financing Policy	204
Rates Remission Policy	243
Policy on the Remission and Postponement of Rates on Māori Freehold Land	256
Significance and Engagement Policy	258
Statement on Fostering Māori Participation in Council Decision Making	268
<b>PART 6 – WATER AND SANITARY SERVICES ASSESSMENTS AND WASTE MANAGEMENT MINIMISATION PLAN</b>	<b>270</b>



# PART 1

INTRODUCTION



# INTRODUCTION

This document is to be read as a companion to Council's Long Term Plan 2018 – 2028, Volume 1. It contains strategies and policies that are required for the funding of Council's activities and projects, and policies that are required to be prepared for statutory purposes.

A summary of changes as part of the consultation process, or in adoption of the final Plan, is set out below.

## FUNDING IMPACT STATEMENT

The Funding Impact Statement (FIS) was updated to align with the decisions made by Council as part of the consultation process and the final FIS was adopted by Council in June 2018 following consideration of activity levels of service, proposed projects and funding requirements.

## FINANCIAL STRATEGY

The Financial Strategy sets the overall direction for Council's finances over the next ten years. The Strategy contained in this volume, pages 93 to 124 is fundamentally a continuation of the strategy we adopted in our last LTP 2015 – 2025. In determining our approach we have tried to strike a balance between providing services to help achieve our vision whilst balancing affordability. We have done this by managing rates and debt levels within an overall fiscal envelope.

Many submitters to the Consultation Document were supportive of Council continuing to manage debt and keep increases in rates revenue to a modest level to promote rates affordability.

## INFRASTRUCTURE STRATEGY

Council has an infrastructure strategy that covers the long-term provision and delivery of our water supply, wastewater, stormwater, river control and flood protection, and transportation infrastructure over the next 30 years. The aim is to provide the community and businesses with infrastructure at agreed levels of service, cost effectively, and within an acceptable level of service delivery risk. Our Infrastructure Strategy is on pages 125 to 202 in this volume.

The main changes to the Infrastructure Strategy, compared to the draft which was consulted on in March/April are the inclusion of the final financial figures which included changes to the Transportation programme i.e. advancing the timing of the Champion Road Roundabout and Underpass project, and incorporating the occurrence of Ex-Cyclones Fehi and Gita.

## REVENUE AND FINANCING POLICY

This policy is adopted to provide predictability and certainty about sources and levels of funding. It explains Council's policies in respect of the funding of operating and capital expenditure from the various funding sources available to it. It also explains how Council has undertaken analysis of its funding needs.

The main changes to the Revenue and Financing Policy, compared to the draft which was consulted on in March/April are about the costs related to the Waimea Community Dam.

## RATES REMISSION POLICY

The rates remission policy contains a number of policies that each outline objectives sought to be achieved by the remission of rates and the conditions and criteria to be met in order for rates to be remitted.

No significant changes were made to the Rates Remission Policy.

## POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

This policy considers the desirability and importance within the District of a number of objectives listed in schedule 11 of the Local Government Act 2002 and to what extent those objectives could be affected or facilitated by remission or postponement of the requirement to pay rates on Māori freehold land.

No changes were made to this policy following consultation.

## INTRODUCTION (CONT.)

### SIGNIFICANCE AND ENGAGEMENT POLICY

This policy explains how Council will assess the level of significance of decisions before it and how Council will respond to the community preferences about engagement on decisions.

One of the changes to the Draft Significance and Engagement Policy that was consulted on is that the wording has been amended to make it clear that having assessed the level of significance of an issue, Council will decide on the form and extent of consultation on a case by case basis. In addition the wording about Council working with Wakatū Incorporation and Ngāti Rārua Ātiawa Iwi Trust (NRAIT) was amended to recognise occasions where those agencies represent the manawhenua interests of the traditional land owners. Notation was added to acknowledge Council's intention to add its investment in the Council Controlled Organisation (to be formed to own and operate the Waimea Community Dam) to the list of Strategic Assets, if the Dam proceeds.

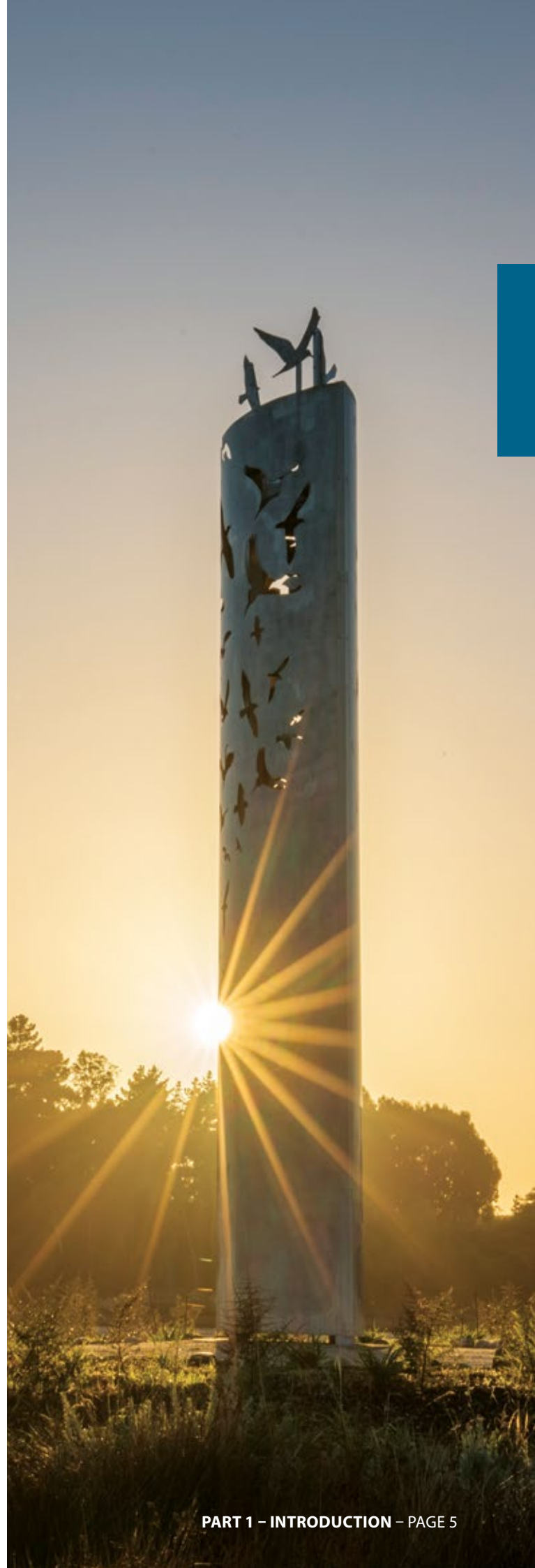
### STATEMENT ON FOSTERING MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

This statement outlines the actions Council intends to implement to support Māori participation in Council decision making processes.

No changes were made to this policy following consultation.

### WATER AND SANITARY SERVICES ASSESSMENTS AND WASTE MANAGEMENT AND MINIMISATION PLAN

This section provides a summary of any variances between this Long Term Plan and Council's Water and Sanitary Services Assessment and the joint Waste Management Minimisation Plan, prepared with Nelson City Council. This plan is scheduled to be updated in 2018.





# PART 2

## FUNDING IMPACT STATEMENT



# FUNDING IMPACT STATEMENT

This Funding Impact Statement should be read in conjunction with the Council's Revenue and Financing Policy.

Rates are set under the Local Government (Rating) Act 2002 ("the Act") as at 1 July each year.

The rates in this Funding Impact Statement (Rates) are GST inclusive (unless otherwise stated.)

## RATING AREA MAPS

The targeted rates which are set based on where the land is situated, other than district wide rates, have unique rating area maps which are included in this document. Rating units that fall fully or partially in the map area of a rate will be charged the applicable rate.

## RATING UNIT: DEFINITION

The Rating Unit is determined by the Valuer General. It is generally a property which has one Certificate of Title but can include two or more Certificate of Titles or part

Certificates of Title, for example, dependant on whether the land is owned by the same person or persons and are used jointly as a single unit and are adjacent.

## RATING DIVISIONS

Council will consider applications from ratepayers to apply rating divisions to a rating unit as per Section 27(5) of the Act only when the parts of a rating unit have different rateability treatment as per Part 1 or Part 2 of Schedule 1 of the Act or when one of the proposed parts may qualify for a rates remission under Council's Rates Remission Policy. If a rating division of a rating unit is approved, the Council's Policy is that each part of the rating unit will be separately valued by the Council's registered valuer.

## RATING BASE INFORMATION

Clause 15A of Schedule 10 of the Local Government Act 2002 requires Council to disclose its projected number of rating units within the district over the period of the Long Term Plan.

RATING BASE INFORMATION	2017/2018 ACTUAL	2018/2019 PROJECTED	2019/2020 PROJECTED	2020/2021 PROJECTED	2021/2022 PROJECTED	2022/2023 PROJECTED
Rateable rating units	22,988	23,247	23,592	23,937	24,282	24,558
Non rateable rating units	1,318	1,318	1,318	1,318	1,318	1,318
Total rating units	24,306	24,565	24,910	25,255	25,600	25,876

RATING BASE INFORMATION (CONT.)	2023/2024 PROJECTED	2024/2025 PROJECTED	2025/2026 PROJECTED	2026/2027 PROJECTED	2027/2028 PROJECTED
Rateable rating units	24,834	25,110	25,386	25,662	25,938
Non rateable rating units	1,318	1,318	1,318	1,318	1,318
Total rating units	26,152	26,428	26,704	26,980	27,256

STATISTICS	ESTIMATED FIGURES AT 1 JULY 2018		
	RATEABLE	NON RATEABLE	TOTAL RATING UNITS
Capital value*	\$17,009,082,845	\$814,569,375	\$17,823,652,220
Land value*	\$8,804,531,591	\$557,385,975	\$9,361,917,566
Rating units	23,247	1,318	24,565

\*Note last general revaluation was in late 2017.

Funds raised by uniform charges, which include the UAGC and any targeted rate set as a fixed amount per rating unit (excluding water and wastewater) cannot exceed 30% of the total rates revenue. The Council is projecting to set its uniform charges at 18% for 2018/19, which is below the maximum allowed level.

# DESCRIPTION OF EACH RATE

## GENERAL RATE

DIFFERENTIAL CATEGORY
GENERAL RATE
<p>The General rate funds activities which are deemed to provide a general benefit across the entire District or which are not economic to fund separately. These activities include: environmental management, public health and safety, transportation, roads and footpaths, coastal structures, water supply, solid waste, flood protection and river control works, community development, governance, and council enterprises.</p> <p><i>A portion of the general rate is used to replenish the Council's General Disaster Fund.</i></p> <p><i>The capital values are assessed by independent valuers. Their results are audited by the Office of the Valuer General.</i></p>
UNIFORM ANNUAL GENERAL CHARGE (UAGC)
<p>Funding the same activities as the general rate.</p> <p><i>The Council has determined a portion of the general rate is to be assessed as a UAGC.</i></p> <p><i>The purpose of setting the UAGC is to ensure that every ratepayer makes a minimum contribution to the Council activities.</i></p>

## TARGETED RATES

*The Council will not accept lump sum contributions (as defined by Section 117A of the Act) in respect of any targeted rate.*

DIFFERENTIAL CATEGORY	
1. STORMWATER RATE	
<p>(Funding the Stormwater activities including operating, maintaining and improving the stormwater infrastructure assets.)</p> <p><i>Ratepayers in the Urban Drainage Rating Area receive greater benefits from stormwater infrastructure. For this reason the Council has determined that a differential charge will be applied as follows:</i></p>	
<p><i>*Urban Drainage Area – Stormwater Differential – A differential of 1 will apply.</i></p>	<p>Urban Drainage Area – Stormwater Differential</p>
<p><i>*Balance of the District – General Drainage Stormwater Differential – A differential of 0.105 will apply.</i></p>	<p>Balance of the District – General Drainage Stormwater Differential</p>

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Every rateable rating unit in the district		Rate in the \$ of Capital Value	0.2208 cents	37,554
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$290.00	6,742
Every rateable rating unit in the District which has a land value				
Where the land is situated being rateable rating units in the Stormwater Urban Drainage Rating Area	A1 – A15	Rate in the \$ of Capital Value	0.0586 cents	4,852
Where the land is situated being rateable rating units with land value, that are not in the Stormwater Urban Drainage Rating Area	Balance of district	Rate in the \$ of Capital Value	0.0062 cents	509



## DESCRIPTION OF EACH RATE (CONT.)

### TARGETED RATES (CONT.)

DIFFERENTIAL CATEGORY

#### 2. WATER SUPPLY RATES

##### 2.1 WATER SUPPLY RATES – URBAN WATER SUPPLY METERED CONNECTIONS AND RURAL WATER EXTENSIONS TO URBAN WATER SCHEMES (“THE CLUB”)

*Ratepayers on the Urban Water Supply with a metered connection pay both the volumetric charge and the service charge. The portion of revenue allocated to the service charge for rates is determined by taking 36% of the total revenue required for the urban water supply including the portion billed to other users as charges but excluding the rural water extensions to urban water scheme revenue, and then deducting the portion recovered through charges.*

*Ratepayers on the Urban Water Supply with a water restrictor pay the Rural Water Extensions to Urban Water Schemes Rate.*

##### **2.1 (a) Water Supply – Urban Water Supply Metered Connections (excluding Motueka Water Supply and Industrial Water Supply Agreement Holders): Volumetric charge**

(Funding the urban water supply (not including Motueka) including operating, maintaining and improving the infrastructure assets relating to water supply.)

*This water rate will be billed separately from the rates invoice.*

##### **2.1 (b) Water Supply – Urban Water Supply Metered Connections (excluding Motueka Water Supply and Industrial Water Supply Agreement Holders): Service Charge**

(Funding the urban water supply (not including Motueka) including operating, maintaining and improving the infrastructure assets relating to water supply.)

##### **2.1 (c) Water Supply – Rural Water Extensions to Urban Water Schemes**

(Funding the urban water supply (not including Motueka) including operating, maintaining and improving the infrastructure assets relating to water supply.)

*The 1m<sup>3</sup> base rate is set at 80% of the Urban Metered Connections volumetric rate multiplied by 365.*

*The extensions that will be charged this rate are: Best Island Water Supply, Mapua/Ruby Bay Water Supply, Brightwater/Hope Water Supply, Richmond Water Supply, Wakefield Water Supply, and any others which are referred to as the Other Rural Water Supply Extensions.*

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Provision of service being the supply of metered water to those rating units in the District, which have metered water connections, excluding those connected to the Motueka Water Supply because they have a different targeted rate, and excluding the industrial water supply users who have a commercial water supply agreement with the Council		Per m <sup>3</sup> of water supplied	\$2.17	4,489
Provision of a service being a connection to a metered water supply by rating units in the District, excluding those connected to the Motueka Water Supply, and excluding the industrial water supply users who have a commercial water supply agreement with the Council		Fixed amount \$ per connection (meter)	\$332.74	3,272
Provision of a service being a connection to a supply of water via a rural extension to urban schemes through a lowflow restricted water connection		Extent of provision of service: 1m <sup>3</sup> /day (based on size of water restrictor volume) e.g. 2m <sup>3</sup> /day restrictor volume will be charged at two times the listed annual rate	\$633.62	749

## DESCRIPTION OF EACH RATE (CONT.)

### TARGETED RATES (CONT.)

#### DIFFERENTIAL CATEGORY

#### 2.2 WATER SUPPLY RATES – MOTUEKA WATER SUPPLY METERED CONNECTIONS

Ratepayers on the Motueka Water Supply with a metered connection pay both a volumetric water supply charge and a service charge. The portion of revenue allocated to the service charge is determined by taking 18% of the total revenue required for the Motueka Water Supply and the Motueka Firefighting Water Supply less the rates recovered by the Motueka Firefighting Water Supply rate. This is planned to escalate to 27% in 2019/20 and remain at 36% thereafter.

The existing Motueka Water Supply account will continue to operate separately to the Urban Water Supply – Club account. This means that the water charges for the existing connected Motueka water users will have a different cost structure. As renewals and capital upgrades are required, these will be reflected in the water supply charges.

#### 2.2 (a) Water Supply – Motueka Water Supply Metered Connections: Volumetric Charge

(Funding the Motueka Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

*This water rate will be billed separately from the rates invoice.*

#### 2.2 (b) Water Supply – Motueka Water Supply Metered Connections: Service Charge

(Funding the Motueka Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

#### 2.3 WATER SUPPLY – RURAL CONNECTIONS

#### 2.3 (a) Water Supply – Dovedale Rural Water Supply

(Funding the Dovedale Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

*The Council has determined that a differential charge will be applied:*

*\*Dovedale Differential A – includes the supply of water for up to and including the first 2m<sup>3</sup> per day. This rate is charged based on the extent of provision of service using the size of restrictor volume, with a base of 1m<sup>3</sup> per day. A differential of 1 per 1m<sup>3</sup> per day will apply.*

*For example, users with a 2m<sup>3</sup> per day restrictor volume will be billed two of the Differential A charge.*

Dovedale Differential A

*\*Dovedale Differential B – includes the supply of water greater than 2m<sup>3</sup> per day. This rate is charged based on the extent of provision of service based using the size of restrictor volume, with a base of 1m<sup>3</sup> per day. A differential of 0.77 per 1m<sup>3</sup> per day will apply.*

*For example, users with a 3m<sup>3</sup> per day restrictor volume will be billed two of the Differential A charge and one of the Differential B charge.*

Dovedale Differential B

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Provision of service being the supply of metered water to rating units connected to the Motueka Water Supply		Per m <sup>3</sup> of water supplied	\$2.07	481
Provision of service being a connection to the Motueka Water Supply		Fixed amount \$ per connection (meter)	\$39.42	51
Provision of a service being a connection to the Dovedale Rural Water Supply through a lowflow restricted water connection		Extent of provision of service: 1m <sup>3</sup> /day (based on size of water restrictor volume).	\$655.15	332
		Extent of provision of service: 1m <sup>3</sup> /day (based on size of water restrictor volume).	\$504.47	221

## DESCRIPTION OF EACH RATE (CONT.)

### TARGETED RATES (CONT.)

#### DIFFERENTIAL CATEGORY

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**2.3 (b) Water Supply – Redwood Valley Rural Water Supply**

(Funding the Redwood Valley Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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**2.3 (c) Water Supply – Eighty Eight Valley Rural Water Supply – Variable Charge**

(Funding the Eighty Eight Valley Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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**2.3 (d) Water Supply – Eighty Eight Valley Rural Water Supply – Service Charge**

(Funding the Eighty Eight Valley Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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**2.3 (e) Water Supply – Hamama Rural Water Supply – Variable Charge**

(Funding the Hamama Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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**2.3 (f) Water Supply – Hamama Rural Water Supply – Service Charge**

(Funding the Hamama Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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**2.3 (g) Water Supply – Hamama Rural Water Supply – Fixed Charge based on set land value**

(Funding the Hamama Rural Water Supply including operating, maintaining and improving the infrastructure assets relating to water supply.)

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## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Provision of a service being a connection to the Redwood Valley Rural Water Supply through a lowflow restricted water connection		Extent of provision of service: 1m <sup>3</sup> /day (based on size of water restrictor volume) e.g. 2m <sup>3</sup> /day restrictor volume will be charged at two times the listed annual rate	\$391.36	413
Provision of a service being a connection to the Eighty Eight Valley Rural Water Supply through a lowflow restricted water connection		Extent of provision of service: 1m <sup>3</sup> /day (based on size of water restrictor volume) e.g. 2m <sup>3</sup> /day restrictor volume will be charged at two times the listed annual rate	\$218.89	106
Provision of a service being a connection to the Eighty Eight Valley Rural Water Supply through a lowflow restricted water connection		Extent of provision of service: Fixed amount \$ per connected rating unit	\$244.81	37
Provision of a service being a connection to the Hamama Rural Water Supply		Rate in the \$ of Land Value	0.043 cents	8
Provision of a service being a connection to the Hamama Rural Water Supply		Extent of provision of service: Fixed amount \$ per connected rating unit	\$218.53	6
Where the land is situated being rating units in the Hamama Rural Water Supply Rating Area	B1	Rate in the \$ of set land value (which is the land value at the time capital works were completed in 2005)	0.165 cents	9

DESCRIPTION OF EACH RATE (CONT.)

TARGETED RATES (CONT.)

	DIFFERENTIAL CATEGORY
<b>2.4 WATER SUPPLY FIREFIGHTING</b>	
<b>2.4 (a) Water Supply: Motueka Firefighting</b> (Funding the Motueka Township firefighting water supply.)	
<b>2.4 (b) Water Supply: Takaka Firefighting – Capital</b> (Funding the Takaka CBD firefighting water supply capital costs.) <i>The amount of revenue planned to be raised by each of the differentials is shown.</i>	
	Takaka CBD Differential
	Takaka Residential Differential
	Takaka Balance of Golden Bay Ward Differential
<b>2.4 (c) Water Supply: Takaka Firefighting – Operating</b> (Funding the Takaka CBD firefighting water supply operating costs.)	
<b>2.5 WATER SUPPLY – DAMS</b>	
<b>2.5 (a) Water Supply – Dams: Wai-iti Valley Community Dam</b> (Funding the costs of the Wai-iti Valley Community Dam.) <i>Water is only released from the dam when low flows are reached.</i>	



## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Where the land is situated being rating units in the Motueka Firefighting Water Supply Rating Area	C1	Fixed amount \$ per Rating Unit	\$16.39	55
Every Rating Unit in the Golden Bay Ward	D1 – D3			
Where the land is situated being rating units in the Takaka Firefighting Water Supply Commercial CBD Rating Area	D1	Rate in the \$ of Capital Value	0.0963 cents	53
Where the land is situated being rating units in the Takaka Firefighting Water Supply Residential Rating Area	D2	Fixed amount \$ per Rating Unit	\$52.13	23
Where the land is situated being rating units in the Takaka Firefighting Water Supply Rest of Golden Bay Rating Area	D3	Fixed amount \$ per Rating Unit	\$15.33	43
Where the land is situated being those in the Takaka Firefighting Water Supply Commercial CBD Rating Area and Takaka Firefighting Water Supply Residential Rating Area	D1, D2	Fixed amount \$ per Rating Unit	\$46.00	25
Where land is situated and the provision of service and the activities controlled under the Tasman Resource Management Plan under the Resource Management Act 1991. This rate will apply to those rating units in the Wai-iti Dam Rating Area that are permit holders under the Resource Management Act 1991 because they are able to use the amount of augmented water as permitted by their resource consent and apply it to the land in accordance with the amount and rate specified in the resource consent	E1	Extent of provision of service: charged at \$ per hectare as authorised by water permits granted under the Resource Management Act 1991	\$334.45	298

## DESCRIPTION OF EACH RATE (CONT.)

### TARGETED RATES (CONT.)

	DIFFERENTIAL CATEGORY
<b>3. WASTEWATER RATE</b>	
<p>(Funding the Wastewater activities including providing and managing wastewater treatment facilities and sewage collection and disposal.)</p> <p><i>In respect of rating units used primarily as a residence for one household, no more than one toilet will be liable for the wastewater rate.</i></p> <p><i>The costs associated with wastewater are lower per pan the more pans that are present. For this reason the Council has determined that a differential charge will be applied as follows:</i></p>	
*One toilet or urinal. A differential of 1 is set.	First toilet or urinal ("pan")
*2 – 10 toilets or urinals. A differential of 0.75 is set.	2 – 10 toilets or urinals ("pans")
*11 or more toilets or urinals. A differential of 0.5 is set.	11 or more toilets or urinals ("pans")
<p><i>For example, a non-residential property with 12 pans would pay one of the first pan charge, nine of the 2 – 10 pans charge, and two of the 11 or more pans charge.</i></p>	
<b>4. REGIONAL RIVER WORKS RATE</b>	
<p>(Funding Flood Protection and River Control Works activities – river works including maintaining rivers in order to promote soil conservation and mitigate damage caused by floods and riverbank erosion and to maintain quality river control and flood protection schemes.)</p> <p><i>The river works benefits are not equal throughout the district. For this reason the Council has determined that a differential charge will be applied.</i></p> <p><i>The differentials are planned so that the Area X Differential and Area Y Differential will be charged at the same rate, and the total amount of rates planned to be generated by the combined Area X Differential and Area Y Differential is the same as the planned rates generated for the Area Z Differential.</i></p>	
	River Rating Area X Differential
	River Rating Area Y Differential
	River Rating Area Z Differential

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Provision of a service. The provision of service is measured by the number of toilets and/or urinals ("pans") connected either directly or by private drain to a public wastewater system with a minimum of one pan being charged per connected rating unit		Uniform charge in the \$ for each toilet or urinal (pan)	\$699.08	9,567
		Uniform charge in the \$ for each toilet or urinal (pan)	\$524.31	1,572
		Uniform charge in the \$ for each toilet or urinal (pan)	\$349.54	627
Every rateable rating unit in the district	F1, F2	Rate in the \$ of Land Value	0.0941 cents	795
	F1, F2	Rate in the \$ of Land Value	0.0941 cents	667
	F2	Rate in the \$ of Land Value	0.0202 cents	1,463

DESCRIPTION OF EACH RATE (CONT.)

TARGETED RATES (CONT.)

	DIFFERENTIAL CATEGORY
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**5. MOTUEKA BUSINESS RATE**

(Funding Governance activities – providing a grant to Our Town Motueka to fund promotion of the Motueka business area and covering administration and other associated costs.)

*The promotion of the Motueka business area has a greater benefit for those businesses that are closer to the CBD. For this reason the Council has determined that a differential charge will be applied.*

*The differentials are planned to generate two times the total amount of rates from the Area A Differential than the Area B Differential.*

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Motueka Business  
Area A Differential

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Motueka Business Area  
B Differential

**6. RICHMOND BUSINESS RATE**

(Funding Governance activities – providing a grant to Richmond Unlimited to fund promotion of the Richmond business area and covering administration and other associated costs.)

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
<p>Where the land is situated being rateable rating units in the Motueka Business Rating Area A and B and the use to which the land is put. The land usage categories as set out in the Rating Valuations Rules 2008 for actual property use that will be charged for this rate include: Commercial, Industrial, Multi use commercial/ industrial, Residential – public communal/ multi use, Lifestyle – multi-use, Transport, Utility services – communications, Community services – Medical and allied, and Recreational</p>	G1,G2			
<p>This will apply to properties with land use categories as listed above for rateable rating units in Motueka Business Rating Area A</p>	G1,G2	Rate in the \$ of Capital Value	0.0442 cents	41
<p>This will apply to properties with land use categories as listed above for rateable rating units in Motueka Business Rating Area B</p>	G1	Rate in the \$ of Capital Value	0.0276 cents	21
<p>Where the land is situated being rateable rating units in the Richmond Business Rating Area and the use to which the land is put. The land usage categories as set out in the Rating Valuations Rules 2008 for actual property use that will be charged for this rate include: Commercial, Industrial, Multi use commercial/ industrial, Residential – public communal/ multi use, Lifestyle – multi-use, Transport, Utility services – communications, Community services – Medical and allied, and Recreational</p>	H1	Rate in the \$ of Capital Value	0.0442 cents	125

# DESCRIPTION OF EACH RATE (CONT.)

## TARGETED RATES (CONT.)

		DIFFERENTIAL CATEGORY
<b>7. RUBY BAY STOPBANK RATE</b>		
(Funding the costs of Coastal Structure activities – the capital costs of the Ruby Bay Stop Bank.)		
<b>8. MAPUA STOPBANK RATE</b>		
(Funding the costs of Coastal Structure activities – the capital costs of the Mapua Stop Bank and the operating and other costs of the Ruby Bay and Mapua Stop Banks and coastal studies.)		
<b>9. MOTUEKA FLOOD CONTROL RATE</b>		
(Funding Flood Protection and River Control Works – the costs of the Motueka Flood Control Project, including project investigation design and feasibility study.)		
<p><i>The flood control was intended to benefit the rating units in the Motueka Flood Control Rating areas, with a higher degree of benefits for those that are closer to the river. For this reason the Council has determined that a differential charge will be applied.</i></p> <p><i>The differentials are set so that the A Differential contributes 57% of the planned targeted rate revenue and the B Differential contributes 43% of the planned targeted rate revenue.</i></p>		<hr/> <p>Motueka Flood Control Area A Differential</p> <hr/> <p>Motueka Flood Control Area B Differential</p>
<b>10. TORRENT BAY REPLENISHMENT RATE</b>		
(Funding the costs of Coastal Structure Activities – reinstating and maintaining the beach at Torrent Bay.)		
<p><i>The replenishment has a benefit to the rating units in the Torrent Bay area, with a higher degree of benefits for those that are closer to the foreshore. For this reason the Council has determined that a differential charge will be applied.</i></p> <p><i>The differentials are set to generate the same amount of planned rates from Torrent Bay Area A Differential and Torrent Bay Area B Differential. There are significantly more rating units in Area B than in Area A which means those individual rating units in Area A will be contributing more for the higher degree of benefits they receive.</i></p>		<hr/> <p>Torrent Bay Area A Differential</p> <hr/> <p>Torrent Bay Area B Differential</p>
<b>11. DISTRICT FACILITIES RATE</b>		
(Funding Community Development activities including part of the costs of capital funding for new, large, community, recreational, sporting or cultural district projects which have met defined criteria, and will provide benefit to the residents of Tasman District.)		

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Where the land is situated being rateable rating units in the Ruby Bay Stopbank Rating Area	I1	Fixed amount \$ per Rating Unit	\$1,072.38	11
Where the land is situated being rateable rating units in the Mapua Stopbank Rating Area	J1	Fixed amount \$ per Rating Unit	\$62.79	72
Where the land is situated being rateable rating units in the Motueka Flood Control Rating Area A and B	K1 – K2			
Where the land is situated being rateable rating units in the Motueka Flood Control Rating Area A	K1	Rate in the \$ of Capital Value	0.0085 cents	45
Where the land is situated being rateable rating units in the Motueka Flood Control Rating Area B	K2	Rate in the \$ of Capital Value	0.0011 cents	33
Where the land is situated being rateable rating units in the Torrent Bay Rating Area A and B	L1 – L2			
Where the land is situated being rateable rating units in the Torrent Bay Rating Area A	L1	Fixed amount \$ per Rating Unit	\$935.47	10
Where the land is situated being rateable rating units in the Torrent Bay Rating Area B	L2	Fixed amount \$ per Rating Unit	\$263.85	10
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$49.67	1,155



# DESCRIPTION OF EACH RATE (CONT.)

## TARGETED RATES (CONT.)

	DIFFERENTIAL CATEGORY
<b>12. SHARED FACILITIES RATE</b>	
(Funding Community Development activities including part of the costs of capital funding for new, large, community, recreational, sporting or cultural regional projects which have met defined criteria, and will provide benefit to the residents of Tasman District and Nelson City.)	
<b>13. FACILITIES OPERATIONS RATE</b>	
(Funding Community Development activities including the operating costs of various community facilities within the District.)	
<b>14. MUSEUMS FACILITIES RATE</b>	
(Funding Community Development museum activities including contributing to the capital and operating costs of the Regional Museum, and the Council's District museums.)	
<b>15. REFUSE/RECYCLING RATE</b>	
(Funding Solid Waste activities including kerbside recycling, rubbish collection and other waste related activities.)	
<b>16. MAPUA REHABILITATION RATE</b>	
(Funding costs of Environmental Management activities – interest and loans and holding costs associated with the former Fruit Grower Chemical Company site.)	
<b>17. GOLDEN BAY COMMUNITY BOARD RATE</b>	
(Funding Governance activities – the costs of the Golden Bay Community Board and specific projects that the Board wishes to undertake in the Golden Bay Ward.)	
<b>18. MOTUEKA COMMUNITY BOARD RATE</b>	
(Funding Governance activities – the costs of the Motueka Community Board and specific projects that the Board wishes to undertake in the Motueka Ward.)	

## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$70.68	1,643
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$53.66	1,247
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$61.16	1,422
Where the land is situated being rating units in the Refuse/ Recycling Rating Area	M1 – M16	Fixed amount \$ per Rating Unit	\$118.16	2,317
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$6.50	151
Where the land is situated being rateable rating units in the Golden Bay Community Board Rating Area, which is the Golden Bay Ward	N1	Fixed amount \$ per Rating Unit	\$19.08	64
Where the land is situated being rateable rating units in the Motueka Community Board Rating Area, which is the Motueka Ward	O1	Fixed amount \$ per Rating Unit	\$18.85	107

DESCRIPTION OF EACH RATE (CONT.)

TARGETED RATES (CONT.)

	DIFFERENTIAL CATEGORY
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<b>19. WARM TASMAN RATE</b>
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(Funding the costs of Environmental Management activities – the Warm Tasman Scheme.)

*The rate will commence in the first rating year after the application is finalised.*

**WAIMEA COMMUNITY DAM: ENVIRONMENTAL AND COMMUNITY BENEFITS RATES**

*The Council utilises two targeted rates to fund the Council's rates contribution for environmental and community benefits associated with the Waimea Community Dam. The Districtwide rate is set to fund 70% of the environmental and community benefit cost to be funded through rates, less the amount recovered through charges. In addition those rating units within the Zone of Benefit (ZOB) will fund the remaining 30% of the revenue, less the amount recovered through charges, because properties with a closer proximity to the water supplied by the dam will have a greater benefit than those farther away.*

*The Waimea Dam Environmental and Community Benefits Rates include some funding for costs incurred that have not been recovered as part of the project joint venture. In the event the project doesn't proceed, Council will use the full funds collected by these rates to fund costs that have been incurred up to the point of making a decision.*

<b>20. WAIMEA COMMUNITY DAM – ENVIRONMENTAL AND COMMUNITY BENEFITS DISTRICTWIDE RATE</b>
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(Funding the costs of the water supply activity – Council's contribution for the environmental and community benefits associated with the Waimea Community Dam.)

<b>21. WAIMEA COMMUNITY DAM – ENVIRONMENTAL AND COMMUNITY BENEFITS ZOB RATE</b>
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(Funding the costs of the water supply activity – Council's contribution for the environmental and community benefits associated with the Waimea Community Dam.)

<b>TOTAL INCLUDING GST</b>
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<b>TOTAL EXCLUDING GST</b>
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**Plus:** Rates penalties

<b>TOTAL RATES INCLUDING RATES PENALTIES INCLUDING GST</b>
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<b>TOTAL RATES INCLUDING RATES PENALTIES EXCLUDING GST</b>
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## DESCRIPTION OF EACH RATE (CONT.)

CATEGORIES OF LAND ON WHICH RATE IS SET	MAP REF. (IF APPLICABLE)	FACTORS	2018/2019 RATE (GST INC)	2018/2019 TOTAL RATE (\$000, GST INC)
Provision of service which occurs when homeowners apply and are approved into the scheme which results in the installation of a wood burner and/or insulation into their property		Extent of provision of service: calculated per \$ of the total cost of the installed works and the administration fee charged over a 9 year period including GST and interest	\$0.1585	52
Every rateable rating unit in the district		Fixed amount \$ per Rating Unit	\$14.33	333
Where the land is situated being rateable rating units in the Waimea Community Dam Zone of Benefit Rating Area	P1	Rate in the \$ of Capital Value	0.0020 cents	141
				84,019
				73,060
				368
				84,387
				73,428

# ASSESSMENT AND INVOICING

For rates other than volumetric metered water rates, rates are set as at 1 July each year and the Council invoices rates quarterly, with the instalment dates being 1 August, 1 November, 1 February and 1 May. Each instalment is one quarter of the total annual rates payable for the year. Rates are due and payable to the Tasman District Council. The 2018/2019 rates instalments due dates are:

<b>INSTALMENT 1</b>	<b>20 AUG 2018</b>
<b>INSTALMENT 2</b>	<b>20 NOV 2018</b>
<b>INSTALMENT 3</b>	<b>20 FEB 2019</b>
<b>INSTALMENT 4</b>	<b>20 MAY 2019</b>

Volumetric metered water rates are invoiced separately from other rates. Invoices for the majority of users are issued six monthly and invoices for larger industrial users are issued monthly. The 2018/2019 due dates are as follows:

## **METERS INVOICED IN JUNE: 20 JUL 2018**

(may include but is not limited to meters in Richmond West, Murchison, Upper Takaka, Pohara, Collingwood and meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN JULY: 20 AUG 2018**

(may include but is not limited to meters in Hope, Brightwater, Wakefield, Tapawera, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN AUGUST: 20 SEP 2018**

(may include but is not limited to meters in Mapua, Motueka, Kaiteriteri, Riwaka, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN SEPTEMBER: 23 OCT 2018**

(may include but is not limited to meters in Richmond North, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN OCTOBER: 20 NOV 2018**

(may include but is not limited to meters in Richmond East, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN NOVEMBER: 20 DEC 2018**

(may include but is not limited to meters in Richmond South, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN DECEMBER: 21 JAN 2019**

(may include, but not limited to meters in Richmond West, Murchison, Upper Takaka, Pohara, Collingwood, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN JANUARY: 20 FEB 2019**

(may include but is not limited to meters in Hope, Brightwater, Wakefield, Tapawera, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN FEBRUARY: 20 MAR 2019**

(may include but is not limited to meters in Mapua, Motueka, Kaiteriteri, Riwaka, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN MARCH: 23 APR 2019**

(may include but is not limited to meters in Richmond North, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN APRIL: 20 MAY 2019**

(may include but is not limited to meters in Richmond East, meters W00898, W00897, W00906, W45268)

## **METERS INVOICED IN MAY: 20 JUN 2019**

(may include but is not limited to meters in Richmond South, meters W00898, W00897, W00906, W45268)

Payments received will be applied to the oldest outstanding amounts first.

## ASSESSMENT AND INVOICING (CONT.)

### PENALTIES

For rates other than volumetric metered water rates, under Section 57 and 58 of the Local Government (Rating) Act 2002 the Council prescribes a penalty of ten percent (10%) of the amount of rate instalments remaining unpaid by the due date to be added on the following dates:

<b>INSTALMENT 1</b>	<b>21 AUG 2018</b>
<b>INSTALMENT 2</b>	<b>21 NOV 2018</b>
<b>INSTALMENT 3</b>	<b>21 FEB 2019</b>
<b>INSTALMENT 4</b>	<b>21 MAY 2019</b>

For volumetric metered water rates, a penalty of 10 percent (10%) will be added to the amount of metered water rates remaining unpaid by the due date to be added on the following dates:

**METERS INVOICED IN JUNE: 23 JUL 2018**

**METERS INVOICED IN JULY: 21 AUG 2018**

**METERS INVOICED IN AUGUST: 21 SEP 2018**

**METERS INVOICED IN SEPTEMBER: 24 OCT 2018**

**METERS INVOICED IN OCTOBER: 21 NOV 2018**

**METERS INVOICED IN NOVEMBER: 21 DEC 2018**

**METERS INVOICED IN DECEMBER: 22 JAN 2019**

**METERS INVOICED IN JANUARY: 21 FEB 2019**

**METERS INVOICED IN FEBRUARY: 21 MAR 2019**

**METERS INVOICED IN MARCH: 24 APR 2019**

**METERS INVOICED IN APRIL: 21 MAY 2019**

**METERS INVOICED IN MAY: 21 JUN 2019**

On 9 July 2018, a further penalty of five percent (5%) will be added to rates (including previously applied penalties) that remain unpaid from previous years on 5 July 2018. On 11 January 2019, a further penalty of five percent (5%) will be added to any portion of previous years rates (including previously applied penalties) still remaining unpaid on 9 January 2019.

The above penalties will not be charged on a rating unit where Council has agreed to a programme for payment of rate arrears or where a direct debit programme is in place and payments are being honoured.

# RATES IMPACT ON EXAMPLE PROPERTIES

The Council uses example properties with different rating mixes and a range of property values to illustrate the impact of its rating policies.

The General Rate applies to every rateable rating unit in the District. Targeted rates are applied to rating units depending on how each targeted rate is set, as detailed in the Council's Funding Impact Statement.

The District's Last triennial revaluation was carried out by Quotable Value Limited as at 1 September 2017.

The new values apply from the 2018 – 2019 rating year. The capital value of the district increased by 22% and the land value of the district increased by 20%.

The revaluation does not increase or decrease the Council's total rating income but it does affect how rates are allocated. If the Council's rates income charged on rateable value was a pie, a ratepayer's slice might get bigger if their property value has increased by more than the average.

The following tables will present what the rate increase would have been on the example properties, before the effects of the triennial revaluation are taken into account.

	CAPITAL VALUE (PRE 2017 REVALUATION)	2017/2018 ACTUAL RATES	2018/2019 RATES IF 2017 REVALUATION HAD NOT OCCURRED	% INCREASE FROM 2017/2018
Residential – Takaka	\$270,000	\$2,495	\$2,515	0.8%
Residential – Murchison, with 63m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$160,000	\$2,237	\$2,277	1.8%
Residential – Mapua (no wastewater/metered water)	\$495,000	\$2,158	\$2,203	2.1%
Residential – Mapua, with 131m <sup>3</sup> of water, Urban Metered Water Supply	\$380,000	\$3,374	\$3,421	1.4%
Residential – Kaiteriteri, with 135m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$660,000	\$4,313	\$4,385	1.7%
Residential – Brightwater, with 327m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$385,000	\$3,847	\$3,939	2.4%
Residential – Wakefield, with 165m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$350,000	\$3,254	\$3,298	1.4%
Residential – Motueka, with 95m <sup>3</sup> of water, Motueka Water Supply Metered Connections	\$380,000	\$2,935	\$2,997	2.1%
Residential – Richmond (Waimea Village,) with 34m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$200,000	\$2,468	\$2,492	1.0%
Residential – Richmond, with 112m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$510,000	\$3,702	\$3,768	1.8%



## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

They also present what the rates increases will be on example properties, after the effects of the revaluation. The rating effects on individual properties will vary because of differing valuation changes, and because targeted rates do not apply uniformly to all properties.

These properties are examples of properties and do not cover all situations for all of the rateable properties in the District.

More information on the rates for a particular property can be found on the Council website [www.tasman.govt.nz](http://www.tasman.govt.nz).

The following table is GST inclusive. It covers the total rates increases including both the increases in the general and targeted rates. Metered water has been included using the actual volumes for the example properties in the previous year.

Depending on particular circumstances and the effect of specific targeted rates, individual circumstances will vary from these examples.

The overall rates change for these properties range from -11.9% to 11.8%.

\$ INCREASE FROM 2017/2018	CAPITAL VALUE (2017 DISTRICT WIDE REVALUATION)	% CV INCREASE (2017 COMPARED WITH 2014)	2017/2018 ACTUAL RATES	2018/19 RATES (POST REVALUATION)	% CHANGE FROM 2017/2018	\$CHANGE FROM 2017/2018
\$20	\$350,000	30%	\$2,495	\$2,550	2.2%	\$55
\$40	\$190,000	19%	\$2,237	\$2,256	0.8%	\$19
\$45	\$645,000	30%	\$2,158	\$2,290	6.1%	\$132
\$47	\$495,000	30%	\$3,374	\$3,501	3.8%	\$127
\$72	\$790,000	20%	\$4,313	\$4,303	-0.2%	-\$10
\$92	\$500,000	30%	\$3,847	\$4,029	4.7%	\$182
\$44	\$455,000	30%	\$3,254	\$3,367	3.5%	\$113
\$62	\$490,000	29%	\$2,935	\$3,061	4.3%	\$126
\$24	\$280,000	40%	\$2,468	\$2,589	4.9%	\$121
\$66	\$670,000	31%	\$3,702	\$3,890	5.1%	\$188

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

	CAPITAL VALUE (PRE 2017 REVALUATION)	2017/2018 ACTUAL RATES	2018/2019 RATES IF 2017 REVALUATION HAD NOT OCCURRED	% INCREASE FROM 2017/2018
Residential – Richmond, with 179m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,060,000	\$5,714	\$5,846	2.3%
Dairy Farm – Collingwood – Bainham	\$7,450,000	\$23,087	\$23,825	3.2%
Forestry – Motueka	\$3,480,000	\$10,849	\$11,120	2.5%
Horticultural – Hope	\$1,210,000	\$4,136	\$4,258	2.9%
Horticultural – Ngatimoti	\$660,000	\$2,438	\$2,512	3.0%
Horticultural – Waimea West, with 9 hectares, with Water Supply Dams – Wai-iti Valley Community Dam	\$1,150,000	\$7,612	\$7,579	-0.4%
Pastoral Farming (Fattening) – Upper Moutere	\$940,000	\$3,235	\$3,333	3.0%
Lifestyle – Wakefield, with 3m <sup>3</sup> /day restrictor, Eighty Eight Valley Rural Water Supply	\$1,600,000	\$5,744	\$6,095	6.1%
Lifestyle – East Takaka	\$495,000	\$1,964	\$2,027	3.2%
Lifestyle – Neudorf, with 2m <sup>3</sup> /day restrictor, Dovedale Rural Water Supply	\$560,000	\$3,305	\$3,499	5.9%
Lifestyle, Tasman with 2m <sup>3</sup> /day restrictor, Rural Water Extension to Urban Water Scheme	\$680,000	\$3,835	\$3,962	3.3%
Lifestyle – Bronte, with 3m <sup>3</sup> /day restrictor, Redwood Valley Rural Water Supply	\$1,070,000	\$4,786	\$5,028	5.1%
Commercial – Queen St, Richmond, with 241m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,310,000	\$9,584	\$9,715	1.4%
Commercial – High St, Motueka	\$1,300,000	\$7,366	\$7,475	1.5%
Industrial – Cargill Place, Richmond, with 49m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$620,000	\$3,943	\$4,015	1.8%
Utility	\$68,820,000	\$184,200	\$187,805	2.0%

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

\$ INCREASE FROM 2017/2018	CAPITAL VALUE (2017 DISTRICT WIDE REVALUATION)	% CV INCREASE (2017 COMPARED WITH 2014)	2017/2018 ACTUAL RATES	2018/19 RATES (POST REVALUATION)	% CHANGE FROM 2017/2018	\$CHANGE FROM 2017/2018
\$132	\$1,210,000	14%	\$5,714	\$5,577	-2.4%	-\$137
\$738	\$7,800,000	5%	\$23,087	\$20,349	-11.9%	-\$2,738
\$271	\$3,830,000	10%	\$10,849	\$10,020	-7.6%	-\$829
\$122	\$1,555,000	29%	\$4,136	\$4,435	7.2%	\$299
\$74	\$905,000	37%	\$2,438	\$2,726	11.8%	\$288
-\$33	\$1,515,000	32%	\$7,612	\$7,941	4.3%	\$329
\$98	\$1,090,000	16%	\$3,235	\$3,171	-2.0%	-\$64
\$351	\$2,000,000	25%	\$5,744	\$6,152	7.1%	408
\$63	\$570,000	15%	\$1,964	\$1,930	-1.7%	-34
\$194	\$760,000	36%	\$3,305	\$3,658	10.7%	353
\$127	\$825,000	21%	\$3,835	\$3,928	2.4%	93
\$242	\$1,390,000	30%	\$4,786	\$5,185	8.3%	399
\$131	\$1,370,000	5%	\$9,584	\$8,955	-6.6%	-\$629
\$109	\$1,460,000	12%	\$7,366	\$7,068	-4.0%	-\$298
\$72	\$660,000	6%	\$3,943	\$3,715	-5.8%	-\$228
\$3,605	\$77,210,000	12%	\$184,200	\$171,026	-7.2%	-\$13,174

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

The following table shows the breakdown of the rates for the example properties for 2018/19:

	GENERAL RATES	DISTRICT-WIDE TARGETED RATES (1)	STORM-WATER RATE	WASTE-WATER RATE	REGIONAL RIVER WORKS RATE	REFUSE/ RECYCLING RATE	COMMUNITY BOARD RATES (2)
Residential – Takaka	\$1,064	\$256	\$205	\$699	\$91	\$118	\$19
Residential – Murchison, with 63m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$711	\$256	\$111	\$699	\$10	–	–
Residential – Mapua (no wastewater/ metered water)	\$1,714	\$256	\$40	–	\$86	\$118	–
Residential – Mapua, with 131m <sup>3</sup> of water, Urban Metered Water Supply	\$1,383	\$256	\$290	\$699	\$65	\$118	–
Residential – Kaiteriteri, with 135m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$2,034	\$256	\$463	\$699	\$79	\$118	\$19
Residential – Brightwater, with 327m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,395	\$256	\$293	\$699	\$216	\$118	–
Residential – Wakefield, with 165m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,295	\$256	\$267	\$699	\$41	\$118	–
Residential – Motueka, with 95m <sup>3</sup> of water, Motueka Water Supply Metered Connections	\$1,373	\$256	\$287	\$699	\$52	\$118	\$19
Residential – Richmond (Waimea Village,) with 34m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$908	\$256	\$164	\$699	\$31	\$118	–

RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

WATER SUPPLY FIRE-FIGHTING RATES (3)	MOTUEKA FLOOD CONTROL RATE	MAPUA STOPBANK RATE	BUSINESS RATES (4)	WATER SUPPLY – DAMS: WAI-ITI VALLEY COMMUNITY DAM RATE	WATER SUPPLY RATES (5)	WAIMEA COMMUNITY DAM – ENVIRONMENTAL AND COMMUNITY BENEFITS ZOB RATE	TOTAL RATES
\$98	-	-	-	-	-	-	\$2,550
-	-	-	-	-	\$469	-	\$2,256
-	-	\$63	-	-	-	\$13	\$2,290
-	-	\$63	-	-	\$617	\$10	\$3,501
-	\$9	-	-	-	\$626	-	\$4,303
-	-	-	-	-	\$1,042	\$10	\$4,029
-	-	-	-	-	\$691	-	\$3,367
\$16	\$5	-	-	-	\$236	-	\$3,061
-	-	-	-	-	\$407	\$6	\$2,589

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

	GENERAL RATES	DISTRICT-WIDE TARGETED RATES (1)	STORM-WATER RATE	WASTE-WATER RATE	REGIONAL RIVER WORKS RATE	REFUSE/RECYCLING RATE	COMMUNITY BOARD RATES (2)
Residential – Richmond, with 112m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,768	\$256	\$393	\$699	\$66	\$118	–
Residential – Richmond, with 179m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$2,962	\$256	\$709	\$699	\$87	\$118	–
Dairy Farm – Collingwood – Bainham	\$17,513	\$256	\$480	–	\$2,066	–	\$19
Forestry – Motueka	\$8,746	\$256	\$236	–	\$602	\$118	\$19
Horticultural – Hope	\$3,723	\$256	\$96	–	\$210	\$118	–
Horticultural – Ngatimoti	\$2,288	\$256	\$56	–	\$97	–	\$19
Horticultural – Waimea West, with 9 hectares, with Water Supply Dams – Wai-iti Valley Community Dam	\$3,636	\$256	\$93	–	\$828	\$118	–
Pastoral Farming (Fattening) – Upper Moutere	\$2,697	\$256	\$67	–	\$151	–	–
Lifestyle – Wakefield, with 3m <sup>3</sup> /day restrictor, Eighty-Eight Valley Rural Water Supply	\$4,706	\$256	\$123	–	\$166	–	–
Lifestyle – East Takaka	\$1,549	\$256	\$35	–	\$56	–	\$19
Lifestyle – Neudorf, with 2m <sup>3</sup> /day restrictor, Dovedale Rural Water Supply	\$1,968	\$256	\$47	–	\$77	–	–

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

WATER SUPPLY FIRE-FIGHTING RATES (3)	MOTUEKA FLOOD CONTROL RATE	MAPUA STOPBANK RATE	BUSINESS RATES (4)	WATER SUPPLY – DAMS: WAI-ITI VALLEY COMMUNITY DAM RATE	WATER SUPPLY RATES (5)	WAIMEA COMMUNITY DAM – ENVIRONMENTAL AND COMMUNITY BENEFITS ZOB RATE	TOTAL RATES
-	-	-	-	-	\$576	\$14	\$3,890
-	-	-	-	-	\$721	\$25	\$5,577
\$15	-	-	-	-	-	-	\$20,349
-	\$43	-	-	-	-	-	\$10,020
-	-	-	-	-	-	\$32	\$4,435
-	\$10	-	-	-	-	-	\$2,726
-	-	-	-	\$3,010	-	-	\$7,941
-	-	-	-	-	-	-	\$3,171
-	-	-	-	-	\$901	-	\$6,152
\$15	-	-	-	-	-	-	\$1,930
-	-	-	-	-	\$1,310	-	\$3,658

## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

	GENERAL RATES	DISTRICT-WIDE TARGETED RATES (1)	STORM-WATER RATE	WASTE-WATER RATE	REGIONAL RIVER WORKS RATE	REFUSE/RECYCLING RATE	COMMUNITY BOARD RATES (2)
Lifestyle, Tasman with 2m <sup>3</sup> /day restrictor, Rural Water Extension to Urban Water Scheme	\$2,112	\$256	\$51	–	\$107	\$118	–
Lifestyle – Bronte, with 3m <sup>3</sup> /day restrictor, Redwood Valley Rural Water Supply	\$3,359	\$256	\$86	–	\$164	\$118	–
Commercial – Queen St, Richmond, with 241m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$3,314	\$256	\$803	\$2,796	\$178	\$118	–
Commercial – High St, Motueka	\$3,514	\$256	\$856	\$1,223	\$405	\$118	\$19
Industrial – Cargill Place, Richmond, with 49m <sup>3</sup> of water, Urban Water Supply Metered Connections	\$1,746	\$256	\$387	\$699	\$56	\$118	–
Utility	\$170,770	\$256	–	–	–	–	–

(1) Includes District Facilities Rate, Shared Facilities Rate, Facilities Operations Rate, Museums Facilities Rate, Mapua Rehabilitation Rate, and Waimea Community Dam Environmental and Community Benefits Districtwide Rate.

(2) Includes Golden Bay Community Board Rate and Motueka Community Board Rate.

(3) Includes Water Supply: Motueka Firefighting, Water Supply: Takaka Firefighting – Capital, and Water Supply: Takaka Firefighting – Operating.

(4) Includes Motueka Business Rate and Richmond Business Rate.

(5) Includes Water Supply – Urban Water Supply Metered Connections: Volumetric Charge, Water Supply – Urban Water Supply Metered Connections: Service Charge, Water Supply – Rural Water Extensions to Urban Water Schemes, Water Supply – Motueka Water Supply Metered Connections: Volumetric Charge, Water Supply – Motueka Water Supply Metered Connections: Service Charge, Water Supply – Dovedale Rural Water Supply, Water Supply – Redwood Valley Rural Water Supply, Water Supply – Eighty Eight Valley Rural Water Supply – Variable Charge, Water Supply – Eighty Eight Valley Rural Water Supply – Service Charge.



## RATES IMPACT ON EXAMPLE PROPERTIES (CONT.)

WATER SUPPLY FIRE-FIGHTING RATES (3)	MOTUEKA FLOOD CONTROL RATE	MAPUA STOPBANK RATE	BUSINESS RATES (4)	WATER SUPPLY – DAMS: WAI-ITI VALLEY COMMUNITY DAM RATE	WATER SUPPLY RATES (5)	WAIMEA COMMUNITY DAM – ENVIRONMENTAL AND COMMUNITY BENEFITS ZOB RATE	TOTAL RATES
–	–	–	–	–	\$1,267	\$17	\$3,928
–	–	–	–	–	\$1,174	\$28	\$5,185
–	–	–	\$606	–	\$856	\$28	\$8,955
\$16	\$16	–	\$645	–	–	–	\$7,068
–	–	–	–	–	\$439	\$14	\$3,715
–	–	–	–	–	–	–	\$171,026

**The following rates are not presented in the above examples:**

- Water Supply – Hamama Rural Water Supply – Variable Charge
- Water Supply – Hamama Rural Water Supply – Service Charge
- Water Supply – Hamama Rural Water Supply – Fixed Charge based on set land value
- Ruby Bay Stopbank Rate
- Torrent Bay Replenishment Rate
- Warm Tasman Rate

# RATING AREA MAPS

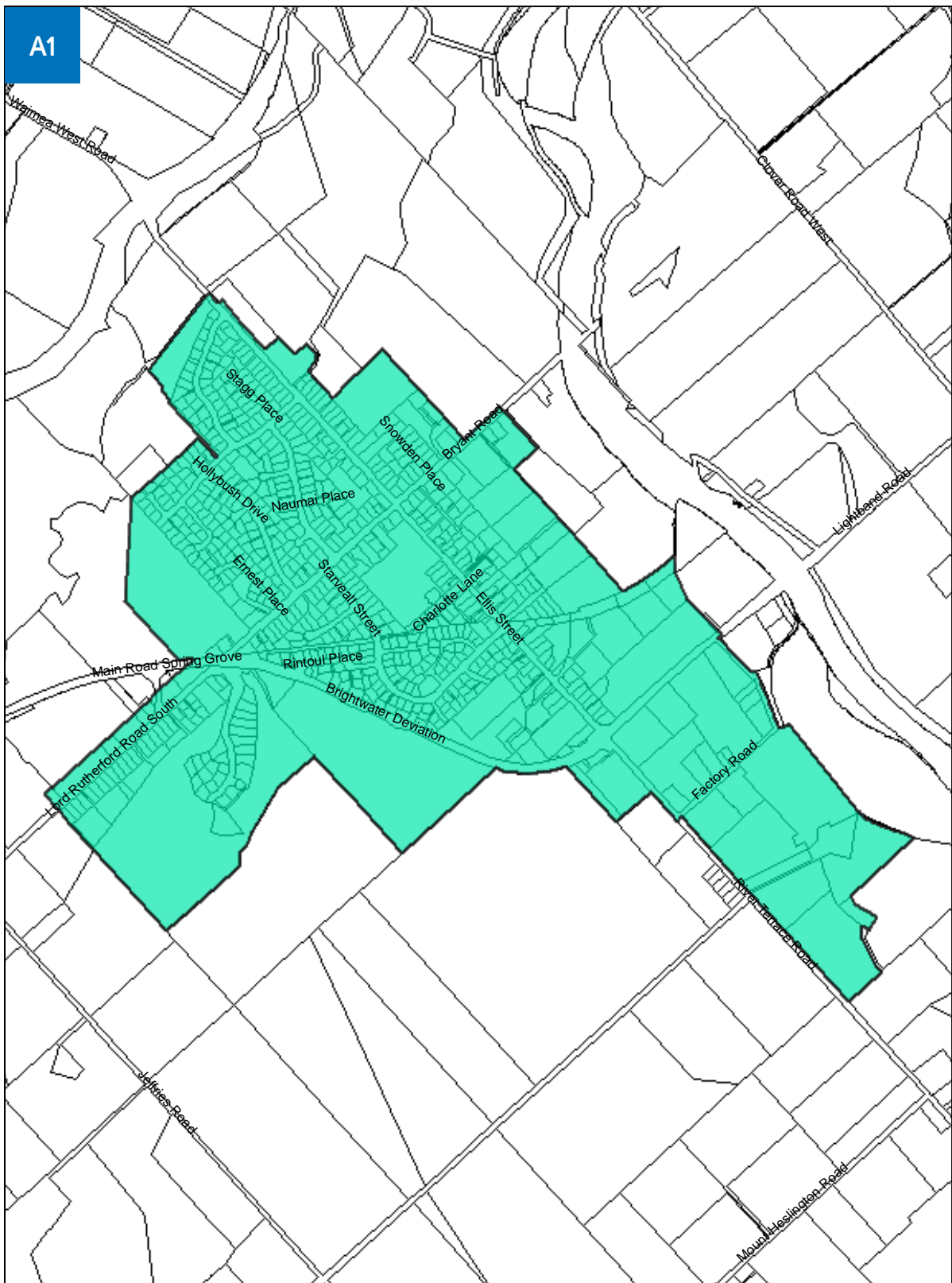
## INDEX

RATING MAP NAME	MAP REFERENCE
<b>STORMWATER URBAN DRAINAGE RATING AREA</b>	
Brightwater	A1 (page 42)
Collingwood	A2 (page 43)
Kaiteriteri	A3 (page 44)
Ligar Bay – Tata Beach	A4 (page 45)
Mapua – Ruby Bay	A5 (page 46)
Motueka	A6 (page 47)
Murchison	A7 (page 48)
Patons Rock	A8 (page 49)
Pohara	A9 (page 50)
Richmond	A10 (page 51)
St Arnaud	A11 (page 52)
Takaka	A12 (page 53)
Tapawera	A13 (page 54)
Tasman	A14 (page 55)
Wakefield	A15 (page 56)
<b>HAMAMA RURAL WATER SUPPLY RATING AREA</b>	B1 (page 57)
<b>MOTUEKA FIREFIGHTING WATER SUPPLY RATING AREA</b>	C1 (page 58)
<b>TAKAKA FIREFIGHTING WATER SUPPLY COMMERCIAL CBD RATING AREA</b>	D1 (page 59)
<b>TAKAKA FIREFIGHTING WATER SUPPLY RESIDENTIAL RATING AREA</b>	D2 (page 60)
<b>TAKAKA FIREFIGHTING WATER SUPPLY REST OF GOLDEN BAY RATING AREA</b>	D3 (page 61)
<b>WAI-ITI DAM RATING AREA</b>	E1 (page 62)
<b>RIVER RATING AREA X AND Y</b>	F1 (page 63)
<b>RIVER RATING AREA X, Y, AND Z</b>	F2 (page 64)
<b>MOTUEKA BUSINESS RATING AREA A AND B</b>	G1 (page 65)
<b>MOTUEKA BUSINESS RATING AREA A AND B – DETAIL MAP</b>	G2 (page 66)

## RATING AREA MAPS (CONT.)

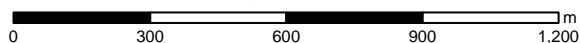
RATING MAP NAME	MAP REFERENCE
RICHMOND BUSINESS RATING AREA	H1 (page 67)
RUBY BAY STOPBANK RATING AREA	I1 (page 68)
MAPUA STOPBANK RATING AREA	J1 (page 69)
MOTUEKA FLOOD CONTROL RATING AREA A	K1 (page 70)
MOTUEKA FLOOD CONTROL RATING AREA B	K2 (page 71)
TORRENT BAY RATING AREA A	L1 (page 72)
TORRENT BAY RATING AREA B	L2 (page 73)
REFUSE/RECYCLING RATING AREA:	M SERIES
Brightwater – Waimea	M1 (page 74)
Collingwood	M2 (page 75)
Kaiteriteri	M3 (page 76)
Korere Tophouse	M4 (page 77)
Ligar Bay – Tata Beach	M5 (page 78)
Marahau	M6 (page 79)
Motueka	M7 (page 80)
Moutere	M8 (page 81)
Pohara	M9 (page 82)
Richmond	M10 (page 83)
Riwaka	M11 (page 84)
St Arnaud	M12 (page 85)
Takaka	M13 (page 86)
Tapawera	M14 (page 87)
Upper Takaka	M15 (page 88)
Wakefield	M16 (page 89)
GOLDEN BAY COMMUNITY BOARD RATING AREA	N1 (page 90)
MOTUEKA COMMUNITY BOARD RATING AREA	O1 (page 91)
WAIMEA COMMUNITY DAM ZONE OF BENEFIT RATING AREA	P1 (page 92)

RATING AREA MAPS (CONT.)



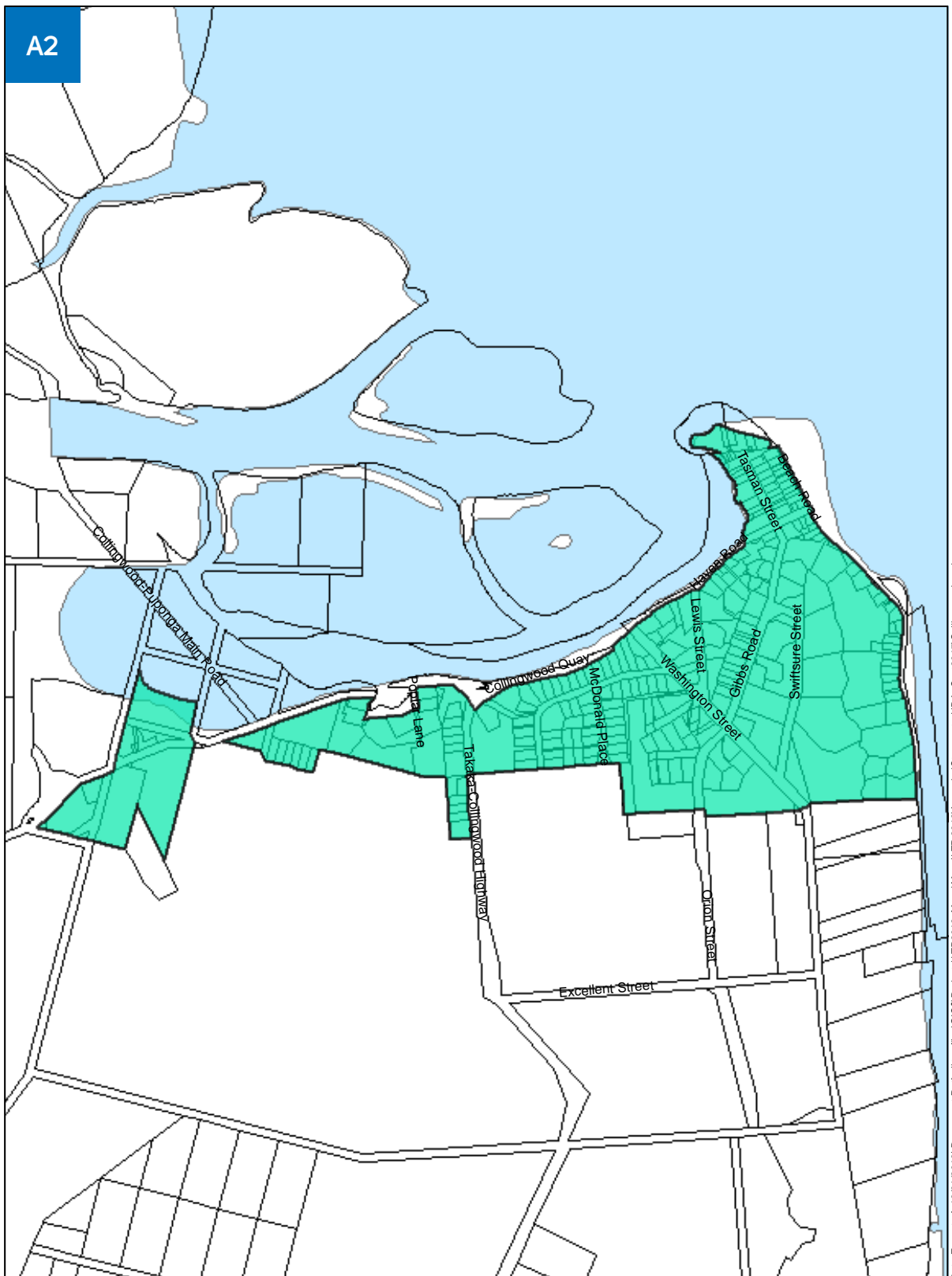
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**Stormwater Urban Drainage Rating Area  
Brightwater**

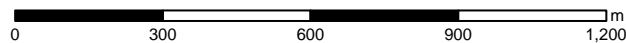


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RATING AREA MAPS (CONT.)

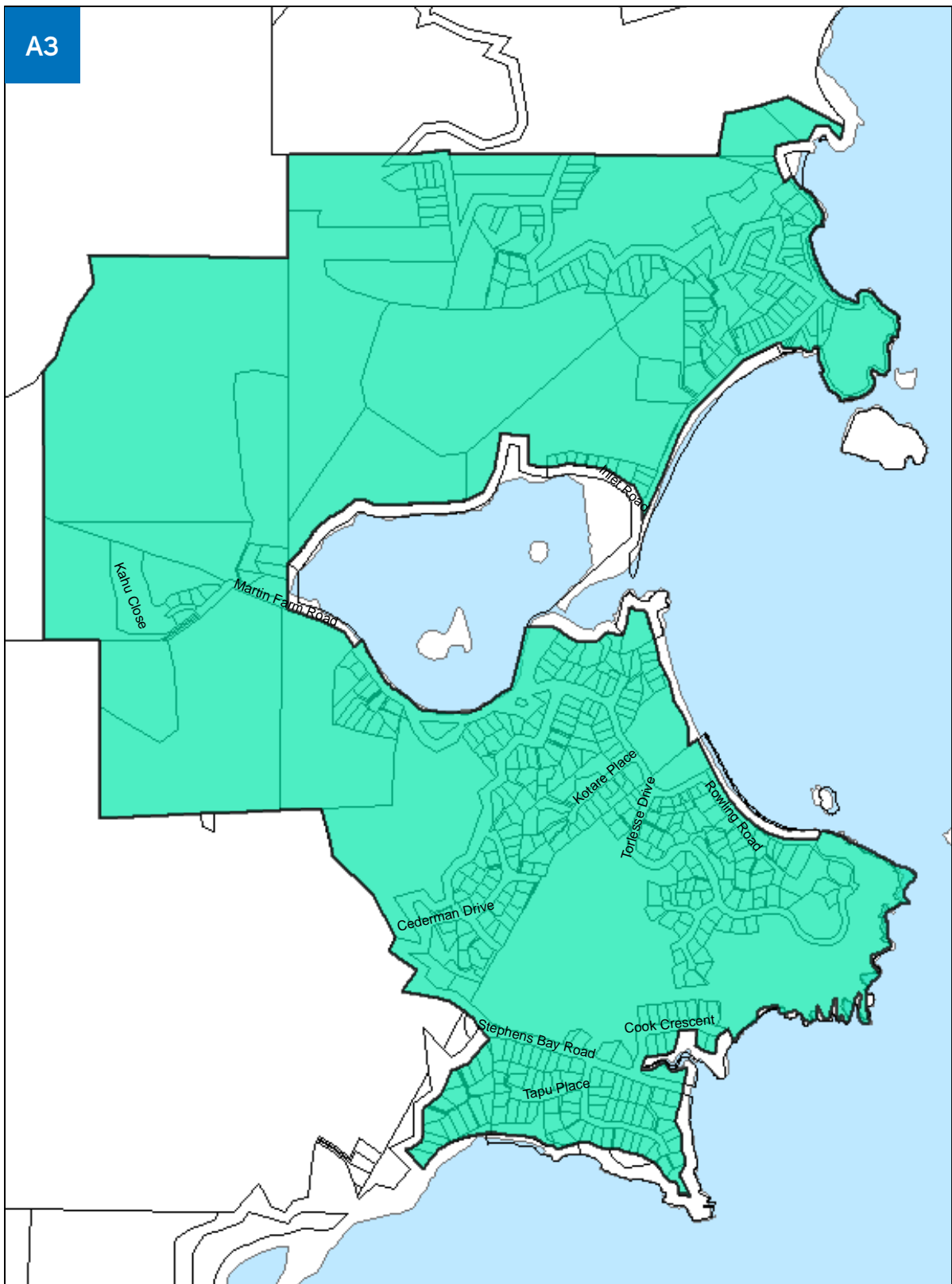


**Stormwater Urban Drainage Rating Area  
Collingwood**

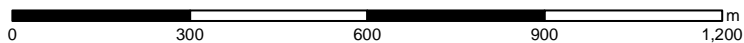


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RATING AREA MAPS (CONT.)



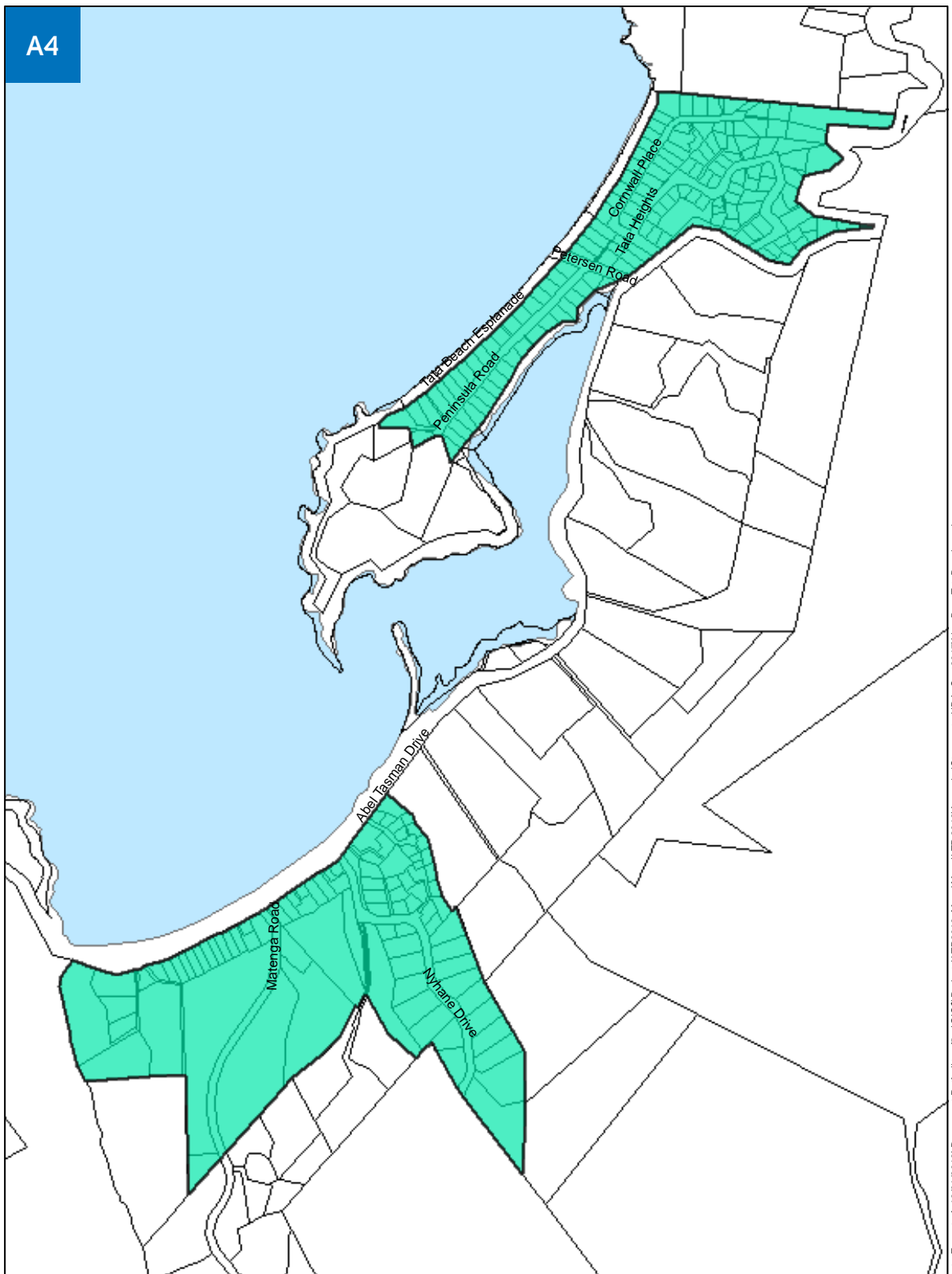
**Stormwater Urban Drainage Rating Area  
Kaiteriteri**



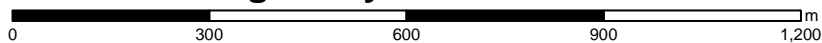
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RATING AREA MAPS (CONT.)



**Stormwater Urban Drainage Rating Area  
Ligar Bay - Tata Beach**

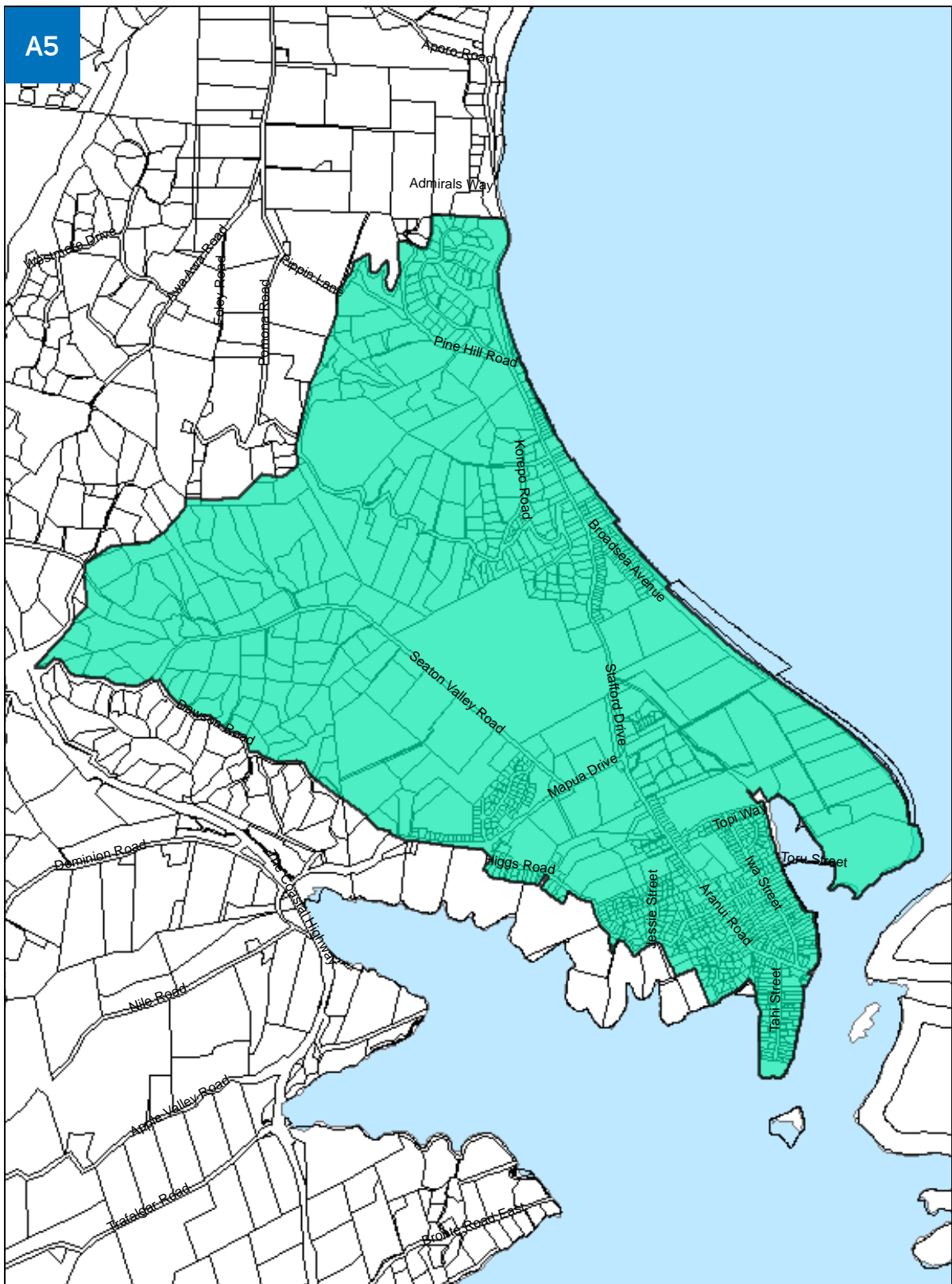


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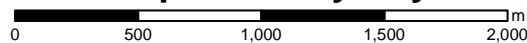


RATING AREA MAPS (CONT.)



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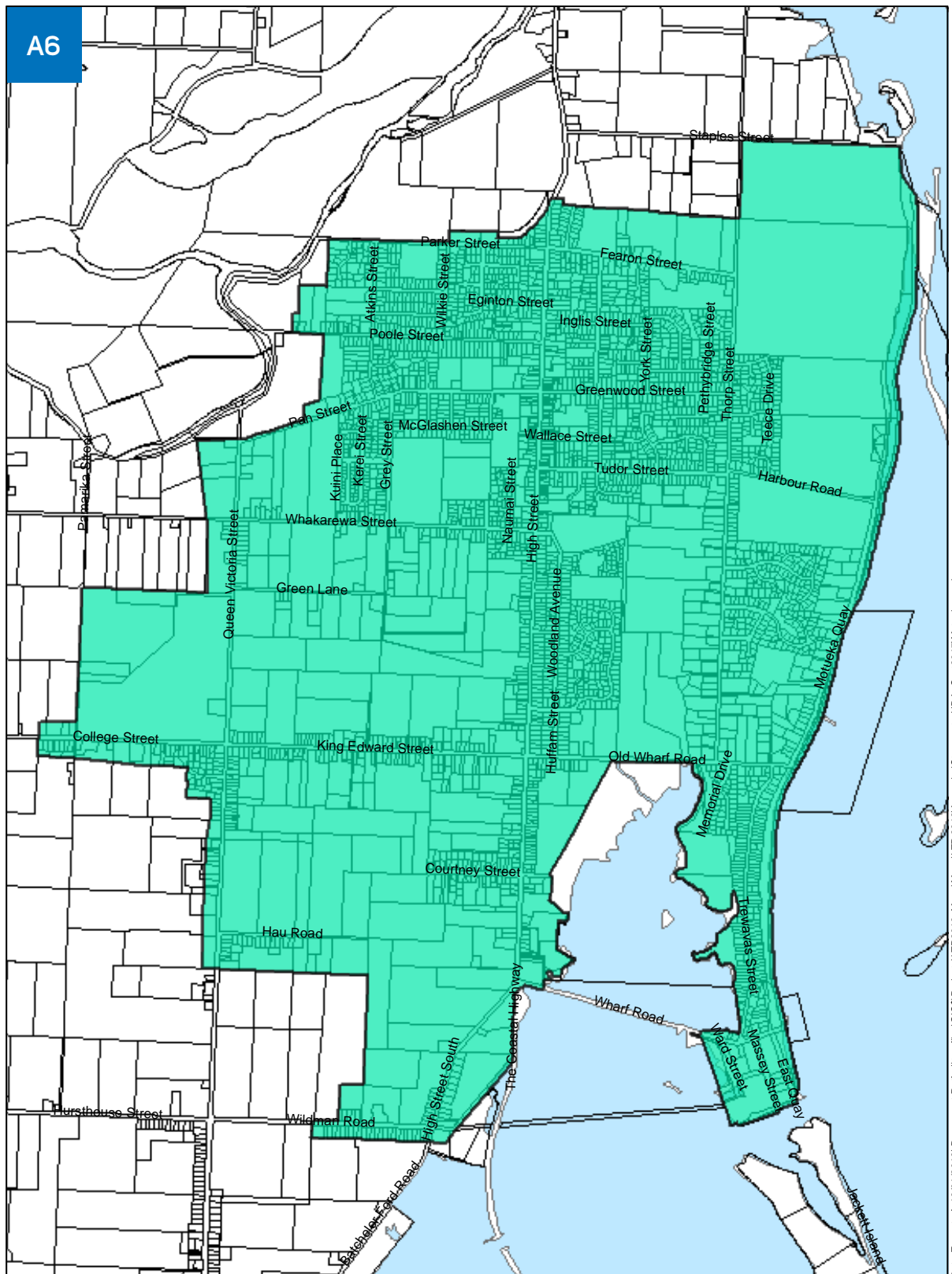
**Stormwater Urban Drainage Rating Area  
Mapua - Ruby Bay**



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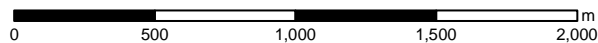


RATING AREA MAPS (CONT.)



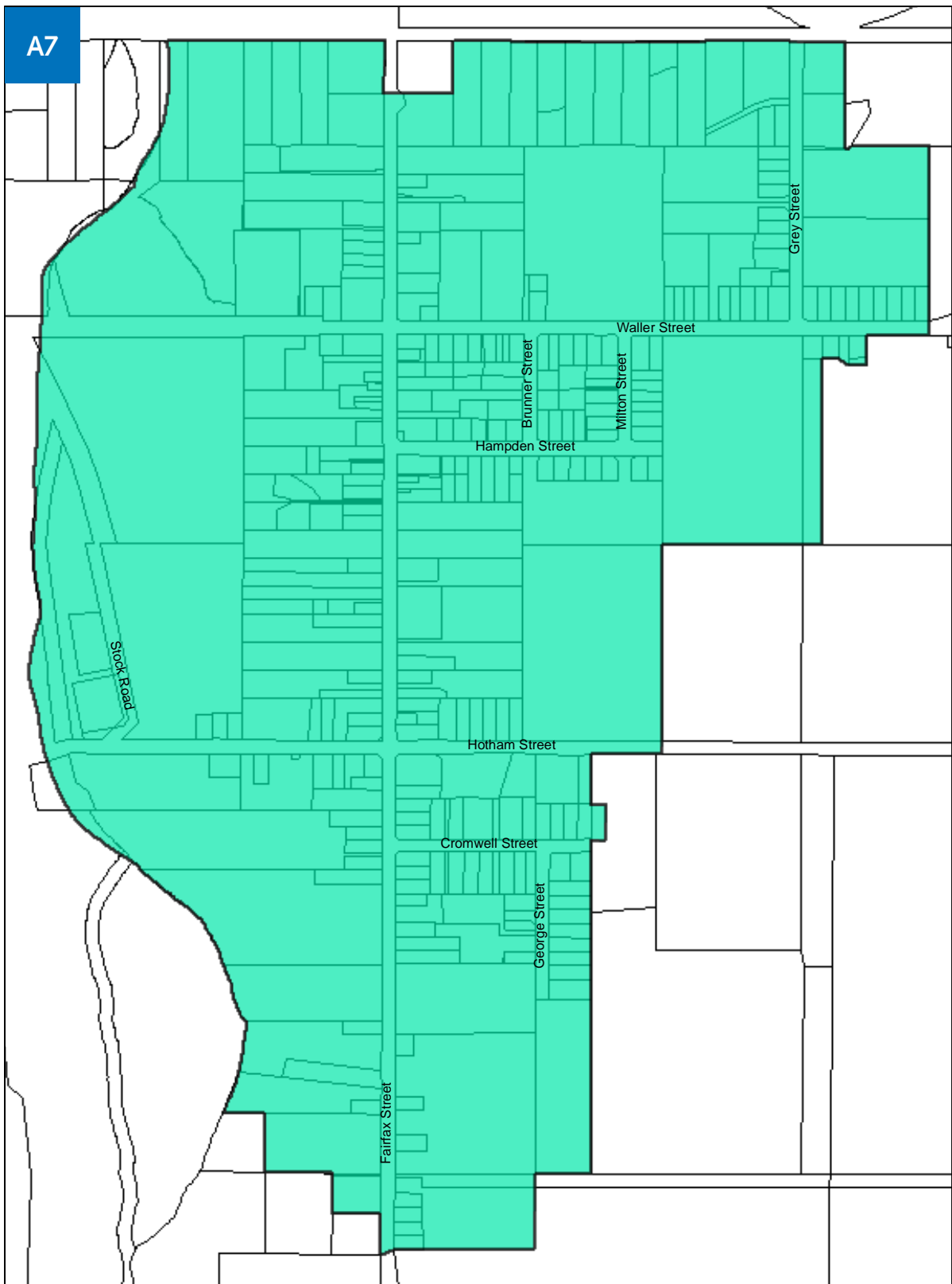
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**Stormwater Urban Drainage Rating Area  
Motueka**

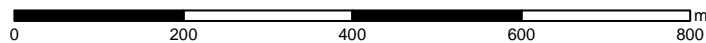


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RATING AREA MAPS (CONT.)

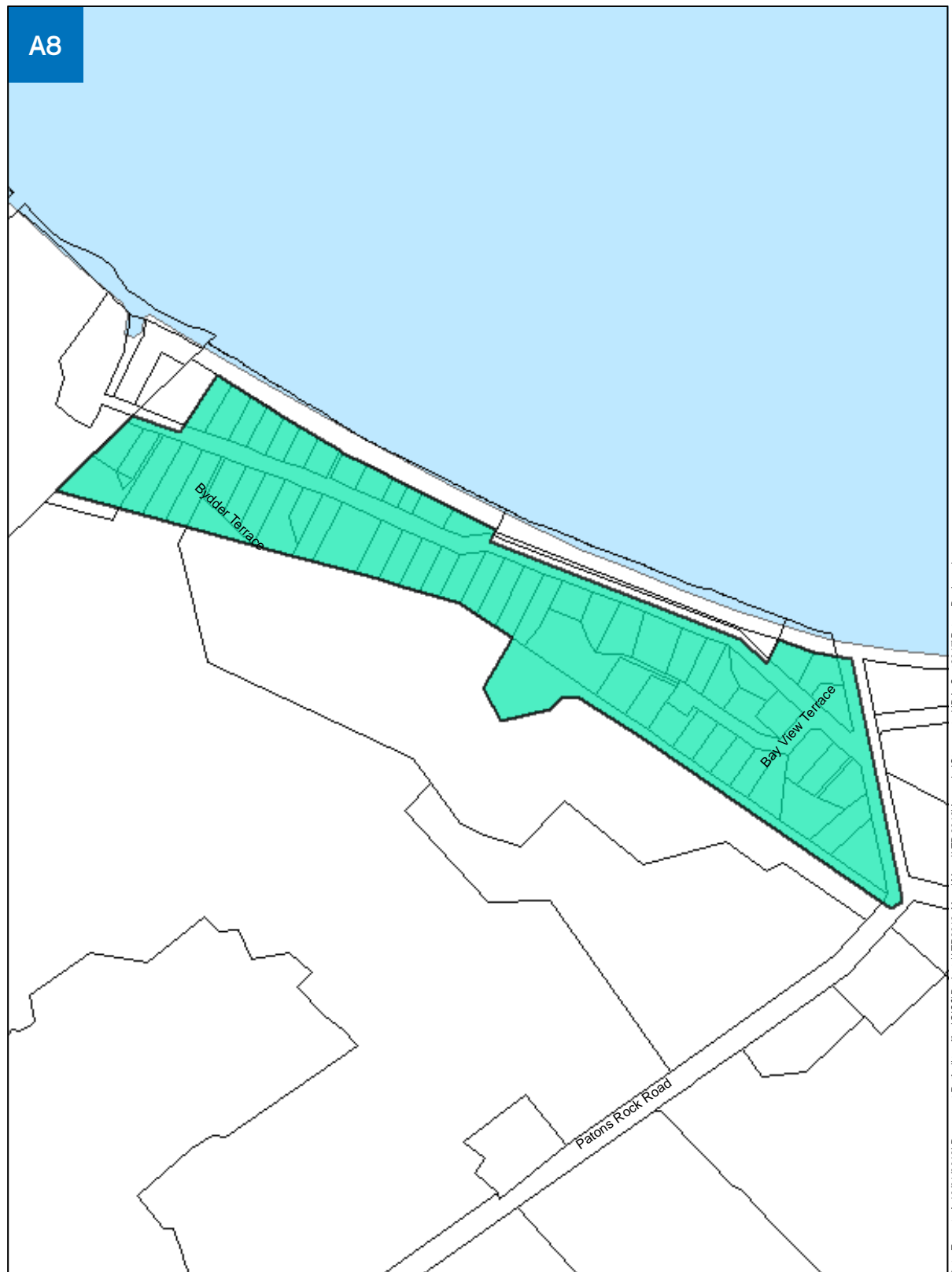


**Stormwater Urban Drainage Rating Area  
Murchison**

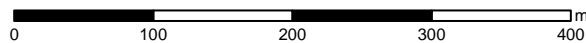


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RATING AREA MAPS (CONT.)

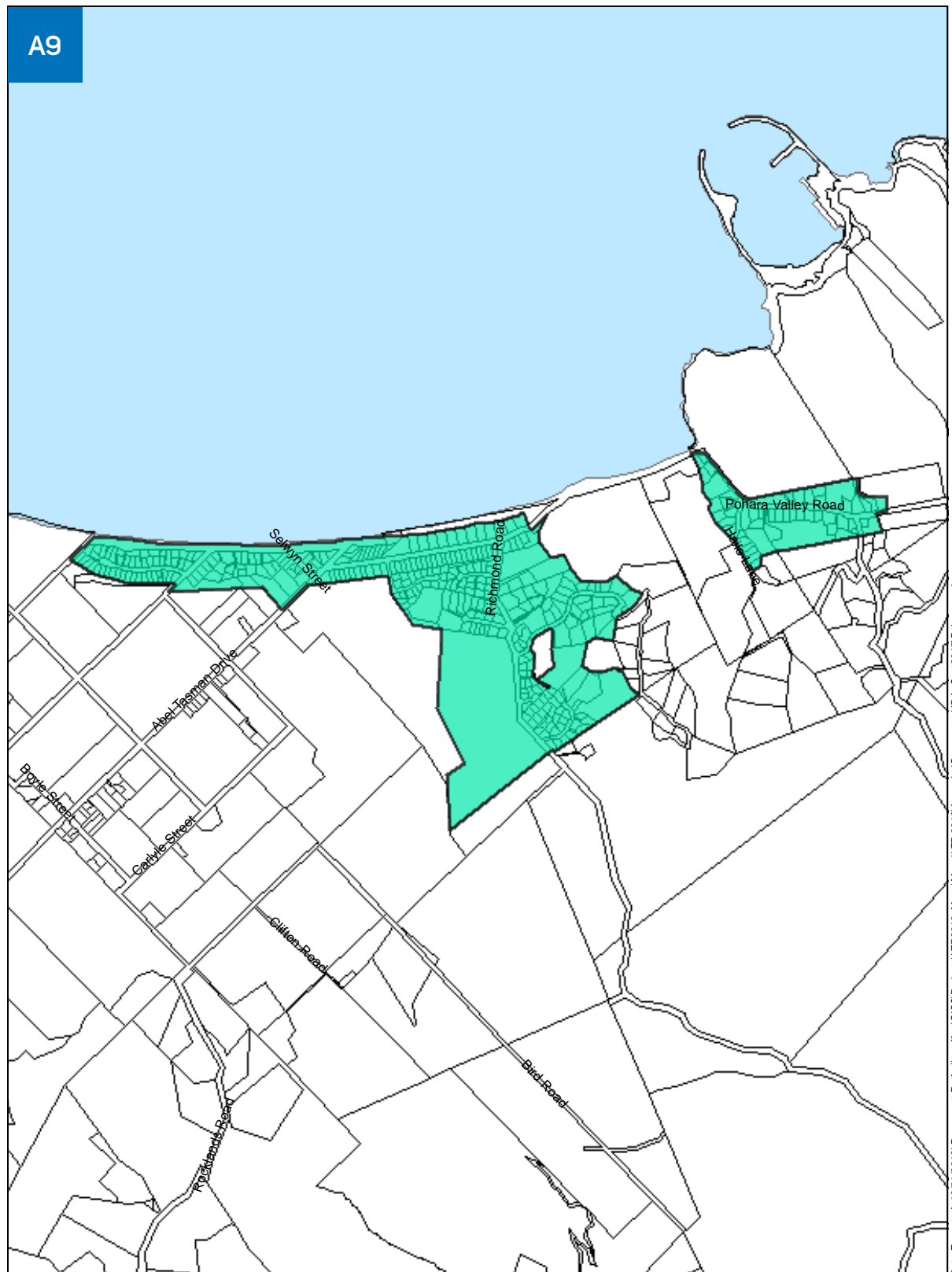


**Stormwater Urban Drainage Rating Area  
Patons Rock**

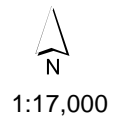
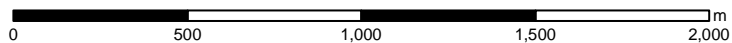


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RATING AREA MAPS (CONT.)



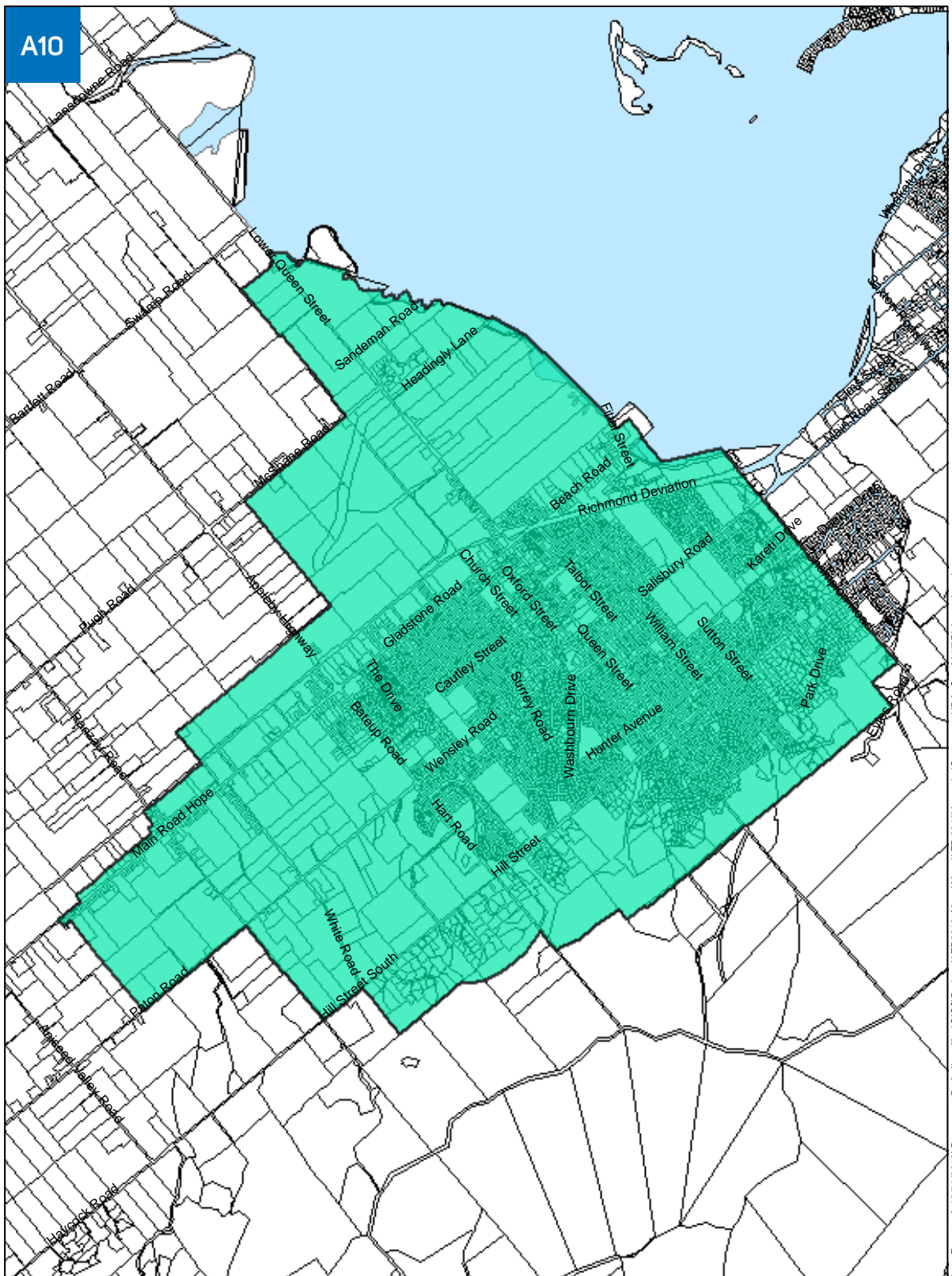
**Stormwater Urban Drainage Rating Area**  
**Pohara**



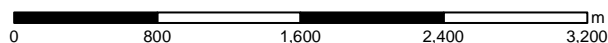
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RATING AREA MAPS (CONT.)



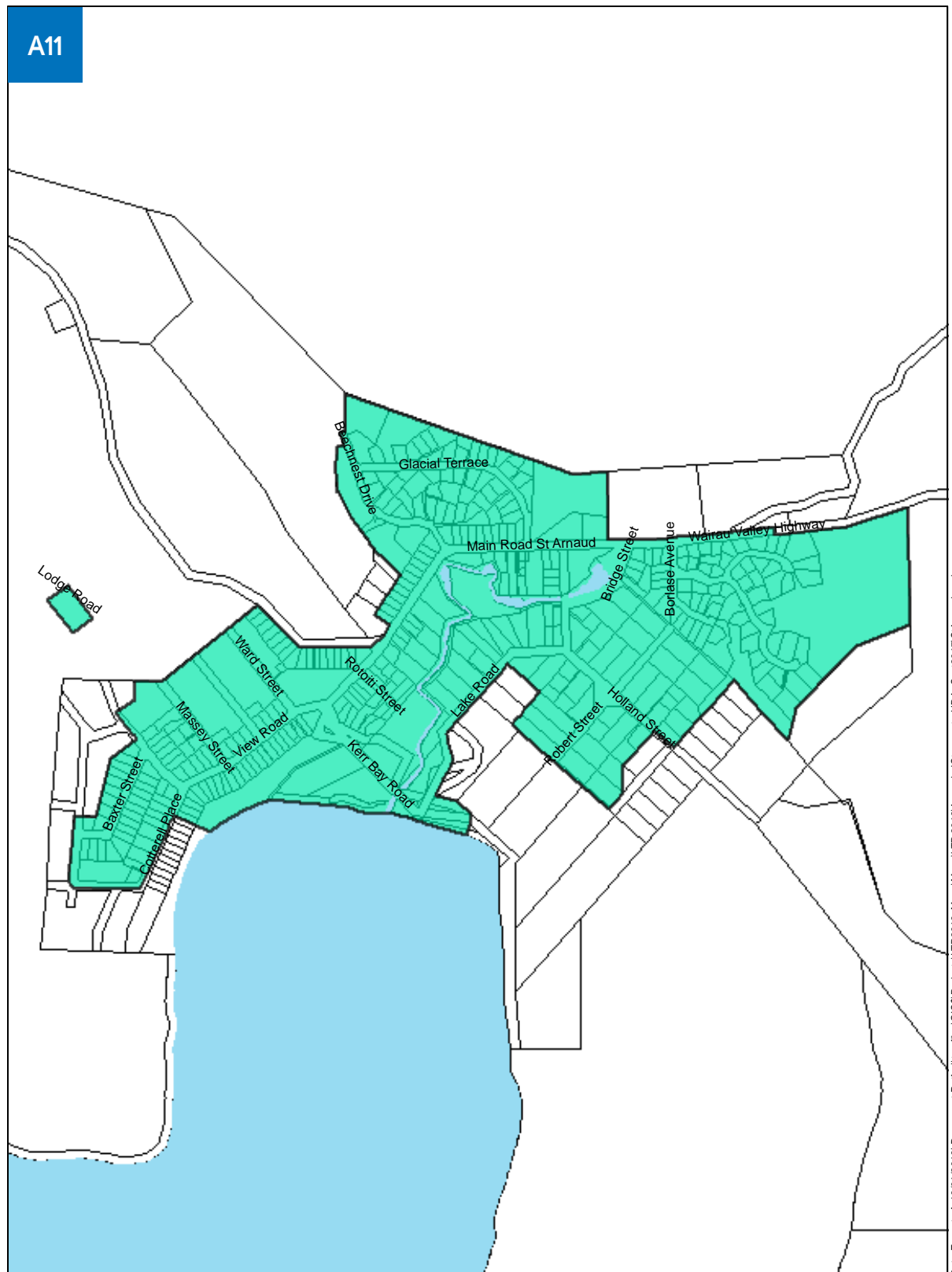
**Stormwater Urban Drainage Rating Area  
Richmond**



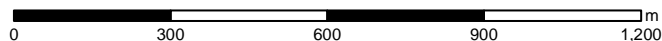
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RATING AREA MAPS (CONT.)



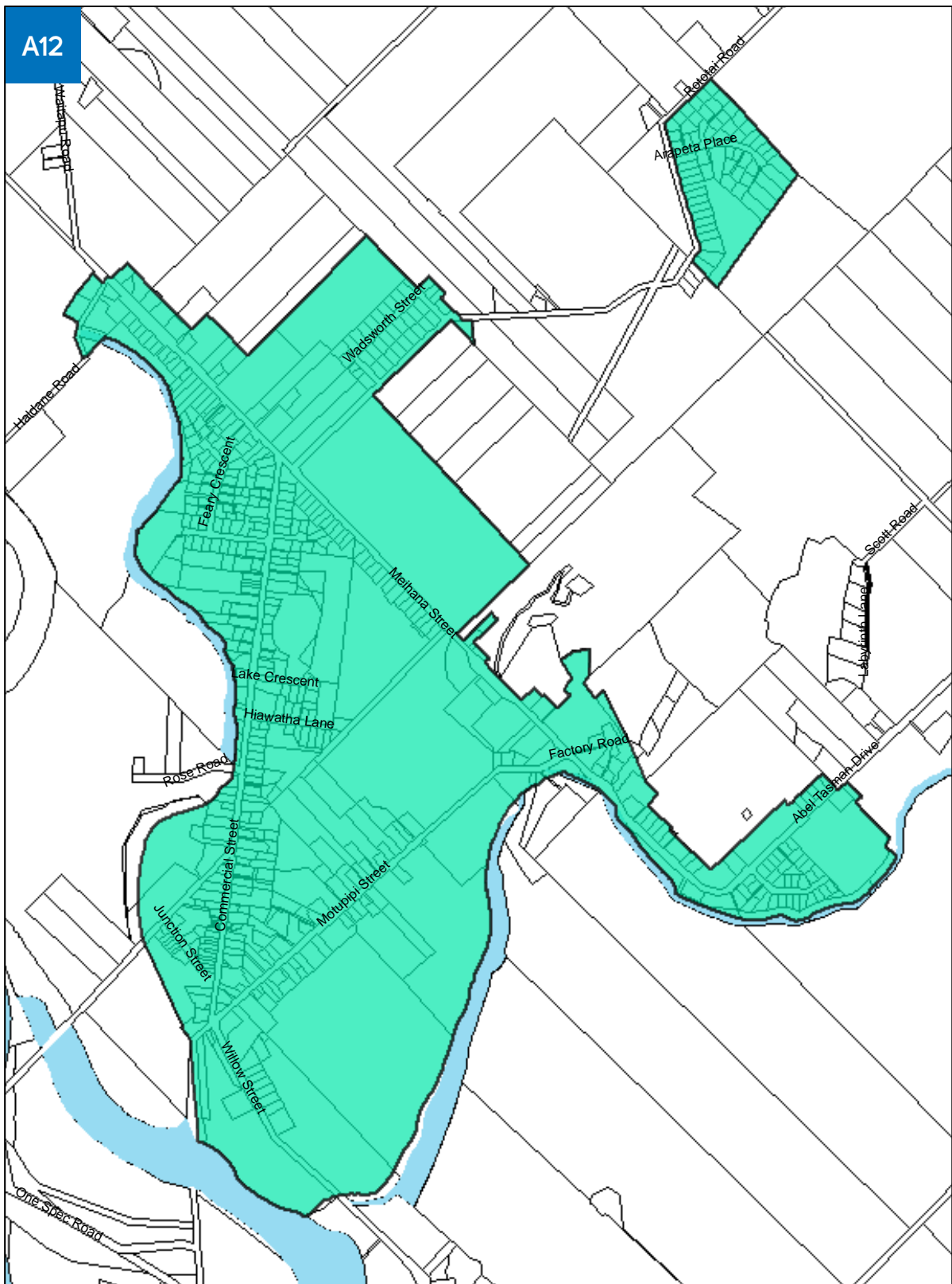
**Stormwater Urban Drainage Rating Area  
St Arnaud**



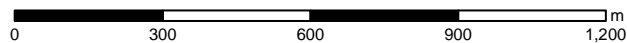
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RATING AREA MAPS (CONT.)

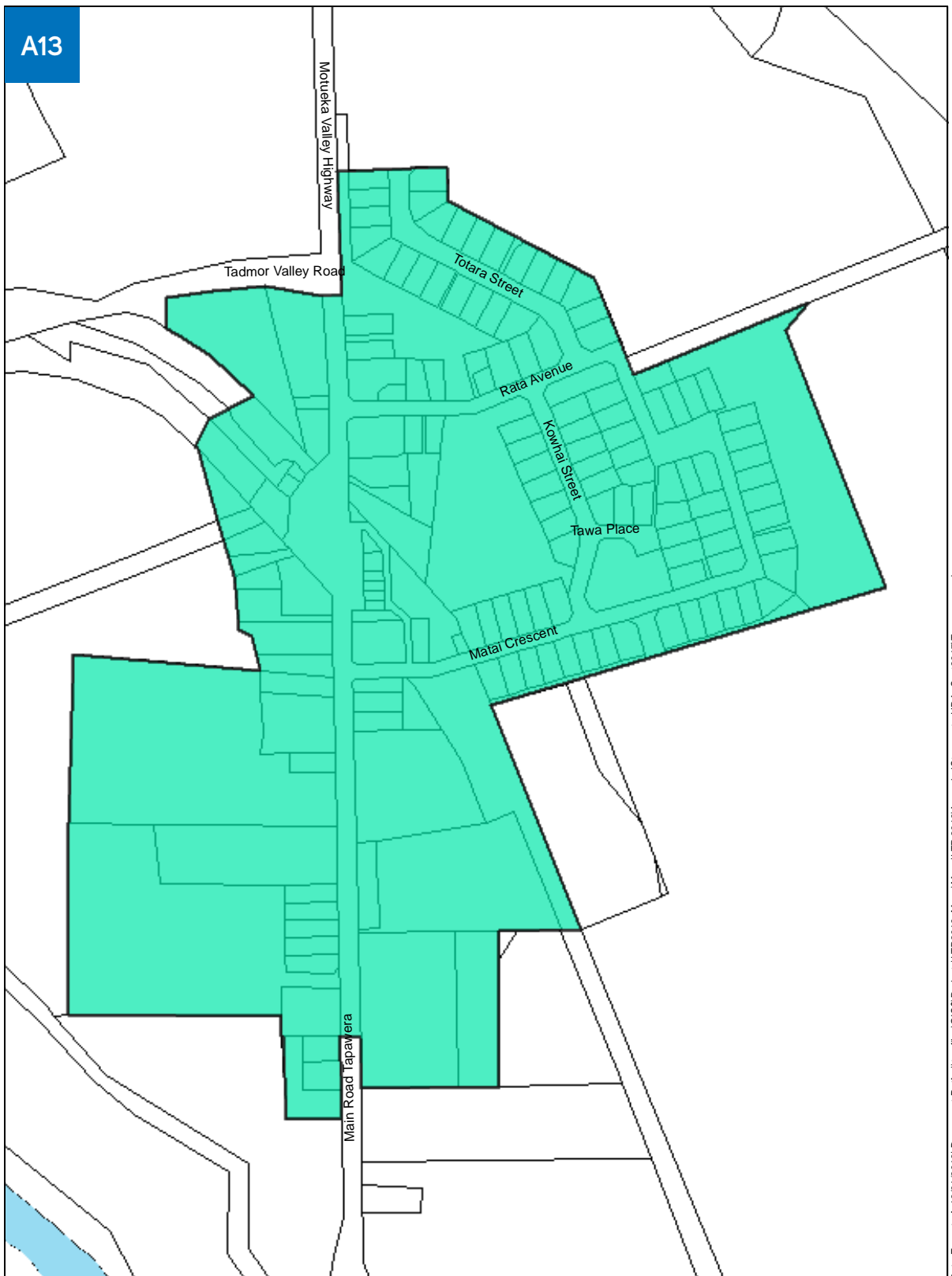


Stormwater Urban Drainage Rating Area  
Takaka

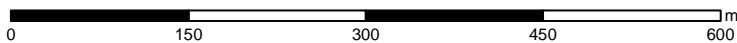


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RATING AREA MAPS (CONT.)



**Stormwater Urban Drainage Rating Area  
Tapawera**

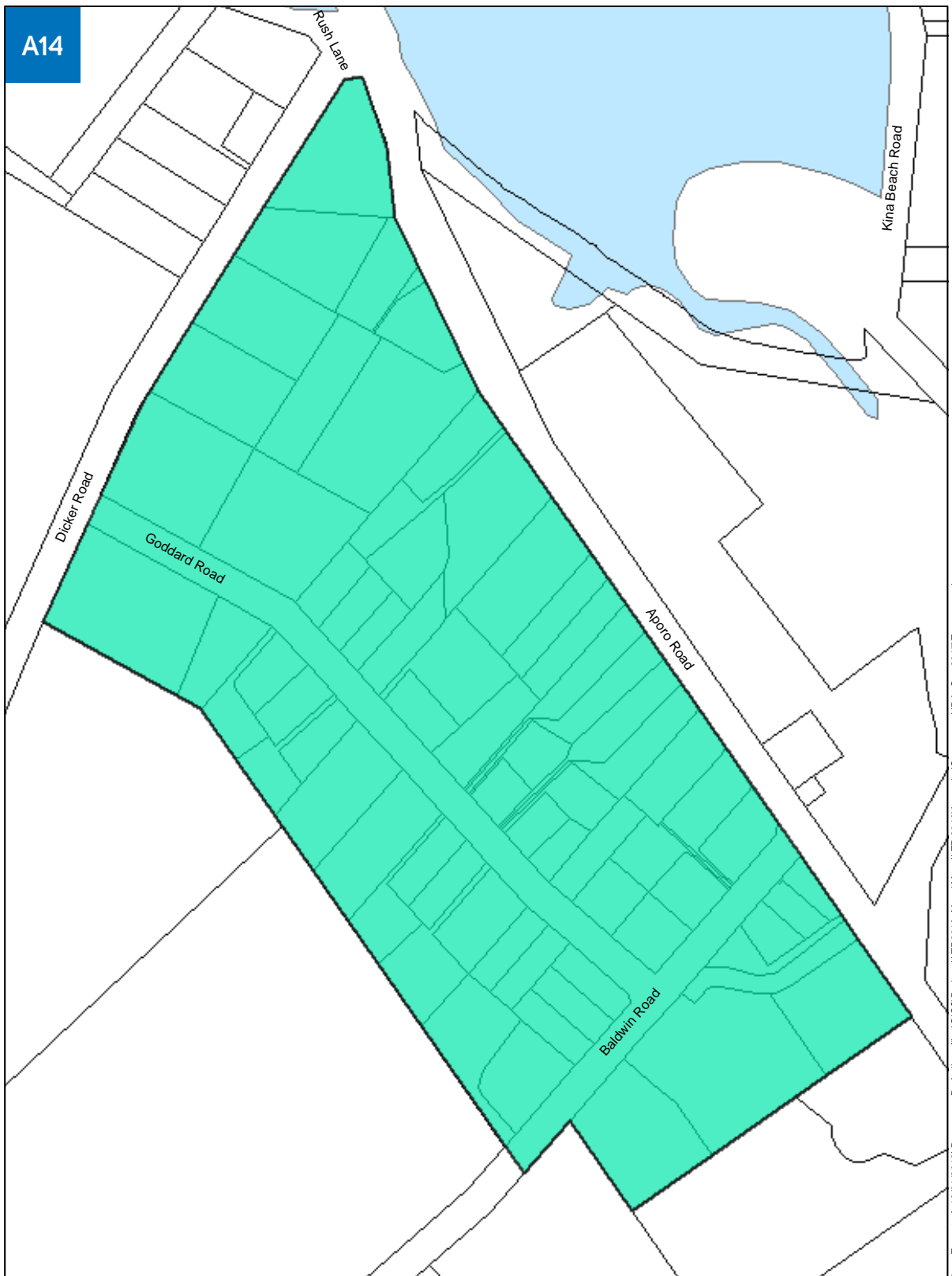


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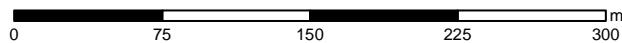




RATING AREA MAPS (CONT.)

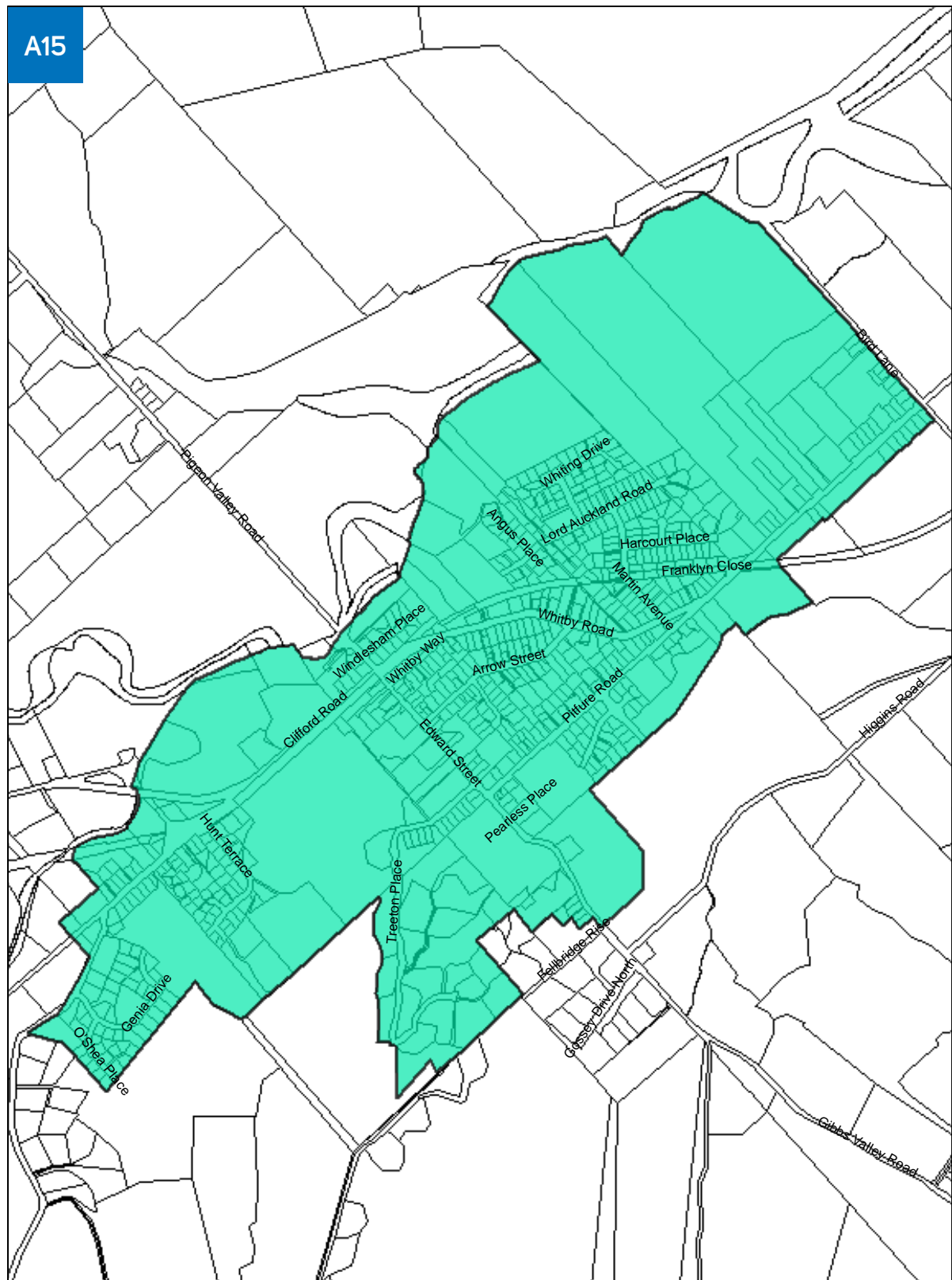


**Stormwater Urban Drainage Rating Area  
Tasman**

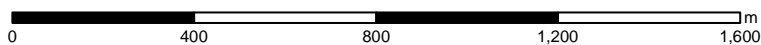


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RATING AREA MAPS (CONT.)



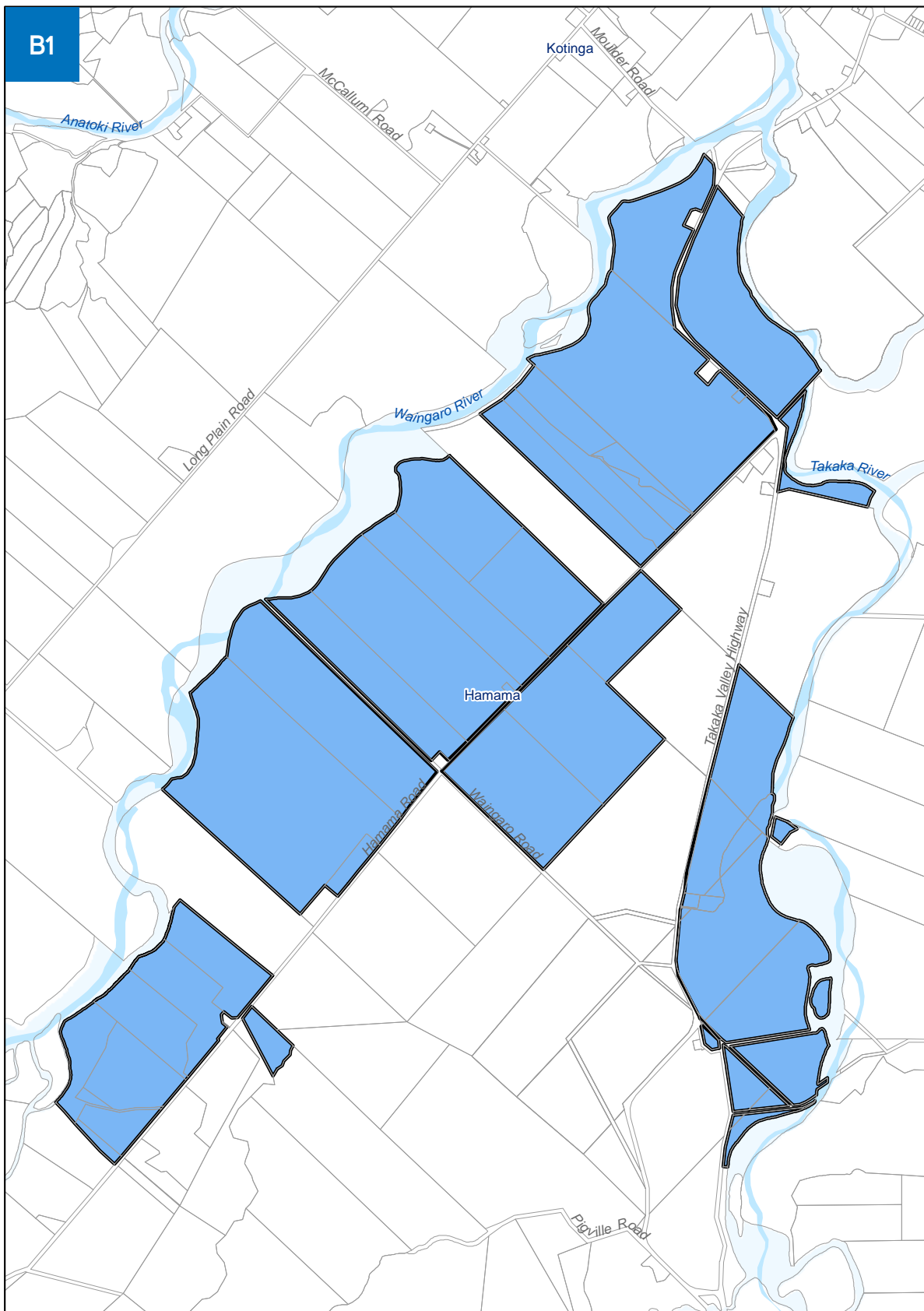
**Stormwater Urban Drainage Rating Area  
Wakefield**



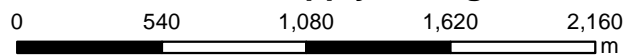
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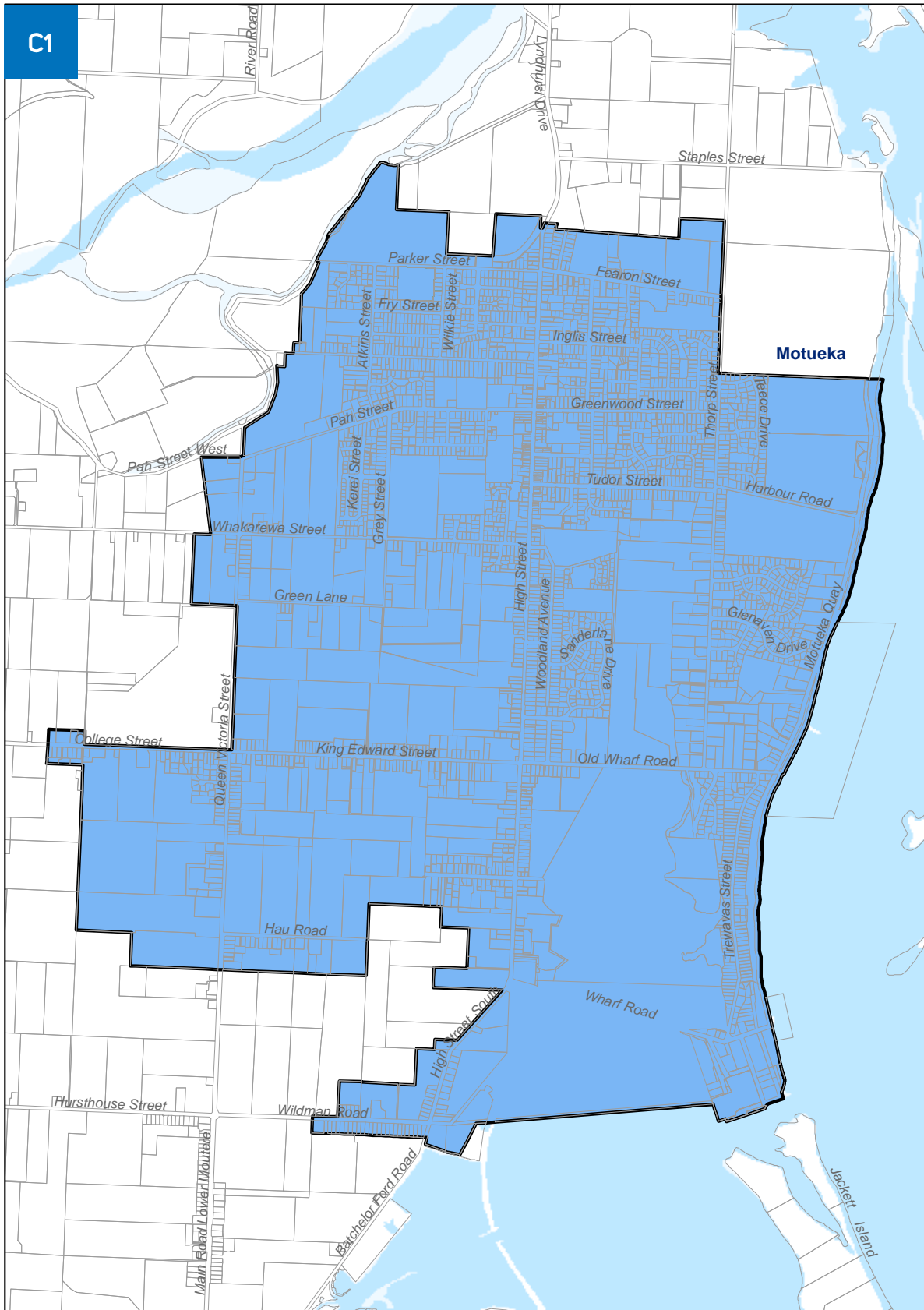
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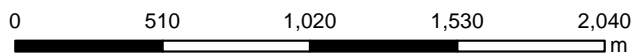


RATING AREA MAPS (CONT.)



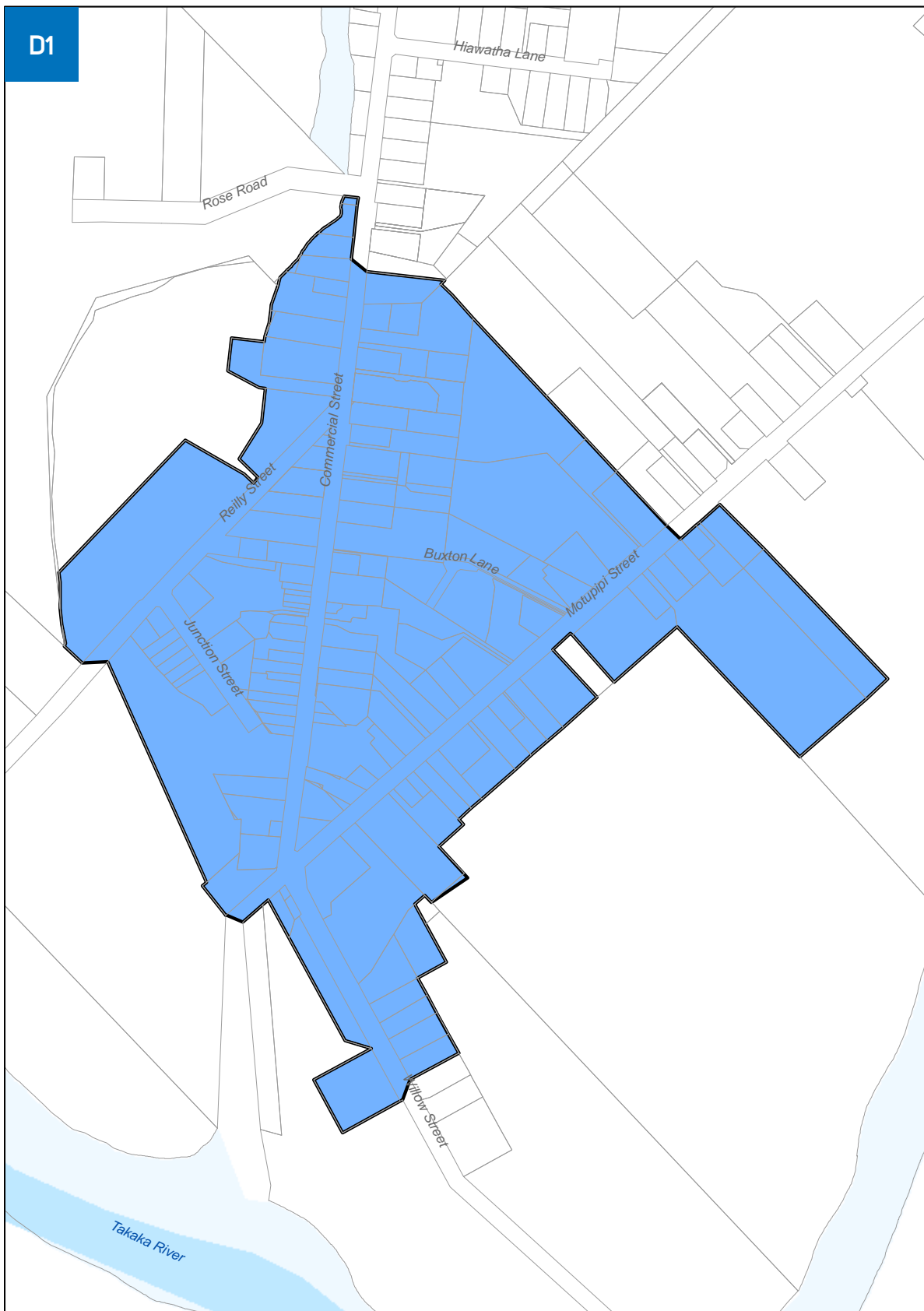
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**Motueka**  
**Firefighting Water Supply Rating Area**



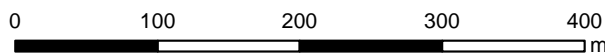
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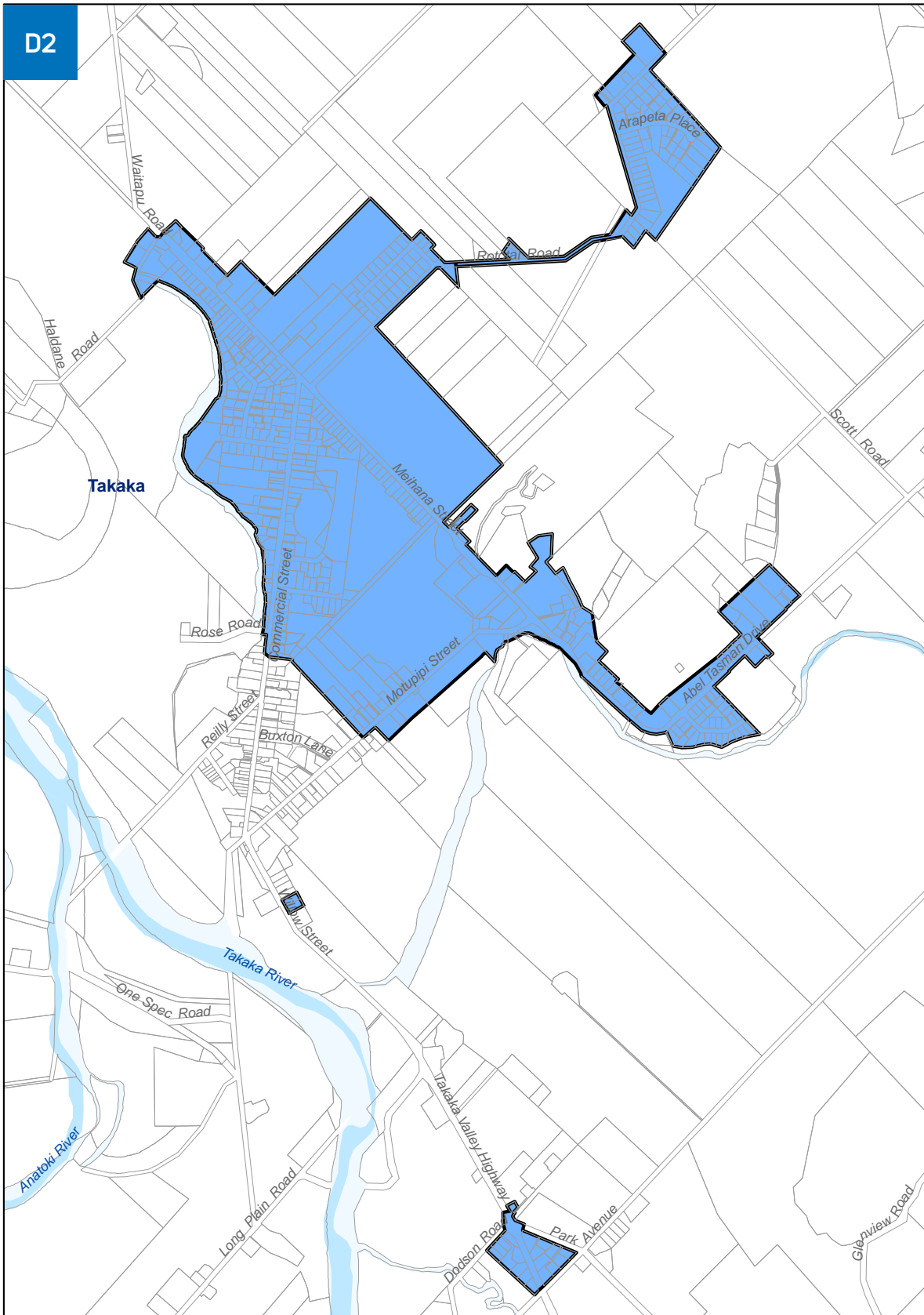
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**Takaka Firefighting Water Supply  
Commercial CBD Rating Area**



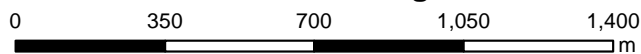


RATING AREA MAPS (CONT.)



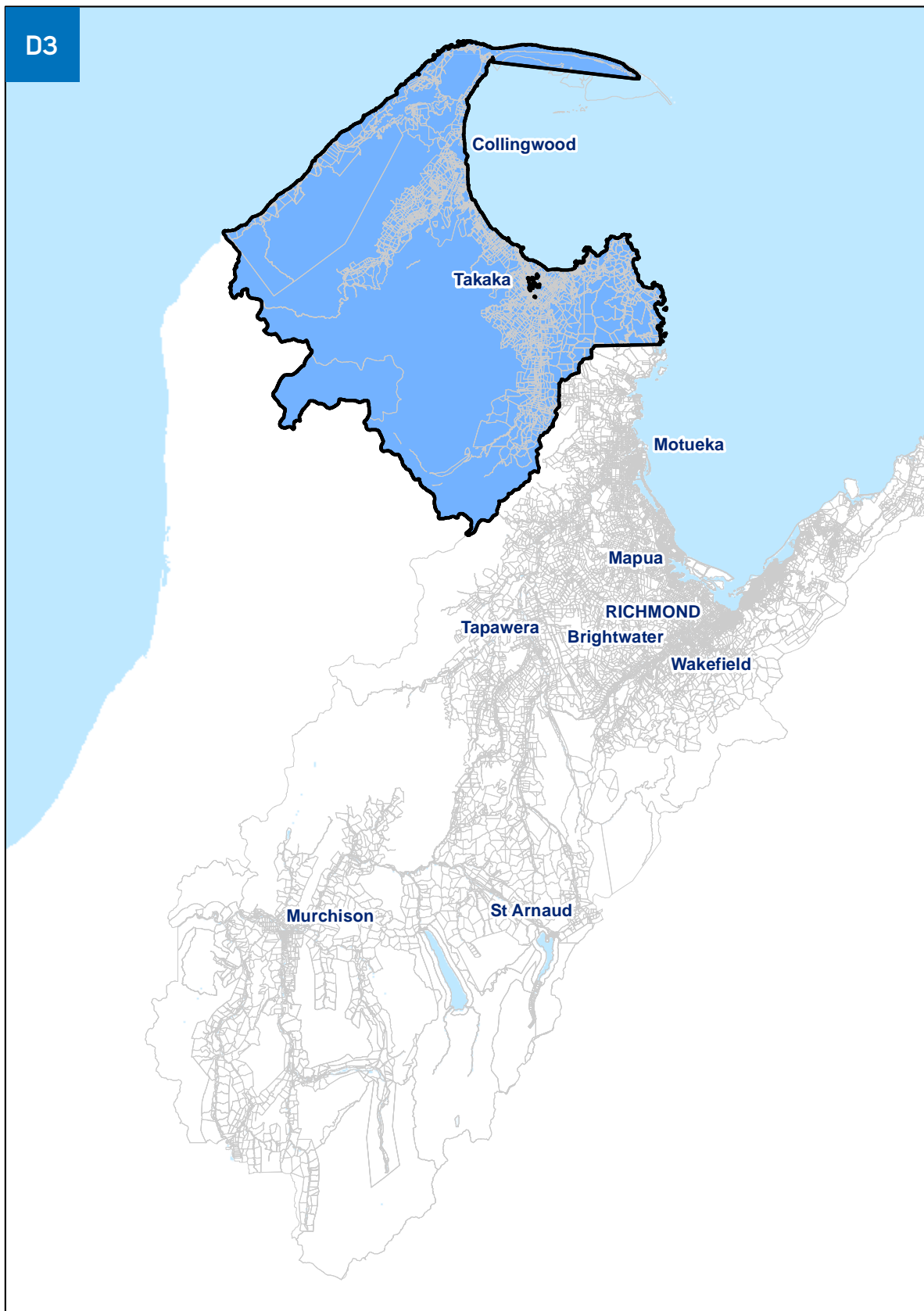
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**Takaka Firefighting Water Supply Residential Rating Area**



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RATING AREA MAPS (CONT.)



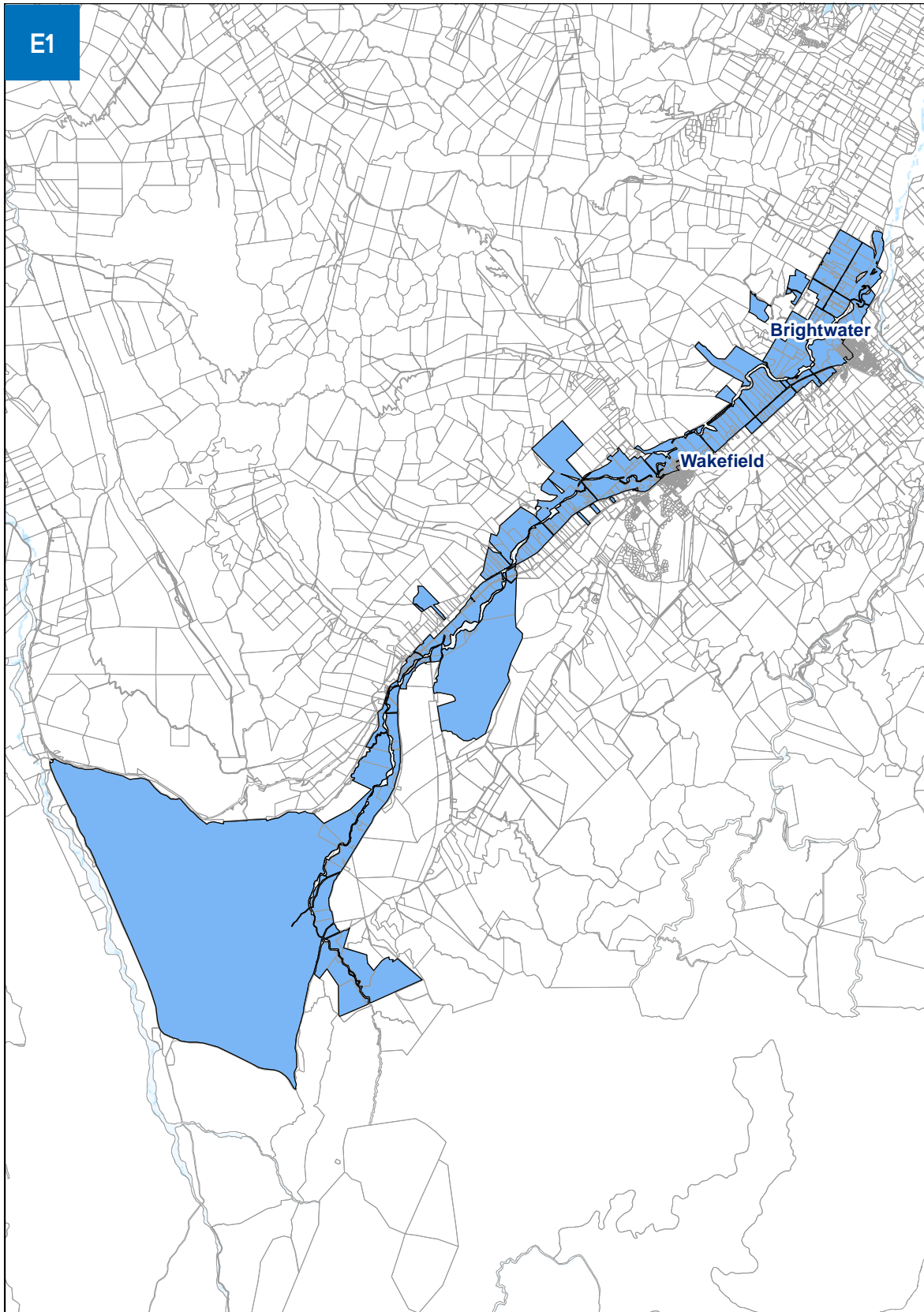
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**Takaka Firefighting Water Supply  
Rest of Golden Bay Rating Area**



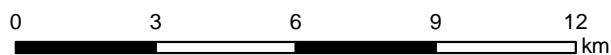
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# RATING AREA MAPS (CONT.)



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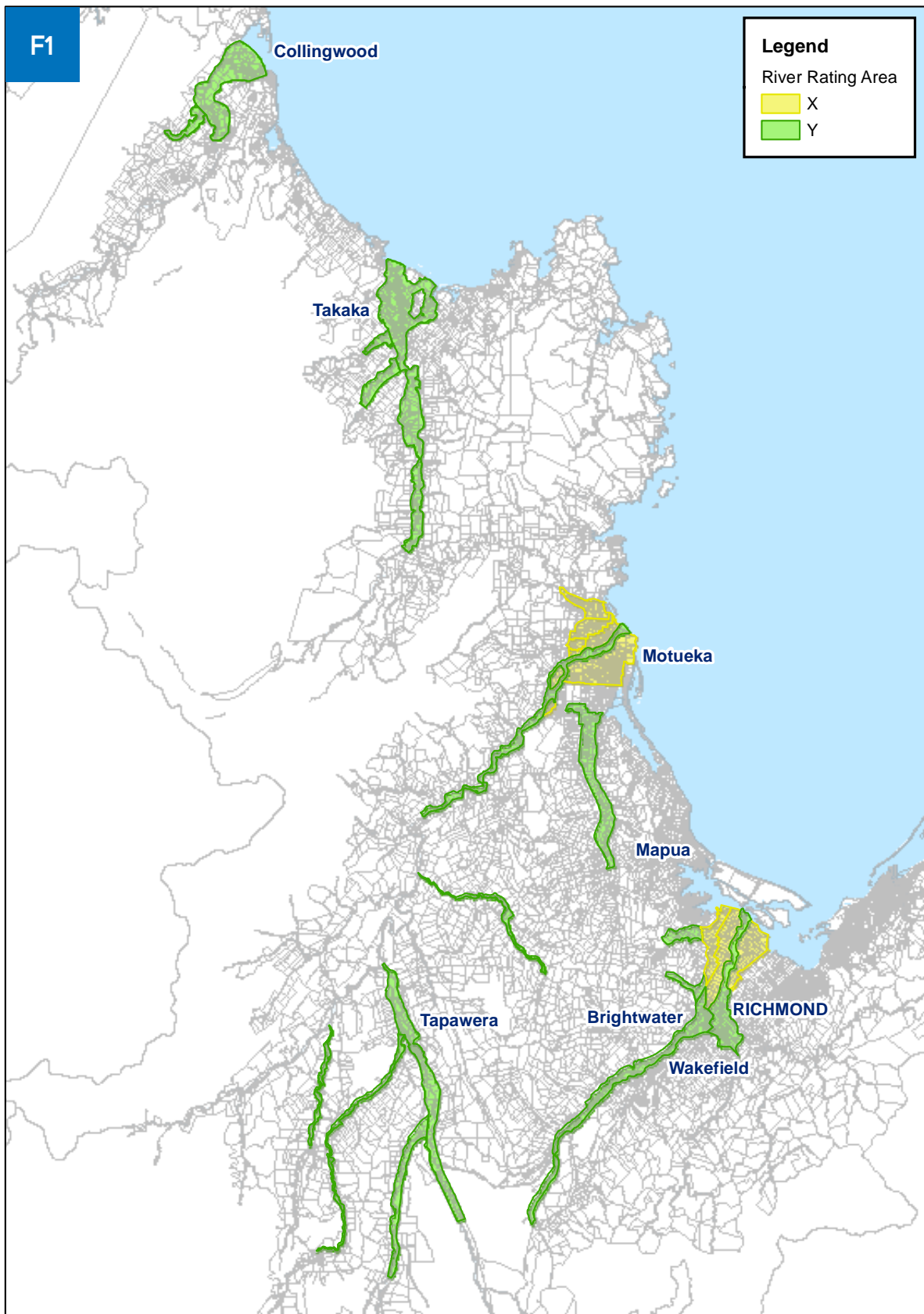
Wai-iti Dam Rating Area



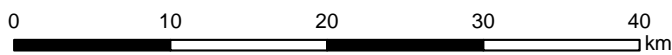
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RATING AREA MAPS (CONT.)

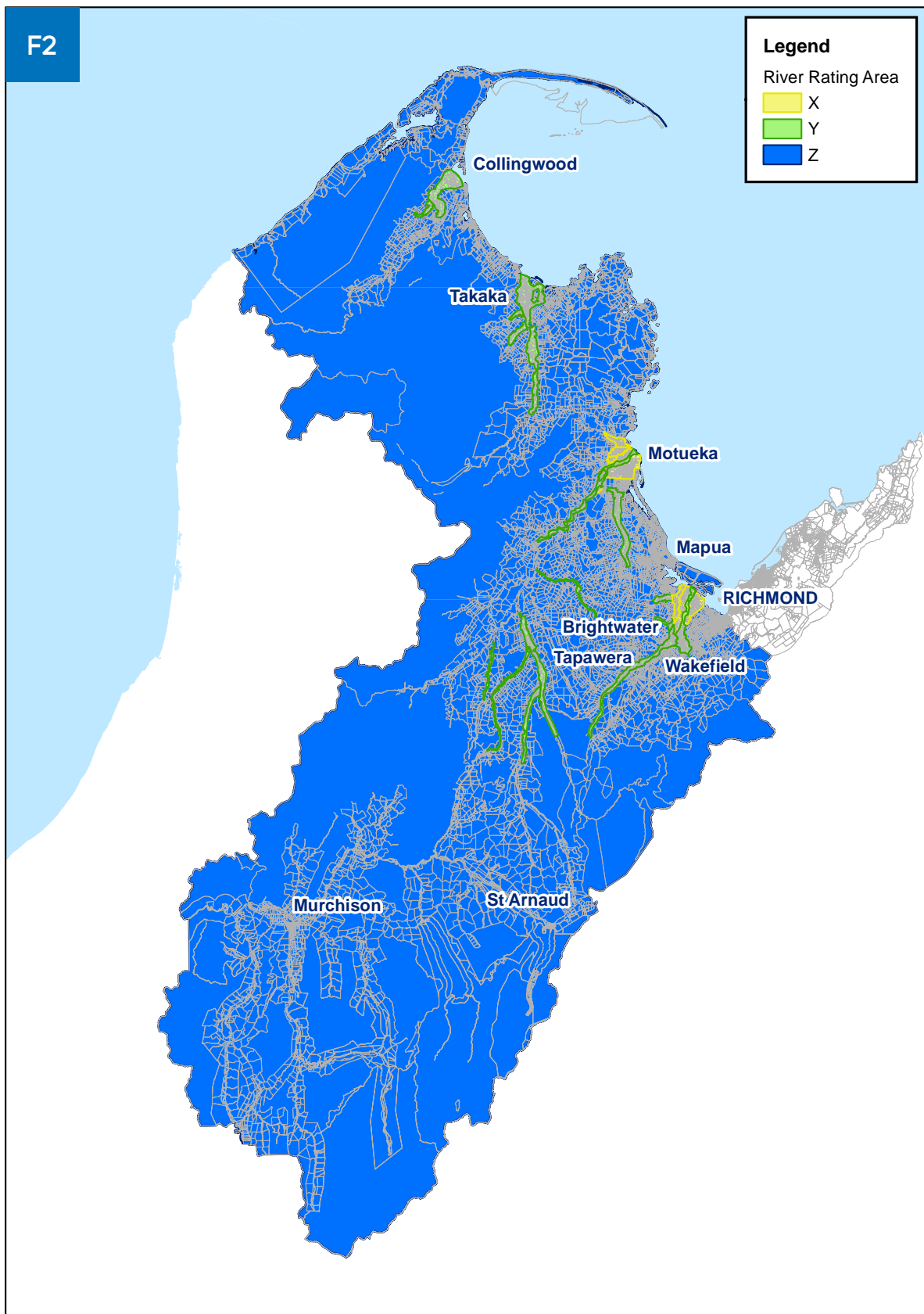


River Rating Area X & Y



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RATING AREA MAPS (CONT.)

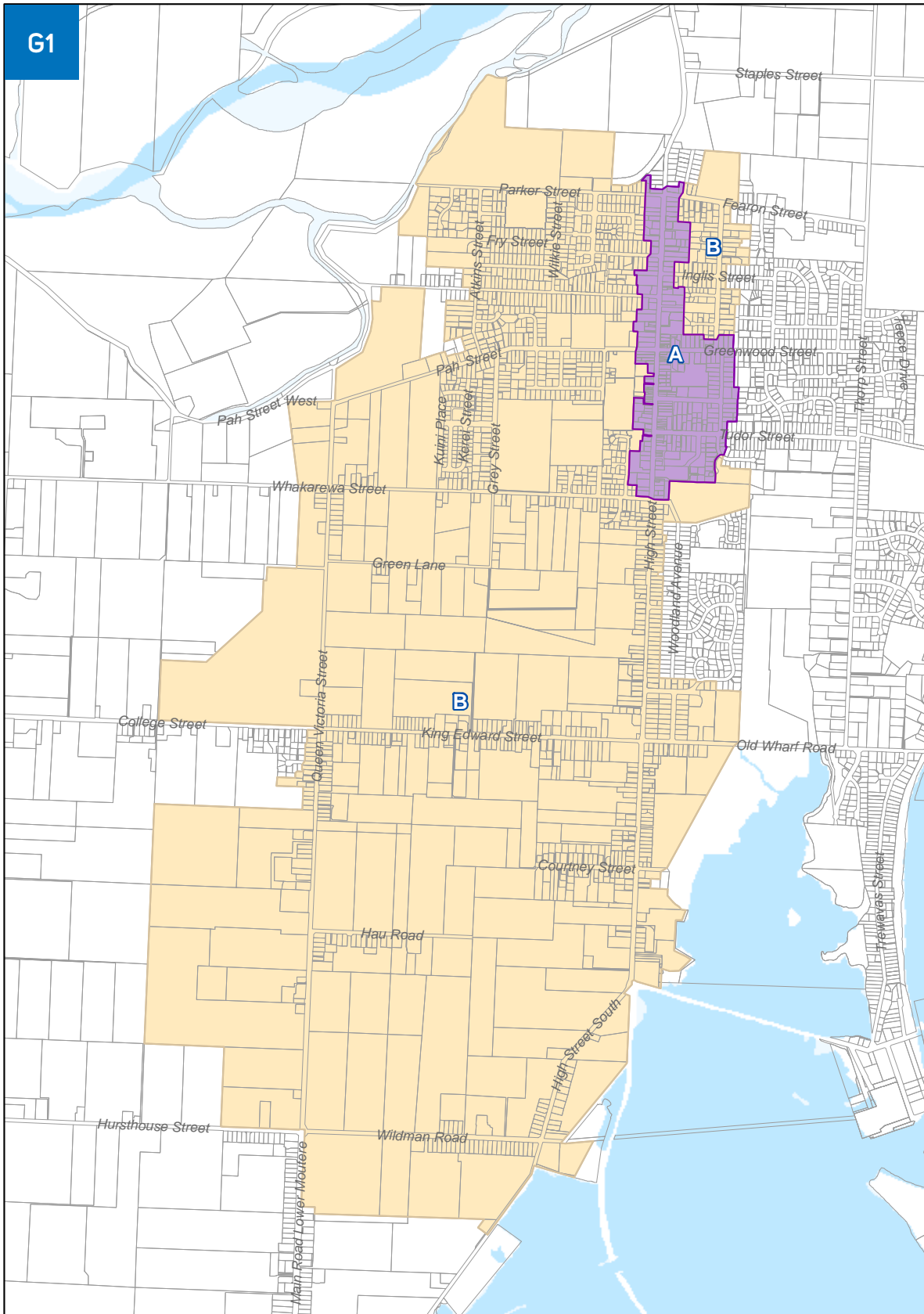


River Rating Area X, Y & Z



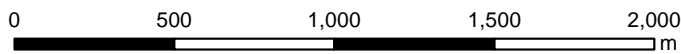
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RATING AREA MAPS (CONT.)



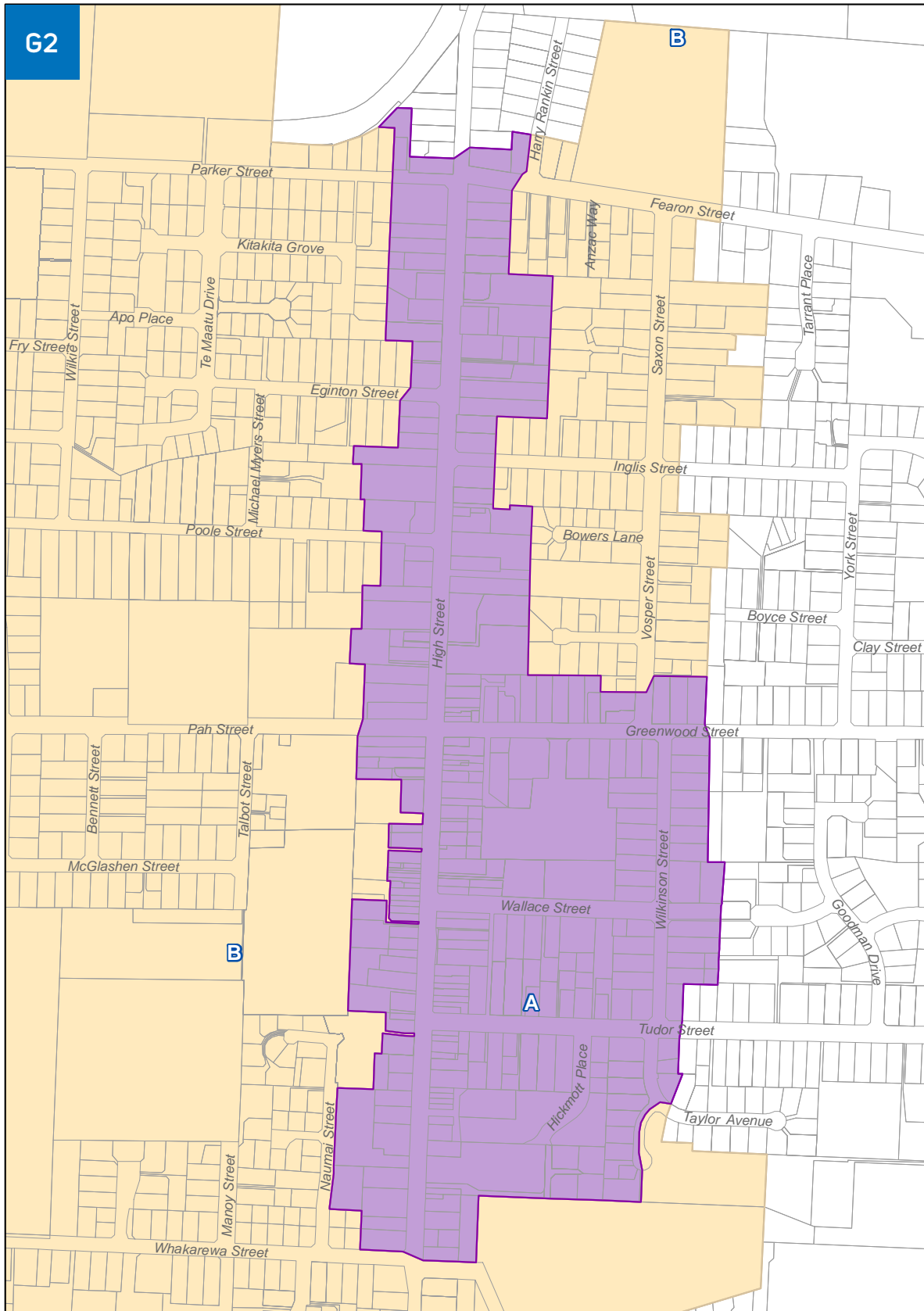
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**Motueka Business Rating Area A & B**



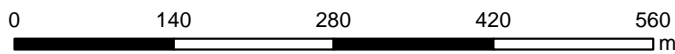
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RATING AREA MAPS (CONT.)



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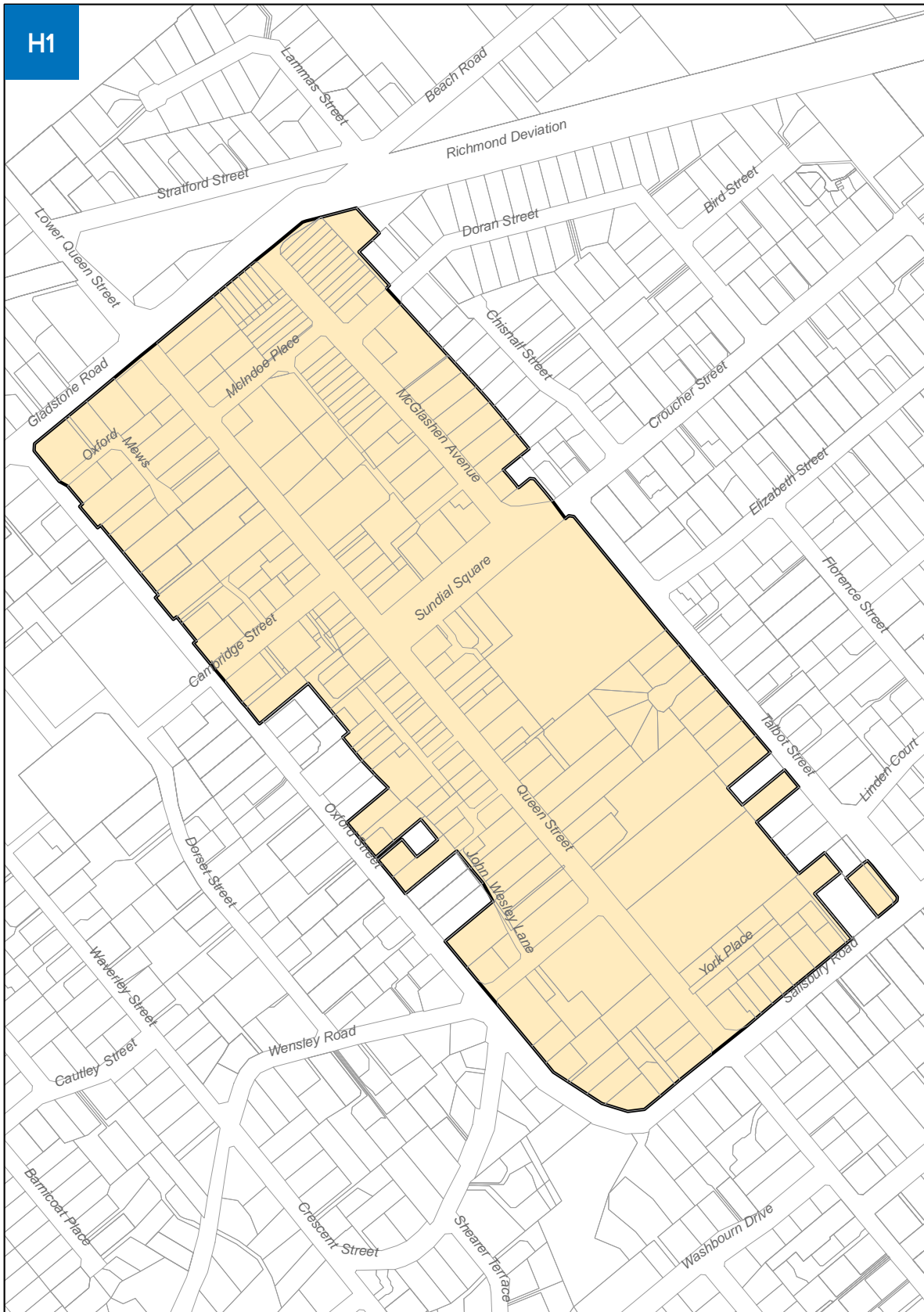
Motueka Business Rating Area A & B - Detail Map



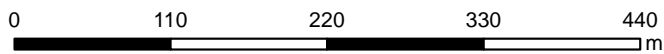
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# RATING AREA MAPS (CONT.)

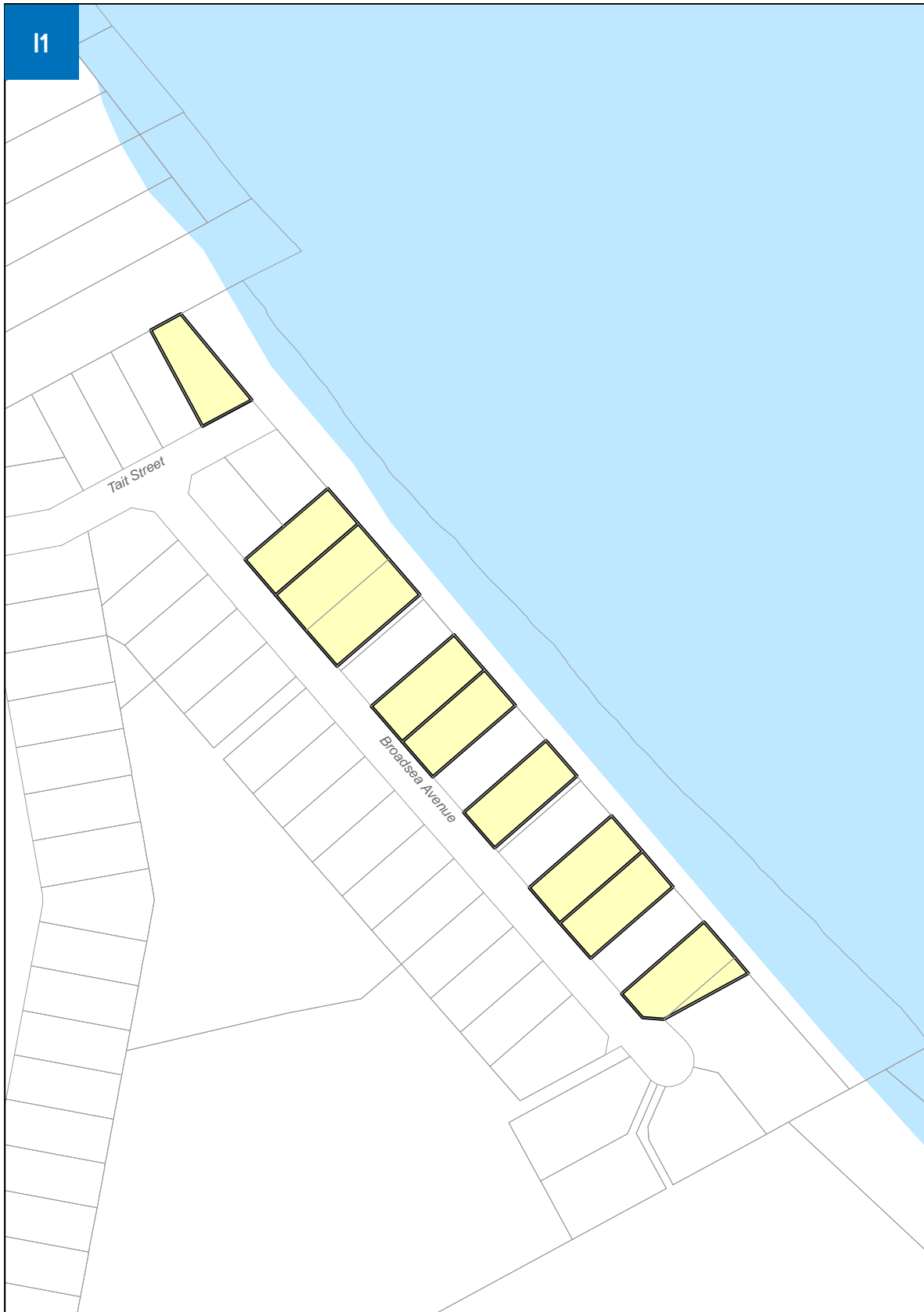


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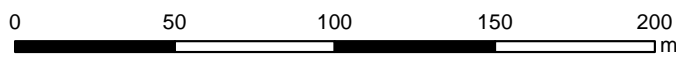
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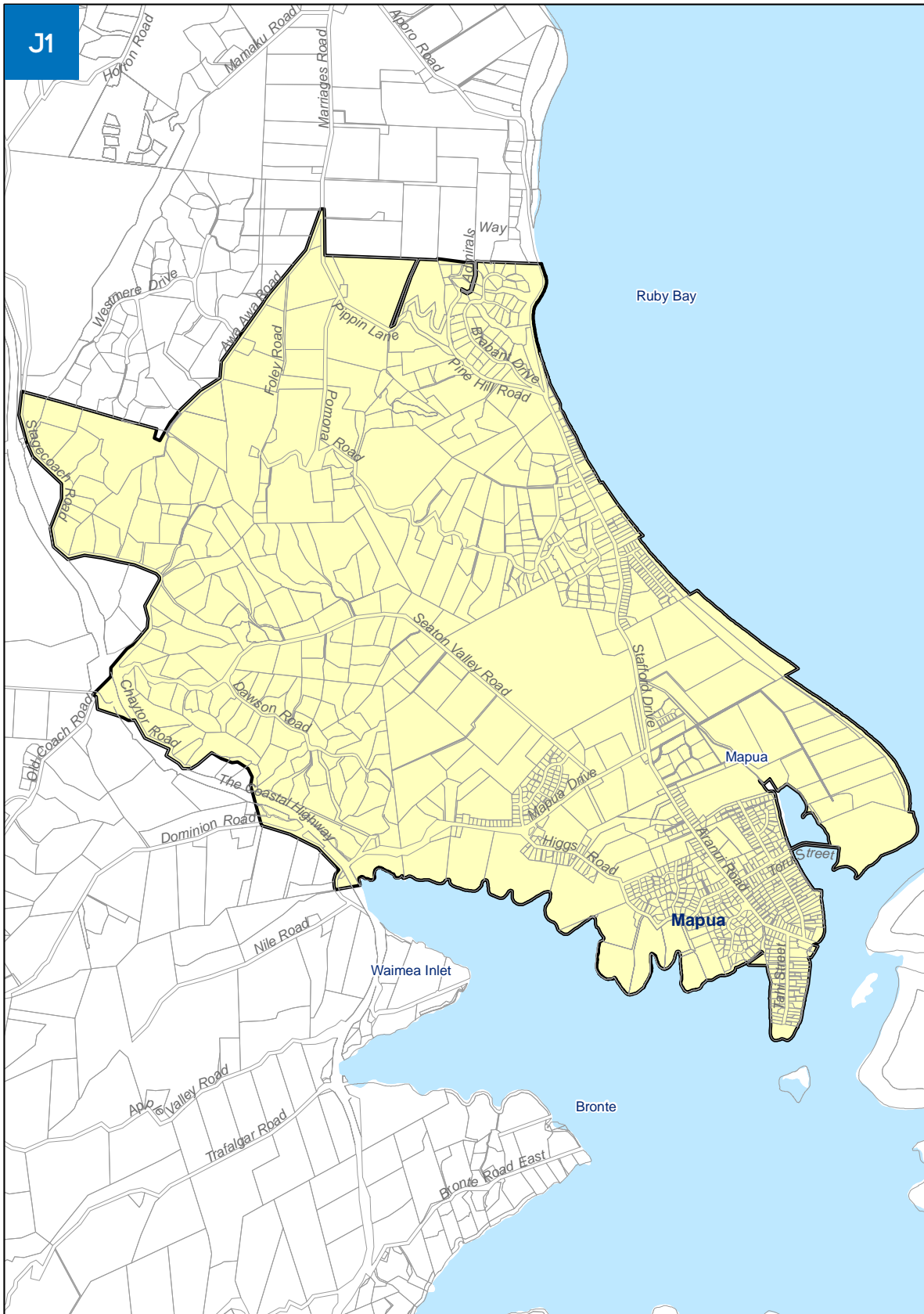
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Ruby Bay Stopbank Rating Area



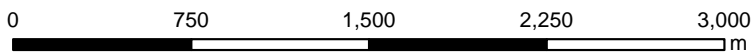
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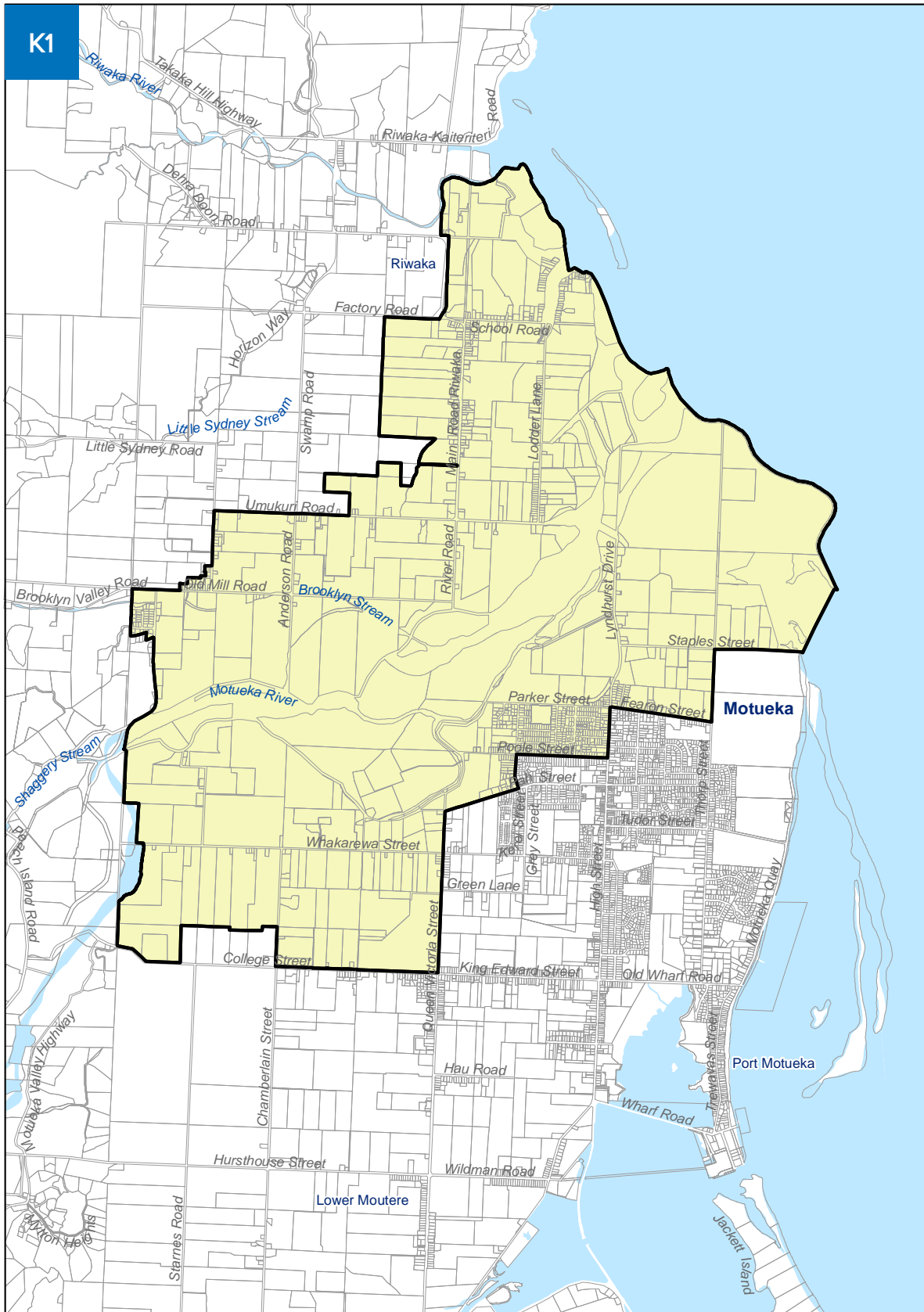
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Mapua Stopbank Rating Area



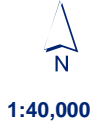
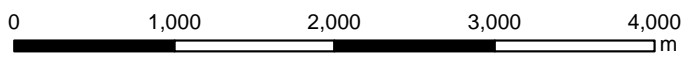
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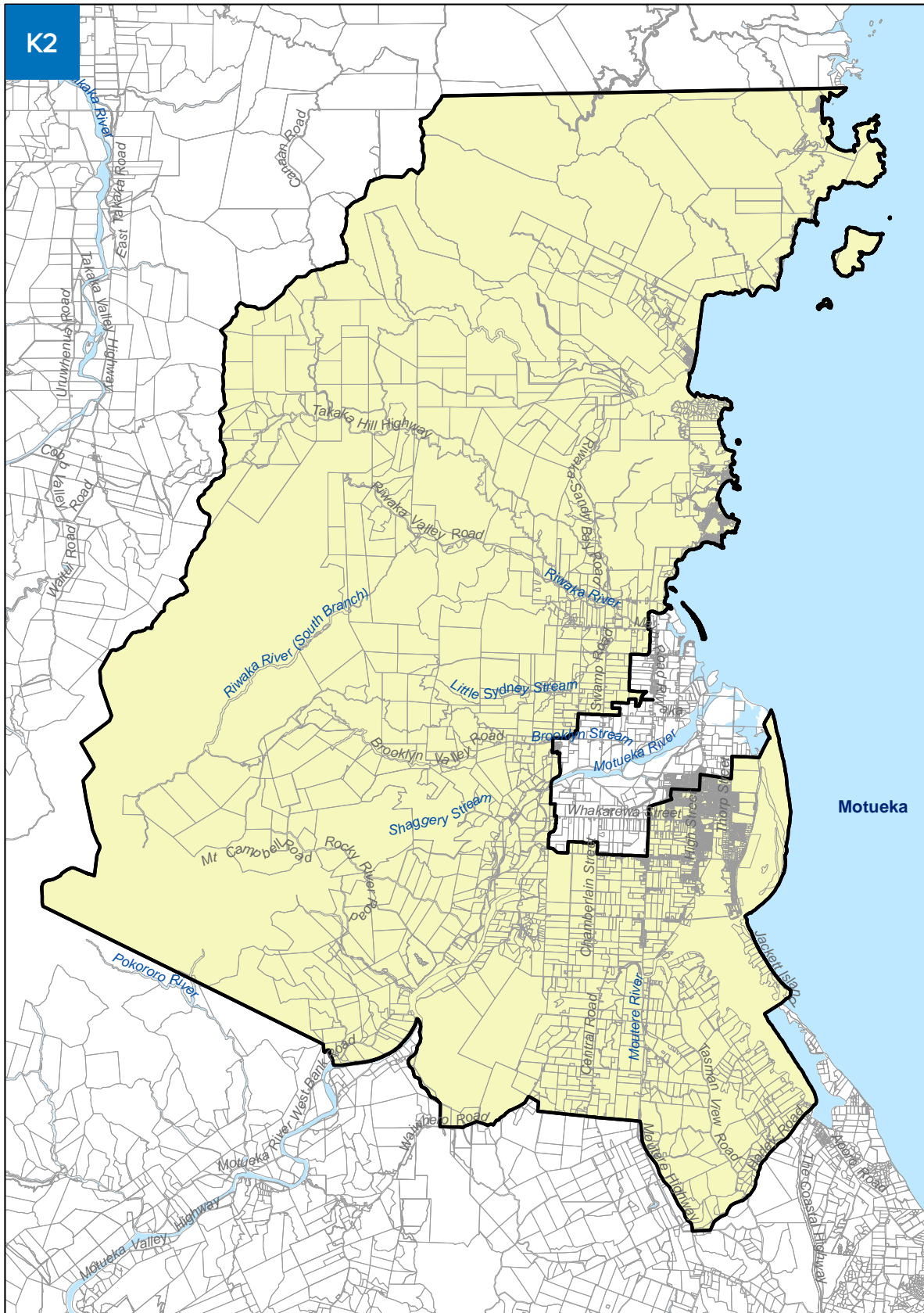
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Motueka Flood Control Rating Area A



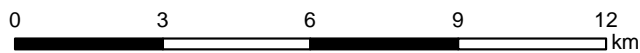


RATING AREA MAPS (CONT.)



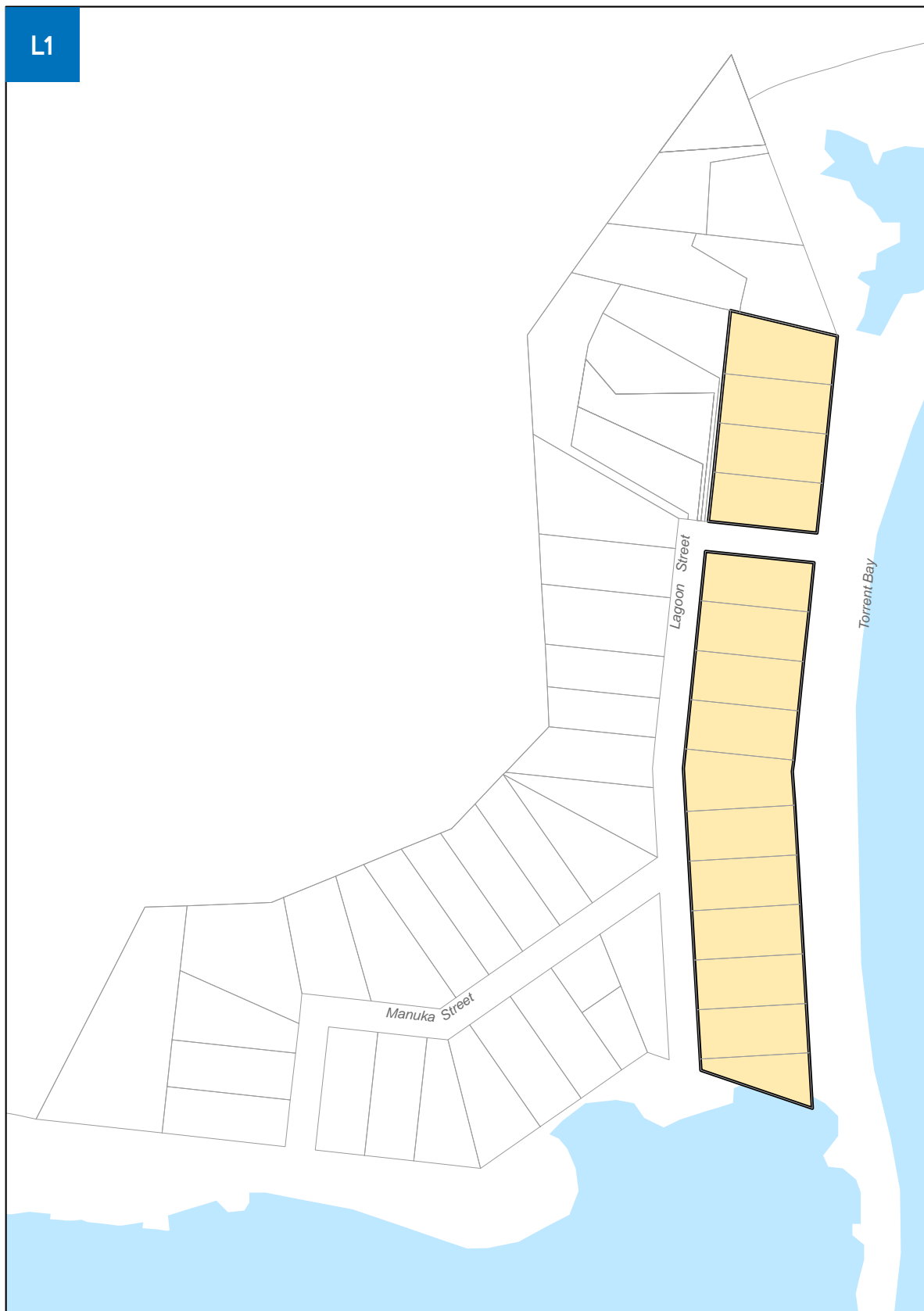
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Motueka Flood Control Rating Area B

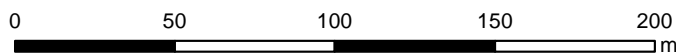


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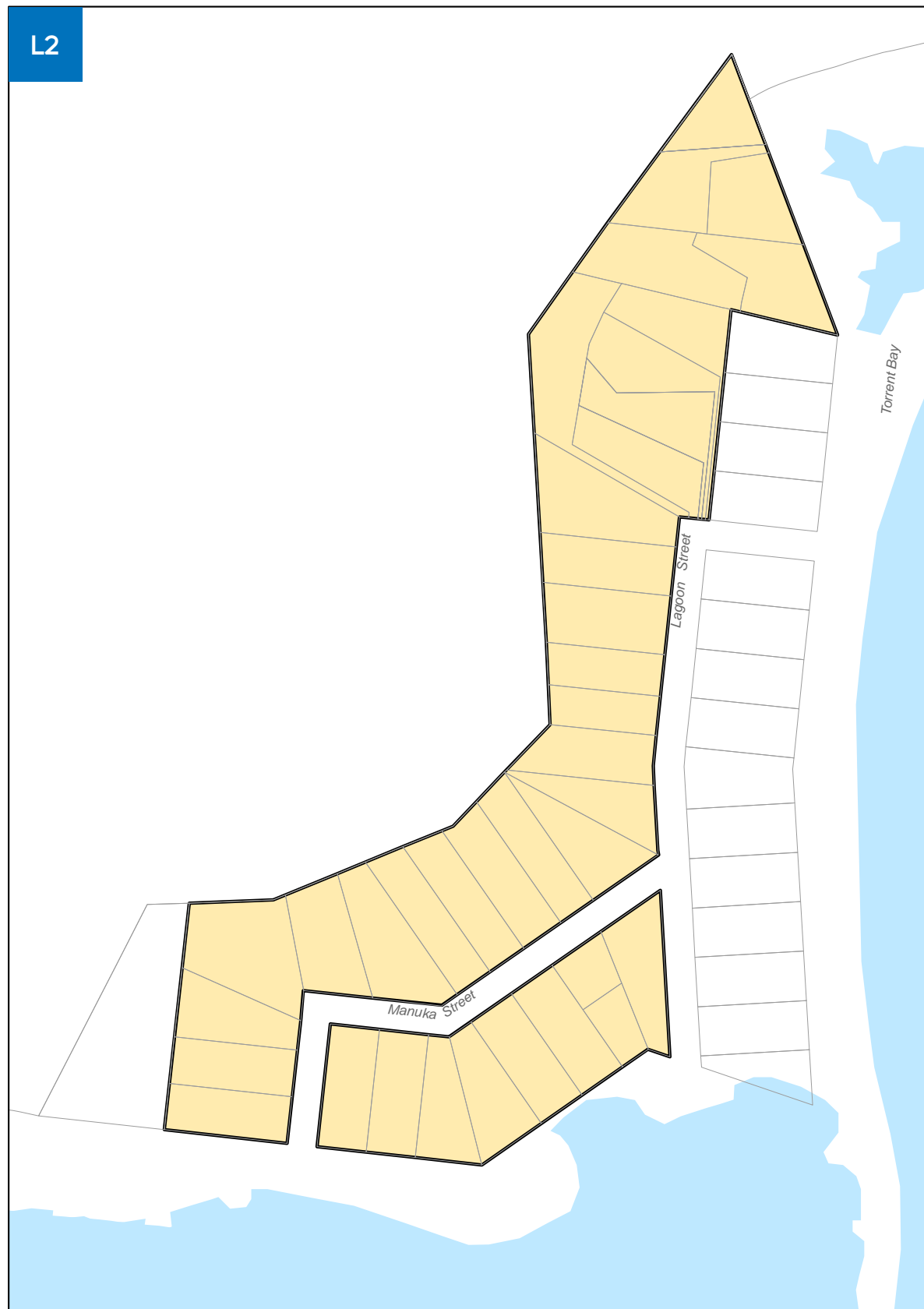


Torrent Bay Rating Area A



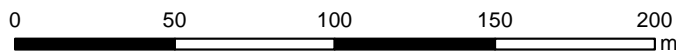
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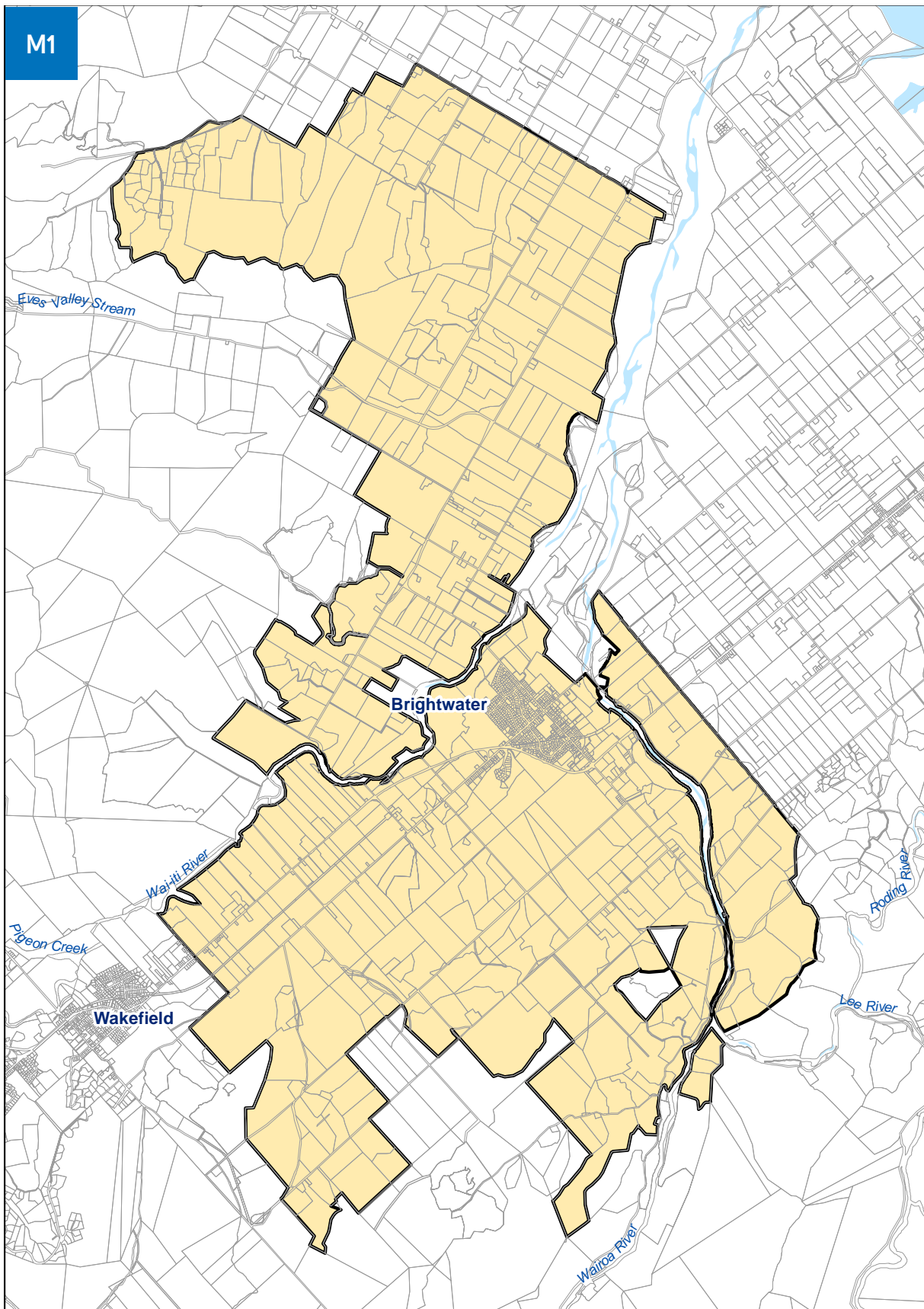
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Torrent Bay Rating Area B



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RATING AREA MAPS (CONT.)



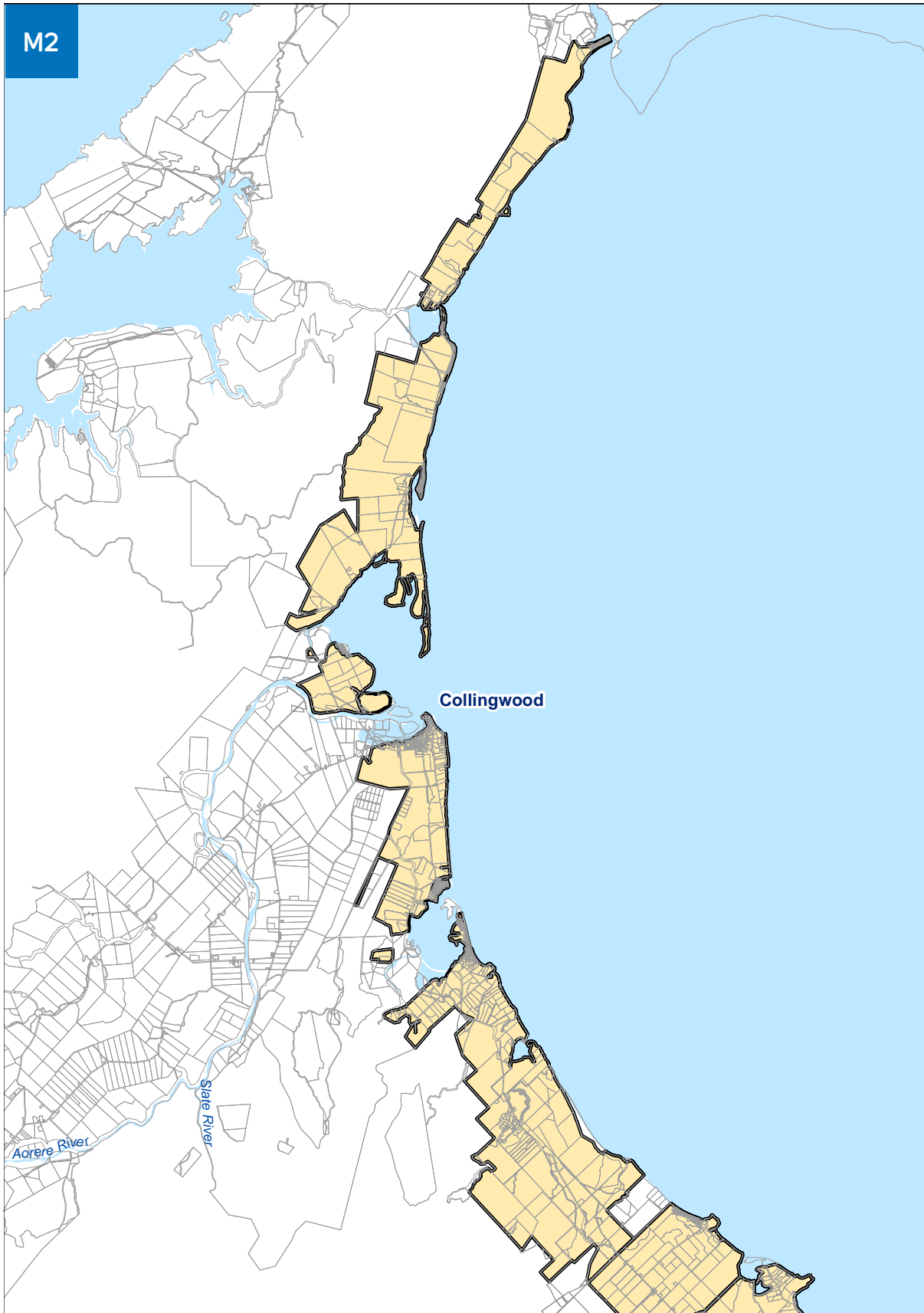
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**keruse - recycling Rating Area**  
**Brightwater**



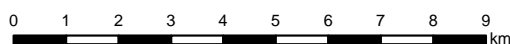
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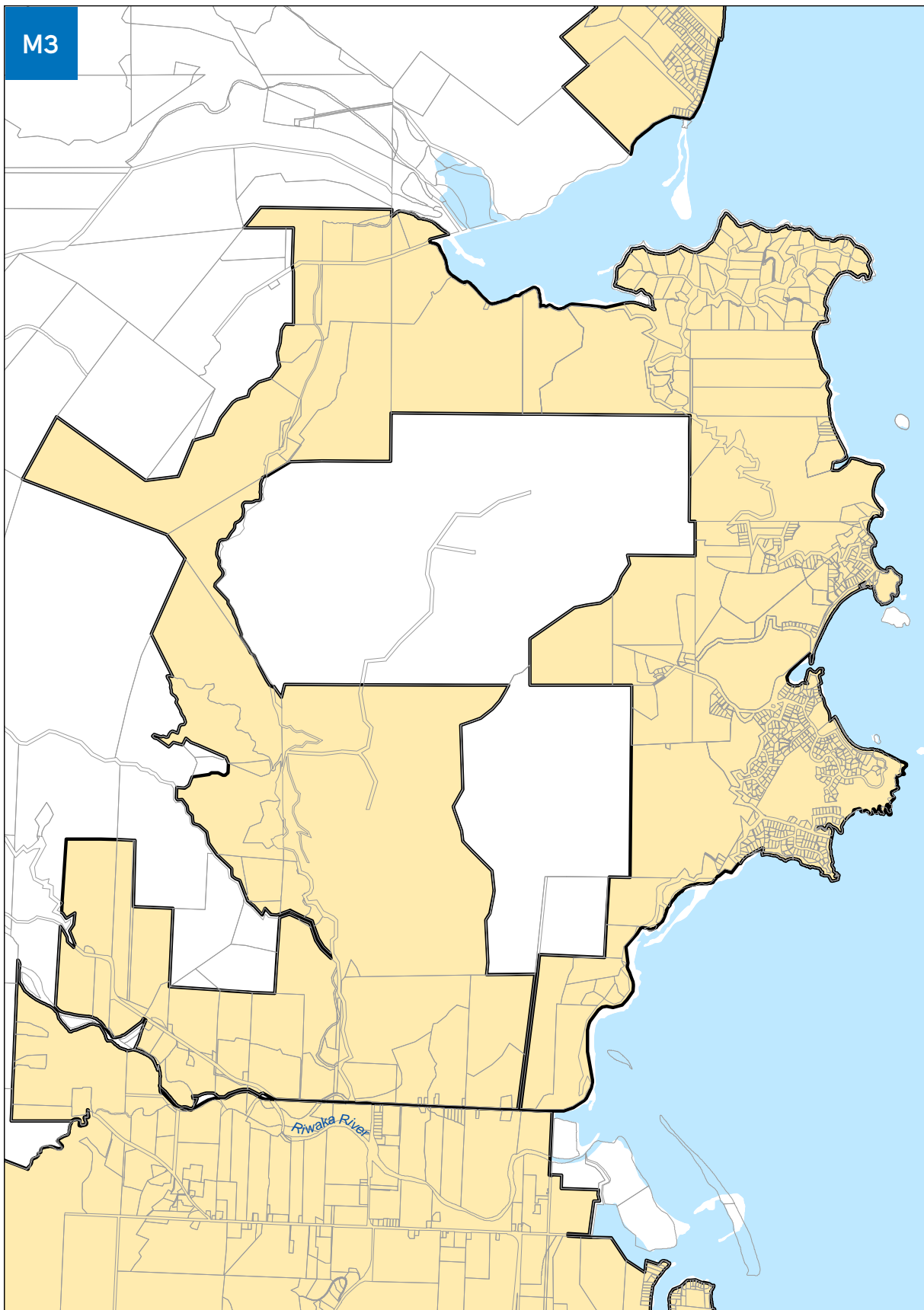
Refuse - Recycling Rating Area  
Collingwood



1:122,000

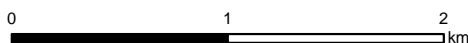


RATING AREA MAPS (CONT.)

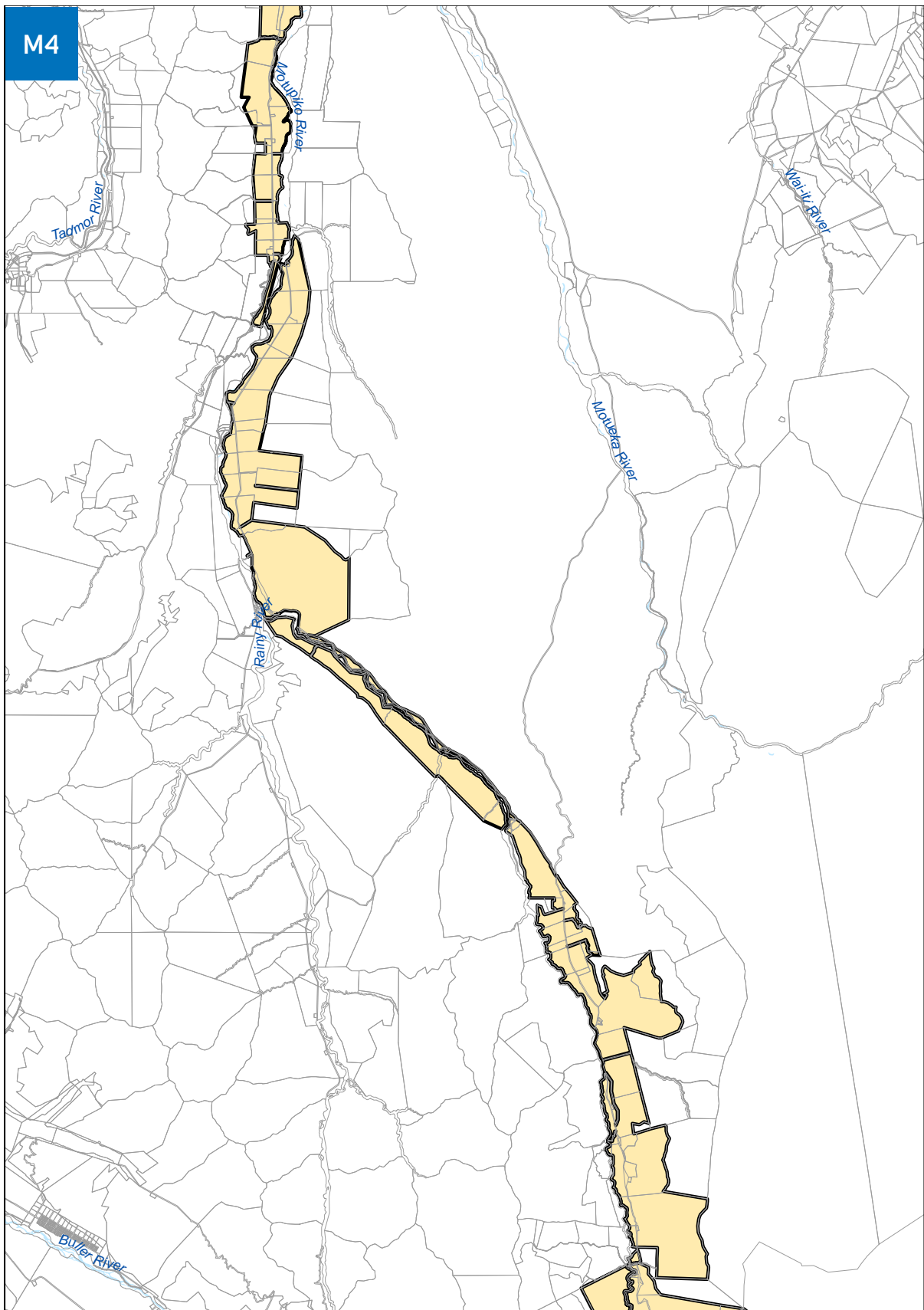


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**Refuse - Recycling Rating Area  
Kaiteriteri**

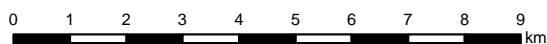


RATING AREA MAPS (CONT.)



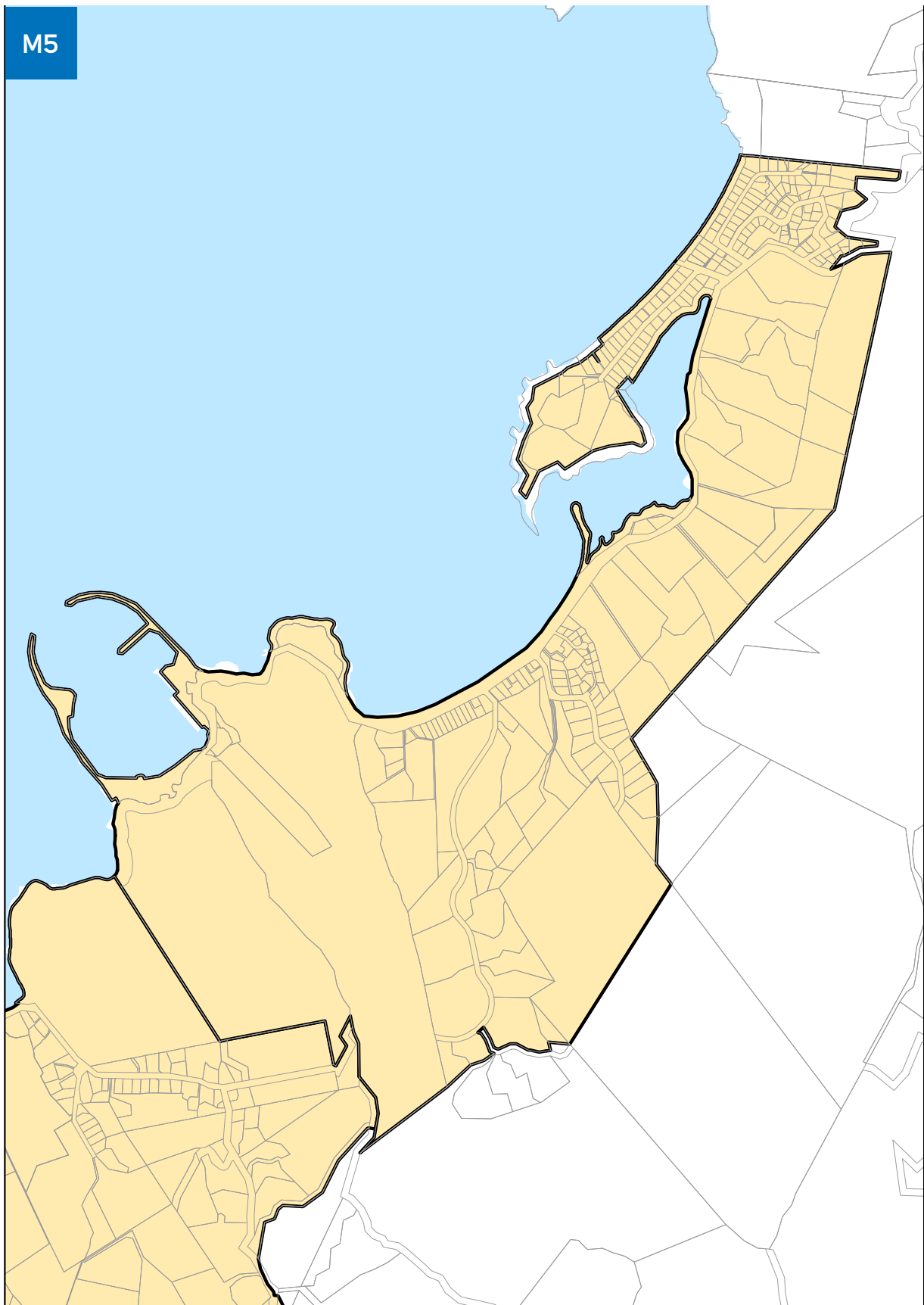
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**Refuse - Recycling Rating Area**  
**Korere Tophouse**



1:114,000

RATING AREA MAPS (CONT.)



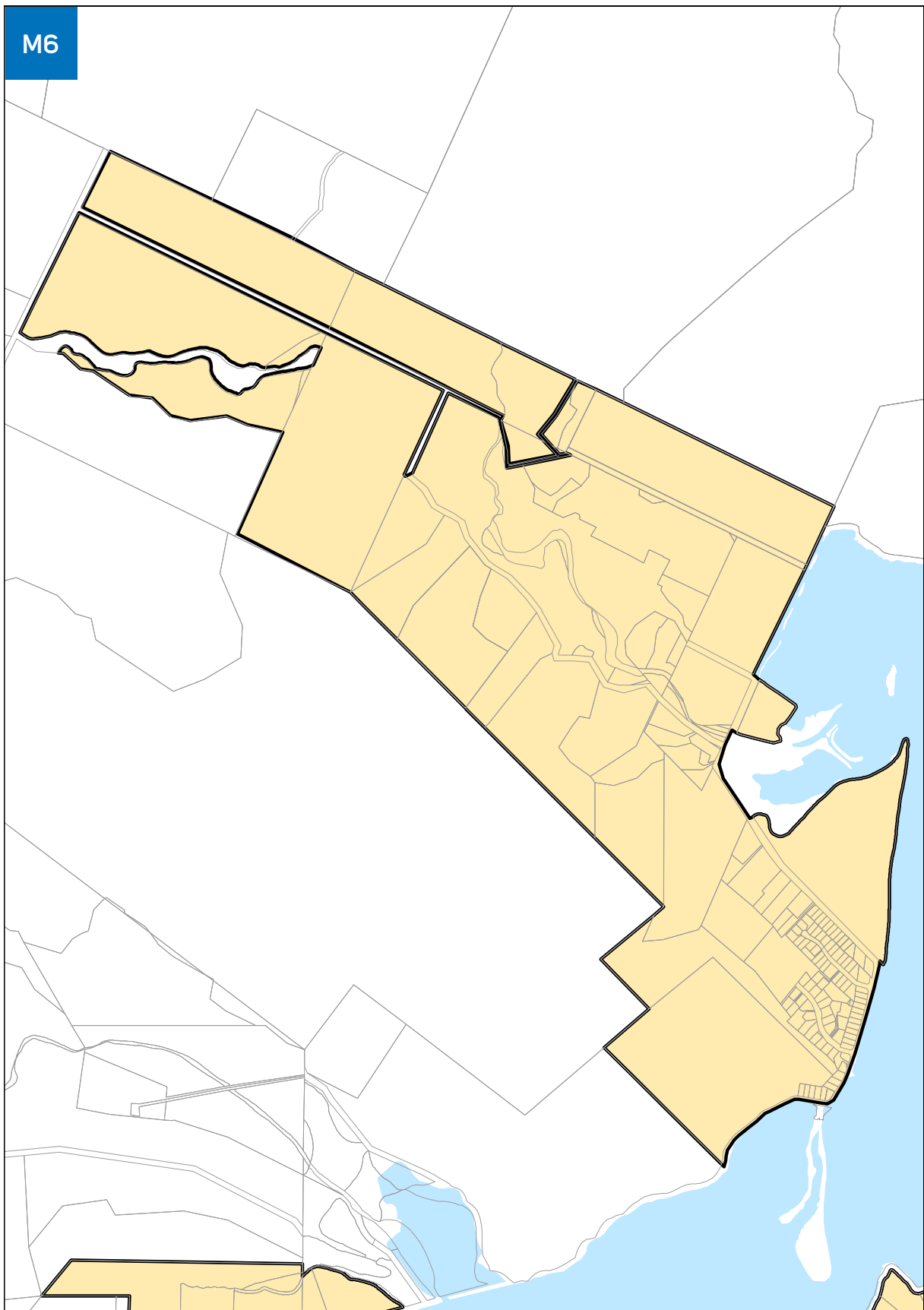
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**Refuse - Recycling Rating Area  
Ligar Bay - Tata Beach**





RATING AREA MAPS (CONT.)

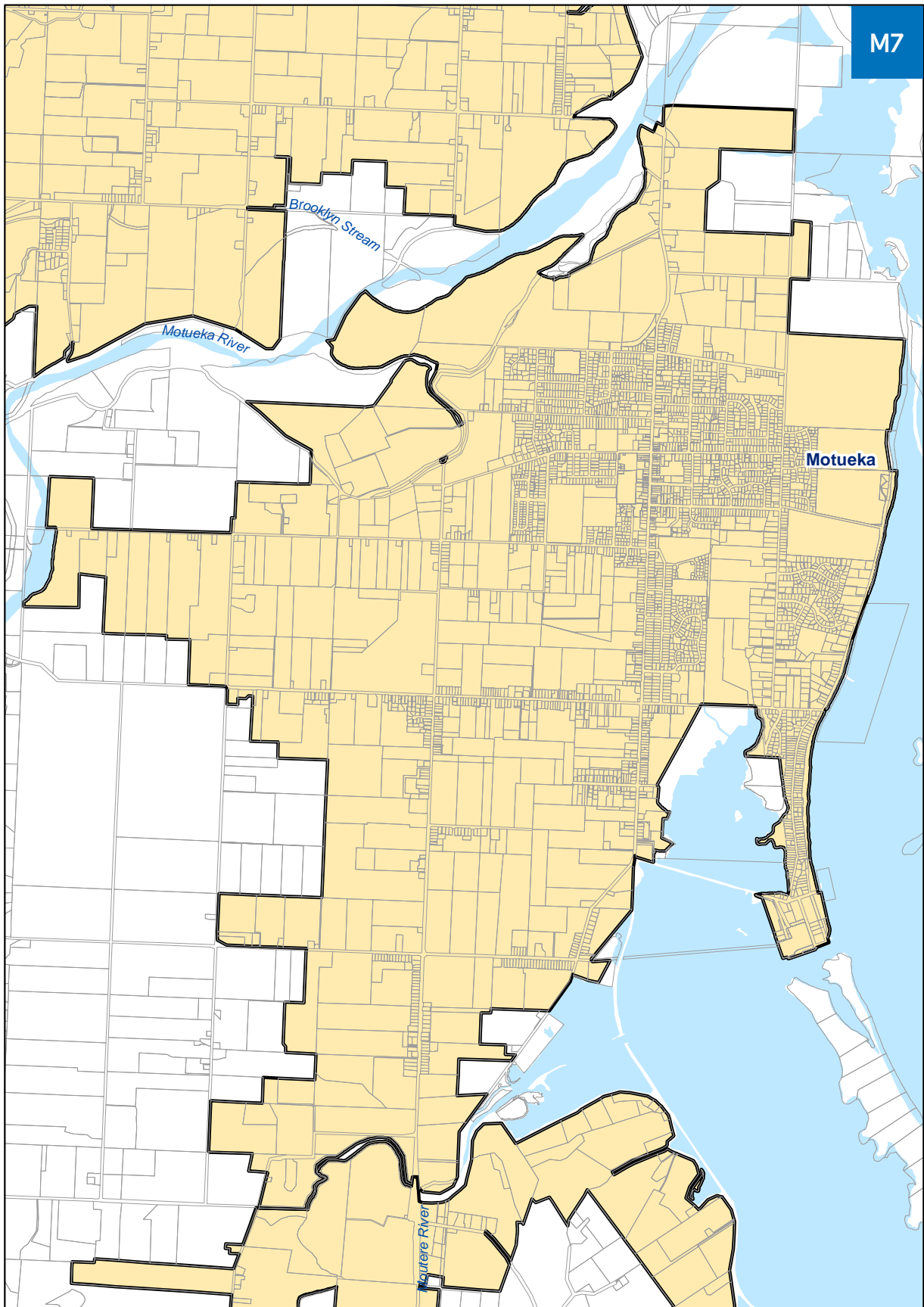


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Refuse - Recycling Rating Area  
Marahau

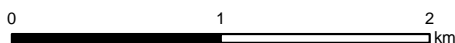


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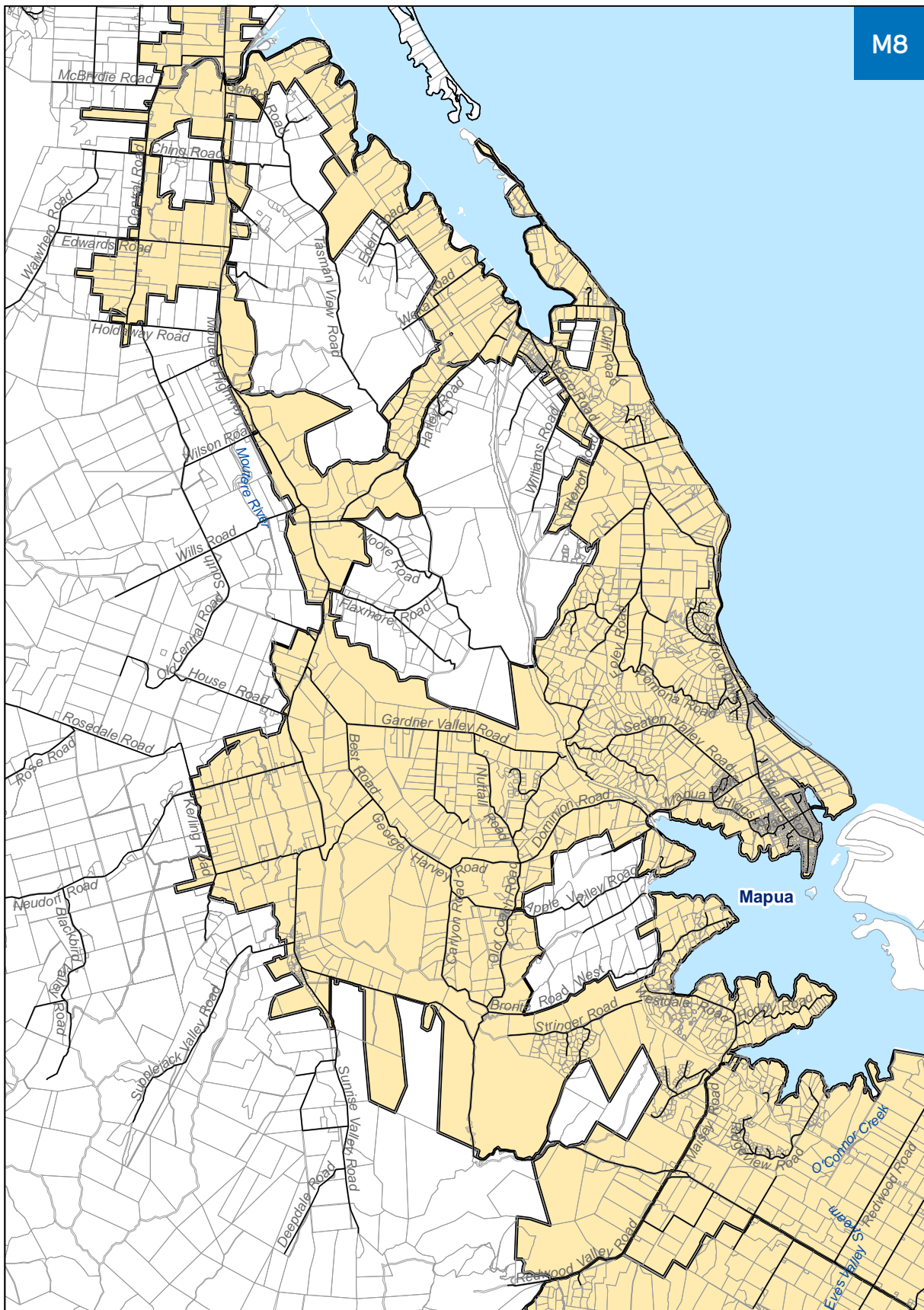


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**Refuse - Recycling Rating Area  
Motueka**

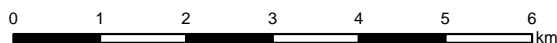


RATING AREA MAPS (CONT.)



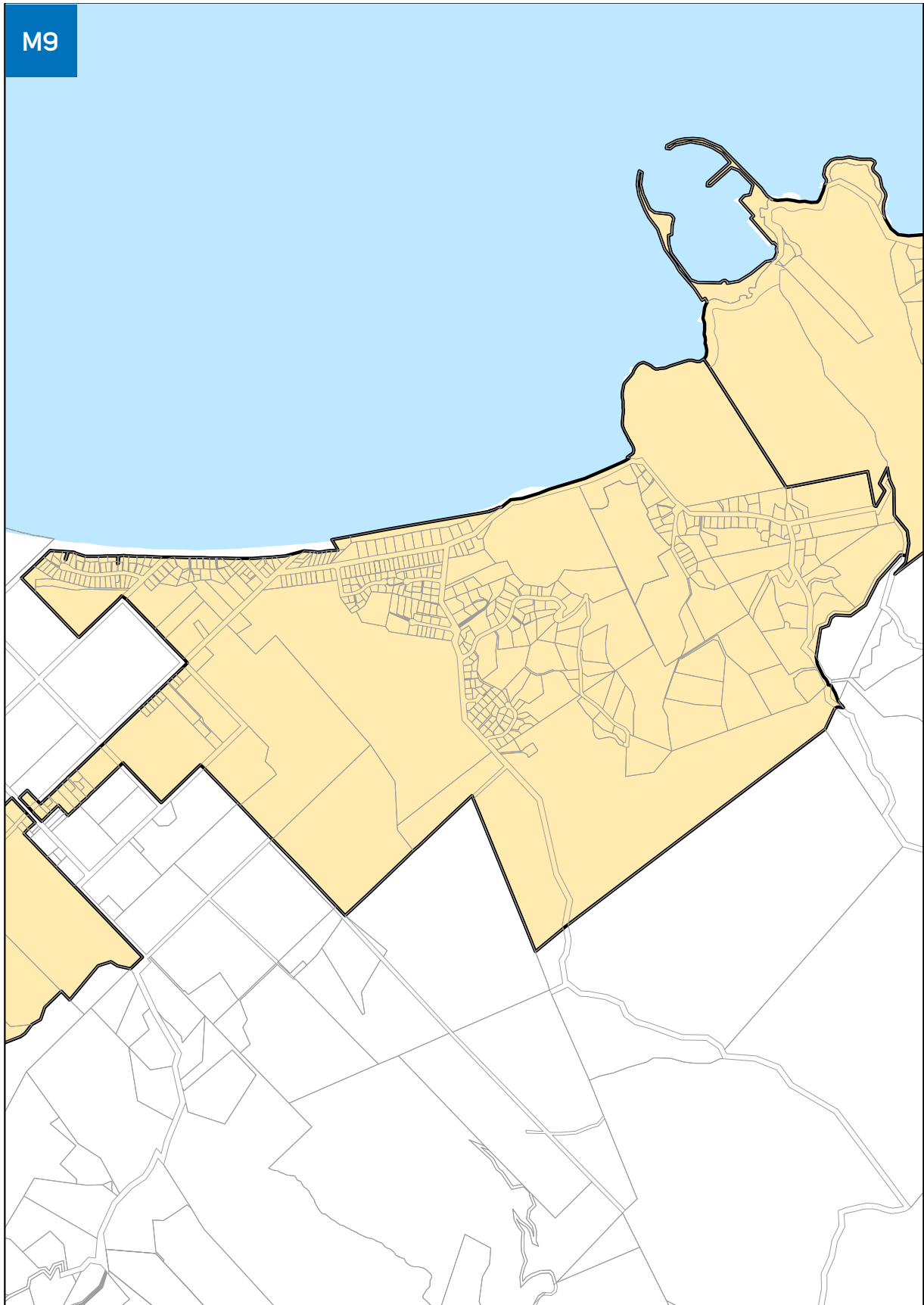
M8

Refuse - Recycling Rating Area  
Moure



Date Exported: 25/05/2018 | Document Path: V:\LTP2018 - Maps\Maps\LTP 2018\FundingImpactStatement\RecyclingMaps\LTP2018\_RecyclingRatingArea\_Moure.mxd

RATING AREA MAPS (CONT.)



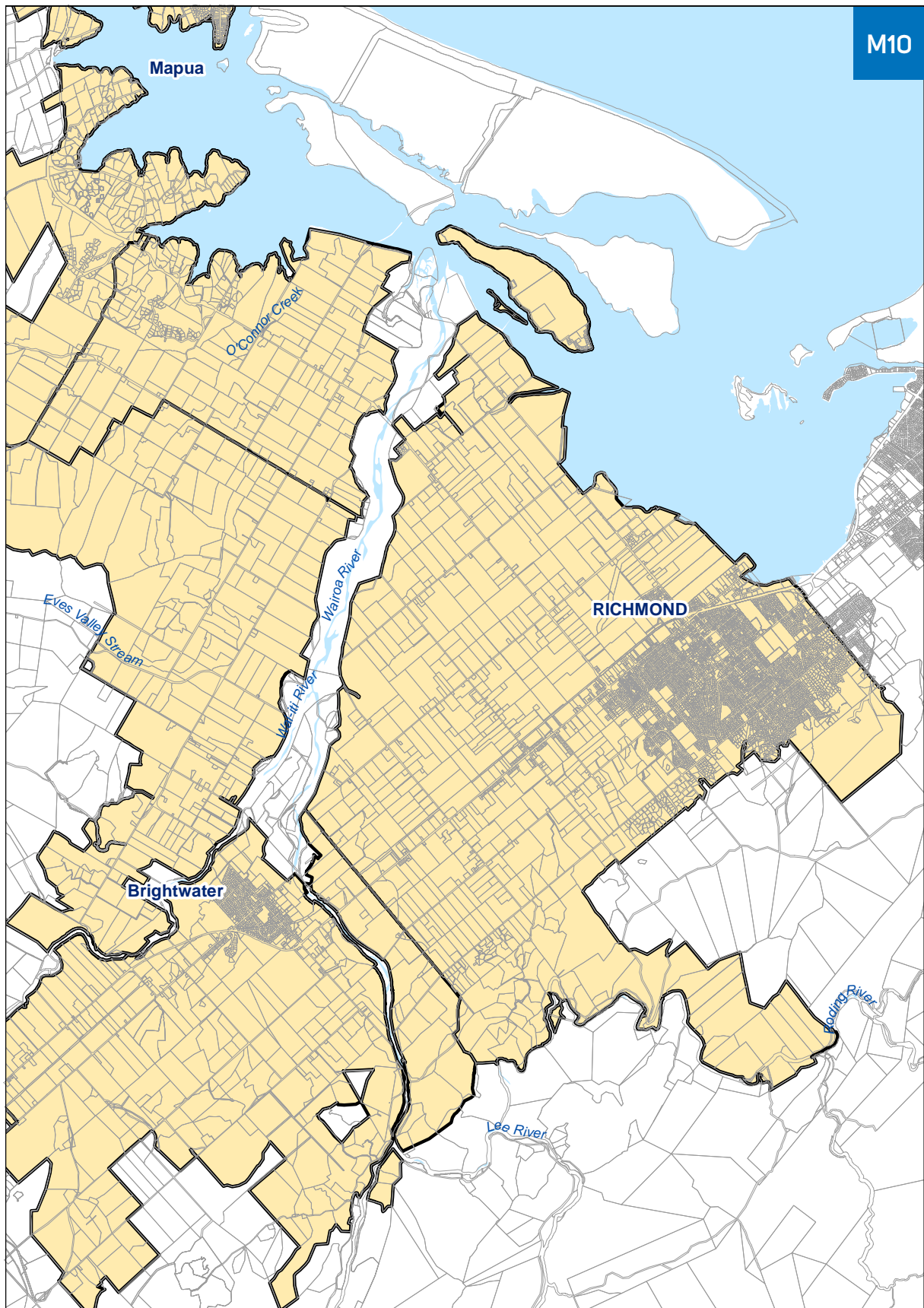
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**Refuse - Recycling Rating Area  
Pohara**



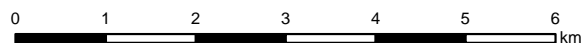


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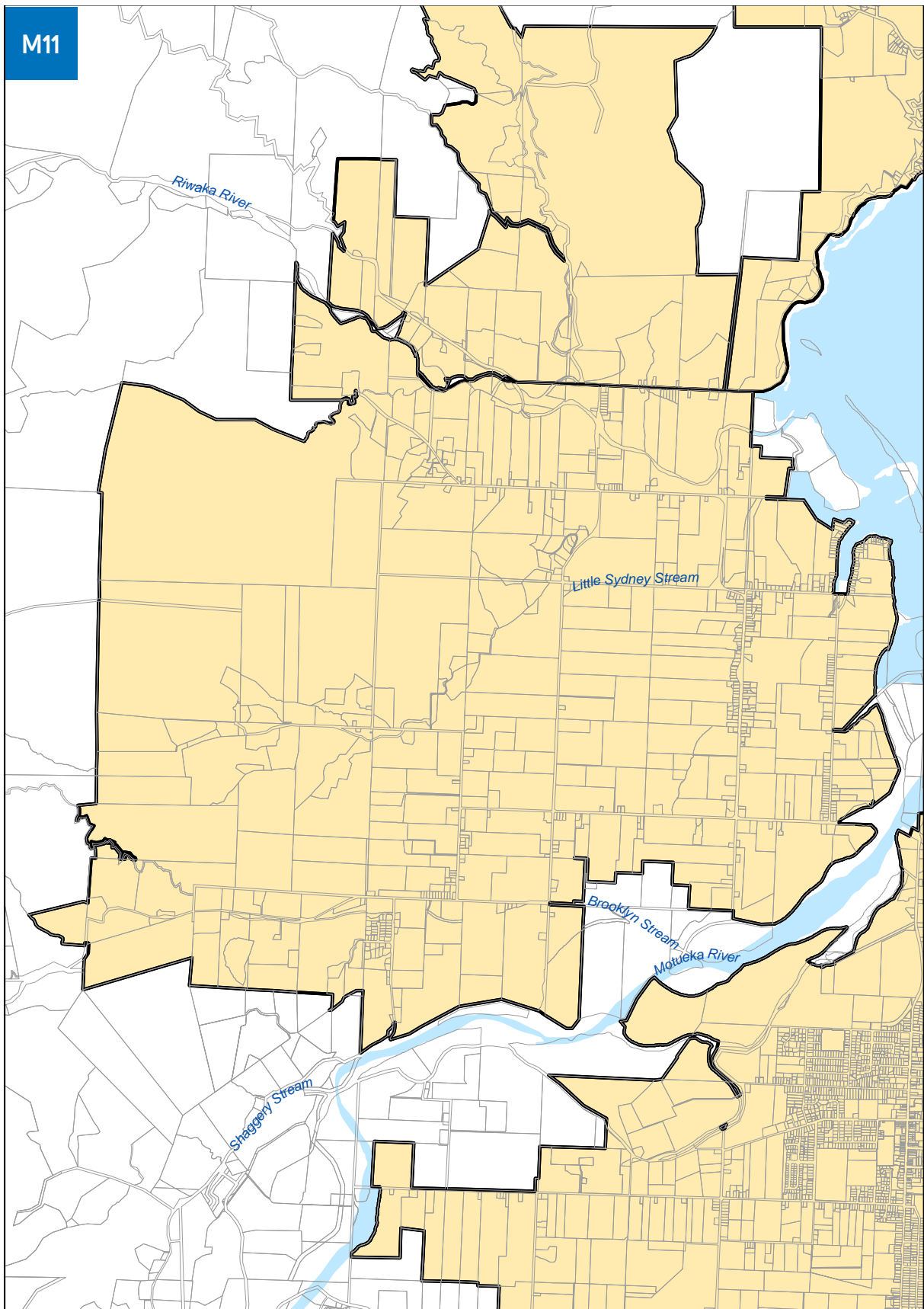


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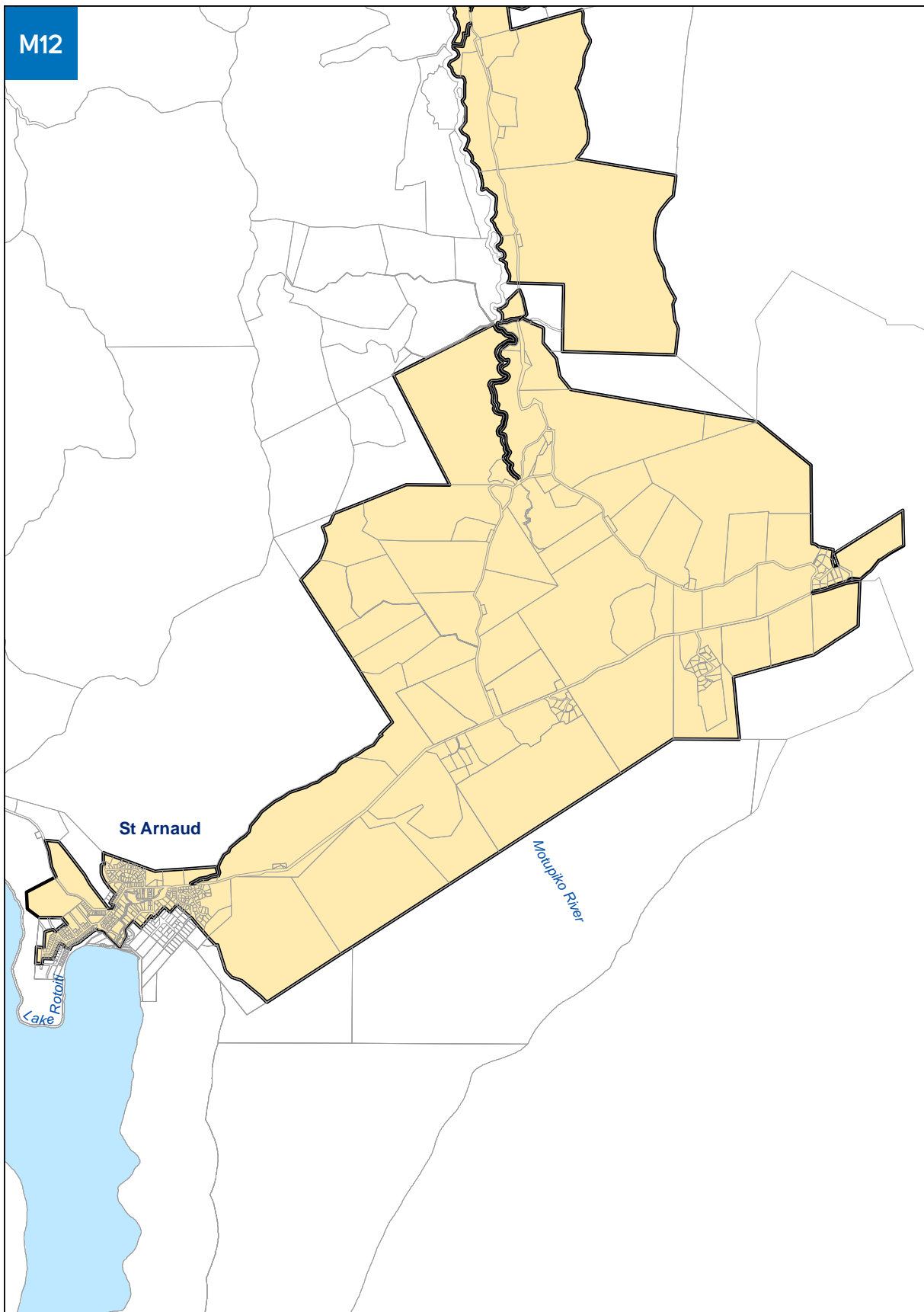
Refuse - Recycling Rating Area  
Richmond



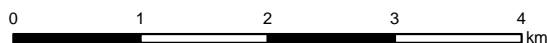
RATING AREA MAPS (CONT.)



RATING AREA MAPS (CONT.)

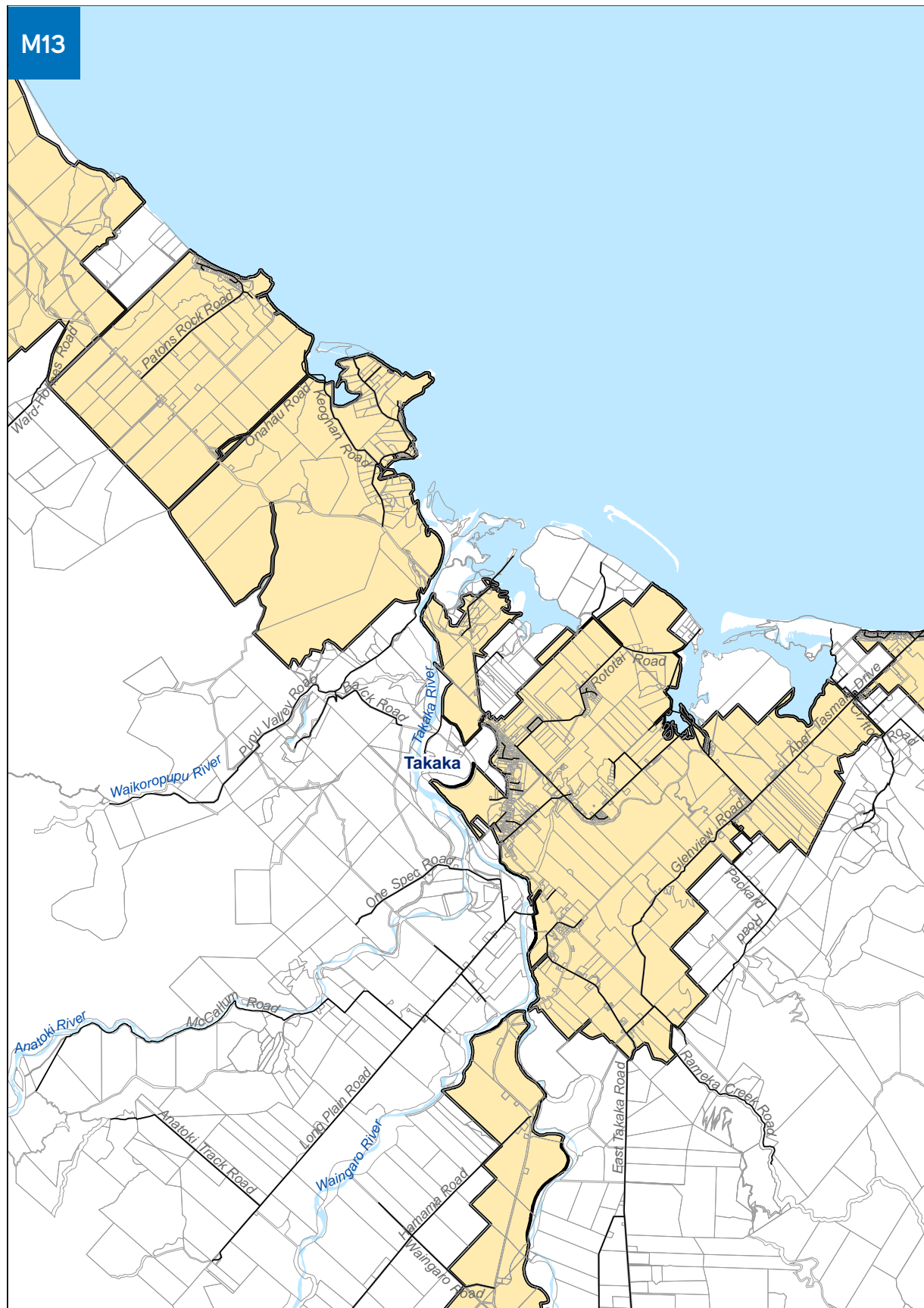


Refuse - Recycling Rating Area  
St Arnaud



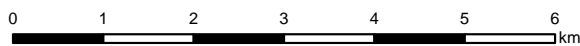


RATING AREA MAPS (CONT.)



M13

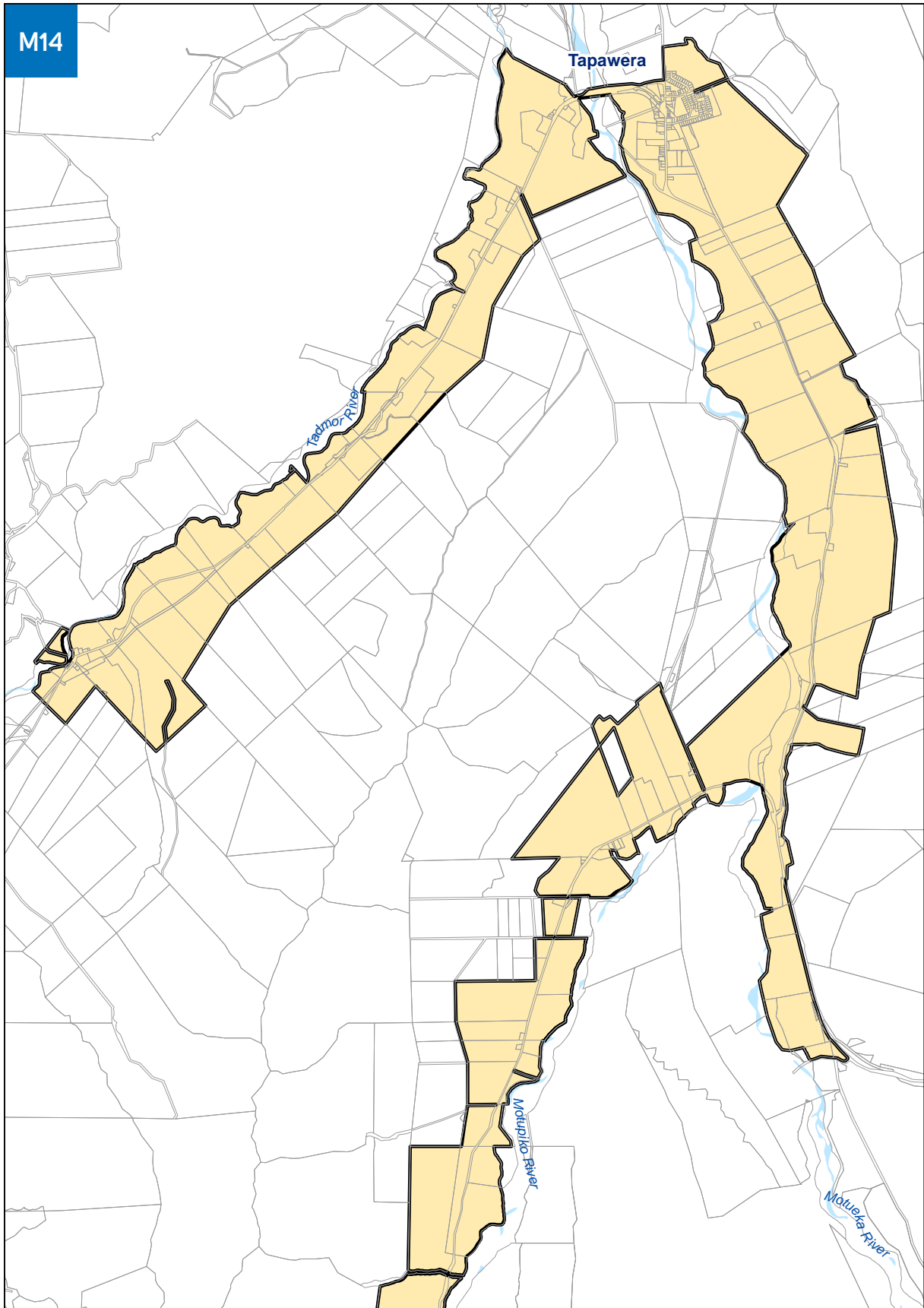
**keruse - recycling rating Area**  
**Takaka**



1:71,198

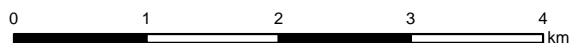
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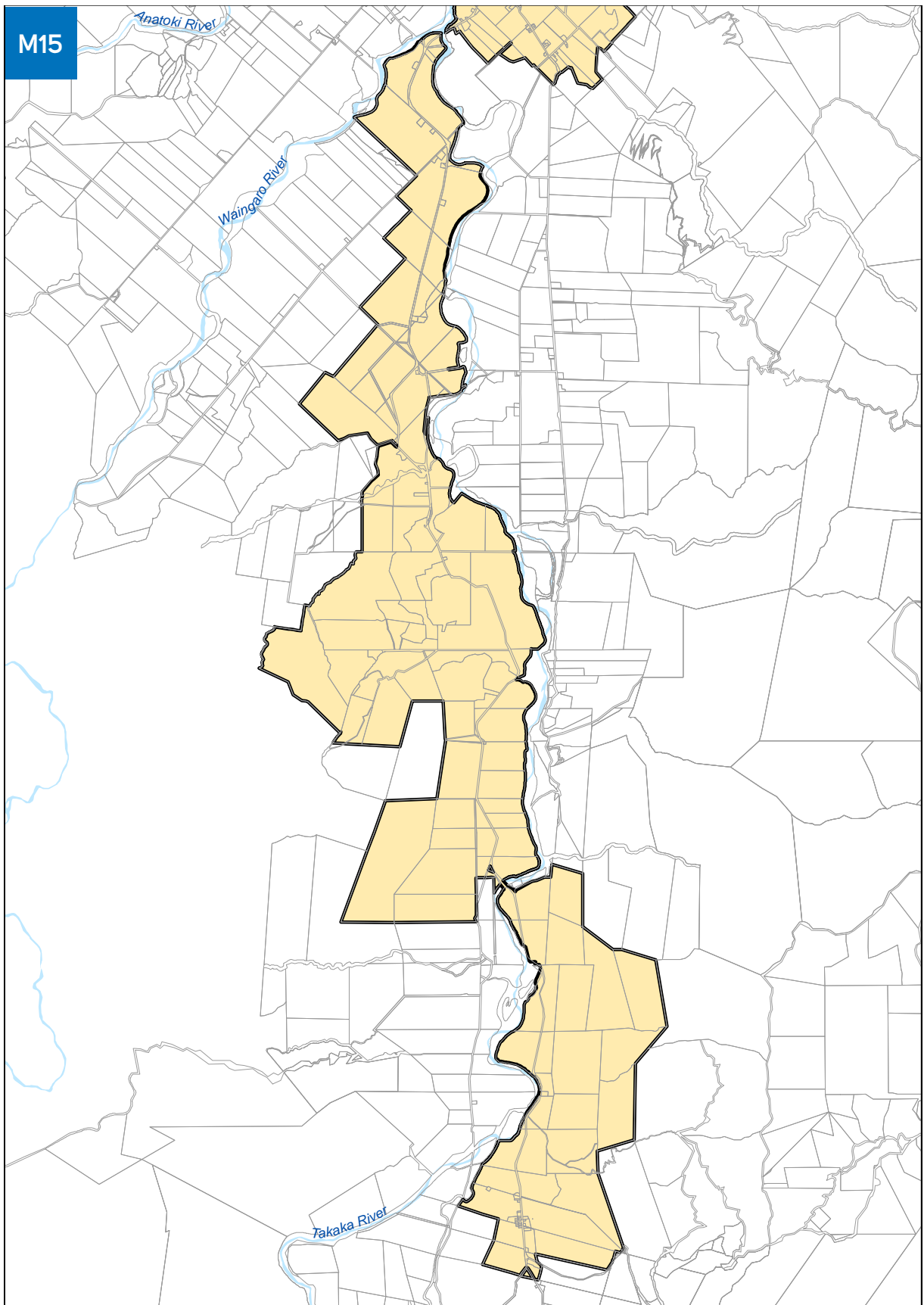


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Refuse - Recycling Rating Area  
Tapawera



RATING AREA MAPS (CONT.)

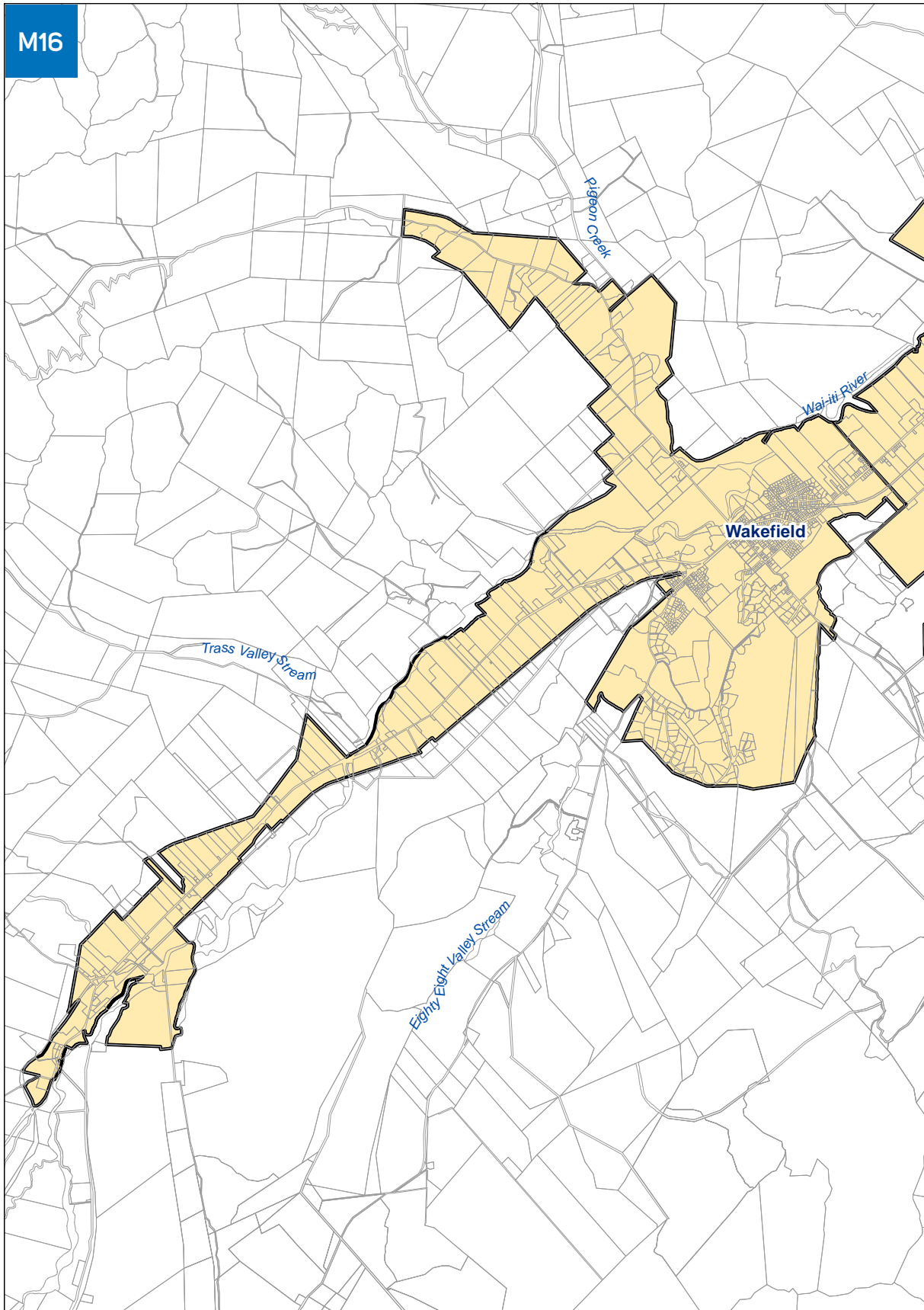


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**Refuse - Recycling Rating Area  
Upper Takaka**



RATING AREA MAPS (CONT.)



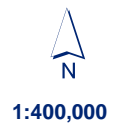
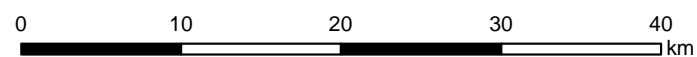
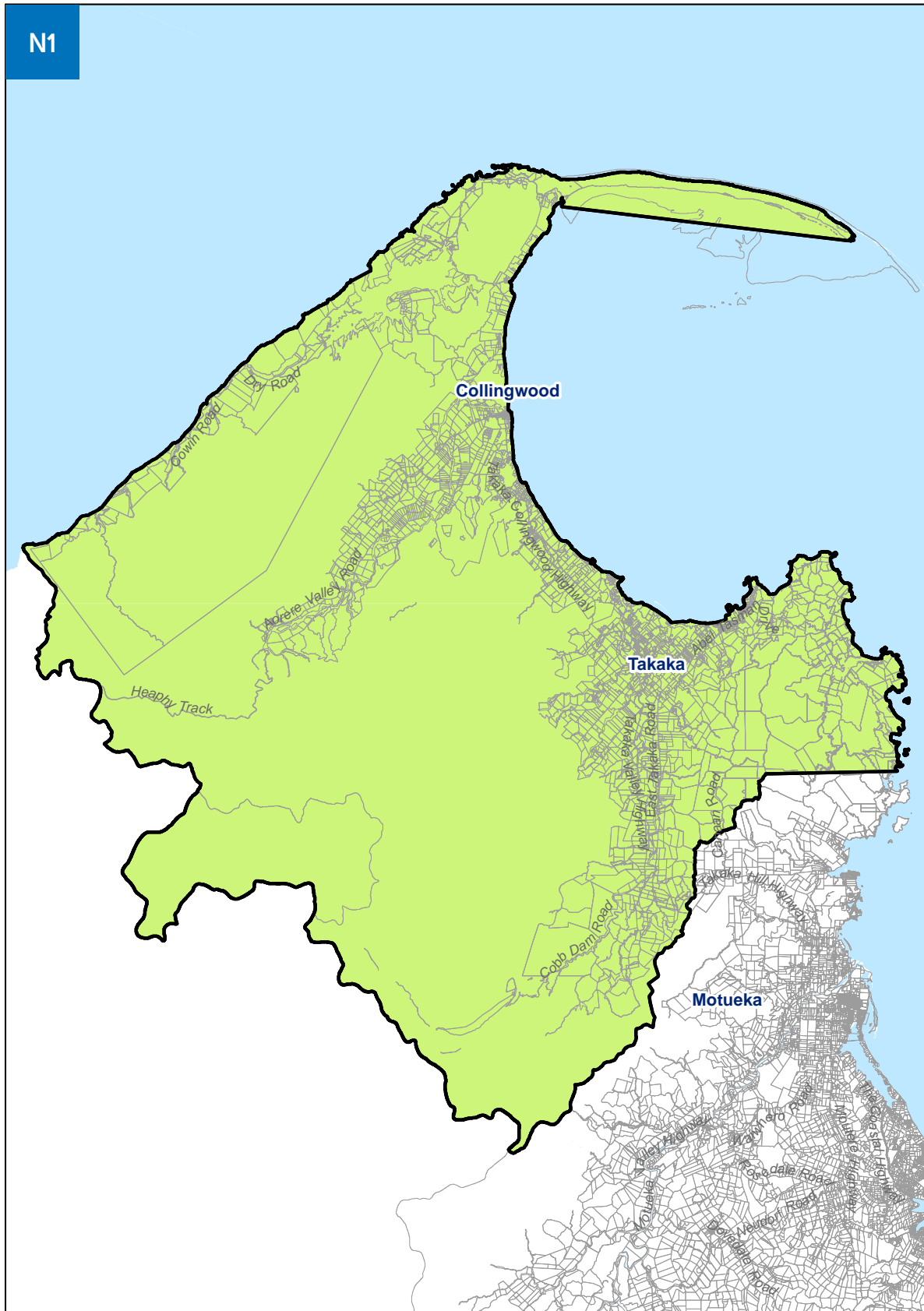
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Refuse - Recycling Rating Area  
Wakefield

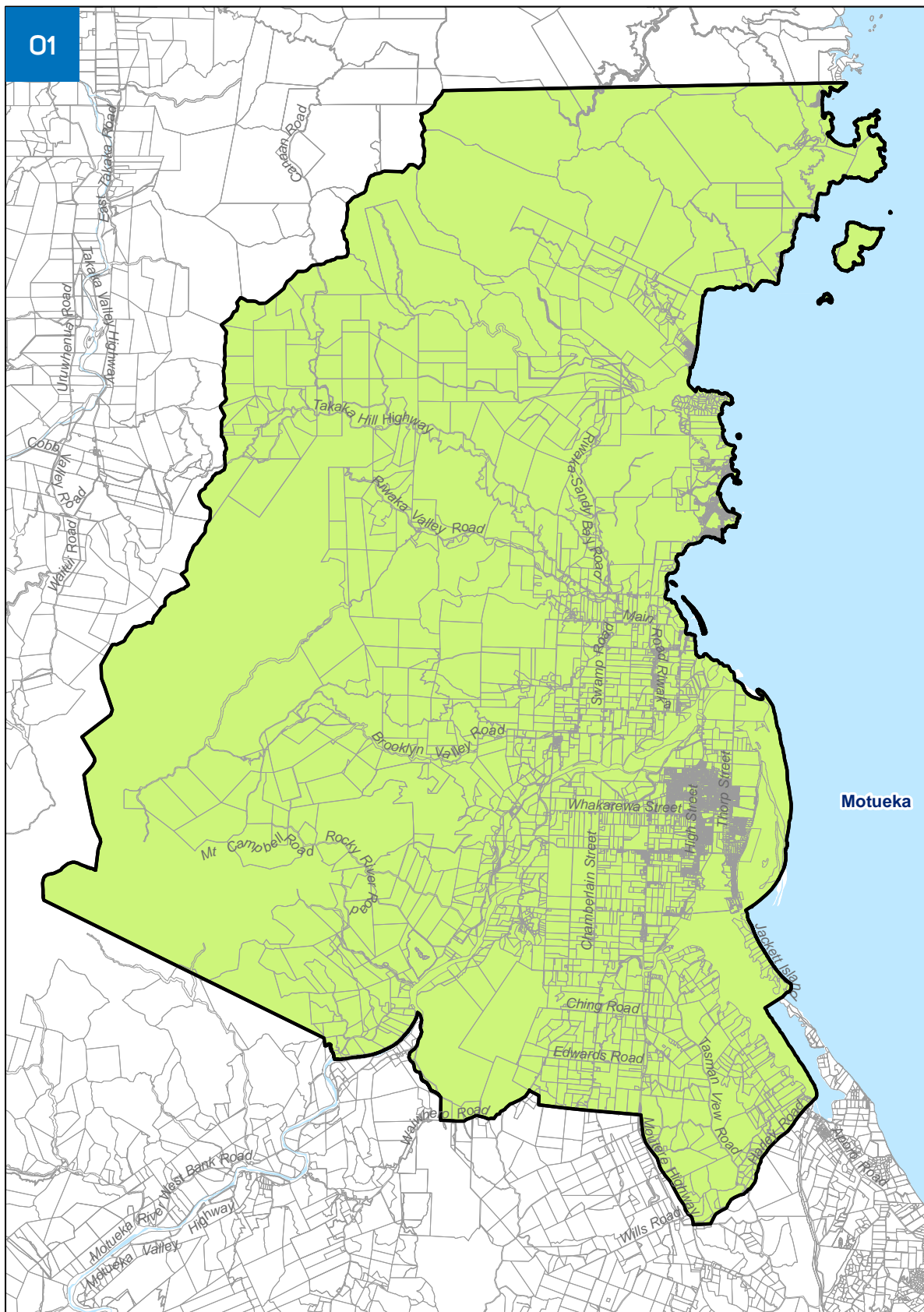




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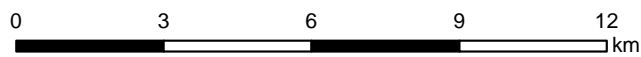


RATING AREA MAPS (CONT.)



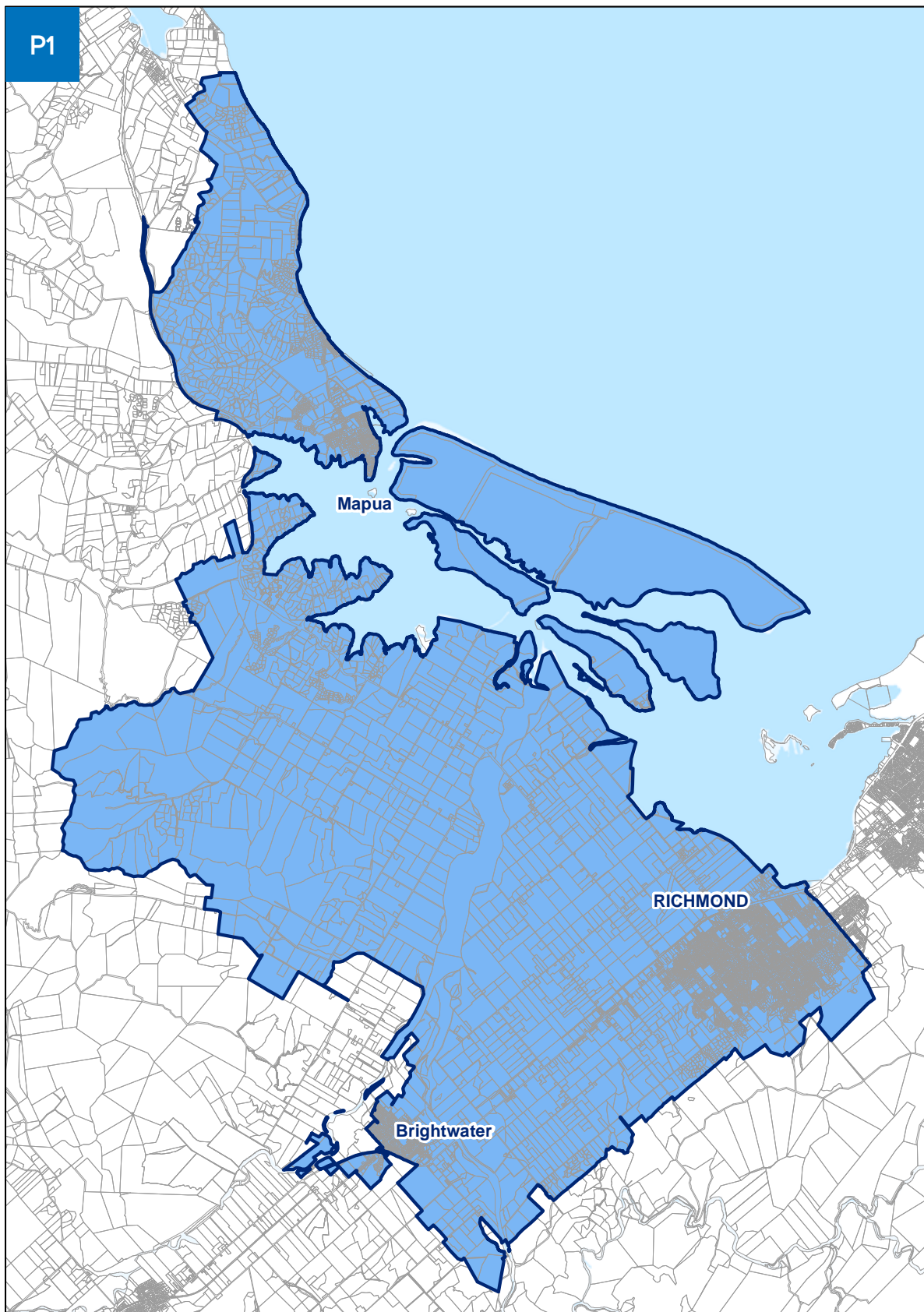
Date Exported: 16/01/2018 | Document Path: \\srvfiles\GIS\Projects\LTP2018\_Maps\Maps\LTP 2018\FundingImpactStatement\LTP2018\_CommunityBoardRatingArea\_Motueka.mxd

Motueka Community Board Rating Area



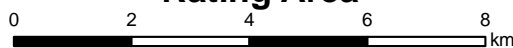
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RATING AREA MAPS (CONT.)



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Waimea Community Dam Zone of Benefit  
Rating Area





# PART 3

FINANCIAL  
STRATEGY



# FINANCIAL STRATEGY

## PURPOSE OF THE FINANCIAL STRATEGY

This Strategy sets out how Council plans to finance its overall operations in order to meet its Community Outcomes for the next 10 years and the impacts on rates, debt, levels of service and investments. It will guide Council's future funding decisions, and along with the Infrastructure Strategy, informs the capital and operational spending for the Long Term Plan (LTP) 2018 – 2028.

## EXECUTIVE SUMMARY

The Financial Strategy sets out Council's plans to finance its activities over the next 10 years. It continues the same strategic approach adopted in the LTP 2015 – 2025 as we focus on keeping rates increase under 3% per annum, plus an allowance for growth, and managing our finances within a self-imposed net debt cap of \$200 million.

The Financial Strategy aims to:

- Provide good stewardship of community resources
- Enhance rates affordability and value for current and future ratepayers
- Manage debt to achieve intergenerational equity.

We intend to use five broad strategies to achieve these goals.

1. Act in a financially prudent manner.
2. Use other sources of revenue to moderate rates levels.
3. Maintain rates increases at modest and stable levels.
4. Where possible, over assets' lifetime, charge those who benefit from their use.
5. Share the costs of providing services across the District.

## FINANCIAL CAPS

Three key financial caps are established in the Financial Strategy that set our overall financial boundaries for Council's activities. These include:

- Rates Income Increases – capped at a maximum of 3% per annum, plus an allowance for annual growth in rateable properties.
- Rates Income – general rates income capped at \$65 million per annum and targeted rates to \$60 million per annum.
- Debt – net external debt capped at a maximum of \$200 million.

This Strategy has been developed in close association with Council's Infrastructure Strategy, Growth Strategy, activity management plans, and other financial policies. It provides the financial boundaries under which these strategies and plans have been developed.

In establishing these financial caps Council has considered the asset renewals profile, the desire to consistently achieve (and in some cases improve) levels of service and the requirements of population growth in the District. Staying within the financial caps has required considerable prioritisation and careful sequencing of projects in our Infrastructure Strategy.

Maintaining and renewing existing assets as they wear out is an important focus in our Infrastructure Strategy. Council has generally planned the rate of renewal investment for water, wastewater, stormwater, and rivers and flood protection assets based mainly on the age of the assets and their expected useful life. Exceptions have been made where assets have notably performed poorly and these have specifically been programmed for early replacement. For roads, Council uses age, condition and demand data to predict an optimised programme of renewal. Following some premature failures of assets Council plans to be more risk adverse when planning renewals where there is an emerging trend in asset failure.

## FINANCIAL STRATEGY (CONT.)

Over the next 30 years, funding of depreciation generally exceeds Council's immediate asset renewal needs. This means that there is additional cash flow from funding of depreciation that can be used to improve Council's cash position as a whole, helping to reduce overall debt. Council's infrastructure renewal profile is projected to significantly increase beyond the period of this Strategy. This will likely present a funding challenge to Council in approximately 50 years' time. In the long term, Council expects that asset renewal needs will exceed the funding that Council collects for depreciation. When this occurs, it is likely that Council will need to fund asset renewals through a mix of depreciation funds and additional borrowing. Council plans to undertake more mature renewal planning over the next six years to better understand this issue and consider the associated potential effects on Council's future borrowing requirements.

The District is growing at a significant rate. Tasman will need to supply 2,955 new dwellings within the next 10 years and a further 3,040 between 2028 and 2048. Council will need to provide most of these new dwellings with water, wastewater and stormwater, and all will create an increasing load on Tasman's transportation network. In addition, our population is ageing which will increase concerns about rates affordability particularly amongst those with lower, fixed incomes. An older population is likely to increase demand for high quality pedestrian facilities and alternative modes of transport.

We have planned for ongoing renewal of our assets and to respond to our District's demographic trends in our Infrastructure Strategy, whilst at the same time remaining within the rates and debt caps established in this Financial Strategy.





# FINANCIAL STRATEGY OVERVIEW

## COUNCIL VISION

Thriving communities  
enjoying the  
Tasman lifestyle

Achieving a reasonable balance between services  
to deliver the vision, and rates and debt

## FINANCIAL STRATEGY

### PRINCIPLES:

- Act prudently with community resources
- Users and exacerbators meet the costs of service when the benefits of those services are available to be enjoyed
- Council's activities are affordable for the community

### OVERALL GOALS:

1. Provide good stewardship of community resources
2. Enhance rates affordability and value for current and future ratepayers
3. Manage debt to achieve intergenerational equity

### STRATEGY 1

Act in a financially prudent manner

### STRATEGY 2

Use other sources of revenue to moderate rates levels

### STRATEGY 3

Maintain rates increases at modest and stable levels

### STRATEGY 4

Where possible, over assets' lifetimes, charge those who benefit from their use

### STRATEGY 5

Share the costs of providing services across the District

Caps on rates, rates increases, and debt

Policy on providing securities for borrowing

Objectives for holding financial investments and equities

# INTRODUCTION

This Financial Strategy focuses on limiting Council's long-term debt and moderating increases to rates income.

The Strategy outlines the context in which Council's financial planning takes place. It details the approach to managing Council's finances in a sustainable and affordable way while providing the services and assets that enable our communities to thrive and enjoy the Tasman lifestyle. It also sets out financial caps that have been used to guide decisions in the LTP 2018 – 2028.

The context in which our financial planning takes place includes:

- Council's current financial position and performance
- Population growth and demographic change
- Infrastructure and service demands of a small, dispersed population
- Natural hazards
- Ageing Infrastructure
- Public and environmental health risks
- Changing property values
- Our relationship with Nelson City Council
- The world around us.

Achieving the Strategy's goals of being a good steward for community resources, enhancing rates affordability and value, and managing debt whilst achieving intergenerational equity is a major challenge.

The Strategy explains the broad strategies and the methods we intend to use to help achieve these goals. It also sets caps on rates levels, rates increases and debt for the next 10 years – 2018 – 2028.

Impacts on levels of service to residents and ratepayers arising from changes to the Financial Strategy are considered in Section eight of this document. The last sections outline Council's policy on giving security for borrowing, and financial investments and equity securities.

The Strategy is integrally linked to Council's Infrastructure Strategy and provides the financial boundaries under which that document was developed. The Infrastructure Strategy outlines the capital and operational budgets and the specific projects which have been planned over the next 30 plus years. The Infrastructure Strategy focuses on our key assets including transportation and roads, water supply, stormwater, wastewater, and rivers and flood protection. Both the Financial Strategy and Infrastructure Strategy inform the content of our LTP 2018 – 2028.

These documents are available to view or download from Council's website ([www.tasman.govt.nz/LTP](http://www.tasman.govt.nz/LTP)). Alternatively, you can view them at any Council office or library.

INTRODUCTION (CONT.)

COUNCIL'S FINANCIAL MANAGEMENT RESPONSIBILITIES  
IN THE LOCAL GOVERNMENT ACT 2002



ASSUMPTIONS

The Strategy has been developed based on a number of assumptions. If any of these assumptions change, there may need to be changes made to the Strategy. The assumptions underpinning this document are contained in the LTP 2018 – 2028.



## INTRODUCTION (CONT.)

### LINKS WITH OTHER DOCUMENTS

#### INFRASTRUCTURE STRATEGY



In addition to the Financial Strategy, Council also prepares an Infrastructure Strategy which identifies the significant infrastructure issues, the principal options for managing those issues, and the implications of those options. Infrastructure accounts for the majority of Council's spending at

39% of operational expenditure and 80% of capital expenditure over the next 10 years. The two strategies therefore need to be closely linked to ensure the right balance is struck between providing agreed levels of service for infrastructure assets, and the cost of doing so. Often the financial caps will impact how Council manages and develops existing and new assets and this is especially so for the next 10 years.

During the next 10 years, both forecast rate increases and debt levels are trending near Council's caps. This has put pressure on what infrastructure can be afforded and delivered over this time and Council has had to work hard to prioritise and plan a work programme which addresses the key issues outlined in the Infrastructure Strategy within the caps in the Financial Strategy.

FIGURE 1. STRATEGIC LINKAGES



# CONTEXT AND STRATEGIC ISSUES

## FINANCIAL POSITION AND PERFORMANCE

Council’s financial position and asset base going in to the LTP 2018 – 2028 are significant factors that have been considered in the development of this Strategy. Rates affordability is particularly an issue because we have a growing proportion of our population in older age groups and on lower fixed incomes.

A major aim of the Financial Strategy for the LTP 2015 – 2025 was to reduce projected debt levels. Nearly three years on, we have not only achieved the lower debt forecast set in the LTP 2015 – 2025, we have also been able to reduce it further. This was made possible by lower interest rates and borrowing costs, increased revenue from forestry activities, low inflation, higher dividends from associates, lower than expected expenditure on responding to emergency events, and delays in the delivery of the capital works programme. (See Figure 2.)

Although our debt is comparatively high, and this negatively impacts rates affordability and our flexibility in the future, there is a mix of metrics considered in presenting the overall position.

The Treasury Risk Management Policy sets out our borrowing limits, which includes:

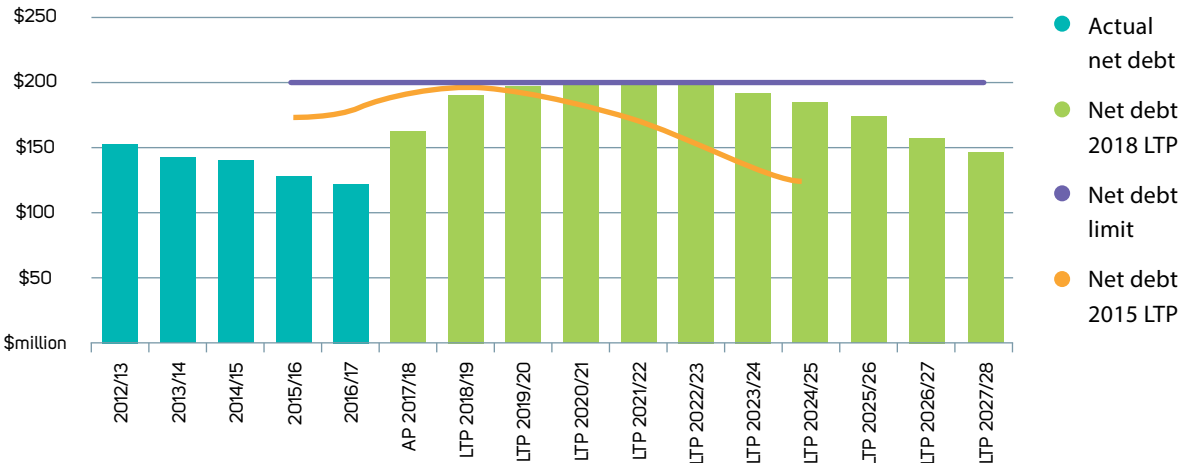
- Net internal or external debt to total operating income
- Net internal or external debt to annual rates income.

Our rate levels are relatively high and rates affordability is an issue for those living within the District. In the LTP 2015 – 2025 we forecasted modest increases in rates revenue. Our actual performance has delivered lower rates revenue increases than we forecasted. (See Figure 3.)

In each of the 2015/2016 and 2016/2017 financial years we have recorded underlying operating surpluses of approximately \$13 million which we have largely used to reduce our debt and moderate future rate rises. Whilst these surpluses have played a useful role in reducing our overall debt level, we are maintaining our focus on better budgeting and forecasting.

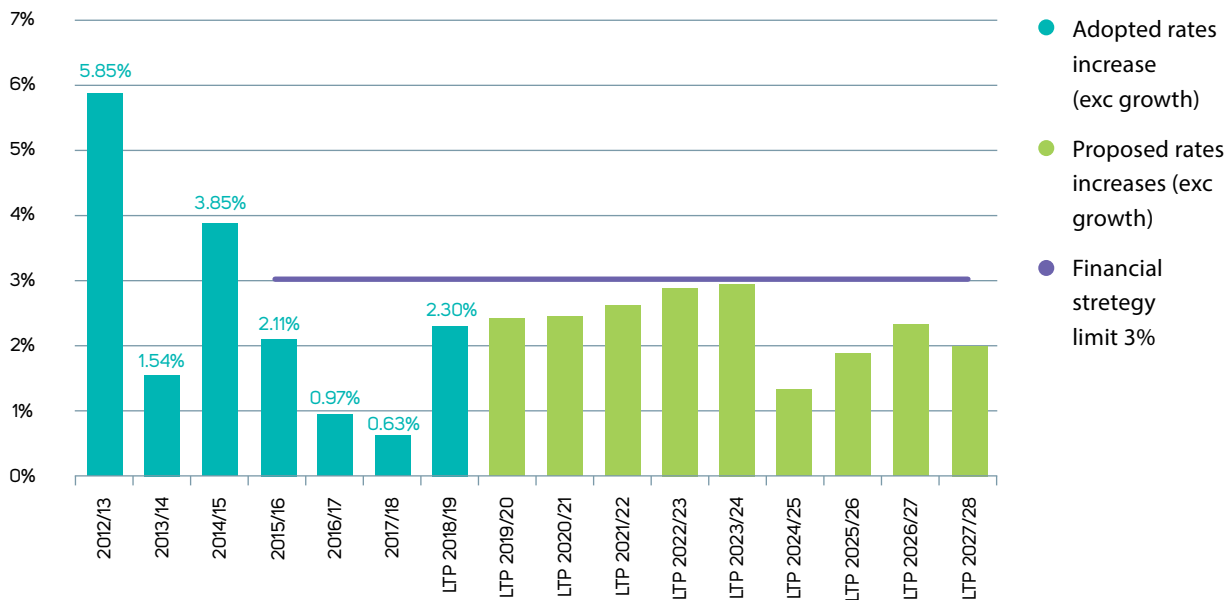
Operational surpluses have also resulted because we have not been able to deliver all our of capital works programme. A number of projects have been delayed due to hold ups with land acquisitions, planning and resource consent. In 2015/2016 our capital budget was \$34 million but actual expenditure was \$27 million. In 2016/2017 the corresponding figures were \$34 million and \$32.5 million. A considerable portion of this underspend has been carried forward each year to enable the projects to be completed. Our capital programme being underspent has meant we have not had to borrow as much as planned. However, we acknowledge that there needs to be a closer match between the programme we set ourselves and our delivery.

FIGURE 2. TOTAL PROJECTED NET DEBT



## CONTEXT AND STRATEGIC ISSUES (CONT.)

FIGURE 3. BUDGETED TOTAL RATES INCOME INCREASES (EXCLUDING GROWTH)



## POPULATION GROWTH AND DEMOGRAPHICS

Tasman is one of New Zealand's sunniest regions and is generally noted for its climate and economic opportunities. This is a key drawcard for the Region, making it a desirable place to live, and in recent years we have experienced significant population and housing growth. **Figure 4 (on page 102)** shows the rate of estimated population growth as well as a range of future projections.

After consideration of recent actual growth and future projections, we are planning for high population growth for the first 10 years, followed by medium growth thereafter for Richmond, Brightwater, Wakefield, Motueka, and Mapua/Ruby Bay. For our other settlements and rural areas, we are planning for medium population growth. This results in overall population growth for Tasman (the green line **Figure 4**) which is between Statistics New Zealand's medium and high population projections series.

Our population is expected to grow by 4,420 residents between 2018 and 2028, to reach a total of 55,690. While the Region will continue to experience population growth over the next 30 years, the rate of growth is projected to slow over time.

By 2048 our population is expected to reach 57,260 residents. Most of the overall population growth will be driven by net migration gains (more people moving to Tasman than leaving).

Like most of New Zealand, our population is ageing, which means there is an increasing number of residents in older age groups. The proportion of the population aged 65 years and over is projected to increase from 22% in 2018 to 37% by 2043. Our ageing population is driving a change in the average household size, projected to decrease from 2.4 residents per household in 2018, to 2.3 in 2028. The number of one-person households and couple-without-children households is projected to increase. As well as impacting rates affordability, the ageing of the population is changing the demand for some services, such as increased needs for good quality footpath surfaces. **(See Figure 5 on page 102.)**

Over the next 10 years, we are estimating that another 2,955 new dwellings will be needed with a further 3,040 dwellings between 2028 and 2048. This growth is based on population and household size projections, and also allows demand for non-residents dwellings, such as holiday houses and temporary worker accommodation.

## CONTEXT AND STRATEGIC ISSUES (CONT.)

We are required to ensure that there is sufficient zoned land and services available to accommodate this growth. Our recent growth has been higher than we had anticipated in our LTP 2015 – 2025 and has taken up considerable amounts of available infrastructure capacity. The combination of this and the ongoing projected population and housing growth, creates demand for additional capacity in our

infrastructure, particularly in those areas with higher growth (Richmond, Motueka, Brightwater, Mapua and Wakefield). The National Policy Statement on Urban Development Capacity (NPS-UDC) also requires us to provide an additional margin of feasible development capacity in Richmond that is 20% above the projected demand for the next 10 years, and 15% above the demand projected for 2028 – 2048. **(See Figure 6.)**

FIGURE 4. TASMAN'S POPULATION ESTIMATES AND PROJECTIONS

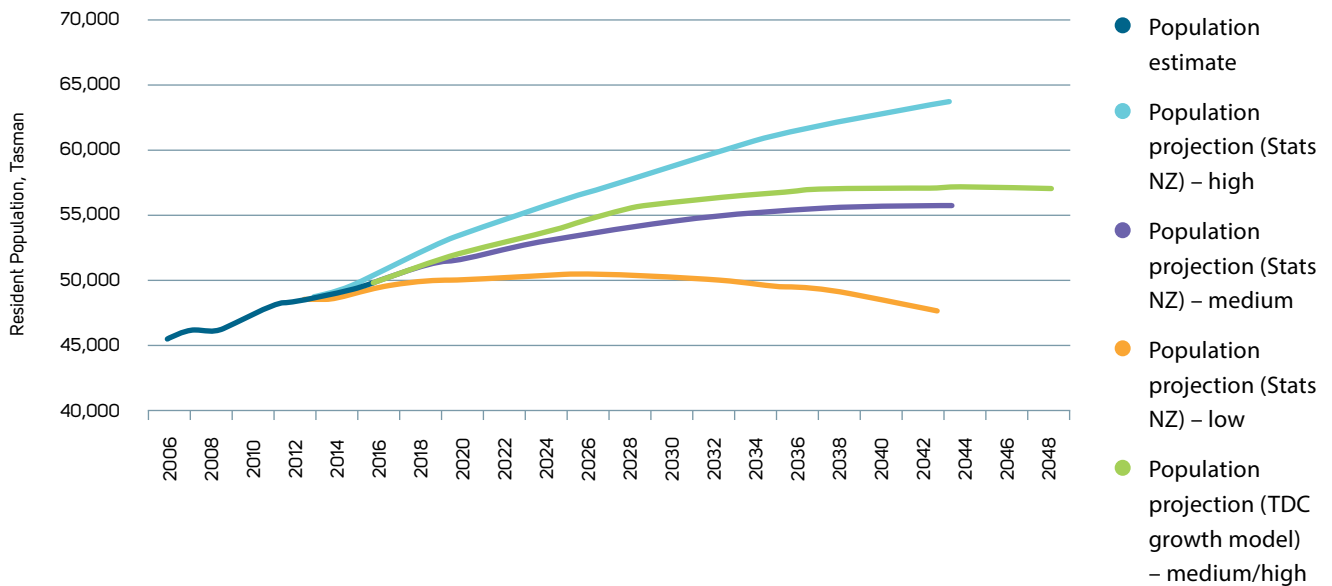
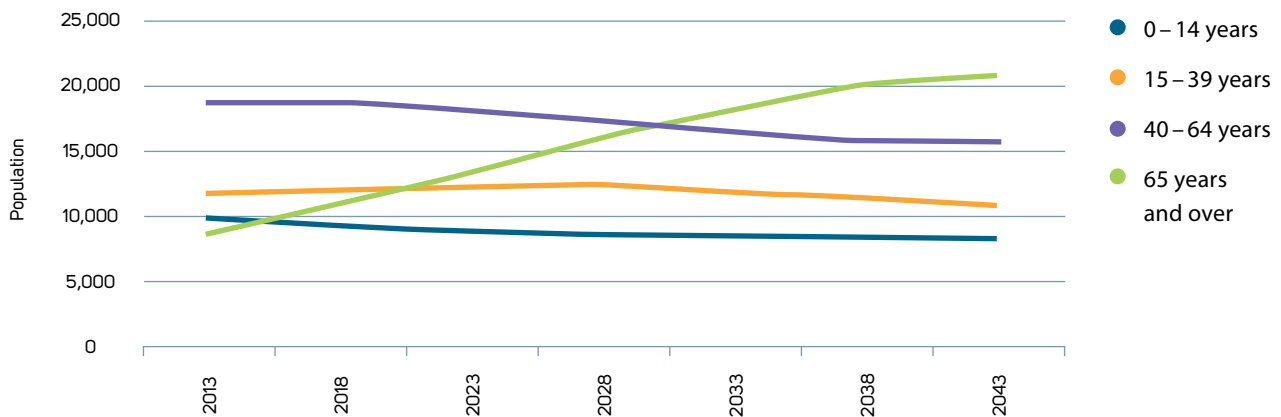
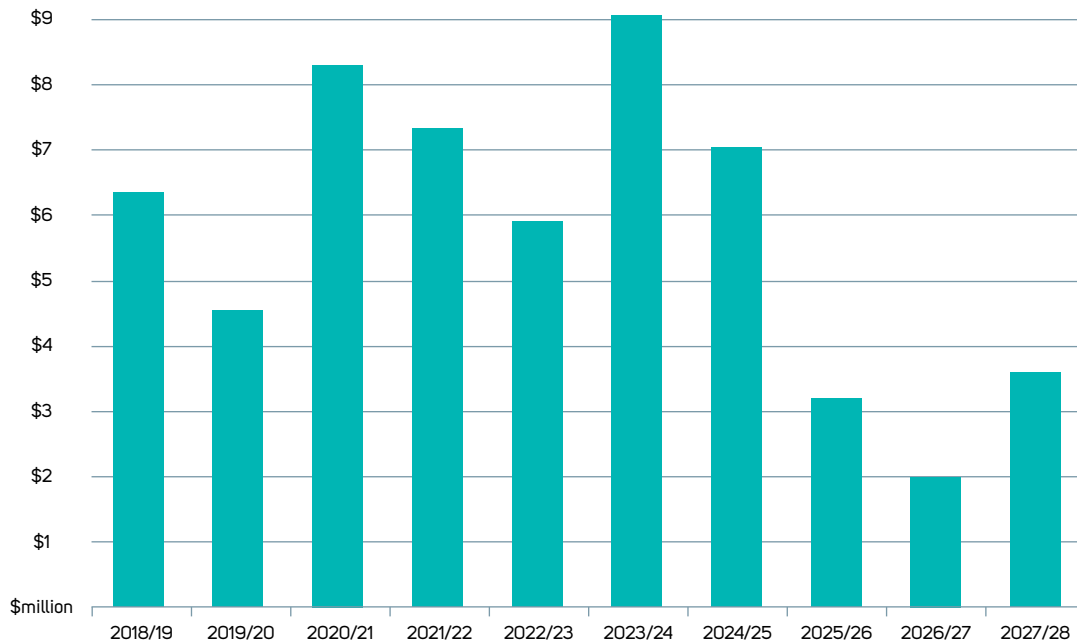


FIGURE 5. TASMAN'S POPULATION PROJECTIONS, BY AGE GROUP 2013 – 2043



## CONTEXT AND STRATEGIC ISSUES (CONT.)

FIGURE 6. PROJECTED CAPITAL SPEND ATTRIBUTED TO GROWTH



### INFRASTRUCTURE AND SERVICE DEMANDS OF A SMALL, DISPERSED POPULATION

Our relatively small, but widely dispersed population lives in 17 main urban towns and settlements, and rural areas, across 9,771km<sup>2</sup>. We only have a small rating base to fund the significant amount of infrastructure required to service this population, including roads, wastewater, stormwater and water supply services. The dispersed nature of the population means we need to supply infrastructure to serve the same purpose in a number of different locations and often use varying technology and methods based on the size and topography of the areas concerned.

For many of our infrastructure assets, ratepayers (who receive the relevant services) across the whole District contribute funds irrespective of the individual asset's location and the population it serves. This ensures everyone is provided with the essential infrastructure and (at least) minimum levels of service required. Through this 'Club' approach, all residents pay the average costs of providing infrastructure and services in the District, rather than paying higher or lower costs dependent on their location.

### NATURAL HAZARDS

Due to the topography of our Region, residents enjoy ready access to our coastlines, rivers and alpine parks which make it famous for its lifestyle and outdoor adventure and tourism activities. Our close proximity to these natural landscapes however comes with potential risks to our communities. These risks can be categorised into three broad areas:

1. Coastal erosion and inundation
2. Flooding and land instability
3. Earthquakes and tsunamis.

The effects of climate change will potentially mean that we will face an increasing number of natural disasters. Climate change is likely to lead to more frequent and more severe weather events, with sea level rise over time increasing the risk of coastal inundation. With these changes we are seeing increasing financial pressure on Council to protect private property and invest in protection works. Council also needs to be financially prepared to respond to the immediate effects of natural hazard events and to recover from their medium term effects.

## CONTEXT AND STRATEGIC ISSUES (CONT.)

### AGEING INFRASTRUCTURE

Council is responsible for \$1.1 billion worth of infrastructure assets (as at June 2017). These assets have a finite period in which they will operate suitably. Once the useful life of an asset is reached, the asset will usually require renewal or replacement. A lot of Tasman's infrastructure was built between the mid-1900s and the 1980s. To date, this has meant that Council has largely had to renew assets with relatively short useful lives and that most of the longer life assets are yet to be renewed.

For the period of the strategy, Council expects the renewal of short life assets to continue much the same as recent times, effectively creating a stable baseline for renewal investment. Beyond the life of this Strategy significant renewal of bridges and pipes will be required with a significant financial impact on Council and the community. Council needs to plan well ahead of time in order to manage and fund this big step up in renewal activity.

### PUBLIC AND ENVIRONMENTAL HEALTH RISKS

Nationally, we are experiencing an increasing awareness of public and environmental health risks, which in turn is driving the delivery of higher service standards by Council. These standards are being embodied in Central Government legislation and regulations. One example is the gradual increase in drinking water standards (Drinking Water Standards New Zealand). With the recent campylobacter contamination in Havelock North, greater scrutiny is being applied to drinking water networks and quality, and we anticipate that even higher water treatment standards will shortly be required.

Similarly greater understanding of the effects on waterways and the wider environment has driven increased compliance requirements and expenditure for wastewater treatment and disposal. These increasing standards have financial implications for Council as a provider of wastewater infrastructure and services for our communities.

There are some activities where we are not able to achieve the current levels of service (including some mandatory measures). For some, significant investment is required in order for those levels of service to be met. For example, to comply with the current drinking water standards we need to significantly invest in some of our water schemes.

### CHANGING PROPERTY VALUES

Property valuations are carried out by Quotable Value (QV) for rating purposes every three years. The relative changes in property values between different areas and different types of property cause fluctuations in the incidence of rates between different ratepayers. The latest valuations were published in December 2017 which have had consequential impacts on the rates allocation across the District and the incidence of rates.

### RELATIONSHIP WITH NELSON CITY COUNCIL

We have a close working relationship with Nelson City Council, and currently have a number of shared service arrangements in place. We also have a range of shared investments including Nelson Airport Ltd, Port Nelson Ltd, and Tasman Bay Heritage Trust, and services such as Nelson Regional Sewerage Business Unit and Nelson Tasman Regional Landfill Business Unit.

Both Councils benefit from the current shared water supply agreement, where Tasman supplies industrial and residential properties in South Nelson.

Saxton Field has a joint governance committee made up of members from the two Councils recognising its importance as a recreation facility to both Tasman and Nelson.

### THE WORLD AROUND US

Tasman District is influenced by many external factors – national and international, environmental, economic and political. Future changes in interest rates, international markets and legislation, as well as natural hazards and climate change, are likely to impact on our finances.

We now have a new Labour Government, and it is, as yet, unclear how its policy direction will affect our Council.

Our resilience and ability to respond to factors outside of our control will be maintained by continuing to have adequate borrowing facilities available. This is provided for in this Financial Strategy. If we spend and borrow to moderate levels, it will provide us with more flexibility to respond to new and changing situations.



# PRINCIPLES

The following three principles provide the foundation of our Financial Strategy and are useful touchstones against which to test the other components of the strategy.

1. Act prudently with community resources.
2. Users meet the costs of service when the benefits of those services are available to be enjoyed.
3. Council's activities are affordable for the community.



# GOALS



## PROVIDE GOOD STEWARDSHIP OF COMMUNITY RESOURCES

We are the stewards of the community resources that we have developed over many years. Our vision is: Thriving Communities Enjoying the Tasman Lifestyle. The services we provide support this vision. The quantity of funding we require from the community, and how that funding is distributed amongst different parts of the community, impacts the degree to which we deliver on that vision.

Our purpose is to consider not only current communities, but also our future communities. Our goal is to take care of and protect those resources so that they can continue to benefit our District and communities in years to come.

## ENHANCE RATES AFFORDABILITY AND VALUE FOR CURRENT AND FUTURE RATEPAYERS

Our goal is to maintain or improve the affordability of rates over time. It is important that affordability not only for current ratepayers but also future ratepayers is considered. Decisions now could potentially affect rates affordability in the years ahead, meaning there is potential to pass rates burdens onto future generations.

Maintaining and also improving rates affordability is important for our ratepayers. Our District has a growing population of older people, many of whom are on lower fixed incomes. We are also a median wage economy with comparatively lower incomes than some other parts of the New Zealand.

## MANAGE DEBT TO ACHIEVE INTERGENERATIONAL EQUITY

For a local authority debt can be helpful in ensuring that those who benefit from the investment pay a fair share of the costs of those assets over their lifetime. Including some debt which can be readily serviced from secure, reliable revenue sources without compromising other aspects of service delivery, is an acceptable and positive way of operating. However, when debt is too high it can become damaging because a large proportion of the revenue received is required to pay the interest on the debt, rather than funding services. If credit-rating agencies and loan providers become concerned about the level of debt compared with revenue sources or the availability of borrowing, the costs of borrowing can increase. In addition, a large burden can be passed on to tomorrow's ratepayers to pay off the debt in the future.

In this Strategy we are focused on ensuring debt is used as a useful tool, but is kept at a moderate level to avoid the negative consequences of over borrowing.

In the LTP 2015 – 2025 we recognised our relatively high debt levels and the concerns expressed by our community. We significantly changed the way we funded our assets and managed our capital programmes to moderate debt increases as a means of addressing this concern. For the LTP 2018 – 2028 we have retained our focus on debt levels and rates affordability. In this Strategy we have caps for debt, rates levels, and rates increases.

# STRATEGIES AND METHODS

To achieve the goals in a way that is consistent with the principles in our Financial Strategy we have adopted five key strategies (or broad directions). For each of these strategies we will use a number of methods to achieve our goals. These strategies and methods are detailed below.



## STRATEGY 1

### ACT IN A FINANCIALLY PRUDENT MANNER

We will act with care and thought for the future in the way we manage our financial resources. This means we will act responsibly in our decision making and actions to ensure that the community's funds held by Council are used efficiently and effectively to deliver services and infrastructure to meet current and future needs. When considering the finances to address immediate issues, the longer term impacts on future ratepayers and the future community in general will be considered.



## METHODS

### RUN BALANCED OPERATING BUDGETS

We will run a balanced operating budget in all 10 years of the LTP 2018 – 2028 (after allowing for the phasing in of depreciation funding). This means that operating income will meet or exceed operating expenditure each year once non-cash accounting items have been excluded. The last few years have resulted in significant surpluses where operating income has been significantly higher than operating expenditure. This has been the result of our capital programme operating below the level anticipated which has resulted in lower interest payments and the costs of operating new assets not coming on stream as early as anticipated. Operating efficiencies have also contributed to these surpluses. Over the course of this LTP we will closely monitor the balance between operating income and expenditure and adjust our budgeting (through the Annual Plan) to ensure that we run a balanced budget and we do not generate excessive operating surpluses.

Where an operating surplus is generated at the end of any financial year our practice is to carry funds forward to complete projects underway and our preference is where possible to use any remaining surplus to retire debt.

### COMPLY WITH LEGISLATIVE LIMITS AND BENCHMARKS

We will operate within the benchmarks in the Local Government (Financial Reporting and Prudence) Regulations 2014. These Regulations establish the reporting format and Council reports against these in both the Annual Plans and Annual Reports as an assessment of whether Council is prudently managing its financial dealings.

### MAINTAIN DEBT AT JUDICIOUS LEVELS

In recent years we have made good progress in reducing Council's projected debt. Maintaining debt at prudent levels means that a smaller proportion of the revenue received each year is used to pay the interest on loans. The interest we have to pay on debt each year directly impacts rates affordability. The Local Government Funding Agency (LGFA) sets limits on debt (which are reflected in our Treasury Risk Policy). Remaining within these is considered sector good practice and exceeding them is likely to negatively impact our ability to borrow and the cost of borrowing. Maintaining our debt levels below the limits set by the LGFA means Council has some 'head-room' to borrow further to respond to short term needs. For instance Council may need to borrow significantly in the future to recovery from a disaster event or to meet a period in which there are exceptionally high levels of asset renewals required. For this reason Council has selected a debt cap which is significantly below the LGFA borrowing limit.

### MAKE FINANCIAL PROVISION FOR EMERGENCIES

We live in an area that is prone to natural hazards. Climate change is likely to increase the incidence of extreme weather events, meaning we need to be financially prepared to respond these events. In the LTP 2015 – 2025 we continued the process of building a General Disaster Fund. At the end of the 2016/2017 year this fund had reached \$3.4 million plus inflation. The aim is to build this fund to reach \$7.8 million including an annual adjustment for inflation.

## STRATEGIES AND METHODS (CONT.)

In addition to the General Disaster Fund there is also the Specified Rivers Protection fund, which has a balance of \$1.1 million at 30 June 2017. The recent weather events will adversely impact the balance at the end of June 2018 but the costs are still being worked through.

We also hold reserves to respond to emergencies for those assets most likely to be affected by disasters e.g. transportation, stormwater and parks. These emergency reserves are built up from rates collected for these specific activities and can only be used on those activities. In addition, we are allowing sufficient debt capacity to be able to borrow funds to respond to emergency events should they arise.

### MAINTAIN APPROPRIATE INSURANCE

As part of our risk management responsibilities we insure our assets against accidental damage, and potential losses. The cost of the Canterbury earthquakes has highlighted the importance of good risk management and the part insurance and/or risk financing plays when it comes to rebuilding public assets. In many instances, councils can provide services in the future only through the continuing use of their assets. Public entities have had to think carefully about how they are managing their risks and how they are using the insurance and risk finance options available to them. Due to the number and frequency of events giving rise to insurance, Council is seeing increasing upward pressure on premiums and insurers looking to reduce cover for areas which have more frequent claims.

Due to the nature of our activities we have both above and below ground infrastructure assets. Assets below the ground, such as pipes and underground reticulations (excluding roading assets) are insured for catastrophic natural disaster damage through our insurance provider Aon. Repairs to these assets following a significant event are covered 40% through our insurers with a large deductible (excess), with the remaining 60% currently being funded by Central Government. Council presently has insurance cover for a \$250 million catastrophic disaster event. Subsidised roading assets would receive a minimum of 51% subsidy from the NZTA with the remaining portion of the loss, and non-subsidised assets, to be funded through our Emergency Fund and Council borrowing.

Our above ground assets are insured either through a material damages policy (as this includes fire and other

damage), other policies (such as motor vehicles), or are covered by the self-insurance fund if the assets are uneconomic to insure. We also have public liability and professional indemnity cover.

We work closely with our neighbouring councils to obtain the best value for money on our insurance cover in a number of areas through collective insurance cover with other councils.

### RETAIN A GOOD CREDIT RATING

We currently have an AA- credit rating with a positive outlook (Standard and Poors). This rating is a measure of our organisational strength including management and governance and means Council is consistently responsible when it comes to managing its borrowing and the wider economic, social and environmental context we operate in. The benefit of having a good credit rating is that it enables access to borrowing at comparatively low interest rates.

### ONLY BORROW FOR CAPITAL AS CASHFLOWS REQUIRE

Keeping unnecessary borrowing down helps to reduce the amount of interest we must pay. We will carefully monitor the planning and progress of our infrastructure projects and only borrow what is required to fund them when that funding is actually required. In order to minimise the amount of external borrowing necessary, we will often lend internally between different funds or reserves i.e. we will advance funds collected for one activity which are not currently needed for that activity, to fund work in a different activity. This reduces Council's overall borrowing costs and is referred to as funding the balance sheet as a whole.

### DELIVER RESULTS THAT ARE CLOSE TO BUDGET

Over the last few years we have not been able to deliver all of our planned infrastructure programme. The reasons have included delays in negotiations with landowners or developers, detailed planning and consenting taking longer than anticipated, inadequate project lead time and insufficient suitable staff resources. As a result we have spent less on capital expenditure than planned. Each year a proportion of the unspent capital is carried forward to the subsequent year to enable projects that have been commenced to be completed. These underspends have helped to reduce our debt levels below forecasts.



## STRATEGIES AND METHODS (CONT.)

We have been doing work to increase our capability to deliver our capital programmes on schedule. We are putting more rigour into the development of forward work programmes, have increased the number of project managers employed and are considering the secondment of external project management staff. The Infrastructure Strategy and supporting Asset Management Plans include capital programmes that we believe can be delivered.

Operational expenditure has also been less than budgeted in recent years. Favourable external market conditions, operating efficiencies, and timing delays in our capital works programme, have combined to produce three years of significant operating surpluses. In the main, these funds have been used to repay debt ahead of budgets. This also provides operating savings for future years. In using surpluses to repay debt we are also aware of the requirement to ensure each generation pays for its share of costs. We aim to develop work plans and budgets operating within the capacity and capability of the organisation. In the LTP 2018 – 2028 we have established operational budgets that we believe are required to deliver the agreed levels of service. We plan to operate close to but within these budgets on an annual basis.



### STRATEGY 2

#### USE OTHER SOURCES OF REVENUE TO MODERATE RATES LEVELS

Rates are an important form of revenue for Council making up 59% (2018/2019) of operational income. However, there are a number of other sources of revenue that can also be utilised. The greater the contribution from these other sources of funding, the less Council needs to collect in rates in order to fund its activities and finance its infrastructure investments. We look to utilise the non-rates sources of revenue as much as reasonably possible to help offset the need for rates. We have forecast future revenue from these non-rates sources but are not anticipating significant increases in this over the next 10 years. However, we will focus on making maximum use of them before we look to rates to fund our activities. **(See Figure 7 on page 110.)**



### METHODS

#### MAXIMISE SUSTAINABLE RETURNS FROM COMMERCIAL AND SEMI-COMMERCIAL INVESTMENTS

Council holds a number of assets principally for their ability to generate surpluses. In some cases we also hold these assets due to the important role they play in supporting the social and economic fabric of the District. These assets are within the Council Enterprises activity and consist of shareholdings in companies such as Port Nelson Ltd and Nelson Airport Ltd. They also include plantation forestry, campgrounds, Port Tarakohe and commercial property assets. We will aim to maximise the returns, including reinvestment in them, to maintain or enhance returns, from these assets and shareholdings in a sustainable way with the long-term in mind. This longer term perspective is consistent with our prudence principle. Some of these assets are legacy assets which are being managed using commercial disciplines including maintaining or enhancing returns to Council.

#### MAXIMISE USE OF AVAILABLE GOVERNMENT FUNDING SOURCES

Central Government has a number of funding pools that are available for us to access to contribute to the provision of infrastructure at a local level. Examples include the New Zealand Transport Agency funding for local roads and the Tourism Infrastructure Fund that assists with the provision of facilities to meet needs generated by tourists. We intend to actively identify and make use of these sources of government funding to help offset costs to our ratepayers.

#### REVIEW FEES AND CHARGES ANNUALLY

We generally set fees and user charges where the user of a service can be readily identified and charged according to their use. In many cases the primary objective for making a charge is to recover the costs (in part or wholly) from beneficiaries. To ensure that this objective continues to be achieved, the level of fees and charges will be reviewed annually with consultation on proposed charges taking place prior to them being decided by Council. Council may review fees and charges more regularly, where budget or commercial pressures require a more agile approach.

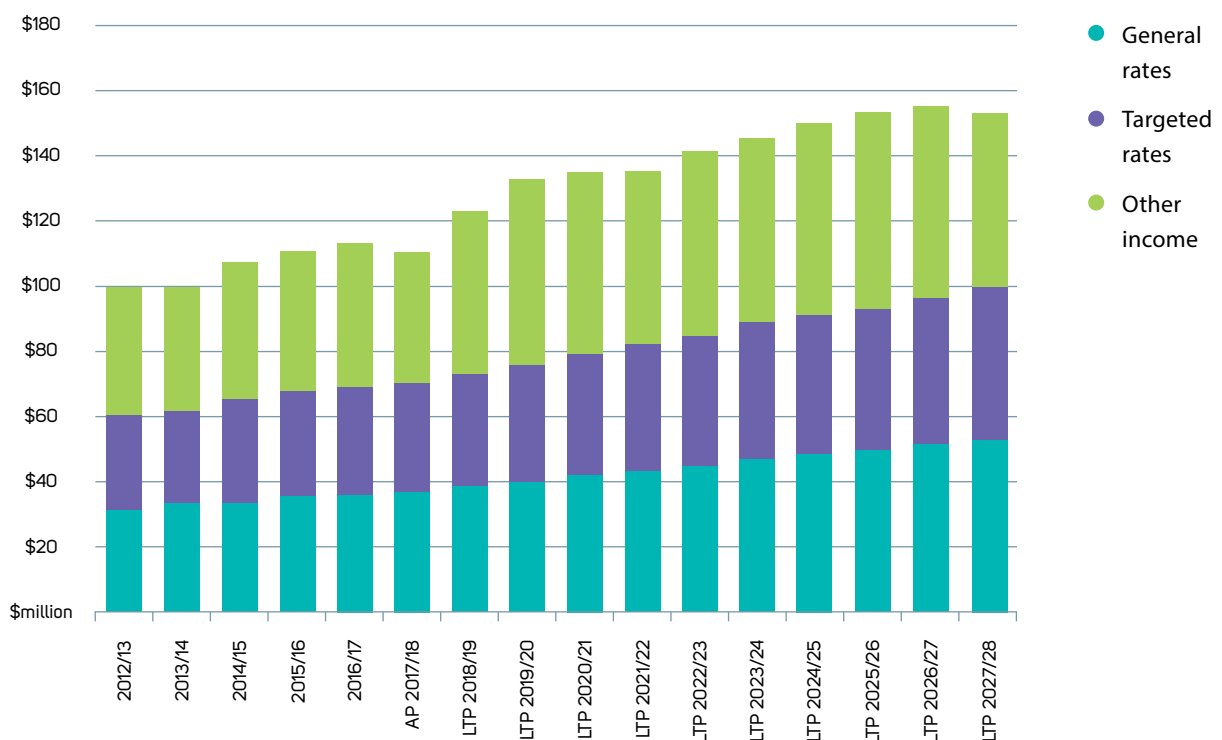
## STRATEGIES AND METHODS (CONT.)

### PROVIDE MAJOR COMMUNITY FACILITIES IN PARTNERSHIP

In the LTP 2015 – 2025 we set a minimum amount that communities had to contribute (i.e. through fund raising) for new, large community, recreational, sporting or community facilities, or for their renewal.

Their minimum contribution was set at one-third of the cost. We have continued with this level of community contribution in the LTP 2018 – 2028. A contribution of this magnitude demonstrates the commitment of the community that will principally benefit from the facility, as well as help reduce the burden on Council’s debt and ultimately Districtwide ratepayers.

FIGURE 7. BUDGETED RATES REVENUE COMPARED TO OTHER REVENUE



### STRATEGY 3

#### MAINTAIN RATES INCREASES AT MODEST AND STABLE LEVELS

Over the last few years we have been able to constrain the increases in total rates income to a low level which is below the 3% increase cap we sent in the LTP 2015 – 2025. We aim to continue to focus on maintaining the increase in total rates revenue at modest levels to avoid major fluctuations year on year.

The rates paid on individual properties can vary significantly around the total increase in rates income percentage. The variation of rates levels for a specific property is governed by the value of the property, the services it receives and by the movement of the individual rates that make up the overall balance – including both general rates and targeted rates. Each rate is set on a particular basis with some common methods being based on capital value, land value, fixed charges and volumetric charges.

We use a cross-section of example properties to monitor the rating impacts on different types of properties in various locations in the District.



## STRATEGIES AND METHODS (CONT.)

It is not possible to ensure that all properties will receive a rates movement that is at or below our total rates income increase cap of 3% per annum (with an allowance for growth<sup>1</sup>).

One means to assess whether our rates levels are high or low is to compare them with similar councils. Determining whether rates are too high or too low in absolute terms involves judgement with different individuals likely to hold differing views.

As a unitary authority we are responsible for both district and regional council functions. We also have a large geographical area with a relatively small population base distributed among 17 towns/settlements. These factors all affect both the services we provide and their cost. In comparing our rates levels with other councils it is necessary to choose those which have similarities, rather than those that have very different characteristics.

We can most readily compare ourselves with the other unitary authorities including Gisborne District Council, Marlborough District Council and Nelson City Council. Our rates at \$3,017 per ratepayer are higher than for these other councils: Gisborne \$2,411, Marlborough \$2,294, and Nelson \$3,002<sup>2</sup>. The impact of our low rates rises in the last couple of years on our comparative rates per ratepayer is not yet known, however we will continue to utilise these comparisons to chart our progress.



### METHODS

#### CAP INCREASES IN OVERALL RATES REVENUE

In the LTP 2015 – 2025 we set ourselves an upper cap of a 3% increase in rates revenue per annum, excluding growth. The budgets in the LTP were established on this basis. Over the first three years of the LTP we have managed to keep rates revenue increases to 2.1% in 2015/2016, 0.97% in 2016/2017 and 0.63% in 2017/2018.

In the LTP 2018 – 2028 we propose to retain the cap on the increase in total rates income excluding growth at 3%. There are a number of factors in Council's activities that are placing upward pressures on our future rates levels. As a consequence, the budgeted total rates income increases are higher than we have achieved over the last few years but still within the 3% cap. During our Annual Plan processes we will review these increases in rates revenue budgets and assess whether there is room to reduce them further.

Whilst an upper cap on total rates income increase of 3% is being maintained, the level of increase in rates for individual properties will vary and in some cases will exceed three percent in any year. The variation of rates levels for a specific property is influenced by the movement of the individual rates that make up the overall balance – including both general rates and targeted rates. Each rate is set on a particular basis with some common methods being based on capital value, land value, and fixed charges. In a revaluation year, the movement of the capital or land values of the property in relation to the others in the district will also have an impact on individual properties.

#### AVOID MAJOR RATES FLUCTUATIONS YEAR ON YEAR

Large changes in rates levels year on year can have a disruptive effect on our ratepayers and households. For this reason we intend to manage our finances in a way that avoids major increases (or decreases) in rates from one year to the next. There are a number of mechanisms we can use to smooth out fluctuations between years.

We have a wide range of different rates that apply to different ratepayers. Our rates revenue is made up of a combination of general rates and targeted rates, including volumetric charging. Consequently, the impact and changes to rates for individual properties and property categories varies significantly depending on the services and activities provided to particular

<sup>1</sup> Our allowance for growth ranges from 1.08% and 1.48% per annum over the 10 years of the LTP. These figures represent anticipated growth in the number of rateable rating units in the district as a proxy for the increased rates to be collected as a result of the growth. These figures are derived from the Council's growth model, using a lower of supply and demand methodology. Due to rates factors being set from the 1 July after a change, there is a one year lag between the year of the growth model, and the year this translates into rates growth. For example, growth in rating units occurring during 2017/2018 which is year 0 of the growth model will result in growth in year one of the LTP.

<sup>2</sup> For year ended 30 June 2016.

## STRATEGIES AND METHODS (CONT.)

groups of rateable properties and in which activities the expenditure driving rates is taking place. As a result the year on year fluctuations in rates changes will vary between different ratepayers and it will not always be possible to smooth out the changes at an individual ratepayer level.

### CAREFULLY CONSIDER AFFORDABILITY WHEN MAKING DECISIONS THAT WILL IMPACT RATES

During our LTP and Annual Plan processes we consider the range of services we provide and whether the levels of service, i.e. the quality and quantity of services, are set at the right levels to help achieve our vision and community outcomes. At times we face pressure from our community to increase levels of service, e.g. to increase the opening hours of libraries and to increase the level of road maintenance. In addition changes in Government legislation or regulation can mean that we are required to undertake new functions or provide service to a higher level than previously.

There are generally good reasons for considering increasing the range of services or levels of service increases. However, such increases are normally associated with additional costs which have to be paid for through either increases in rates and/or increases in other forms of revenue.

Council will carefully consider the impact on rates affordability for our community when it contemplates any levels of service increases or other decisions that may increase rates levels.

### OPTIMISE THE TIMING OF ASSET REPLACEMENT

We estimate the useful life of assets in order to plan when to invest in their renewal or replacement. Multiple factors such as quality of installation and/or material, wear and tear, and location will affect the actual length of an asset's life. Sometimes assets will last longer than estimated, and sometimes they will wear out sooner. We therefore monitor the actual performance of assets throughout their life in order to determine the optimal time for renewal or replacement.



## STRATEGY 4

### WHERE POSSIBLE, OVER ASSETS' LIFETIMES, CHARGE THOSE THAT BENEFIT FROM THEIR USE

When we invest in infrastructure assets we can generally anticipate them providing benefits for 20–30 years or more. During this period they provide benefits to property owners, users, and the community at large. It would be inequitable to expect current ratepayers to pay for the full costs of those assets with long lives. Rather they should be paid for by those paying rates over the lifetime of those assets. In this way those benefiting from the assets pay for them at the time the benefits are received. Debt and funding depreciation are key tools we use to achieve this intergenerational equity.



## METHODS

### USE DEBT TO FUND GROWTH RELATED INFRASTRUCTURE AND DEVELOPMENT CONTRIBUTIONS TO REPAY THIS DEBT

The drivers for providing any piece of infrastructure can be categorised into meeting levels of service, renewals, and meeting the demands of growth. Many pieces of infrastructure will have drivers that are a combination of these. In general we will utilise debt to pay for the portion of new infrastructure that is provided to meet the demands of growth. Members of the growth community will then be apportioned and charged those costs over a time (a planning period or project life) through development contributions. Where there is an extended period between Council paying for the infrastructure and the income being collected, the interest on the debt will also form part of the development contributions charges. In general the total development contributions received should repay the debt for the growth component of the infrastructure.

## STRATEGIES AND METHODS (CONT.)

### USE DEBT TO FUND INFRASTRUCTURE THAT INCREASES LEVEL OF SERVICE

One of the drivers for providing infrastructure is to meet our set levels of service. In general we will use debt to fund this portion of the costs so that we can charge the ratepayers gaining benefit from the asset created over the life of the asset, i.e. each year a portion of the cost of creating the asset plus funding costs will be charged to ratepayers that year.

### MATCH LOAN TERMS TO ASSET LIVES AND TO LIMIT THE TERMS OF NEW LOANS

As a general rule new loans will not exceed a 20 year term, this being the balance of matching intergenerational equity, managing Councils total debt and moderating loan servicing costs. There are however some exceptions. We will match the term of the loan to those assets that have a life of less than 20 years, with the intention that the full cost is repaid over its life. In some cases the term may be longer than 20 years where significant amounts are spent, and the expected life of the asset is considerably longer than 20 years, such as the proposed Waimea Dam.

### FUND RENEWALS FROM DEPRECIATION NOT LOANS

Until the last LTP 2015 – 2025 we had funded renewals from borrowing. Since 2015 we have started to progressively fund depreciation (i.e. the wearing out of assets as it occurs). Depreciation will be included in the operational costs which are paid for by rates, fees and charges etc. This is called ‘funding depreciation’. We are three years into a 10-year programme to transition to fully fund depreciation. In the LTP 2018 – 2028 we expect to be fully funding depreciation by 2024/2025. However fully funding depreciation needs to be understood with regard to the following;

- The New Zealand Transport Agency funds 51% of the roading asset network and consequently we do not rate for this portion of depreciation on roading assets;
- Some assets will not be replaced by Council because they are no longer required;

- Renewals for some activities, e.g. parks and reserves development and river control, are funded directly from rates or fees and charges.

Therefore we will never fully fund the depreciation expense that is disclosed in our Statement of Revenue and Expense.

To fund depreciation, Council is receiving cash from rates for the renewal of its assets. Council does not hold cash that matches the depreciation reserves, but rather has a policy of managing its debt and cash flows as a council-wide position. This depreciation funding will reduce debt substantially over the next 30 years. As a large portion of replacement of our pipes and bridges commences after Year 30, Council’s debt will then need to increase to accommodate this spend. Council plans to undertake more mature renewal planning over the next six years to better understand this issue.

The advantages of funding depreciation are in reducing debt and as a mechanism for those benefiting from the assets to pay for them at the time the benefits are received. The move to fund depreciation through rates means that there is less capacity within our rates cap and rates increase cap to raise rates to fund other work. This in turn has forced us to carefully prioritise other operational spending. Managing the timing of the stepping in of depreciation funding has been used to smooth the increases in rates income over the 10 years of the LTP 2018 – 2028. **(See Figure 8 on page 114.)**

### HAVE EQUITABLE FUNDING ARRANGEMENTS WITH NELSON CITY COUNCIL FOR SHARED ASSETS/SERVICES

Council funds a number of services jointly with Nelson City Council, such as Nelson Regional Sewerage Business Unit, Nelson Tasman Regional Landfill Business Unit, Saxton Field, Nelson Provincial Museum and Suter Art Gallery. In these cases there are clear benefits of having a joint funding arrangement. Council is aiming for fair and reasonable distribution of costs and benefits to Tasman ratepayers.

## STRATEGIES AND METHODS (CONT.)

FIGURE 8. ANNUAL NETWORK INFRASTRUCTURE AND RIVER PROTECTION AND FLOOD CONTROL WORKS RENEWALS CAPITAL SPEND



### STRATEGY 5

#### SHARE THE COSTS OF PROVIDING SERVICES ACROSS THE DISTRICT

With a large geographic area and numerous settlements, the costs for us to provide similar services varies due to the topographical and physical nature of the areas, as well as the previous investment in assets. Often it is less costly per head of population or household where there is a larger concentration of people. Council shares these economies and dis-economies of scale in the provision of basic services such as community facilities, wastewater, stormwater and urban water supply across the District – this is called the ‘club approach’.



### METHODS

#### ENCOURAGE SHARED FUNDING APPROACH FOR SERVICES

Council will encourage an approach that sees the whole District contribute funds to a range of key infrastructure assets irrespective of their location and the population they serve, although targeted rate differentials can still be set to reflect differing levels of benefit under this approach. Through a “club” approach, all members will share in the costs and benefits of paying for each other’s infrastructure and services which helps provide more certainty and affordability to rates and helps ensure consistent levels of service across the district. Once in a “club”, areas cannot opt out in the future. Before an area first joins a “club”, Council will review its assessment of who pays and why for the associated activity.

## STRATEGIES AND METHODS (CONT.)

In making this assessment, Council will consider factors including the future capital works programme and its timing. Council may determine that the area should pay more, temporarily, to ensure an appropriate distribution of costs relative to benefits in the event of significant planned capital works in their area. This “club” approach is currently used across the District for community facilities, wastewater and stormwater and for most of the urban water schemes.

### UTILISE BROAD CATCHMENTS TO PAY FOR GROWTH-RELATED NETWORK INFRASTRUCTURE

Council uses development contributions as a mechanism to charge the development community for the costs involved in providing new transport, water supply, wastewater and stormwater infrastructure to service land for development. In the Development and Financial Contributions Policy transportation has a District-wide catchment, however three broad catchments with different levels of development charges are identified for wastewater, stormwater and water services. This means that wherever a development takes place within a catchment, the average costs for growth-related infrastructure in that catchment is charged. This approach shares the costs of providing the infrastructure equally within each catchment, irrespective of the actual costs of doing so for a specific piece of land. Working in this way strikes an appropriate balance between reflecting the different costs of providing infrastructure in different locations in the District and simplifying the administration of the development contributions system.





# CAPS ON RATES, RATES INCREASES AND DEBT

Under the Local Government Act section 101A(3)(b)(i), Council is required to set quantified limits on rates, rate increases, and borrowing. These caps are useful for agreeing with the community the boundaries to Council's financial envelope and in providing some certainty on rate and debt levels.

## CAP ON RATES INCOME

To assist in keeping rates affordable, general rates income is capped at a maximum of \$65 million per annum and targeted rates income to \$60 million per annum over the life of the LTP 2018 – 2028.

## CAP ON RATES INCREASES

Total rates income increases will be capped at a maximum of 3% per annum, plus an allowance for annual growth in rateable properties. This growth component varies from 1.08% to 1.48% per annum during the 10 years of the plan.

Within this overall cap, individual property rates may change to a greater or lesser extent depending on the services available to the property and changes to relative property values.

Under this Strategy rates income increases remain at a modest level throughout the LTP 2018 – 2028. (See Figures 9 and 10.)

## CAP ON DEBT

Council will cap net external debt<sup>3</sup> at a maximum of \$200 million for the term of the LTP.

The NZ Local Government Funding Agency (LGFA) stipulates a number of financial limits or covenants which are repeated within the Council's Treasury Risk Management Policy. Not exceeding these limits

is considered best practice in the local government sector. If Council exceeds these limits it is likely that the cost of borrowing will increase significantly and we may have difficulties sourcing borrowing. In this Financial Strategy Council has taken the step of stipulating more stringent caps on net debt than those in its Treasury Risk Management Policy to help improve rates affordability and reserve the capacity for further borrowing should that become necessary in the future.

Council also has a number of other prudential limits for monitoring debt, set out in its Treasury Risk Management Policy. Council debt must remain within these limits (see table on page 119). The limits within this policy also assist Council in ensuring overall debt remains within prudent levels.

Council's net debt is projected to be \$161 million at 30 June 2018 (\$6,911 per rateable property). Financial projections show net debt will peak in 2020/2021 at \$199.5 million, and then reduce to \$144 million by 2028. (See Figure 11 on page 118.)

Total net debt is expected to peak later than forecast in the 2015 – 2025 LTP and fall from the peak later. This is because some projects that had been planned to be undertaken before 2018 have been deferred to future years, growth is taking place more quickly than anticipated in the last three years and there is need to invest to achieve levels of service, e.g. to meet drinking water standards. (See Figure 12 on page 118.)

The capital spend in Figure 12 includes the capital investment proposed to be made, by Council, to the organisation that will govern the construction of the Waimea Community Dam. The graph highlights that capital expenditure per rateable property following a peak in 2018/2019 is relatively static over the term of the plan, representing the level of services provided to individual properties.

<sup>3</sup> Net external debt is external debt less cash and cash equivalents.



## CAPS ON RATES, RATES INCREASES AND DEBT (CONT.)

FIGURE 9. BUDGETED TOTAL RATES INCREASES (EXCLUDING GROWTH)

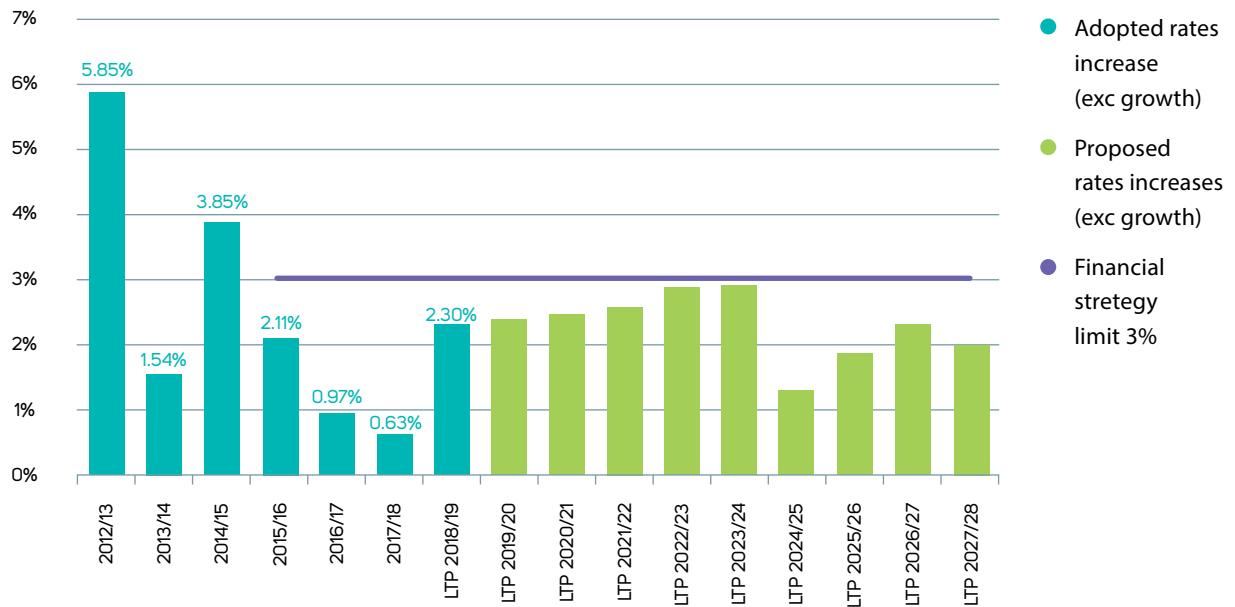
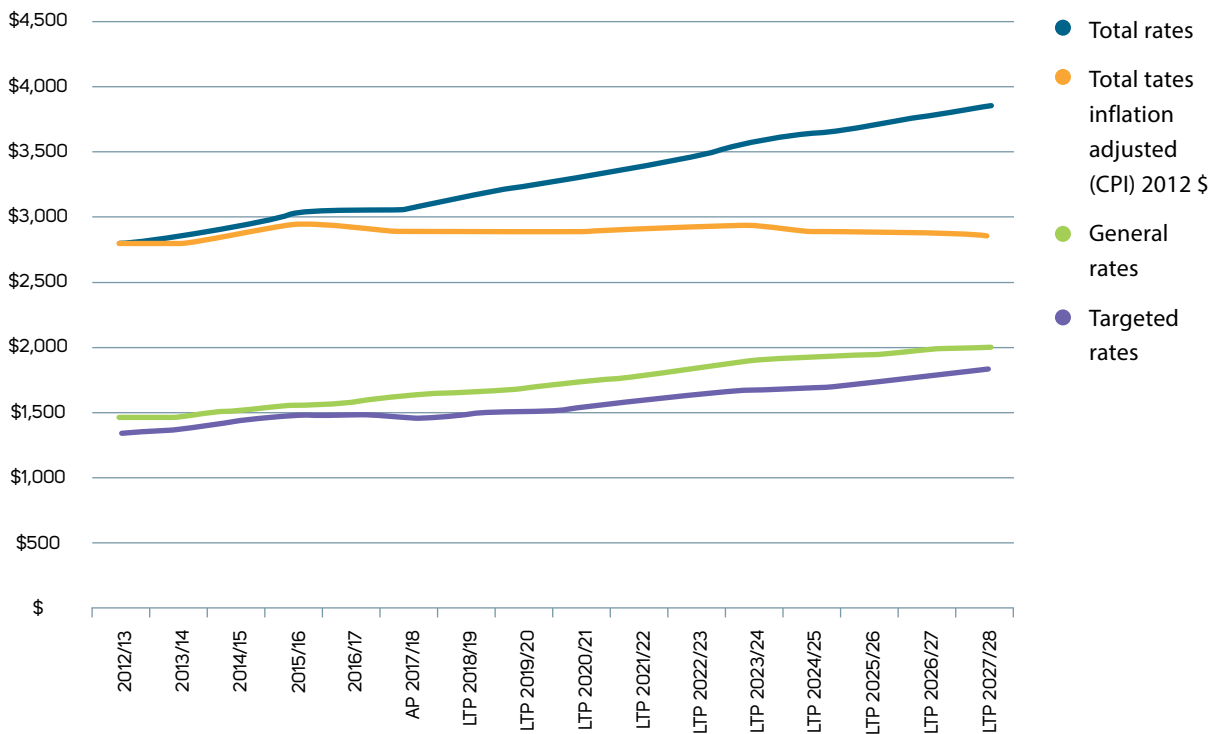


FIGURE 10. PROJECTED RATES PER RATEABLE PROPERTY

This graph highlights that rates per rateable property, in real terms, are not increasing over the term of the LTP.



## CAPS ON RATES, RATES INCREASES AND DEBT (CONT.)

FIGURE 11. TOTAL PROJECTED NET DEBT

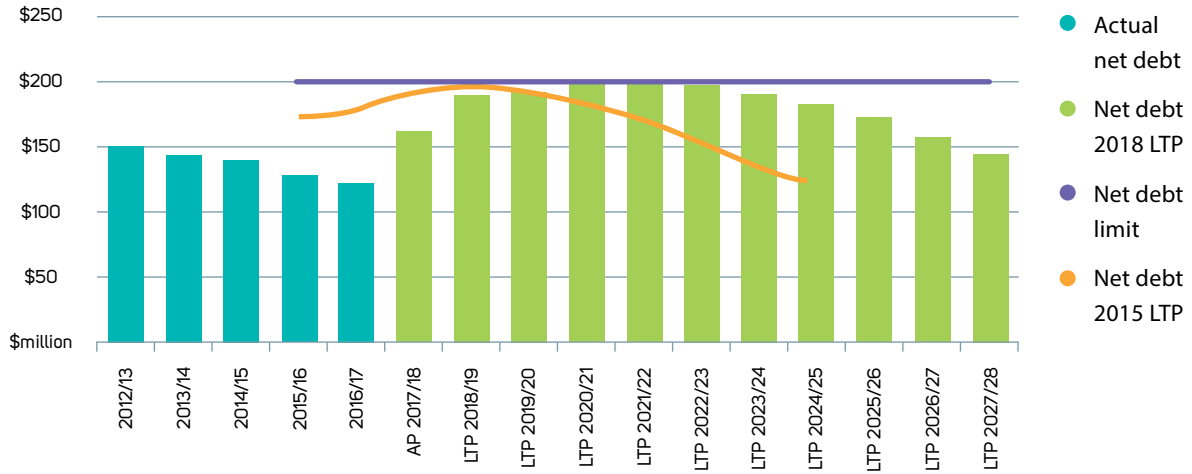
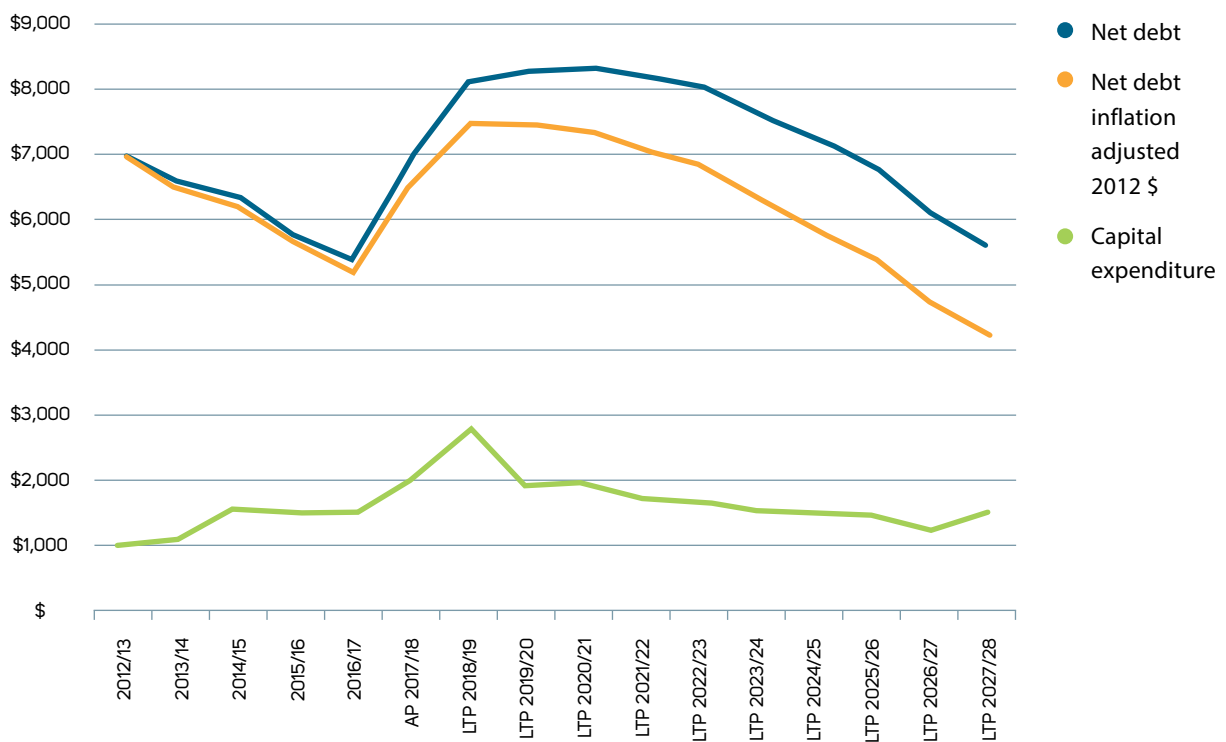


FIGURE 12. NET DEBT AND CAPITAL EXPENDITURE PER RATEABLE PROPERTY



## CAPS ON RATES, RATES INCREASES AND DEBT (CONT.)

### TREASURY RISK MANAGEMENT POLICY LIMITS

#### IN THE TABLE BELOW:

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

**Net External Debt** is defined as total external debt less liquid financial assets and investments.

**Liquidity** is defined as external term debt plus committed bank facilities plus liquid investments divided by current external debt.

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

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

**Financial Covenants** are measured on Council only (i.e. excluding Council Controlled Organisations) not the consolidated group.

One of the mechanisms for managing Councils debt portfolio is through the adoption of the Treasury Risk Management Policy. Within this policy, there are a number of borrowing limit matrices. These matrices, as detailed below, are best practice within the sector, and mirror the requirements set out by the Local Government Funding Agency, (LGFA) for Council's borrowing.

#### COUNCIL'S TREASURY RISK MANAGEMENT POLICY BORROWING LIMITS

MEASURE	LIMIT	YEAR 1 2018/19	YEAR 2 2019/20	YEAR 3 2020/21	YEAR 4 2021/22	YEAR 5 2022/23	YEAR 6 2023/24	YEAR 7 2024/25	YEAR 8 2025/26	YEAR 9 2026/27	YEAR 10 2027/28
Net External Debt / Total Operating Income	<225%	162%	153%	156%	151%	141%	133%	125%	115%	104%	97%
Net External Debt / Equity	<20%	13%	13%	13%	13%	12%	11%	11%	9%	8%	7%
Net Interest on External Debt / Total Operating Income	<15%	8%	7%	7%	7%	6%	6%	6%	6%	5%	5%
Net Interest on External Debt / Annual Rates Income	<25%	13%	12%	11%	11%	10%	10%	10%	9%	8%	7%

# IMPACT ON LEVELS OF SERVICE

Council is tasked with providing good quality local infrastructure and local public services, and regulatory functions in a cost effective way. This Financial Strategy is designed to maintain the level of services, facilities and regulatory functions provided by Council.

We have planned for a careful balance between the need for new and replacement infrastructure, levels of service and achieving Council's financial goals of reducing debt and limiting rates income increases. Some difficult decisions about delaying or foregoing future projects have been taken in the Infrastructure Strategy in order to stay within the caps on debt, rates and rates increases in this Financial Strategy.

In the Infrastructure Strategy we have maintained the range of services that we deliver. Cuts to non-essential projects or delays to others are not expected to reduce the levels of service enjoyed by our communities. In some cases significant investment is planned to enable us to achieve levels of service. As this investment is made, our ability to more consistently deliver the levels of service should improve. In the longer term, better management will allow us to get more life out of the assets we own before they have to be renewed.

The levels of service enjoyed by new residents should be broadly consistent with those enjoyed by existing residents in the same area of the District, as we have planned to provide infrastructure and services for areas of new development.

# POLICY ON GIVING SECURITY FOR BORROWING

Council normally secures its borrowings against rates income. Council has a Debenture Trust Deed that provides the mechanism for lenders to have a charge over its rates income.

Council may provide security over specific assets and this is limited to where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance)

- Council considers a charge over physical assets to be appropriate
- Any pledging of physical assets complies with the terms and conditions contained within the security arrangement.

Council may provide credit support for Council controlled organisations but not for Council controlled trading organisations.

For further information on Council's approach to borrowing, refer to the Liability Management Policy (part of the Treasury Risk Management Policy).

# FINANCIAL INVESTMENTS AND EQUITY SECURITIES

## OBJECTIVES AND TARGETS

Council has prioritised improving investment performance. To achieve this, a commercial committee with three independent members from the business community provides advice and recommendations to Council on the management and investment in commercial and semi commercial activities.

The committee is focused on improving Council's returns from its commercial and semi-commercial investments, including:

- a. Commercial property – Mapua, Richmond
- b. Port Tarkohe
- c. Forestry holdings
- d. Holiday parks – Motueka, Murchison, Pohara, Collingwood
- e. Aerodromes Motueka and Takaka
- f. Motueka Harbour and Coastal Works reserve fund.

Our commercial activities operate under their own financial plan. This plan will ensure the 'group' is operated in a way that means it can support its own capital programme, with the necessary income retained within the group to support its ongoing growth and reinvestment requirements.

Council's primary objective when making a financial investment is to protect its investment capital, and a prudent approach to risk and returns always applies.

We will:

- Maximise returns from the investments while minimising the likelihood of capital losses
- Ensure the investments benefit Council's ratepayers
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

We may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic, or other valid reasons to do so (e.g. where it is the most appropriate way to administer a Council function). We will maintain an ongoing review of our approach to all major investments and the credit rating of approved financial institutions.

## FINANCIAL INVESTMENTS

We hold financial investments as part of our day to day working capital management and as required by the Local Government Funding Agency (Borrower Notes). Council manages all of these investments together. This minimises the level of financial investments, particularly as reserve funds are no longer held in cash.

Council may invest in approved financial instruments as set out in the Treasury Risk Management Policy. We have a policy of only investing in approved creditworthy counterparties. These investments earn market rates of return and are aligned with Council's objective of investing in high credit quality and highly liquid assets. The targets for returns on financial investments are:

- LGFA Borrower notes with an interest rate equal to the corresponding loan less 0.2%.
- Other liquid and short term investments with a 2%–5% return, depending on the term (overnight to 100 days).

For further information on Council's investment Policy, refer to the full Investment Policy (part of the Treasury Risk Management Policy).

## EQUITY SECURITIES

We maintain equity investments and other minor shareholdings which fulfil various strategic, economic development and financial objectives. Equity investments may be held where Council considers this to be of strategic value to the community. We seek to achieve an acceptable rate of return on all of our equity investments consistent with the nature of the investment and their stated philosophy on investments. Any purchase or disposal of equity investments requires Council's approval. Council may also acquire shares that are gifted or are a result of restructuring.

Our main equity investments are Port Nelson Limited and Nelson Airport Limited. We also have equity investments in the New Zealand Local Government Funding Agency Limited and Civic Financial Services Ltd. We also hold asset investments, primarily forestry. In addition to forestry, we hold asset investments in commercial and semi-commercial legacy property, including community housing and camping grounds/holiday parks.

Note – if the proposed Waimea Community Dam proceeds, then a Council Controlled Organisation (CCO) will be established and Council will, wholly or in conjunction with Nelson City Council, hold a minimum of 51% of the voting shares in this CCO at all times.

## FINANCIAL INVESTMENTS AND EQUITY SECURITIES (CONT.)

Council's objectives and targets for equity investments are outlined in the following table.

EQUITY INVESTMENT	OBJECTIVES	TARGET RETURNS
<p><b>Port Nelson Ltd</b></p> <p>Council is a 50% shareholder with Nelson City Council.</p> <p>Council holds 12,707,702 shares.</p> <p>2016/2017 book value: \$87.559 million.</p>	<p>Council aims to maintain its 50% investment in Port Nelson Ltd to retain effective local body control of this strategic asset.</p> <p>Receive a commercial return to reduce Council's reliance on rates income.</p>	<p>Annual dividend representing not less than 50% of net profit after tax and not more than 75% of net profit after tax. (2017/2018: proposed dividend of \$5.5 million, shared between the two councils).</p>
<p><b>Nelson Airport Ltd</b></p> <p>Council is a 50% owner with Nelson City Council.</p> <p>Council holds 1,200,000 shares.</p> <p>2016/2017 book value: \$26.164 million.</p>	<p>Maintain 50% investment in Nelson Airport Ltd to retain effective local body control of this strategic investment.</p> <p>Receive a commercial return to Council to reduce Council's reliance on rates income.</p>	<p>Annual dividend both higher than the previous financial year dividend and inflation (Consumer Price Index) for the last published annual period. [2016/2017 dividend of \$720,000 per annum, shared between two council shareholders).</p>
<p><b>New Zealand Local Government Funding Agency Limited (LGFA)</b></p> <p>Council holds 3,731,958 shares (including uncalled capital).</p> <p>The LGFA is owned by the Crown and 30 local authorities. Council is a minority shareholder and its book value at 2016/2017 was \$4.47 million.</p> <p>2016/2017 LGFA net assets: \$53.91 million.</p>	<p>a. Obtain a return on the investment.</p> <p>b. Ensure that the Local Government Funding Agency has sufficient capital to remain viable, meaning that it continues as a source of debt funding for Council.</p> <p>c. Access loan funding at lower rates.</p> <p>Because of these multiple objectives, where it is to the overall benefit of Council, it may invest in shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.</p> <p>If required in connection with the investment, Council may also subscribe for uncalled capital in the LGFA.</p>	<p>The company's policy is to pay a dividend that provides an annual return to shareholders equal to the Local Government Funding Agency cost of funds plus 2%. This equated to \$103,748 for 2017/2018.</p>



## FINANCIAL INVESTMENTS AND EQUITY SECURITIES (CONT.)

EQUITY INVESTMENT	OBJECTIVES	TARGET RETURNS
<p><b>Civic Financial Services Ltd</b></p> <p>Civic Financial Services was initially established as an insurance vehicle for local authorities. The company now provides financial services for the New Zealand Local Authority Protection Programme Disaster Fund (LAPP), and the Super Easy and Super Easy Kiwi Saver superannuation schemes.</p> <p>Council holds 65,584 shares. Council is a minority shareholder.</p> <p>2016/2017 book value: \$100,298. 2016/2017 net assets: \$17.204 million.</p>	<p>Council initially invested in Civic Financial Services Ltd through Riskpool and LAPP schemes to provide disaster recovery, and public and professional indemnity insurance. Council now sources these insurances through commercial brokers.</p> <p>These shares are not tradeable and Council is unlikely to purchase further shares.</p>	<p>Civic Financial Services Ltd has now withdrawn from the insurance market.</p>
<p><b>Forestry</b></p> <p>Current Council forestry policy to operate and maintain up to 3,000 planted hectares.</p> <p>2016/2017 book value: \$35.4 million.</p> <p>Note: this is an asset investment, rather than an equity investment.</p>	<p>Forestry is a flexible investment that can be managed to suit cash flow requirements and market conditions by making choices about harvesting times.</p> <p>Economies of scale with 3,000 hectares provides a marketing advantage and cost savings in operations.</p>	<p>10% of net forestry revenues derived from Moturoa/ Rabbit Island must be used for maintenance of Moturoa/ Rabbit Island each year.</p> <p>Internal dividends contribute to reducing Council's rate requirements, assist with the repayment of Council debt, or provide support for the capital programme in relation to commercial or semi-commercial activities.</p>
<p><b>Proposed Waimea Community Dam CCO – Waimea Water Ltd</b></p> <p>The proposed equity investment is \$33.78 million.</p> <p>Council (wholly or in conjunction with Nelson City Council) will hold a minimum of 51% of the voting shares at all times.</p> <p>Council will appoint the majority of directors.</p>	<p>The Company purpose is to own and operate the proposed Waimea Community Dam, on a cost recovery basis.</p> <p>Council's objective in investing in the dam joint venture is to provide the most cost effective solution to the need to augment the Waimea water supply.</p>	<p>There is no targeted return on this investment. The Company will be operated on a break-even basis only.</p> <p>There will be no dividends paid to shareholders.</p>

# GLOSSARY

## ASSET INVESTMENT

Investments held in physical capital assets rather than shares (equity investment). Council's primary asset investment is forestry. In addition, Council holds investments in commercial and semi-commercial property, including community housing and camping grounds.

## CAPITAL COST

The cost of creating or acquiring new physical assets or to increase the capacity of existing assets beyond their most recently assessed design capacity or service potential.

## DEPRECIATION

Depreciation is an estimate of the wearing out, consumption or loss of value of an asset over time.

## EQUITY INVESTMENT

An equity investment generally refers to the buying and holding of shares in anticipation of income from dividends and capital gains, as the value of the stock rises. Council can also hold equity investments for strategic purposes.

## GENERAL RATES

The general rate funds activities which are deemed to provide a general benefit across the entire district or which are not economic to fund separately. It is charged to every rateable property in the District.

## LEVELS OF SERVICE

This term describes what Council will deliver. Performance measures are specific indicators used to demonstrate how Council is doing regarding delivery of services. The measures are described in each Activity Management Plans. Council reports on the levels of service it delivered and on the performance measures each year through the Annual Report.

## LIQUIDITY

The ability or ease with which assets can be converted into cash.

## NET EXTERNAL DEBT (NET DEBT)

Net external debt means total external debt less liquid financial assets and investments.

## NET INTEREST

Net interest is interest paid less interest income received.

## OPERATIONAL EXPENDITURE

These expenses, which are included in the Statement of Comprehensive Income are the regular costs of providing ongoing services and include salaries, maintaining assets, depreciation and interest. The benefit of the cost is received entirely in the year of expenditure.

## RATES INCOME

Income derived from setting and assessing general or targeted rates.

## RENEWALS

The replacement of an asset or its component that has reached the end of its life, so as to provide a similar, or agreed alternative, level of service.

## TARGETED RATES

A targeted rate is designed to fund a specific function or activity. It can be levied on specific categories of property (e.g. determined by a particular use or location) and it can be calculated in a variety of ways (e.g. based on capital value, as a fixed amount per rateable property etc.).

## TOTAL OPERATING INCOME

Total operating income is defined as earnings from rates, government Grants and subsidies, user charges, levies, interest, dividends, financial and other revenue, but excludes non-government capital contributions, (e.g. developer contributions and vested assets).

## UNCALLED CAPITAL

Capital that a company has raised by issuing shares or bonds but that the company has not collected because it has not requested payment.

# PART 4

## INFRASTRUCTURE STRATEGY



### EXECUTIVE SUMMARY

Summary of Council's strategic direction for its infrastructure services

### STRATEGIC DIRECTION

Provides context, an outline of the key infrastructure issues, and a summary of how Council intends to manage its assets

### ACTIVITY SUMMARIES

Overview of each infrastructure activity including options to address key issues and long term budget requirements

# EXECUTIVE SUMMARY

This Infrastructure Strategy (Strategy) covers the provision of Council's water supplies, stormwater, wastewater, rivers and flood control, and transportation activities.

## WHAT IS INFRASTRUCTURE?

Infrastructure is the physical assets that Council provides and owns in order to undertake these services. Council has other infrastructure that supports community services such as libraries, parks and reserves, pools and halls. These are not covered by this Strategy.

Infrastructure provides the foundation on which the Tasman District is built. It is essential to health, safety, and for the transport of both people and freight. It enables businesses and communities to flourish, and failure to maintain and invest in infrastructure would inhibit the economic performance, health and prosperity of Tasman.

## WHY HAVE AN INFRASTRUCTURE STRATEGY?

Council is responsible for managing \$1.1 billion worth of infrastructure. Maintaining and renewing these assets, as well as managing and meeting the communities changing needs for infrastructure, account for most of Council's spending.

The purpose of this Strategy is to identify key issues relevant to the provision of infrastructure, the key options for addressing those issues, and the subsequent financial implications for the next 30 years.

However, there is tension in the process when Council assesses how and when to address these key issues. Often, what Council would like to do differs from what is practical and affordable, especially in regards to timing. Council has an inherent desire to address issues quickly for the community, but often there are constraints that mean this cannot always be the case. This Strategy acknowledges the tension between prudent provision of infrastructure and the need to stay within the financial caps set out in Council's Financial Strategy. By doing this, Council has set out a long-term infrastructure strategy that is realistic, prudent and achievable, and outlines the infrastructure services that will be provided over the next 30 years.

## WHERE ARE WE AT NOW?

In 2015, Council made a plan to turn the tide on its growing debt. It did this by introducing new financial caps that capped rate income increases at 3% per year plus an allowance for growth, and net debt at \$200 million through the development of the Long Term Plan (LTP) 2015 – 2025. This changed the way that Council had to think about infrastructure planning. There needed to be a clear focus on the 'need to have' and much less focus on the 'nice to have'. The LTP 2015 – 2025 focused on maintaining core renewal programmes, making the most of existing assets first, and undertaking upgrades required to meet agreed levels of service rather than investing in increasing levels of service.

Since 2015, Tasman's population has grown significantly more than anticipated, using up a lot of capacity within Council's existing infrastructure in the process. Development in Richmond, Mapua/Ruby Bay, and Motueka has almost exhausted the capacity that Council had assumed would be available to service new developments in the years to come. This means that the timing of upgrades that Council planned in 2015 now need to be advanced, and some new works are required.

In 2015, Council decided to accept some risk when programming renewal of some assets. This was in attempt to maximise the life of those existing assets and to keep within the new financial caps. This included deferral of the Mapua trunk water main replacement, and reducing road resurfacing budgets for three years between 2015 and 2018. Since then, there has been a number of failures on the Mapua trunk water main meaning that it no longer provides the appropriate level of service. Reducing the road resurfacing budget was a good short-term tactic that enabled Council to pay off some extra debt but, as Council anticipated, it is not a sustainable level of investment for the long-term.

Nationally there has been asset failures which has resulted in significant harm to communities. Two notable events were the contamination of the Havelock North drinking water supply, and flooding due to stopbank failure. For Council, this has reinforced the need to ensure its assets are maintained and operated well, and to learn from the mistakes of others. A standout issue for Tasman is the challenge of providing water supplies that meet the requirements of the NZ Drinking Water Standards.



## EXECUTIVE SUMMARY (CONT.)

Nationally, there is improved understanding of the likely impact a major rupture of the Alpine Fault will have on infrastructure services. Council will need to do more to adequately prepare to respond to and recover from an event of such magnitude.

### WHERE ARE WE GOING?

After considering the key issues facing the District's infrastructure, Council has identified four key priorities that will guide Council's effort and investment in planning, developing and maintaining its infrastructure in the short, medium, and long term.

- 1 Providing safe and secure infrastructure services.
- 2 Providing infrastructure services that meet the needs of our changing population.
- 3 Planning, developing, and maintaining resilient communities.
- 4 Prudent management of our existing assets and environment.

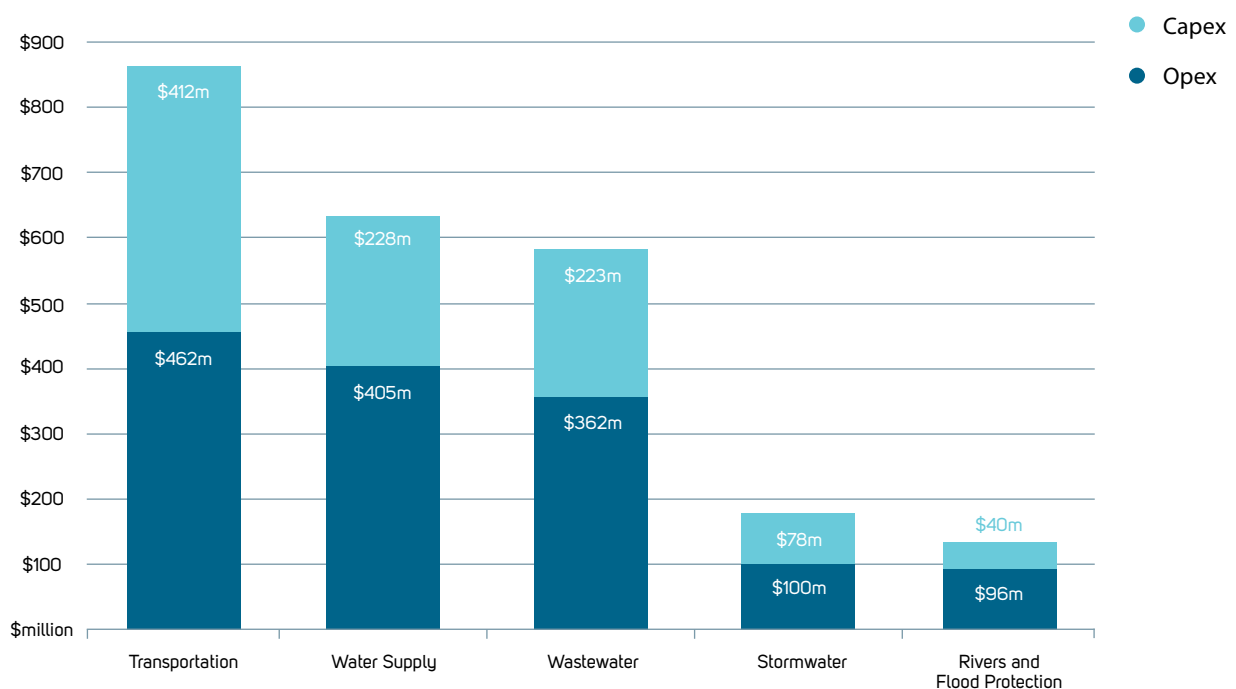
### HOW ARE WE GOING TO GET THERE?

Council plans to spend \$714 million on infrastructure services over the next 10 years, and a total of around \$2.4 billion over the next 30 years. **Figure 1** shows how much Council plans to invest in each of the infrastructure activities. The percentage of planned expenditure for each activity is similar for the 10 year and 30 year timeframes. Council invests most in transportation as there is a large core programme of routine maintenance and renewal work.

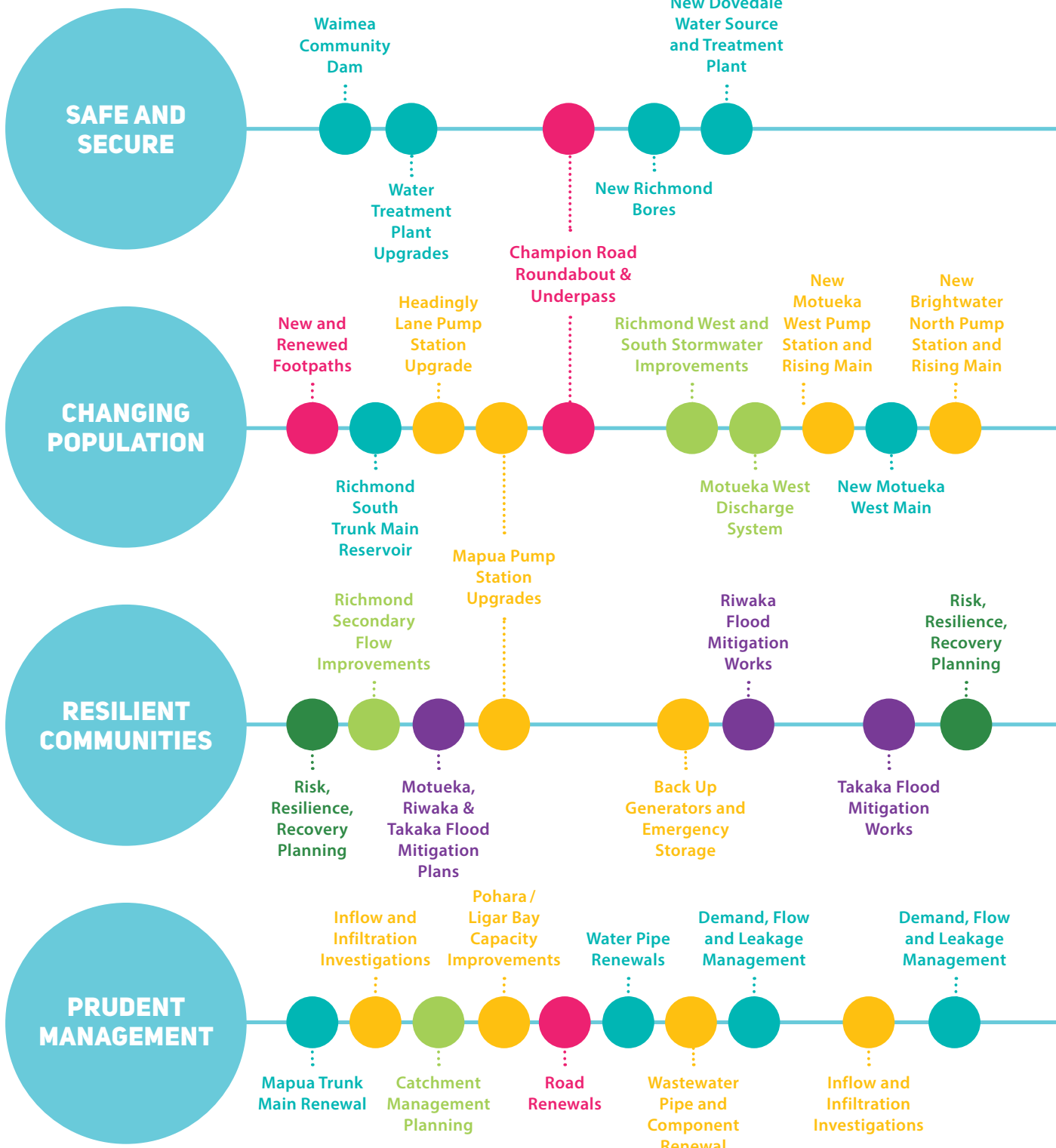
The following page shows the key actions that Council plans to take to achieve the four key infrastructure priorities.

HOW ARE WE GOING TO GET THERE?

FIGURE 1. TOTAL INFRASTRUCTURE EXPENDITURE FOR 2018 – 2048



2018 ○ ————— SHORT TERM ————— MEDIUM

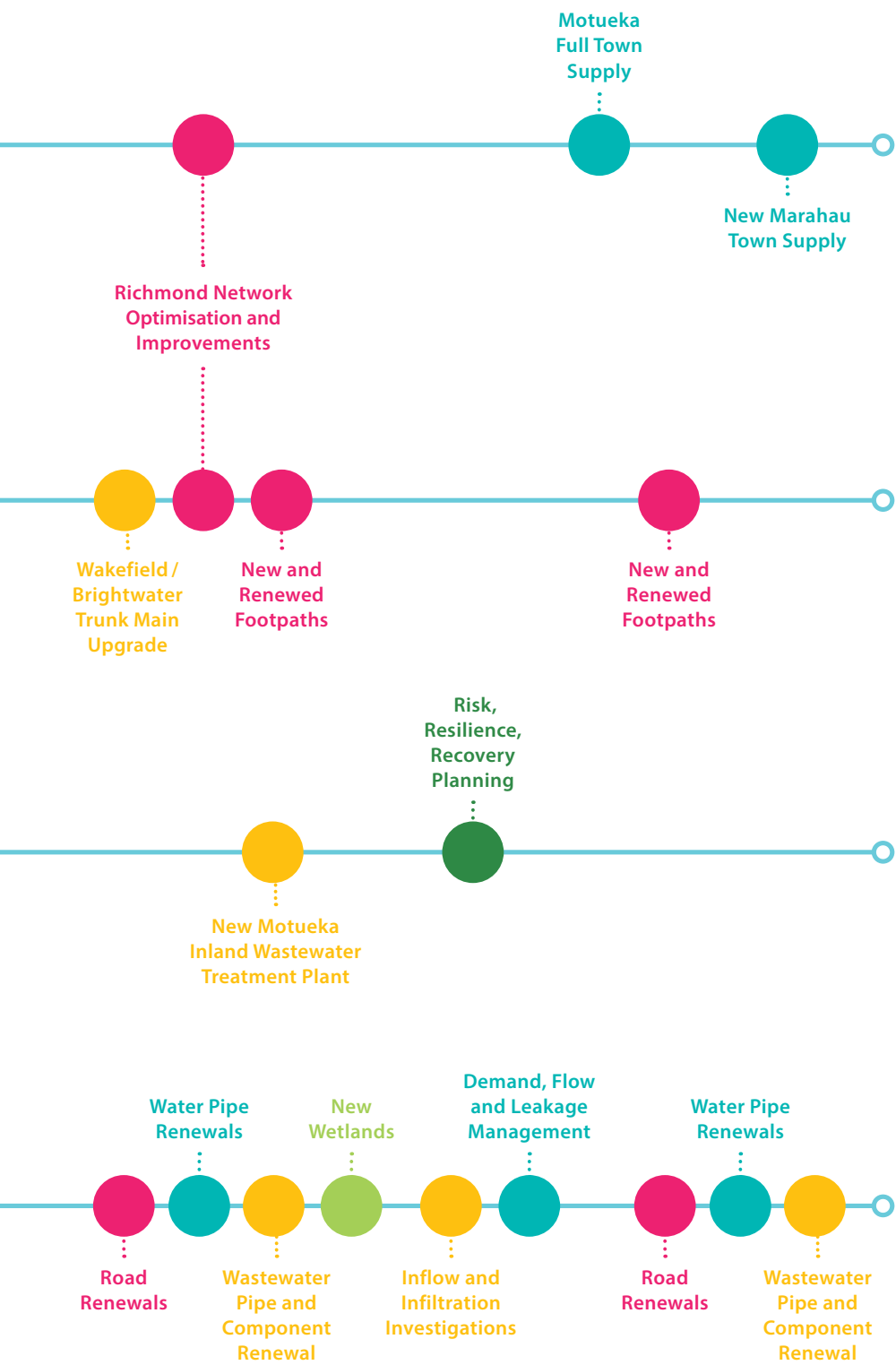


2018 ○ ————— SHORT TERM ————— MEDIUM



EXECUTIVE SUMMARY (CONT.)

TERM ————— LONG TERM ————— ○ 2048



KEY



WATER SUPPLY



WASTEWATER



STORMWATER



TRANSPORTATION



RIVERS



ALL OF THE ABOVE

TERM ————— LONG TERM ————— ○ 2048

# INTRODUCTION

## PURPOSE

The purpose of this Infrastructure Strategy, as prescribed by the Local Government Act 2002, is to identify the significant infrastructure issues for Tasman over the next 30 years, and to identify the principal options for managing those issues and the implications of those options.

When setting out how Council intends to manage the District's infrastructure assets and services, it must consider how:

- to respond to growth or decline in demand;
- to manage the renewal or replacement of existing assets over their lifetime;
- planned increases or decreases in levels of service will be allowed for;
- public health and environmental outcomes will be maintained or improved; and
- natural hazard risks will be addressed in terms of infrastructure resilience and financial planning.

## SCOPE

This Strategy covers the following essential infrastructure: Water Supply, Wastewater, Stormwater, Transportation and Rivers and Flood Control.

This Strategy has a 30 year planning horizon and will be reviewed every three years.

For this update of the Strategy the following activities have been excluded at Council's discretion. During future reviews of the Strategy, Council will reconsider the inclusion of these activities:

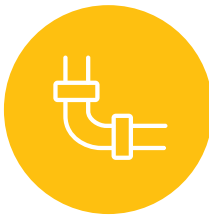
- Solid Waste
- Coastal Assets
- Community Facilities
- Parks and Reserves
- Commercial Assets
- Council Property
- Hydrometric Assets.

This Strategy provides direction to Council's infrastructure activity management plans, which can be found on Council's website: [www.tasman.govt.nz/policy/plans/activity-management-plans/](http://www.tasman.govt.nz/policy/plans/activity-management-plans/).

All financial information included in this strategy includes inflation unless otherwise stated.



**WATER SUPPLY**



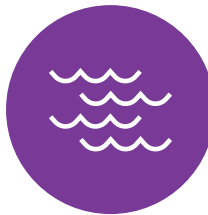
**WASTEWATER**



**STORMWATER**



**TRANSPORTATION**



**RIVERS AND FLOOD CONTROL**

# CONTEXT

## DISTRICT OVERVIEW

The Tasman District is located in the north-west of the South Island. It covers the area extending from Golden Bay in the north-west to Richmond in the east and Murchison in the south, covering 9,654 square kilometres of land, 817km of coastline, and including 17 settlements/towns.

## POPULATION

At 30 June 2017, Statistics New Zealand estimated Tasman District’s population to be 51,200. Over the last 10 years, the District has experienced average annual growth of 1.0%. Two thirds of the population live in 17 urban settlements spread throughout the District, and the other third live in the rural areas. The settlements vary in size from approximately 110 people living in St Arnaud to 14,600 people living in Richmond.

Figure 2 provides an overview of Tasman’s 17 settlements.

FIGURE 2. TASMAN’S 17 SETTLEMENTS



## CONTEXT (CONT.)

### AGE STRUCTURE

The median age of Tasman residents was estimated to be 46 years at 30 June 2017 and is showing an increasing trend. The age structure of Tasman residents at 30 June 2017 is summarised in **Table 1**.

**TABLE 1. TASMAN'S AGE STRUCTURE**

AGE GROUP	POPULATION	PERCENT
0 – 14 years	9,400	18
15 – 39 years	12,200	24
40 – 64 years	18,800	37
65+ years	10,700	21

### DWELLINGS

Tasman's latest dwelling count was completed as part of Census 2013. At that time, Tasman had approximately 21,600 dwellings.

### ECONOMY

The main drivers of the Tasman economy continue to be horticulture, forestry, fishing/seafood, agriculture and tourism. There are many manufacturing and processing plants associated with these industries, for example the Nelson Pine Industries plant in Richmond, and dairy factories in Takaka and Brightwater. These industries rely on the road network to transport their products through Richmond and onto Port Nelson.

### CLIMATE SUMMARY

Across Tasman District the winds are generally light except for parts around Farewell Spit where the wind is often strong. Rainfall is fairly evenly distributed across the year, although February and March are typically the driest months of the year and the wettest months are typically in winter or spring. Parts of Tasman's mountains receive in excess of 6000 millimetres (mm) of rainfall per year.

In contrast, the Waimea Basin is the driest area of the District as it is sheltered from rain-bearing weather systems arriving to New Zealand from the west and south. Here, rainfall totals are approximately 1000mm per year. Dry spells of more than two weeks are quite common, particularly in eastern and inland locations. In Tasman, temperatures are mild compared with most parts of the country due to the District's close proximity to the sea. This causes a relative lack of extreme high and extreme low temperatures. Temperatures exceeding 30° Celsius are rare in coastal areas. Frosts are quite common in the cooler months but they occur less frequently than most other South Island locations. Tasman is renowned for receiving a great deal of sunshine with average annual sunshine hours (approximately 2,400 hours) among the highest recorded in New Zealand.

The impacts of climate change are discussed later in this Strategy.

### INFRASTRUCTURE

The District is served by:

- 18 water supply schemes including 15 water treatment plants, 21 pump stations, and 756 kilometres (km) of reticulation;
- 9 wastewater schemes including 8 wastewater treatment plants, 78 pump stations, and 360km of reticulation;
- 187km of piped stormwater network and 29km of maintained streams
- 1,751km of roads, 282km of footpaths and cycleways, and 483 bridges
- 285km of river spread across six main river catchments; Waimea including 19.5km of stopbanks, Motueka including 31.2km of stopbanks, Takaka, Riwaka including 8.25km of stopbanks, Aorere, and Buller.

## CONTEXT (CONT.)

### LINKS WITH OTHER DOCUMENTS

#### FINANCIAL STRATEGY



Alongside this Strategy, Council also prepares a Financial Strategy which sets out the rate increase and net debt level caps for the next 30 years. Infrastructure expenditure forms a large proportion of Council's spending being 39% of operational expenditure and 80% of capital expenditure over the next 10 years. The two strategies are closely linked to ensure the right balance is struck between providing the agreed levels of service for infrastructure assets within the agreed

financial caps. Often these financial caps will influence how Council manages and develops existing and new assets. This is especially so for the next 10 years.

Over the next 10 years, forecast rate income increases and net debt levels are projected to be near Council's caps. Council has had to work hard to prioritise and plan a work programme which addresses the key issues outlined in this Strategy while staying within these caps. Given Council's net debt is projected to peak at \$199.6 million in Year 2020/2021 there is very little scope to add further work programmes in the next five years.

#### LINKAGES

There are multiple factors that influence how Council should plan and manage its assets. These factors can be grouped into three broad categories which are described below in **Figure 3**.

FIGURE 3. STRATEGIC LINKAGES AND FACTORS AFFECTING INFRASTRUCTURE PLANNING



# KEY INFRASTRUCTURE ISSUES AND PRIORITIES



## POPULATION GROWTH AND DEMOGRAPHICS

Tasman is one of New Zealand's sunbelt regions and is generally noted for its mild winters, frequent sunny skies, and growing economic opportunities.

This is a key drawcard for the District and one of the leading reasons why Tasman is a desirable place to live. This is proven by Tasman's growing population. In recent years Tasman has experienced a high rate of population growth. **Figure 4** shows the rate of estimated population growth as well as a range of projections for population growth into the future.

The actual population growth of each settlement varies across the District with the highest growth observed in Richmond followed by Motueka. After careful consideration of recent actual growth and future projections Council has determined that it will plan for high population growth for the first 10 years followed by medium thereafter for Richmond, Brightwater, Wakefield, Motueka and Mapua/Ruby Bay. Council is planning for medium population growth for the next 30 years for all other settlements and rural areas.

**Figure 4** also shows the population projection for the District that Council has adopted for its planning purposes. This shows that Tasman's population is expected to grow by 4,400 residents over the next 10 years, to reach 55,700.

A high proportion of the population growth is occurring as a result of people moving to Tasman. The growth projections indicate that many of these people are older and are choosing to live in larger settlements with easier access to services. This means the composition of Tasman's households is changing. Generally, the number of people living in each home is decreasing and our population is ageing. Tasman's projected age structure is shown in **Figure 5**.

In 2013, the percentage of Tasman's population aged over 65 years was 18%, compared with the national rate of 14%. Within 30 years, the percentage of Tasman's population aged over 65 year is projected to be 37%, compared with the national average of 23%. This indicates that Tasman's age structure is approximately 15 years ahead of national trends. It is likely that

Tasman will need to be a leader of change in providing for an ageing population. Council needs to consider and plan for a larger portion of the population that is likely to be on a fixed income and may experience personal mobility challenges. This is likely to cause an increased demand for high quality pedestrian facilities and alternative modes of transport.

Using the above information Council has determined that Tasman population growth will require approximately 2,955 new dwellings within the next 10 years, and a further 3,040 between 2028 and 2048. Council will need to provide most of these new dwellings with water, wastewater and stormwater, and all will create an increasing load on Tasman's transportation network.

It is important to note that even if no new people shift to Tasman, the structure of our existing population is ageing. This is driving a reduction in the number of occupants per household. That means that if no new people arrive in Tasman there is likely to still be some demand for more houses.

In 2015, Council planned for medium population growth. Since then actual growth has surpassed what Council had assumed, using up considerable amounts of available infrastructure capacity. The combination of this and the projected population increases and demographic change present a significant challenge to Council as to how they provide infrastructure to service new dwellings. Particular settlements of concern are Richmond, Mapua/Ruby Bay and Motueka.

In 2016, the Government released the National Policy Statement on Urban Development Capacity (NPS-UDC). The NPS-UDC directs local authorities to provide sufficient development capacity in their resource management plans, supported by infrastructure, to meet demand for housing and business space. The NPS-UDC classifies Richmond and Nelson as one urban area and assumes that the area will experience medium population growth. For Richmond and Nelson, the NPS-UDC requires both Councils to ensure sufficient, feasible development capacity is available and to provide an additional margin of feasible development capacity over and above projected demand of at least 20% in the short and medium term, and 15% in the long term. The release of the NPS-UDC has reinforced to Council the need to plan and provide infrastructure to enable the population growth.



## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

FIGURE 4. TASMAN'S POPULATION PROJECTIONS

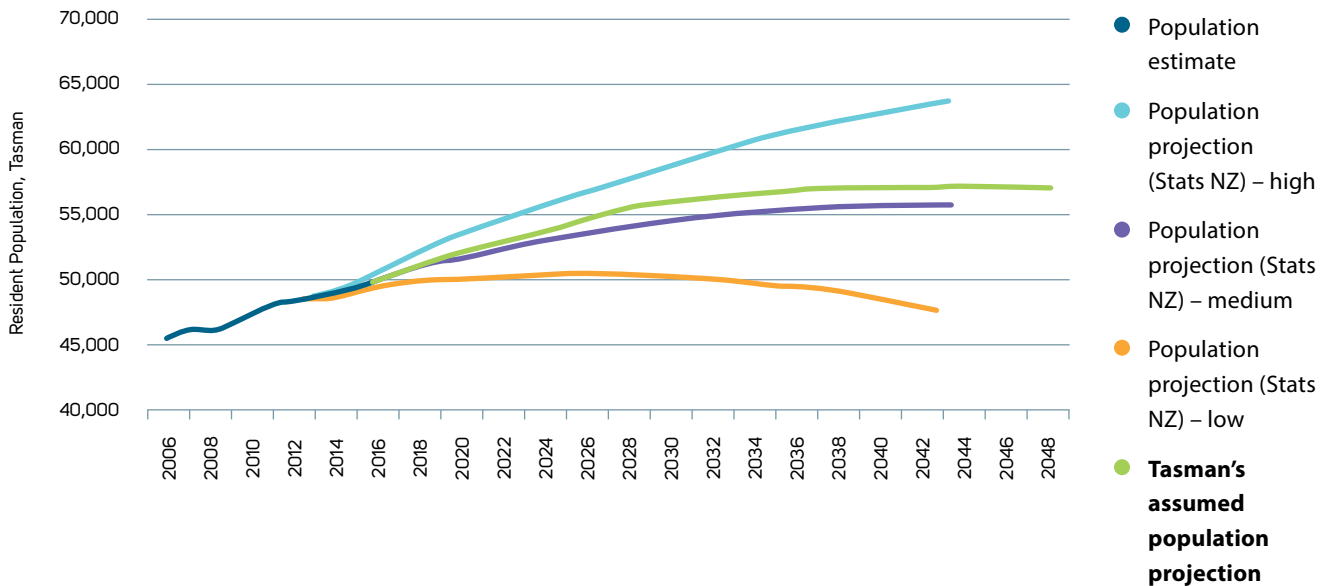
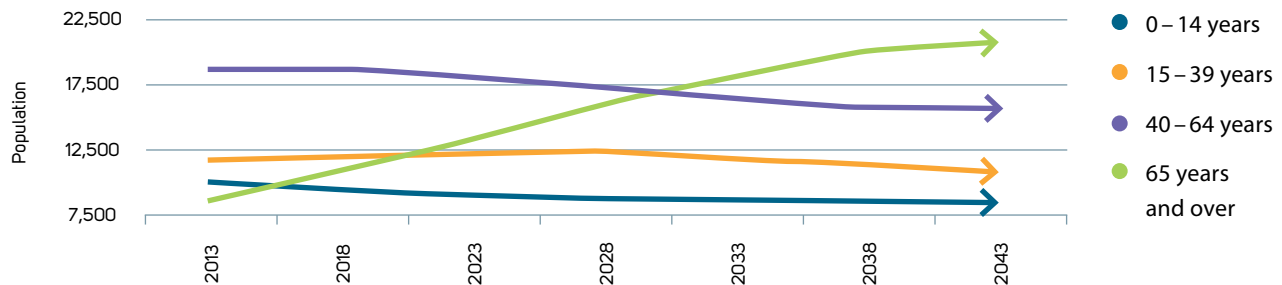


FIGURE 5. TASMAN'S POPULATION PROJECTIONS, BY AGE GROUP



### NATURAL HAZARDS

Tasman District comprises a diverse landscape ranging from flat coastal low lands and intensively used (predominantly horticulture) alluvial flood plains to large sparsely populated steep mountainous areas. The District has several major rivers traversing it, including the Aorere, Buller, Motueka and Takaka rivers that pass close by townships. The geology is relatively complex and varied with numerous active fault systems. These include the Waimea Flaxmore fault system that runs through urban areas of Richmond, and the Alpine/Wairau Fault that passes through the Nelson Lakes area at the south of the Region.

Tasman District is susceptible to a wide range of hazards, and has over time, felt the impact of natural hazards such as earthquakes, landslides, floods and coastal inundation. Many hazards originate from within the District, but there is also potential for the area to be affected by hazards generated from outside the District's boundaries or hazards that affect multiple regions for example, an Alpine fault earthquake or tsunami.

For the purposes of this Strategy, these risks have been categorised into three broad areas:

- Flooding and land instability
- Earthquakes and tsunami
- Coastal erosion and inundation.

## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

### FLOODING AND LAND INSTABILITY

At times, Tasman District experiences a diverse range of extreme weather. Recently, major damage to property and infrastructure has occurred because of these extreme weather events, and this has come at a significant cost to Council, households and businesses. Ex-cyclone Gita is a recent example of how extreme rainfall can result in extensive surface water flooding, debris flows and landslides.

The performance of Council's flood control and stormwater assets during rainfall events can have an impact on the amount of damage sustained by both public and private property. Major events, like Ex-Cyclone Gita, place the spotlight on the performance of these assets and the community's level of service expectations often increase following an event.

The Ministry for Environment's climate change advice suggests that rainfall patterns are likely to change long term. Increases in rainfall are expected in winter for the entire District but are likely to be more pronounced in the southern and western parts. The nature of rain events are also expected to increase in intensity meaning an increased amount of rain over a shorter period of time.

With the changing rainfall patterns, Tasman District is also expected to experience longer periods of no rainfall increasing the time in which drought conditions will be present. This is likely to be particularly in the eastern part of the District, as was experienced during December 2017. Increasing periods of drought will place increasing pressure on Council's water sources meaning that Council can expect to see greater rationing and have difficulty supplying the growing population, particularly in the Waimea Basin.

### EARTHQUAKES AND TSUNAMI

Fortunately, Tasman District has not experienced major disruption from earthquakes in recent times. However, the risk of major fault rupture is present. The Alpine Fault has a high probability (estimated at 30% to 50%) of rupturing in the next 50 years. The rupture may produce one of the biggest earthquakes since European settlement of New Zealand, and it will have a major impact on the lives of many people as well as catastrophic consequences for some assets. The Regional Civil Defence Emergency Management Group has ranked rupture of either the Waimea/Flaxmore fault or the Alpine fault as the highest risk and priority for the Nelson-Tasman region.

Earthquakes happen with little or no warning. The Kaikōura earthquake demonstrated how communities can be immediately isolated and the challenges of reinstating access and services to those communities. In the event of a major rupture it is reasonable to expect the Nelson-Tasman region to be isolated from other parts of New Zealand for an extended period of time, potentially many months.

An offshore fault rupture or land movement can generate a tsunami as well as ground shaking. There are three distinct types of tsunami, distant, regional, and local. A local tsunami is likely to arrive with little to no warning following an earthquake. The Regional Civil Defence Emergency Management Group has identified this as high risk and priority for the Nelson-Tasman Region, whereas both regional and distant tsunami are considered to be a lower priority. As seen in other parts of the world, tsunamis can have devastating effects on above ground public and private infrastructure. In the event of a local tsunami there is likely to be extensive damage to Council's roads, pump stations and treatment plants that are in low lying areas near the coast.



## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

### COASTAL EROSION AND INUNDATION

Seven of Tasman's settlements are located in coastal areas, representing approximately 11,500 people. These are Collingwood, Kaiteriteri, Mapua/Ruby Bay, Motueka, Pohara/Ligar Bay/Tata Beach, Riwaka, and Tasman.

There is also widespread development in rural areas along our coastline that is exposed to the risk of coastal erosion and inundation.

During Ex-Cyclone Fehi extreme coastal flooding occurred with some Tasman residents experiencing extreme coastal erosion and inundation. The worst hit areas were Ruby Bay and Riwaka. Council's assets that are located in close proximity to the coast, were also affected by erosion, most noticeably roads and pathways.

Climate change advice from the Ministry for Environment suggests that sea level rise may vary between 0.7m and 1.9m by 2150 based on the average 1986 – 2005 levels. As this occurs, new areas of Tasman's coast will be exposed to wave action generating further erosion, as well as increasing the risk of inundation from storm surges. Council expects increasing rates of erosion and associated repair costs. Council will also need to consider improved protection of assets, or potentially relocating them further away from the coast. The amount of sea level rise that Council needs to plan for will vary on a case by case basis depending on the location, land use and type of infrastructure.



### PUBLIC AND ENVIRONMENTAL HEALTH RISKS

Council builds and operates infrastructure to provide essential services to and improve the well-being of its communities. Sometimes if these assets are managed incorrectly it can have a negative impact on public health or the environment.

In other parts of New Zealand there has been asset failure which has resulted in significant harm to communities. Examples include sickness due to contaminated drinking water supplies, and flooding due to stopbank failure. For Council, this has reinforced the need to ensure its assets are well maintained and operated, and to learn from the mistakes of others. A standout issue for Tasman is the challenge of

providing water supplies that meet the NZ Drinking Water Standards. Currently, out of 17 water supply schemes that Council maintains, only three fully comply with the requirements of the NZ Drinking Water Standards. To achieve full compliance, Council's water treatment plants will need upgrading.

As well as looking after the health of Tasman's residents, Council must also protect the health of the environment. Sometimes there are negative effects on the environment that are created inadvertently by the provision of infrastructure. This can include wastewater overflows and contaminated stormwater. The Resource Management Act and National Policy Statement – Freshwater Management place obligations on Council to ensure our natural environment is protected.



### AGEING INFRASTRUCTURE

Throughout Tasman District, Council is responsible for \$1.1 billion worth of infrastructure assets. These assets have a finite period in which they will operate suitably; known as an asset's 'useful life'. Once the useful life of an asset is reached, the asset will usually require renewal or replacement. The useful life of assets varies significantly from 10 years for signs or road chip seal up to 100 years for bridges and pipes. A lot of Tasman's infrastructure was built between the mid-1900s and the 1980s. To date, this has meant that Council has largely had to renew assets with relatively short useful lives and that most of the longer life assets are yet to be renewed.

**Figure 6 to Figure 9 (on pages 138 and 139)** show the long-term renewal investment required based on the expected asset life for Council's bridges and pipes. Council needs to be very mindful of these types of assets when forecasting future renewal needs because they will generate the most change in the demand for renewal investment. However, this is most relevant beyond the period of this Strategy. For the period of the Strategy, Council expects the renewal of short life assets to continue much the same as recent times, effectively creating a stable baseline for renewal investment which bridges and pipes will add to in the future. Council needs to plan well ahead of time in order to manage and fund this big step up in renewal activity.

## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

FIGURE 6. 100 YEAR BRIDGE RENEWAL PROFILE – UNINFLATED AS AT 1 APRIL 2017

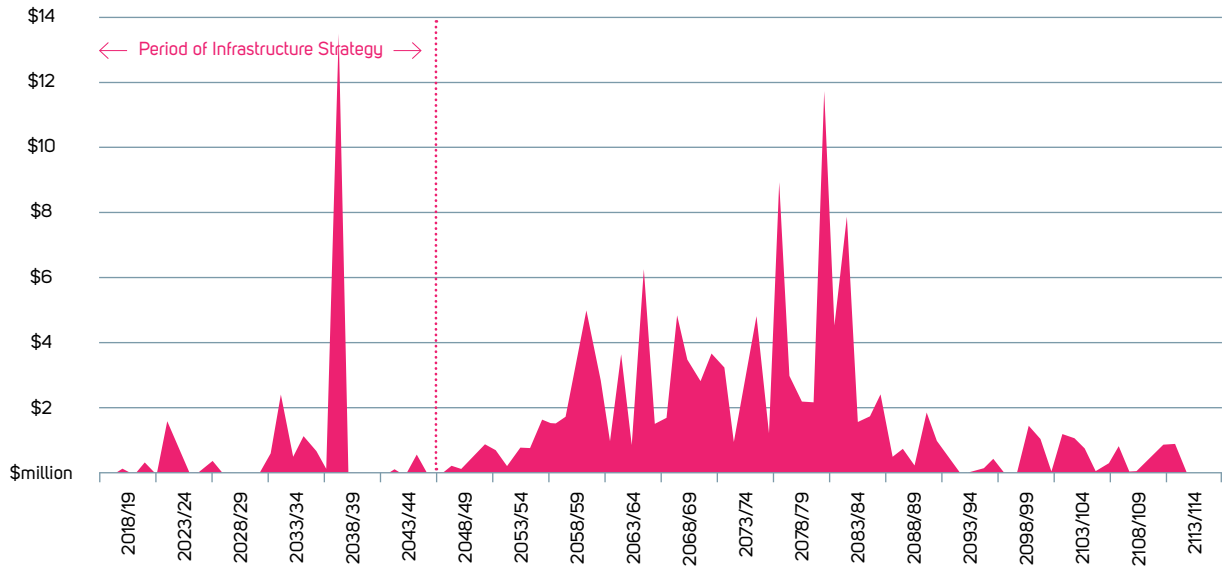
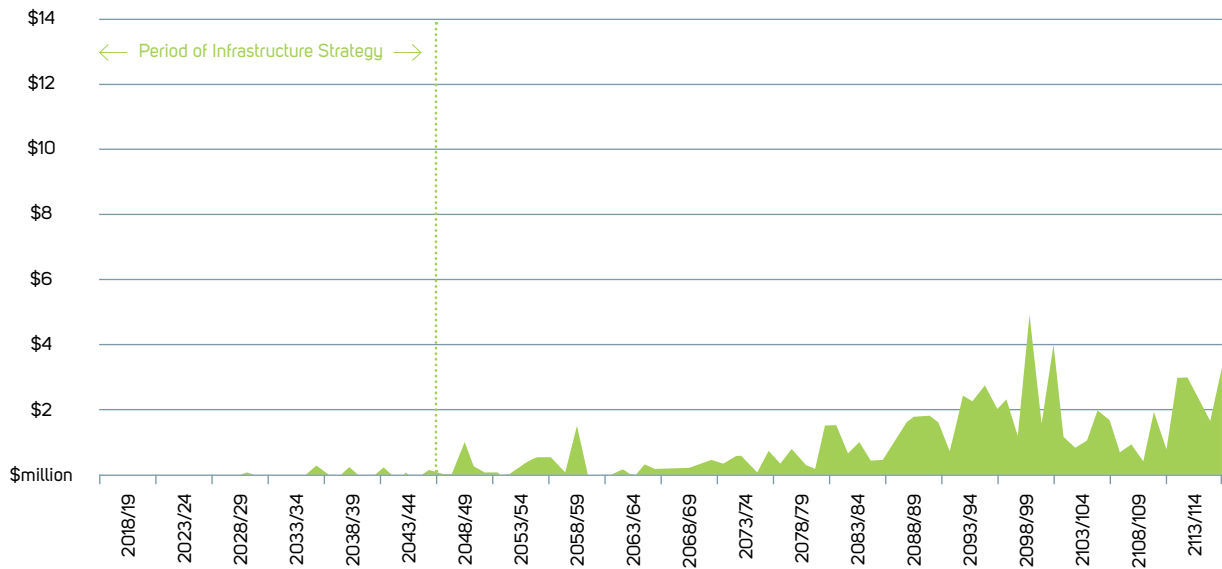


FIGURE 7. 100 YEAR STORMWATER PIPE RENEWAL PROFILE – UNINFLATED AS AT 1 APRIL 2017



## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

FIGURE 8. 100 YEAR WATER PIPE RENEWAL PROFILE – UNINFLATED AS AT 1 APRIL 2017

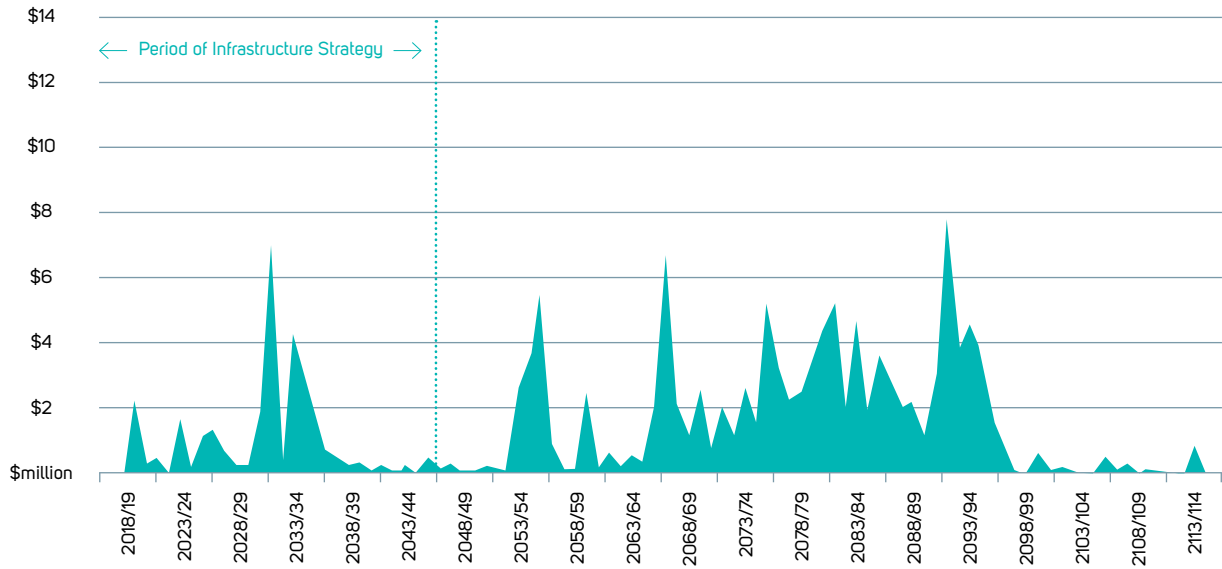
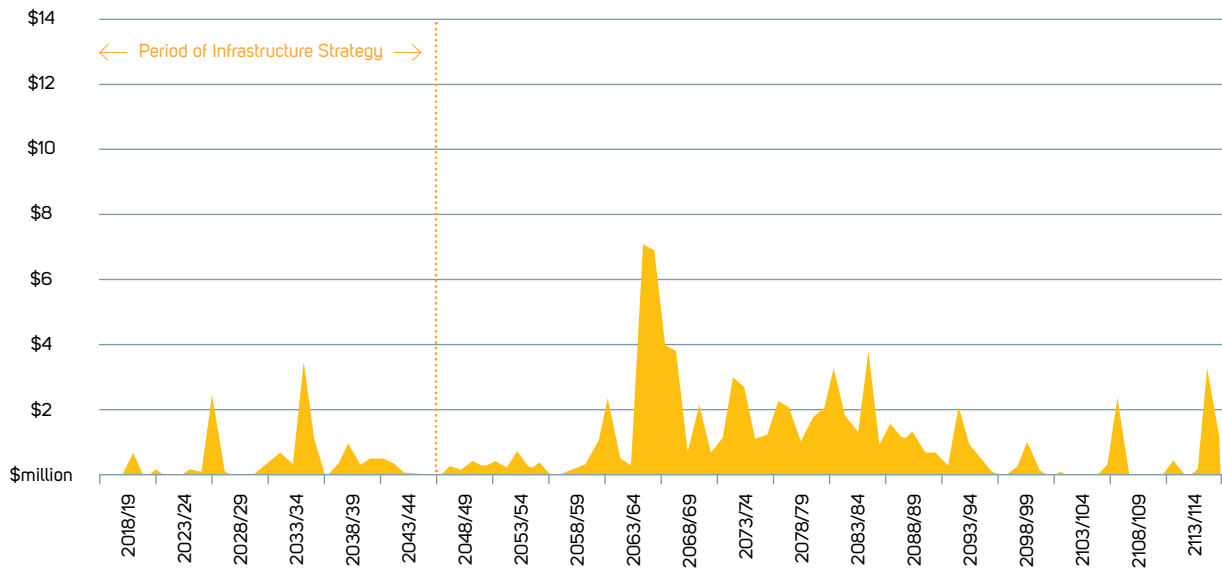


FIGURE 9. 100 YEAR WASTEWATER PIPE RENEWAL PROFILE – UNINFLATED AS AT 1 APRIL 2017



## KEY INFRASTRUCTURE ISSUES AND PRIORITIES (CONT.)

### OUR INFRASTRUCTURE PRIORITIES

Council has identified four key priorities to help guide Council's efforts and investment in planning, developing and maintaining its assets in the short, medium and long term. These priorities are listed below in no particular order.

#### Providing safe and secure infrastructure services

Providing safe and secure infrastructure services is paramount to Council. Council aims to provide public water supplies that are safe to drink, a transport network where people feel they can move about safely, and public assets that are safe to use. Not only do our infrastructure services need to be safe and available now, they need to be secure into the future. Council aims to provide security in the services that it delivers and avoid significant disruptions. For example, water takes for public water supplies should be enduring and have a low risk of becoming unavailable.

#### Providing infrastructure services that meet the needs of our changing population

Council will continue to enable growth through the development of trunk and main infrastructure as it has done in the past. However, as Tasman grows and changes, we expect the density of our urban populations to increase and there to be significant advancements in technology. This will place a changing demand on the infrastructure networks at the same time as presenting opportunities to optimise the use of existing assets through smarter operational procedures. Council expects the most significant change to be less reliance on individual self-drive motor vehicles in the future and more demand for alternative travel options.

#### Prudent management of our existing assets and environment

Council cannot lose sight of the importance of maintaining its existing assets or the need to continue to protect Tasman's natural environment. If Council does not put the right level of effort into looking after what we have now it can have a significant impact on what future generations experience and need to pay for. With built assets, Council aims to invest in renewal and maintenance at an optimised level. Too little investment in renewals could see more and more assets becoming run-down, costing more to maintain and increasing whole-of-life costs. Too much investment in renewal and Council would not be getting the best value it could from assets by prematurely replacing them, again increasing whole-of-life costs.

#### Planning, developing, and maintaining resilient communities

Infrastructure resilience is the ability to reduce the magnitude and/or duration of disruptive events. The effectiveness of resilient infrastructure depends upon its ability to anticipate, absorb, adapt to, and/or rapidly recover from a potentially disruptive event. For Tasman's communities to cope well with change and disruption, they must be resilient. Resilience will not be achieved through the actions of Council alone. Council will need to work together with other organisations such as the Regional Civil Defence Emergency Management Group and residents to effectively build resilience and plan for recovery.



# KEY ASSUMPTIONS AND UNCERTAINTIES

There are factors outside of Council's control that can change, impacting on our ability to do what is planned. Sometimes the impact can be significant. There is always uncertainty in any planning process, but the key to good quality planning is to make clear assumptions to help address this uncertainty. In this section, we have set out the key assumptions and uncertainties that relate to the provision and management of infrastructure.



## GROWTH

Council cannot be certain what the actual rate of population and business growth will be. There are local, national, and international factors that can affect the actual rate of growth, either speeding it up or slowing it down. For example, some of these factors include employment opportunities and immigration policies. For planning purposes Council has assumed that population growth will be medium to high as set out earlier in this Strategy.

If growth is slower than assumed, Council may be able to defer some infrastructure upgrades associated with providing increased capacity. Where infrastructure has already been installed to provide for future growth it may take Council longer to pay off the debt associated with the works. This is because development contribution income will also slow. The increased financing costs associated with this will be incorporated into future development contribution charges.

If growth occurs faster than assumed, Council may need to advance planned upgrades or consider unplanned infrastructure to provide additional capacity sooner. In order to do this Council may need to reprioritise other works to ensure it maintains a programme of work that is affordable within existing financial caps and also deliverable. If this occurs, development contribution income is also likely to increase meaning that debt associated with growth is paid off quicker.



## WATER AVAILABILITY

Council cannot be certain what the actual climatic conditions of the future will be, nor the demand for community water supplies, but has assumed both will increase. Council has instigated a process to secure an augmented water source in the Waimea Basin to address the risks associated with drought, increasing demand, and existing over subscription of the aquifers. Council's preferred solution is the construction of the Waimea Community Dam. In preparing this Strategy, Council has assumed that the dam will be built as planned. If this is not the case, Council will need to implement an alternative urban water augmentation solution or demand management measures to address the risk and demand. Without the dam, there will be greenfield growth areas in Brightwater, Richmond and Mapua that Council will not be able supply water to. In a 'no dam' scenario, there will be associated infrastructure planned for these areas that will no longer be necessary, or the timing may be delayed.



## STATUTORY CHANGES

Central government often enacts new statutory requirements that affects Council and the way it must manage its assets. When planning, Council cannot be certain when these changes will take place or of the scope of change that will be made until it is confirmed by Central Government. Council is aware of the recent changes to the draft Government Policy Statement on Land Transport which is yet to be made final, and that there is potential changes likely to be made to the Drinking Water Standards New Zealand. When preparing this Strategy, Council has had to work to the current versions of both of these documents. If changes are significant, Council may need to review the scope and timing of some of the transportation programme, and the water treatment plant upgrades.

## KEY ASSUMPTIONS AND UNCERTAINTIES (CONT.)



### EXPECTED LIFE OF ASSETS

Council cannot be certain how long each individual asset will last. Even if assets are made from the same material, it is unlikely that they will age exactly the same as each other. Factors such as installation methodology, operating conditions, wear and tear, and manufacturing defects will affect how long each individual asset will actually last before needing replacement. To address this uncertainty, Council assigns an average expected life for types of assets to assist with renewal planning.

For the purposes of long term planning for utilities assets, Council has generally used average asset life expectancy to estimate future renewal requirements. Actual asset condition and performance has only been incorporated for assets that have shown clear signs of premature failure. These exceptions include the early replacement of the Mapua water trunk main and Thorp Street water main. For transportation assets, Council uses a mix of average asset life expectancy, asset condition and performance.

Overall Council's asset data reliability is generally B/C grade. This means that the data used to determine Council's renewal forecasts has an uncertainty of approximately 15% to 30% and that renewal needs in any year could vary to this extent.

Some assets will fail before reaching the end of their expected useful life, and some will last longer. Council has assumed that it will be able to manage this variance within the budgets it has set by annually prioritising renewals.



### SCOPE RISK AND TOTAL FUNDED CAPITAL PROGRAMME

When developing this Strategy and the associated work programmes, Council needs to estimate how much to budget for each project. Often, Council cannot be certain what the actual costs or scope of the project will be because the design is yet to be completed. Typically, Council has more confidence in the cost and scope of projects that are planned within the first three years. After this, estimates are usually based on simple concept designs.

To address this uncertainty, Council has incorporated funding of scope risk into capital project budgets. The amount of scope risk included varies from 5% to 25% of the project estimate, depending on the expected complexity of the individual project. Based on history, it is unlikely that all individual projects will need the full amount of allocated scope risk funding, in reality there will be some under and over spending.

For the water, wastewater, and stormwater activities, Council has made an overall downward adjustment to the total capital programme of 5% per year. This adjustment acknowledges that Council is unlikely to use the full amount of scope risk in the programme for every project and enables Council to avoid over-funding the activities. We refer to this as the total funded capital programme.



# HOW WE MANAGE OUR INFRASTRUCTURE ASSETS

This section outlines how Council plans to account for the growth that is occurring across Tasman, the on-going need to renew assets, and opportunities to improve levels of service, public health, the natural environment, and resilience.

## SUPPORTING GROWTH

Council has planned to only provide trunk and main infrastructure for growth areas where more than one development is served. The programme of work that supports this Strategy has been prepared to support growth across the District for the next 30 years. Richmond, Motueka and Mapua/Ruby Bay are priorities for investment as most of the capacity of the existing infrastructure in these areas has been taken up already. Key growth areas within these settlements include Richmond West, Richmond South, Motueka West and Mapua. **Figure 10 (on page 144)** shows the total planned investment in growth infrastructure for the next 30 years.

Council will use development contributions to fund the growth costs shown in **Figure 10**. For more funding information, refer to Council's Development and Financial Contributions Policy and Revenue and Financing Policy.

## INVESTING IN ASSET RENEWAL

Council has generally planned the rate of renewal investment for water, wastewater, stormwater, and rivers and flood protection assets based mainly on the age of the assets and their expected useful life. Exceptions have been made where assets have notably performed poorly and these have specifically been programmed for early replacement. For roads, Council uses age, condition and demand data to predict an optimised programme of renewal. Following the premature failure of the Mapua water trunk main, Council plans to be more risk adverse when planning renewals where there is an emerging trend in asset failure. **Figure 11 (on page 144)** shows the total planned investment in renewal of infrastructure assets for the next 30 years.

As highlighted earlier in this Strategy, Council's infrastructure renewal profile is projected to significantly increase beyond the period of this Strategy. This will likely present a funding challenge to Council in approximately 50 years' time.

Council has planned to progressively fully fund depreciation (i.e. the wearing out of assets as it occurs) through rates and other income streams by 2025. Over the next 30 years, funding of depreciation generally exceeds Council's immediate asset renewal needs. This means that there is an excess of depreciation funding that can be used to manage Council's cash position as a whole, helping to reduce debt. In the long term, Council expects that asset renewal needs will exceed the funding that Council collects for depreciation. When this occurs, it is likely that Council will need to fund asset renewals through a mix of depreciation funds and borrowing.

Council plans to undertake more mature renewal planning over the next six years to better understand this issue and consider the associated potential effects on Council's future borrowing requirements.

## MANAGING LEVELS OF SERVICE

Levels of service are what Council has agreed to deliver to the community. They are attributes that describe the service from the customer's perspective. Levels of service are set through Council's LTP, sometimes in response to community desire, and sometimes in response to statutory requirements. Due to Council's financial position, there is little scope for Council to significantly improve levels of service over the next five to 10 years. Council has had to focus investment on meeting levels of service, and making improvements due to statutory requirements. Where relatively low cost opportunities are available to improve customers experiences, Council has planned to do these. This includes increasing investment in unsealed road maintenance.

**Table 2 (on page 145)** summarises where Council has planned to improve levels of service. A full list of Council's agreed levels of service can be found in the activity management plans. **Figure 12 (on page 145)** shows the total planned investment in level of service improvements for the next 30 years.

## HOW WE MANAGE OUR INFRASTRUCTURE ASSETS (CONT.)

FIGURE 10. TOTAL GROWTH EXPENDITURE FOR INFRASTRUCTURE FOR THE NEXT 30 YEARS

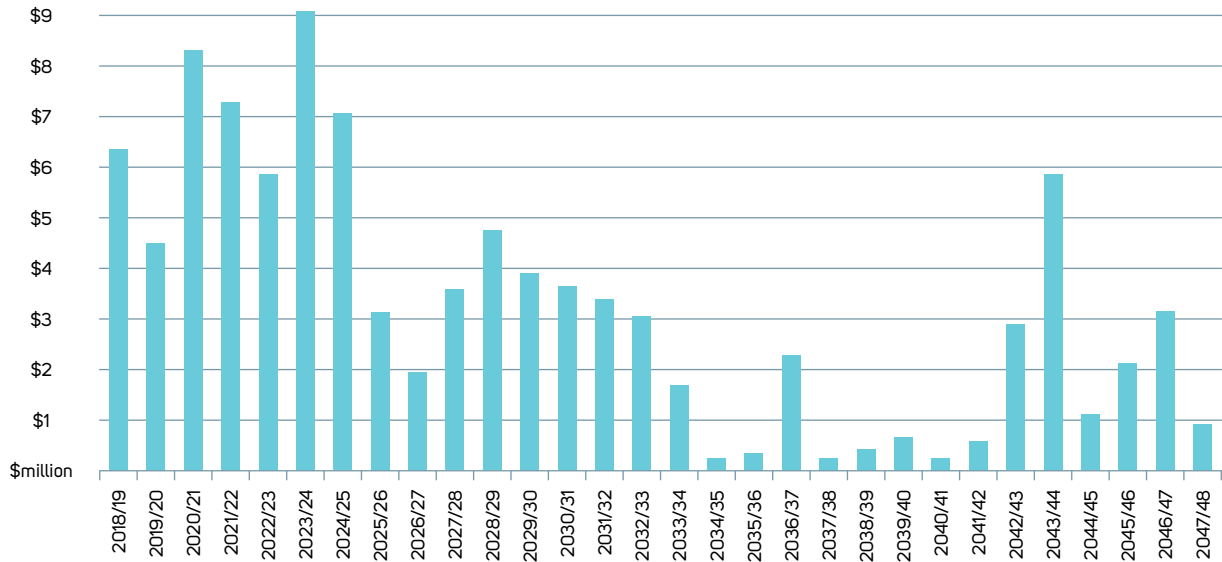


FIGURE 11. TOTAL RENEWAL EXPENDITURE FOR INFRASTRUCTURE FOR THE NEXT 30 YEARS

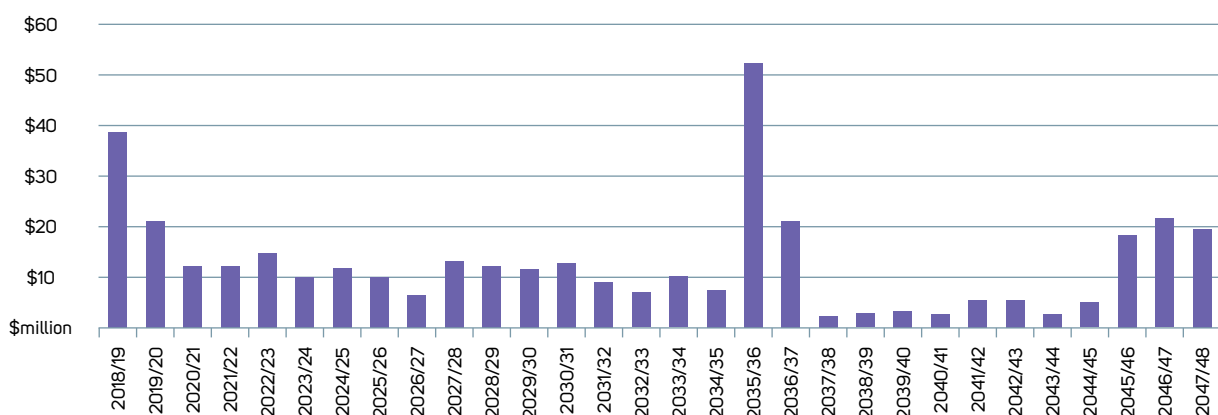


## HOW WE MANAGE OUR INFRASTRUCTURE ASSETS (CONT.)

TABLE 2: PROPOSED LEVEL OF SERVICE CHANGES

ACTIVITY	TYPE OF CHANGE	DESCRIPTION
Water	Improve compliance with NZ's Drinking Water Standards	Invest in meeting the requirements of the Drinking Water Standard New Zealand
	Reduce water loss from the network	Invest in proactive leak detection and repairs, and on-going pipe renewal
Wastewater	Reduce incidences of wastewater overflows into waterways	Invest in pipe and pump station upgrades
	Improve network resilience	Invest in additional storage or standby electrical generation
Stormwater	Maintain focus on mitigating flooding of habitable floors	Prioritise investment in network upgrades that mitigate flooding of habitable floors rather than nuisance surface water flooding
Transportation	Increase the number of people using cycling as a mode of transport	Invest in improved cycling facilities
	Increase the number of people using public transport	Invest in expanded public transport services
Rivers and Flood Control	Increasing the amount of native riparian planting	Invest in new and existing native riparian planting

FIGURE 12. TOTAL LEVEL OF SERVICE EXPENDITURE FOR INFRASTRUCTURE FOR THE NEXT 30 YEARS







## HOW WE MANAGE OUR INFRASTRUCTURE ASSETS (CONT.)

### MAINTAINING PUBLIC AND ENVIRONMENTAL HEALTH

Through the provision of infrastructure, Council has an influence on public and environmental health. **Table 3** summarises key aspects.

In this Strategy, Council has changed its approach to public and environmental health in the following areas.

- Water Supply – Council has focused on complying with the NZ Drinking Water Standards to ensure that the water provided to communities is safe to drink sooner than previously planned.
- Wastewater – Council has prioritised investment to areas in Mapua and Pohara where overflows have been a problem.
- Stormwater – Council has implemented an integrated approach to catchment management planning which looks at catchments in a holistic manner and considers multiple factors when identifying improvements. The main factors include flooding, amenity and the environment.
- Transportation – Council has focused more on safe and accessible transportation networks that are fit for purpose, and has provided more budget to increase the frequency of road sweeping in areas with typically high contaminants.



## HOW WE MANAGE OUR INFRASTRUCTURE ASSETS (CONT.)

TABLE 3. MEASURES USED TO MAINTAIN PUBLIC AND ENVIRONMENTAL HEALTH

ACTIVITY	PUBLIC HEALTH	ENVIRONMENTAL HEALTH	RELEVANT STATUTES / REGULATIONS
Water	Council aims to provide a safe and reliable supply of drinking water to residents and businesses	Council aims to always comply with the conditions of its water take consents so that water is not over extracted from aquifers or streams	Resource Management Act, Health Act, Local Government Act
Wastewater	Council collects wastewater from properties and adequately treats it before discharging back to the environment	Council collects wastewater from properties and adequately treats it before discharging back to the environment. Wastewater is collected and transferred in a manner that minimises odours and overflows	Resource Management Act, Local Government Act
Stormwater	Council aims to collect and discharge rainwater in a way that minimises disruption to normal community activities and risk to life	Council aims to minimise the level of contaminants in stormwater discharges, and manages natural streams in a manner that protects the natural habitat within the stream	National Policy Statement – Freshwater Management, Local Government Act, Resource Management Act
Transportation	Council provides a range of transport options that connects communities and enables access to health care and recreation	Council has a regular road sweeping and sump cleaning regime to prevent contaminants from being washed off the road and into the natural environment	Resource Management Act, Land Transport Management Act
Rivers and Flood Control	Council manages stopbanks to maintain flood protection for residents and businesses	Council manages gravel aggregation and river planting in a manner that protects the natural features and life within the river systems	Resource Management Act Soil Conservation and Rivers Control Act

### MANAGING RISKS AND IMPROVING RESILIENCE

Tasman's communities are faced by the ongoing presence of risks from natural hazards and Council needs to ensure that it provides infrastructure that is resilient and that it is prepared financially to respond to and recover from damaging events.

Through this Strategy, Council has placed more emphasis on natural hazard planning and the need to build resilient infrastructure services that can cope during times of major disruption or that can be restored quickly. Council has budgeted to undertake

some minor infrastructure improvements which will help build resilience, including the provision of backup power generators and additional storage capacity. These improvements will be the start of a wider programme of work that will be necessary in order to improve resilience to an adequate level. Currently, Council does not have enough information to adequately plan a full suite of resilience upgrades for the medium and long term horizon.

During 2018 and 2019, Council's has planned to undertake more robust risk, resilience and recovery planning in order to provide better information on network resilience needs.

## HOW WE MANAGE OUR INFRASTRUCTURE ASSETS (CONT.)

Once this work is complete, it is likely that Council will need to add further infrastructure projects and budget to its work programme in order to continue to improve network resilience.

As well as ensuring its assets are resilient, Council has a range of financial provisions to assist with response to and recovery from major damaging events. These include:

- Annual emergency funding;
- An established Emergency Fund that Council aims to maintain to a value of \$12.8 million;
- Ability to reprioritise Council's capital programme;
- Insurance cover of 40% of the costs of a catastrophic disaster event, up to \$125 million;
- Central Government support of up to 60% through the Local Authority Protection Programme;
- NZ Transport Agency subsidy of at least 51% for subsidies transportation asset reinstatement.

### CRITICAL ASSETS AND LIFELINES



Knowing what's most important is fundamental to managing risk well. By knowing this, Council can invest where it is needed most and it can tailor this investment at the right level. This will avoid over investing in assets that have little consequence of failure, and will ensure assets that have a high consequence of failure are well managed and maintained. For infrastructure, this is knowing Tasman's critical assets and lifelines, these typically include:

- Arterial road links including bridges
- Water and wastewater treatment plants
- Trunk mains
- Main pump stations
- Key water reservoirs
- Stopbanks
- Detention dams.

During 2016, Council in partnership with Nelson City Council, the Regional Civil Defence Emergency Management Group and other utility providers, prepared the Nelson Tasman Lifelines Report. This report summarises all lifelines within Nelson and Tasman and covers the activities included in this Strategy. Within the report there were a number of actions identified to improve the Region's infrastructure resilience. Improvements relevant to Council's infrastructure include:

#### Water

- Review need for additional storage
- Review hazards at all treatment and pumping station sites
- Complete introduction of digital SCADA network
- Review water reticulation under the Mapua estuary.

#### Wastewater

- Upgrading pump stations to provide additional storage capacity
- Reduce inflow and infiltration flows within the reticulation
- Reticulation renewals programme
- Review hazards at all treatment and pumping station sites
- Complete implementation of digital SCADA network
- Review wastewater reticulation under the Mapua estuary.

All of the above improvements have been considered by Council when preparing its activity management plans and the work programme contained in them. Over the next three years, as part of the risk, resilience and recovery planning work Council will focus on the planning and management of its critical assets and lifelines to ensure that the appropriate level of effort is being made to manage, maintain and renew them. This will extend to ensuring that Council has adequate asset data to enable robust decisions to be made regarding the management of those assets.

# LONG TERM FINANCIAL ESTIMATES

Council is taking a prudent financial approach to managing its infrastructure, with moderate overall cost increases and a steady capital programme. This section provides a summary of the total investment Council is planning to make in infrastructure over the next 30 years.

## TOTAL OPERATING EXPENDITURE

The annual operating costs for Council’s infrastructure are forecast to rise from around \$33 million in 2018, to \$42 million in 2028, and \$67 million by 2048. This results in an annual increase of around 2.6% on average in the first 10 years, and 3.3% over the 30 years. These increases are primarily caused by increases in direct costs, increased loan servicing costs, and inflation.

FIGURE 13. YEAR 1 TO 10 INFRASTRUCTURE ANNUAL OPERATING COSTS

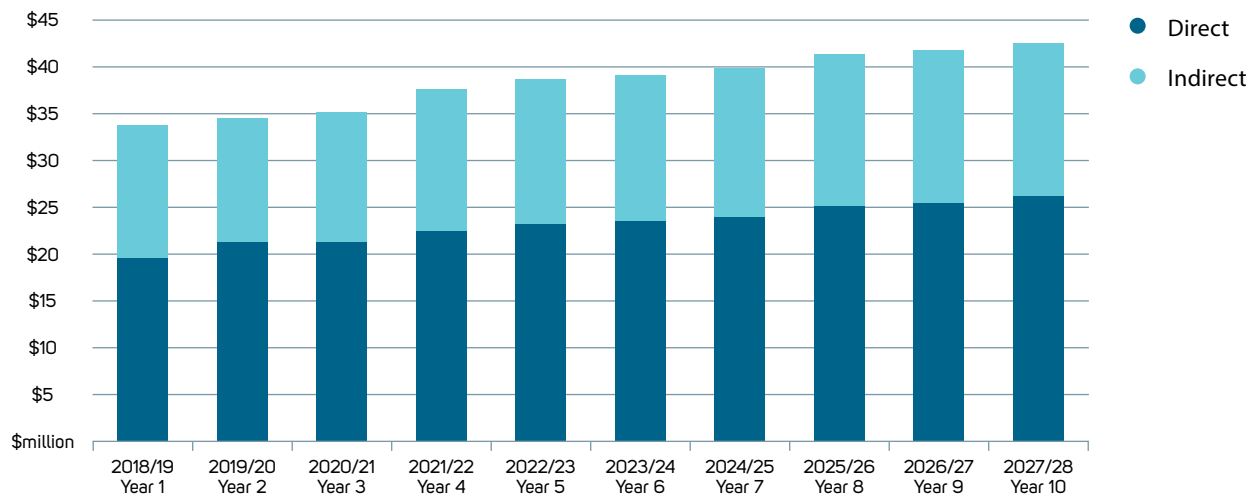
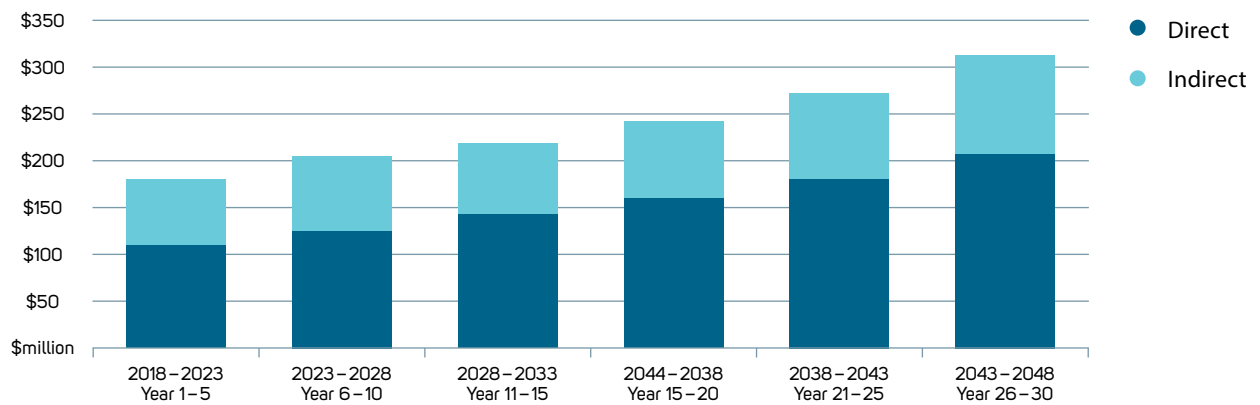


FIGURE 14. YEAR 1 TO 30 INFRASTRUCTURE 5-YEARLY OPERATING COSTS



## LONG TERM FINANCIAL ESTIMATES (CONT.)

### TOTAL CAPITAL EXPENDITURE

Council has planned to fund \$330 million of capital expenditure over the next 10 years, and around \$980 million over the next 30 years. In the first 10 years, 45% of the investment is for level of service improvements, 38% for renewals, and 17% for growth.

FIGURE 15. YEAR 1 TO 10 INFRASTRUCTURE ANNUAL CAPITAL EXPENDITURE

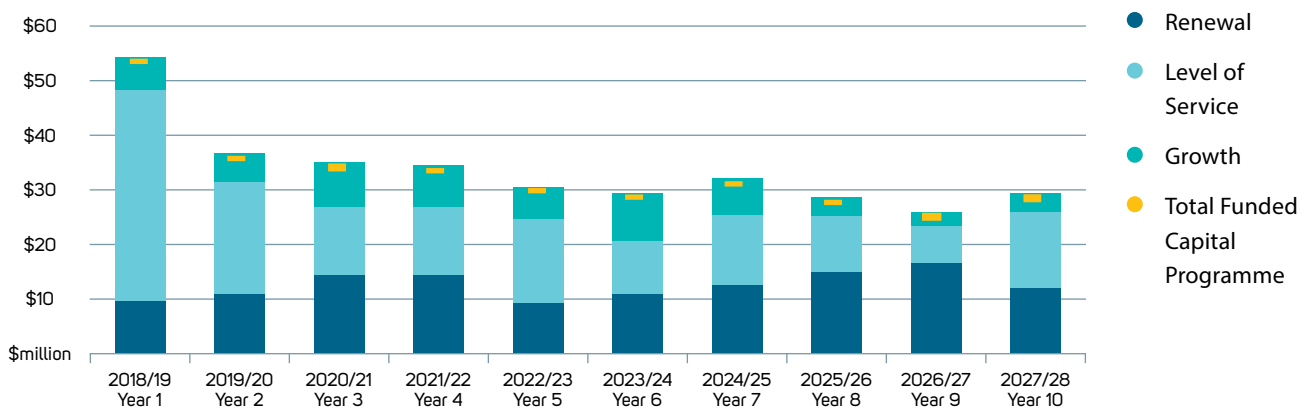
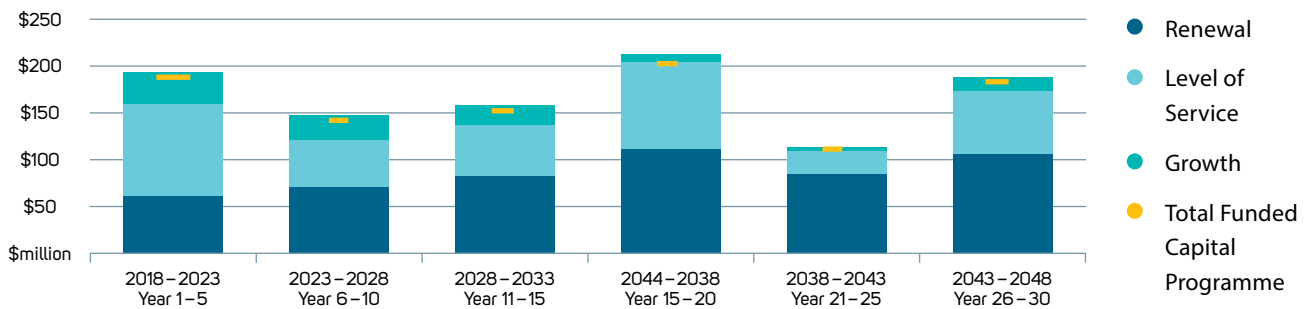


FIGURE 16. YEAR 1 TO 30 INFRASTRUCTURE 5-YEARLY CAPITAL EXPENDITURE

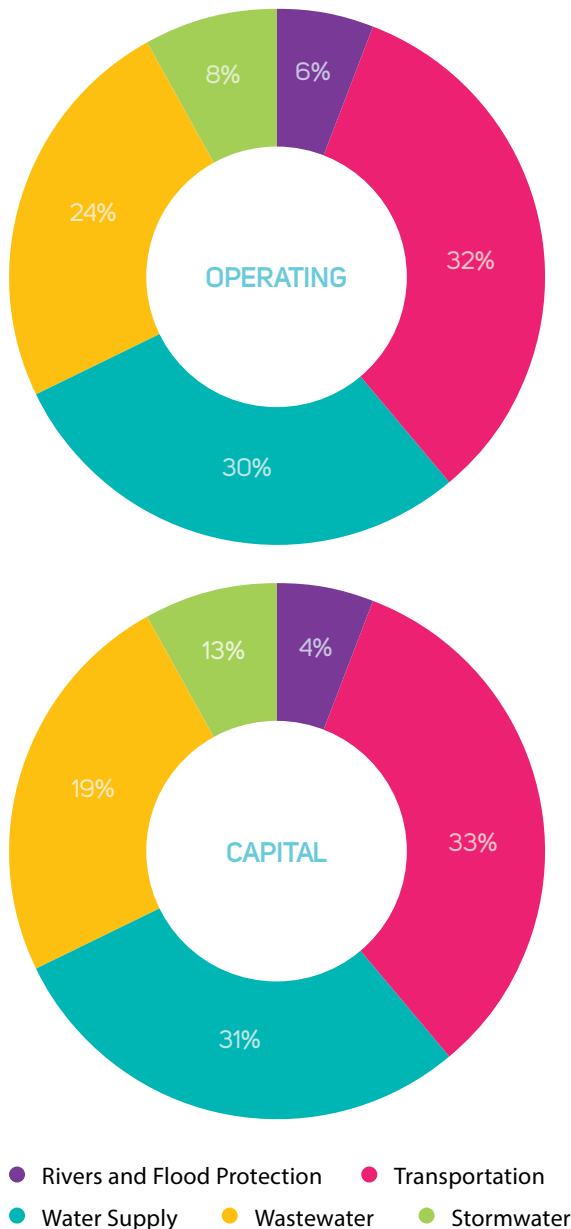


## LONG TERM FINANCIAL ESTIMATES (CONT.)

### ACTIVITY SUMMARIES

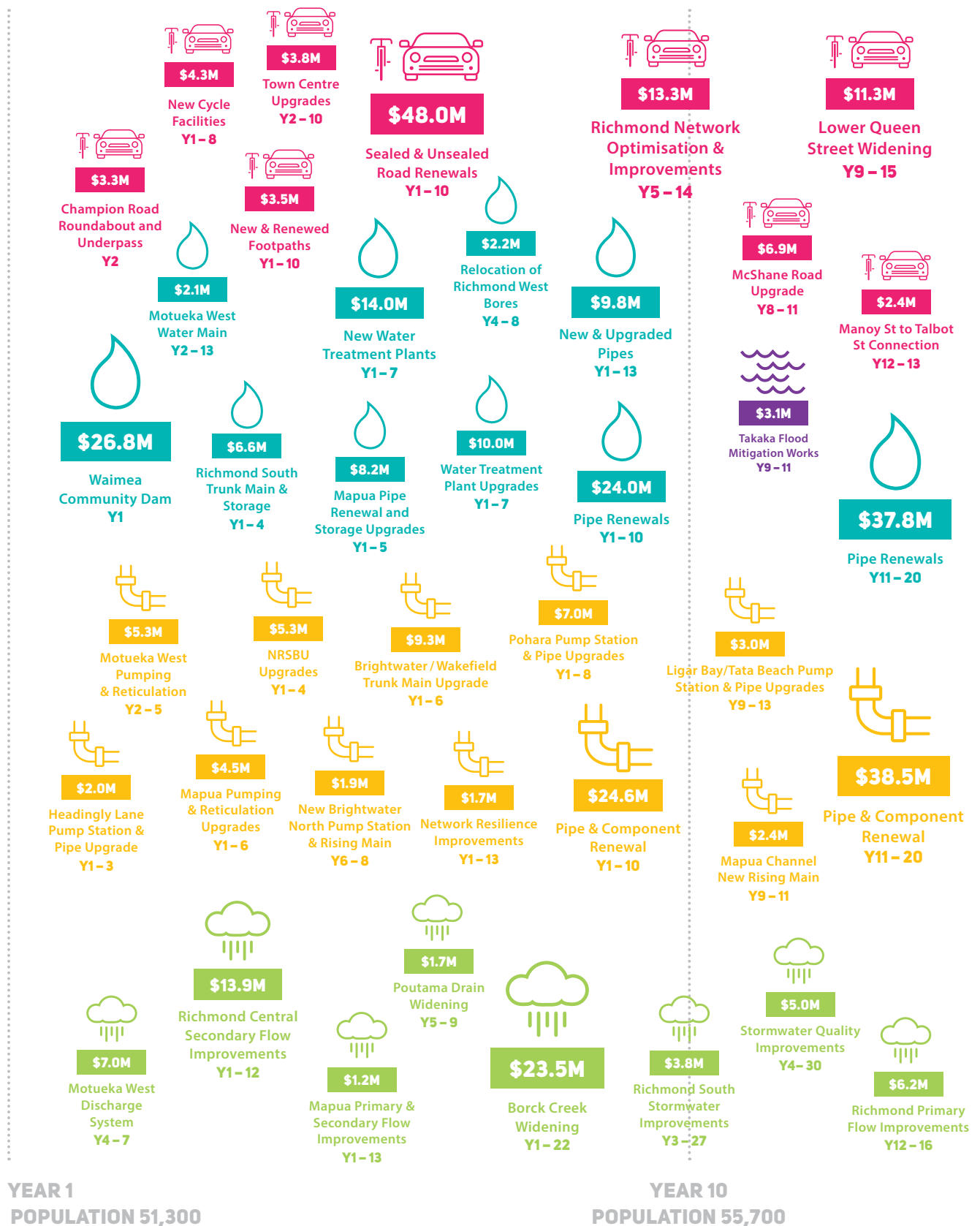
The following graphs show the split of Council's operating and capital expenditure for infrastructure. For the next 10 years, Council needs to invest most in transportation as there is a high base programme of routine maintenance and renewal works. A breakdown of the financials for each activity is provided in the following activity summaries. The full list of the operating and capital budgets for each activity is included in Council's respective activity management plans.

FIGURE 17. YEAR 1 TO 10 SPLIT OF OPERATING AND CAPITAL EXPENDITURE

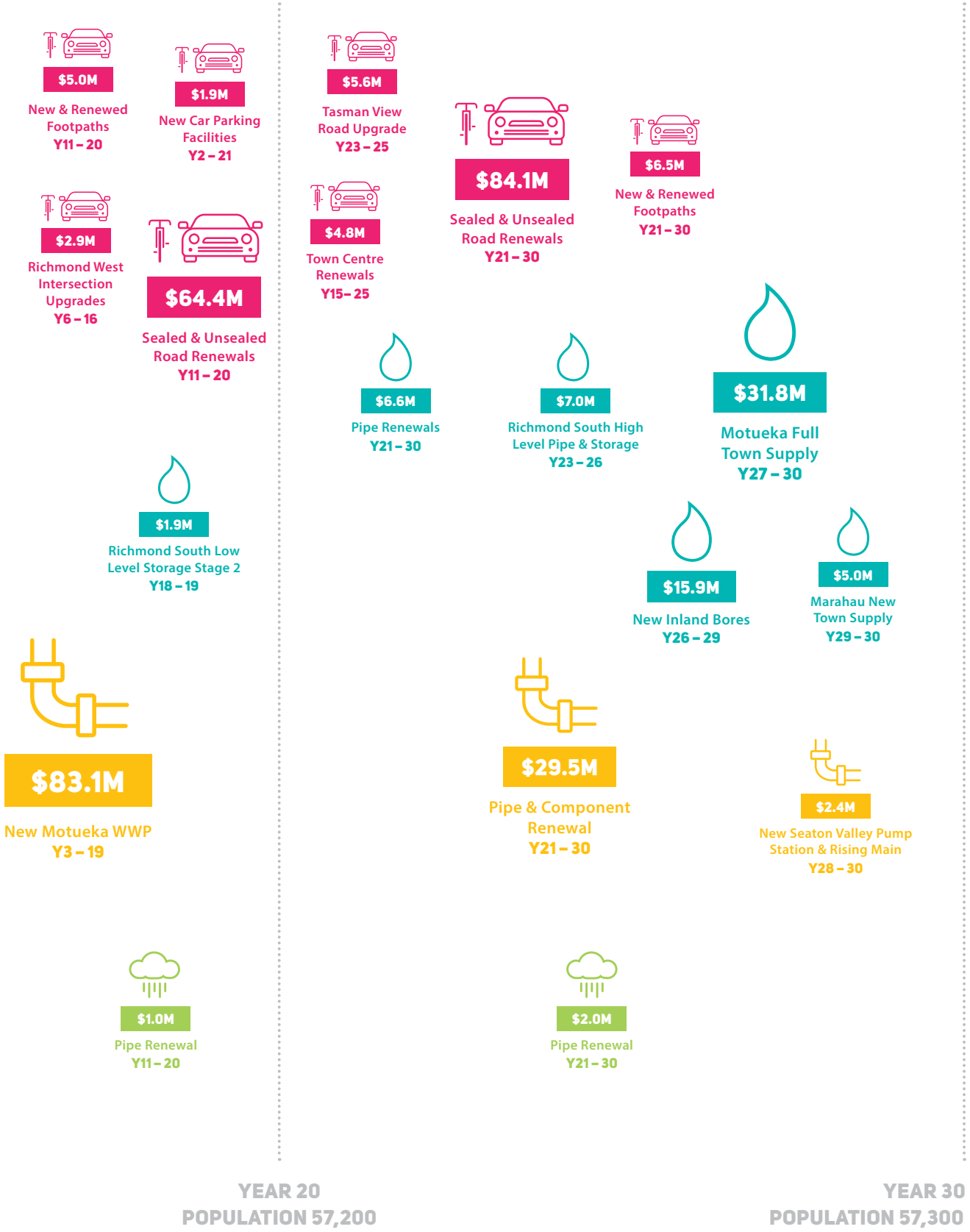


# TIMELINE OF KEY INFRASTRUCTURE PROJECTS

This timeline shows some of the major capital works planned for the next 30 years.







**YEAR 20**  
**POPULATION 57,200**

**YEAR 30**  
**POPULATION 57,300**

# WATER SUPPLY



Council provides potable water to properties and businesses within 18 water supply areas across Tasman District. For most urban areas the water supply network also provides adequate pressure to meet firefighting requirements. Over the next 10 years, Council plans to spend 30% of its total infrastructure budget on the water supply activity.

## ASSET OVERVIEW

The assets that make up Council's water supply infrastructure are summarised in **Table 4** below.

Historically, Council's asset registers have been set up to record reticulation asset inventory data, which it does well. Asset data for water treatment plants is less reliable due to database constraints. Council plans to improve this during 2018.

## LEVELS OF SERVICE

Council aims to provide the following levels of service for the water supply activity.

- "Our water is safe to drink."
- "Our use of the water resource is efficient."
- "Our water takes are sustainable."
- "Our water supply systems provide fire protection to a level that is consistent with the national standard."
- "Our water supply systems are built, operated and maintained so that failures can be managed and responded to quickly."
- "Our water supply activities are managed at a level that the community is satisfied with."

As explained earlier in this Strategy, providing safe and secure infrastructure services is a priority for Council. Council has planned to invest significantly in improving water treatment commencing in 2018 through to 2025. This investment will lift Council's performance against its agreed levels of service within the next few years.

Council plans to invest in proactive water leak detection in order to meet agreed levels of service.

TABLE 4. WATER SUPPLY ASSET SUMMARY

DESCRIPTION	REPLACEMENT VALUE	DATA RELIABILITY
15 water treatment plants	\$6.5 million	Poor
21 pump stations	\$16.4 million	Good
756km reticulation	\$118.8 million	Good
4,548 valves	\$3.3 million	Good
1,437 hydrants	\$3.3 million	Good
117 backflow prevention devices	\$0.3 million	Good
61 reservoirs	\$21.5 million	Good
11,199 water meters	\$5.2 million	Good
1,522 rural restrictors	\$0.4 million	Good
32 bores	\$0.9 million	Good

Note: Replacement Valuation as at 1 April 2017.



## RESPONDING TO OUR INFRASTRUCTURE PRIORITIES

Further to the overarching infrastructure key issues identified earlier in this Strategy, Council has also identified key issues specific to the water supply activity that are summarised in **Table 4 (on page 154)**. Each of these issues relate back to Council's infrastructure priorities. For each issue, the significant decisions Council is planning to make are outlined, along with the principal options for addressing the issue, estimated costs, and timing.

### IMPROVING SAFETY OF WATER SUPPLIES

Council is required by the Health (Drinking Water) Amendment Act 2007 to provide safe water supplies that comply with the NZ Drinking Water Standards (Standards). Of the 18 supplies that Council operates, only one fully meets the requirements of the Standards. The main reason for non-compliance is a lack of protozoa treatment. Complying with the Standards is not a new issue for Council but one that has increased in priority following recent water contamination issues at Havelock North and the subsequent inquiry.

**Table 5 (on page 156)** summarises the options that Council has considered in order to improve the safety of its water supplies.

### ENHANCING WATER SUPPLY CAPACITY AND SECURITY

For Council to provide a consistent water supply to households and businesses it is important that we have access to secure water sources that provide an adequate quantity and quality of water throughout the year. Council has already discussed with the community the lack of a secure water source for the Waimea Basin and the risk this presents to those users during summer. To improve security and long term capacity, Council has identified the Waimea Community Dam as the most suitable and preferred option.

As well as the Waimea Basin, Council has concerns about the security of the Dovedale water scheme source. Factors such as changes in private land use and changing weather patterns present a risk to the availability of this source.

**Table 6 (on pages 157 to 159)** summarises the options that Council has considered in order to enhance water supply capacity and security.

### SUPPLYING OUR GROWING COMMUNITIES

Council expects that over the next 10 years Tasman's population will grow by approximately 4,400 residents. To accommodate this growth new houses will need to be built, most of which will need to be supplied with water. Council can supply some of this new demand through existing infrastructure where capacity is available. New areas of development such as Richmond West, Richmond South and Motueka West will require completely new infrastructure in order to deliver water to the area. For Mapua, the existing infrastructure will require upgrading to provide additional capacity.

**Table 7 (on page 160)** summarises the options that Council has considered in order to provide for growth.

### REDUCING WATER LOSS

The percentage of water loss from Council's water supply networks is too high. Five of the urban water schemes currently do not achieve their performance targets. At any given time, there will be losses occurring in some part of Tasman's network. How much leakage occurs on any scheme can vary significantly depending on a number of factors including operating pressures, pipe age, pipe material, and installation conditions.

Water loss is grouped into two types; apparent losses (result in lost revenue through meter inaccuracies, illegal use or theft, use for firefighting), and real losses (reticulation leakage and overflows at reservoirs). Council is focused on managing real water loss as it accounts for the majority of total water loss.

**Table 8 (on page 161)** summarises the options that Council has considered in order to reduce real water loss.



**IMPROVING SAFETY OF WATER SUPPLIES**

**TABLE 5. PRINCIPAL OPTIONS TO IMPROVE SAFETY OF WATER SUPPLIES**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Upgrade or install water treatment plants that provide the level of treatment required by the Standards	The risk of water contamination will be reduced and communities will have increased confidence that their water is safe to drink. However, providing higher quality water will come at a higher cost, resulting in rates increases.	✓	\$27 million	2018 – 2025
Undertake required upgrades over a shorter period of time	The risk of water contamination will be reduced quicker than planned. However, compressing the timeframe will cause a breach our financial caps and put pressure on delivery of work .	✗	\$27 million	2018 – 2021
Undertake required upgrades over a longer period of time	The longer the time taken to upgrade, the longer the risk of drinking water contamination will persist. The strain on Council’s financial and delivery resources will be reduced but Council may fall further out of line with the Health Act.	✗	\$27 million	2018 – 2027

The Health (Drinking Water) Amendment Act requires Council to take all practicable steps to ensure that the drinking water it supplies complies with the drinking-water standards. Consequently, Council has not considered an option that involves maintaining the status quo. Council considers it impractical to speed up the delivery of the upgrades due to the strain on resources it would create.



TABLE 6. PRINCIPAL OPTIONS TO ENHANCE WATER SUPPLY CAPACITY AND SECURITY

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Waimea Basin Water Capacity and Security</b>				
Invest in the construction and operation of the Waimea Community Dam	Users of the Richmond scheme will be provided with security of water supply during times of dry weather. The dam is to be designed for a one in 60 year drought and will augment the flows in the river and replenish the aquifers from which the water is abstracted. As this scheme is a proposed joint venture with irrigators and Nelson City Council (NCC), the proposed capital costs to the Tasman ratepayers is \$26.8 million plus operating costs of \$715,000/year.	✓	\$26.8 million is Council's share with \$9.58 million attributed to extractor user charges (Urban Water Club)	2019 – 2022
Invest in an alternative water augmentation	A number of alternatives to the Dam have been investigated including riverside storage, the Motueka Aquifer, a dam on the Roding River, and utilising NCC's water supply. The estimated cost to the ratepayer is significantly higher than the proposed dam and the alternatives do not help with irrigation needs or augmentation of flows in the Waimea River. The alternative options do not offer the same long term security that would be provided by the dam. For example, NCC's supply could at best help augment water supply up to step 3 rationing.	✗	The cost of each alternative varies starting from \$95 million for all options except NCC's supply which is estimated at \$12 – 15 million	Not planned, refer to Council's Statement of Proposal for the Waimea Community Dam – October 2017 for more detail
Relocate Richmond water supply bores further inland	The bores will be relocated to a more secure location further inland. The risk of salt water intrusion into the bores, and surface flooding of the bore heads will be reduced.	✓	\$2.2 million	2021 – 2026



TABLE 6. PRINCIPAL OPTIONS TO ENHANCE WATER SUPPLY CAPACITY AND SECURITY (CONT.)

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Waimea Basin Water Capacity and Security (cont.)</b>				
Maintain the status quo	Without an augmented residential and industrial water supply, there will be significant restrictions during most summers. The lack of water supply and security will also limit additional new growth in the Richmond, Brightwater and Mapua settlements.	X	Unknown	Not planned

Council extracts water from the Waimea Basin aquifers to supply the residential and industrial water needs for Brightwater, Mapua/Ruby Bay, Redwoods Valley, Richmond and Nelson South. Water sources within the Waimea basin are currently over allocated. With this, and the predicted changing climates and extreme weather patterns, dry weather has the potential to significantly impact or disrupt this supply. By building a new dam which will augment the Waimea River and groundwater aquifers, Council will be able to provide customers with continued water supply and security, and cater for increasing growth.

Council has recently undertaken extensive consultation on the funding and governance arrangements for the Dam, and this Strategy assumes that the Dam will proceed largely in the form and with the timing indicated in Statement of Proposal published in October 2017 with the following exceptions:

- Properties connected to the Redwood Valley Water scheme will receive the same water supply security benefits as the Urban Water Club, therefore the costs of funding the Redwood Valley water scheme will now include a contribution to the extractive users costs; and
- The Zone of Benefit is extended to include some Mount Heslington and River Terrace Road properties excluded previously in error.

It also assumes that Council's costs for the Dam and the methods of funding these will be as indicated in the proposal.





**TABLE 6. PRINCIPAL OPTIONS TO ENHANCE WATER SUPPLY CAPACITY AND SECURITY (CONT.)**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Dovedale Water Source Security</b>				
Install a new water treatment plant and take from a groundwater source	The community will be provided with a much more secure source with vastly improved water quality. The requirement to boil water prior to consumption will be removed. The cost to supply water will increase requiring an increase in water rates.	✓	\$3.6 million	2018 – 2025
Upgrade existing treatment plant	An upgrade of the treatment plant will improve the water quality enabling Council to remove the boil water notice. It will not improve source security. The risk of the water source drying up remains and customers connected to the Dovedale stream may experience sustained water outages.	✗	Approx. \$2.5 to \$3.5 million	Not planned
Maintain the status quo	The boil water notice would remain in place along with the risk of the source drying up during extended periods of dry weather. Customers connected to the Dovedale stream may experience associated water outages.	✗	N/A	Not planned

The Dovedale scheme currently takes water from a stream prior to dosing it with chlorine. As well as having a vulnerable source, the quality of the water is very poor and the scheme has a permanent boil water notice and disinfection. External factors such as forestry harvesting and dry weather have potential to significantly impact or disrupt this supply. By building a new treatment plant incorporating a new groundwater source, Council will be able to provide customers with increased water quality and security.


 TABLE 7. PRINCIPAL OPTIONS TO PROVIDE  
WATER SUPPLY TO AREAS OF GROWTH

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Construct new infrastructure in Richmond and Motueka to service new areas of growth	Council will be able to provide new homes and businesses with the water they need. This will come at a cost that will mainly be funded by development contributions.	✓	\$9 million	2018 – 2031
Upgrade existing trunk main and storage infrastructure for Mapua/Ruby Bay	Council will be able to provide new homes and businesses with the water they need, as well as improving the reliability of the supply for existing customers. This will come at a cost that will need to be recovered through a mix of development contribution charges and rates.	✓	\$8.2 million	2018 – 2023
Maintain the status quo	Council will not be able to provide new homes and businesses with water requiring them to find alternatives if possible. This is likely to restrict where and when growth can occur.	✗	N/A	Not planned

Enabling Tasman's communities to grow is a priority for Council. To do this, Council has determined that it must provide essential infrastructure, including water, and has planned to do this in Richmond and Motueka, as well as upgrading infrastructure in Mapua/Ruby Bay. The timing of these upgrades is based on the population projections set out earlier in this document. Undertaking this work will help Council meet the requirements of the National Policy Statement – Urban Development Capacity.



TABLE 8. PRINCIPAL OPTIONS TO REDUCE REAL WATER LOSS

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Proactive leak detection	Faults are identified and repaired in a proactive manner preventing further water loss.	✓	\$155,000 / yr	On-going from 2018
On-going pipe renewal	Pipes are progressively upgraded reducing the risk of failures and associated water losses.	✓	\$24 million	2018 – 2027
			\$37.8 million	2028 – 2037
			\$6.6 million	2038 – 2047
Maintain the status quo	Water loss will be identified in a reactive way meaning that preventable water loss will continue to occur until its existence is noticeable.	✗	Unknown	N/A

Council is committed to taking a proactive approach to network water loss and have increased the budget for Demand, Flow and Leak Management to \$155,000 per annum. This budget will fund leak detection surveys, day/night flow monitoring and other network modelling. Information collected through this work will be incorporated into future pipe renewal planning and prioritisation.



## INDICATIVE EXPENDITURE ESTIMATES

### OPERATING

Operational costs for the water supply activity are forecast to increase by an average of 4.3% per year for the first 10 years, and an average of 3.5% per year over 30 years. The most notable increases within the next 10 years, occur between Year 1 and Year 4. During this time, direct operating costs are increasing due to the inclusion of the Waimea Community Dam. Council has budgeted for the Dam to be fully operational by Year 4. Indirect costs increase primarily due to increasing loan interest costs associated with the capital programme for this activity. On top of this, both direct and indirect expenditure gradually increase due to inflation.

**(See Figures 18 and 19.)**

### CAPITAL

Council plans to spend \$104 million on capital improvements over the next 10 years. Of this 14% is attributed to growth, 57% for level of service improvements, and 29% for asset renewal.

Council will invest most in level of service improvements for the first four years. This is due to the planned water treatment plant upgrades which are required to meet the NZ Drinking Water Standards.

Council anticipates that the majority of investment being made to enable growth will be required within the first four years. After this, there should be sufficient capacity within the majority of the water supply network to enable growth for the next 20 years.

Beyond the next 20 years, it is likely that additional infrastructure will be required to enable growth in the elevated areas of Richmond South. Accordingly, Council has planned to install high level reticulation and storage in Richmond South between 2040 and 2044.

Long term, capital expenditure notably increases in the Year 26 to Year 30 timeframe. This is due to the installation of the Motueka and Marahau new town supplies. **(See Figure 20 on page 163 and Figure 21 on page 164.)**

### ASSET RENEWAL PROFILE

For the first 10 years, Council's investment in renewals tracks slightly below depreciation. At Year 21, Council's investment in renewal starts to fall behind depreciation more significantly. This divergence is due primarily to the long useful life and age profile of Council's

current assets. As shown earlier in **Figure 8 (on page 114)**, most of Council's water assets are not due for replacement within the next 30 years. The significant investment programme in new assets Council has planned also contributes to the divergence between renewals and depreciation. The new assets contribute to higher depreciation but, like the bulk of Council's current water assets, most don't need replacing within the next 30 years. While not shown here, Council has compared the likely renewal requirements for 100 years with depreciation over the same time. This assessment shows that the gap closes in the long-run. **(See Figure 22 on page 164.)**

### ASSUMPTIONS AND UNCERTAINTIES

In addition to the key assumptions identified earlier in this Strategy, Council has identified the following uncertainties and key assumptions that are specific to the water supply activity.

- Central Government is currently considering a Bill which if passed would provide power to District Health Boards to make decisions and give directions about the fluoridation of local government drinking water supplies in their areas. It is unclear whether the Bill will be successful and what the actual implications for Council will be. For this Strategy, Council has assumed that its drinking water supplies will not be fluoridated. If the Bill is passed and the Nelson Marlborough District Health Board instructs Council to fluoridate its supplies, it will create additional capital and operating costs.
- An inquiry into the Havelock North drinking water contamination incident has been undertaken by the Government. Recommendations have been released but uncertainty remains about which of these recommendations will be made mandatory. One recommendation relates to continuous chlorination of water supplies. Council has planned to incorporate emergency chlorination in its water treatment plant upgrades. It has not planned for permanent chlorination. If Government requires continuous chlorination of all drinking water supplies, it is estimated this would require additional capital expenditure of approximately \$1 million to apply this to all of Council's urban water schemes and an increase in operating expenditure of approximately \$50,000 per annum.



FIGURE 18. ANNUAL OPERATING EXPENDITURE FOR YEAR 1–10 FOR WATER SUPPLY

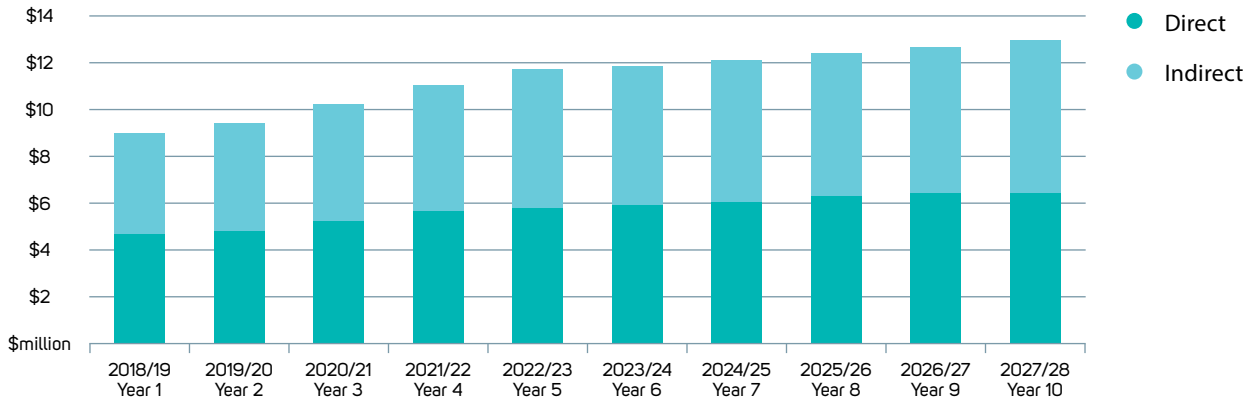


FIGURE 19. 5 YEARLY OPERATING EXPENDITURE FOR YEAR 1–30 FOR WATER SUPPLY

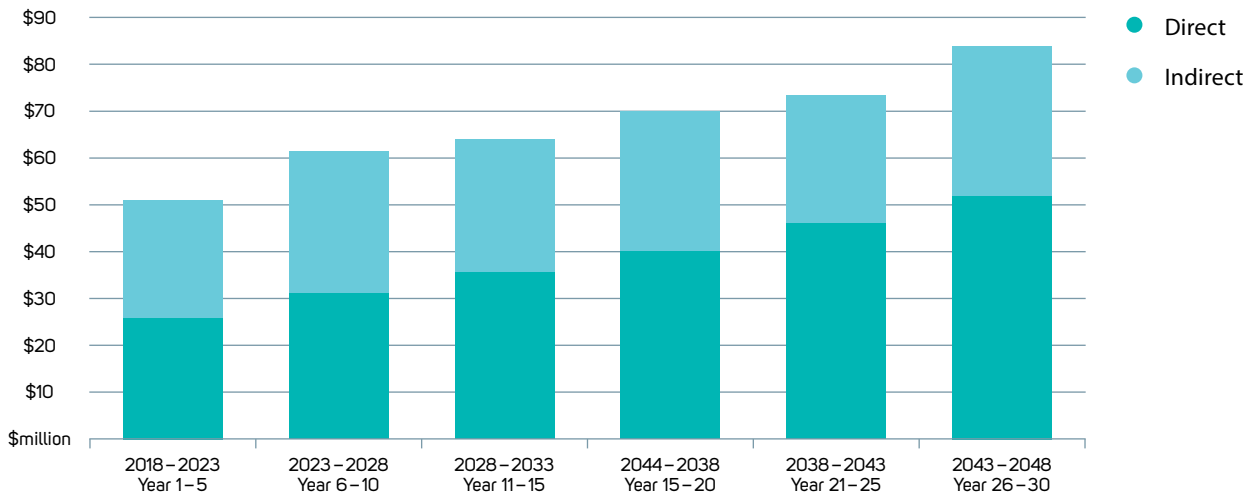


FIGURE 20. ANNUAL CAPITAL EXPENDITURE FOR YEAR 1–10 FOR WATER SUPPLY

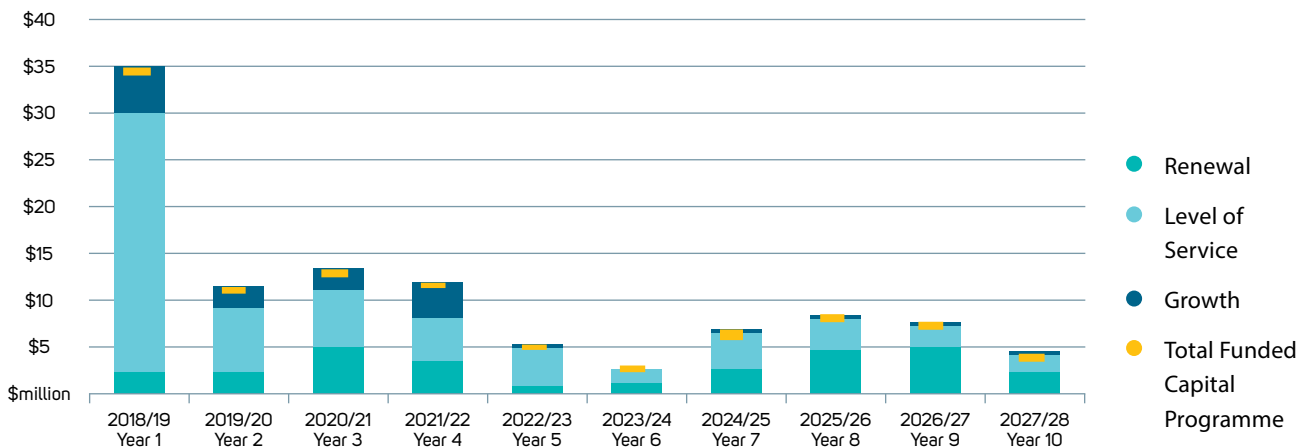




FIGURE 21. 5 YEARLY CAPITAL EXPENDITURE FOR YEAR 1– 30 FOR WATER SUPPLY

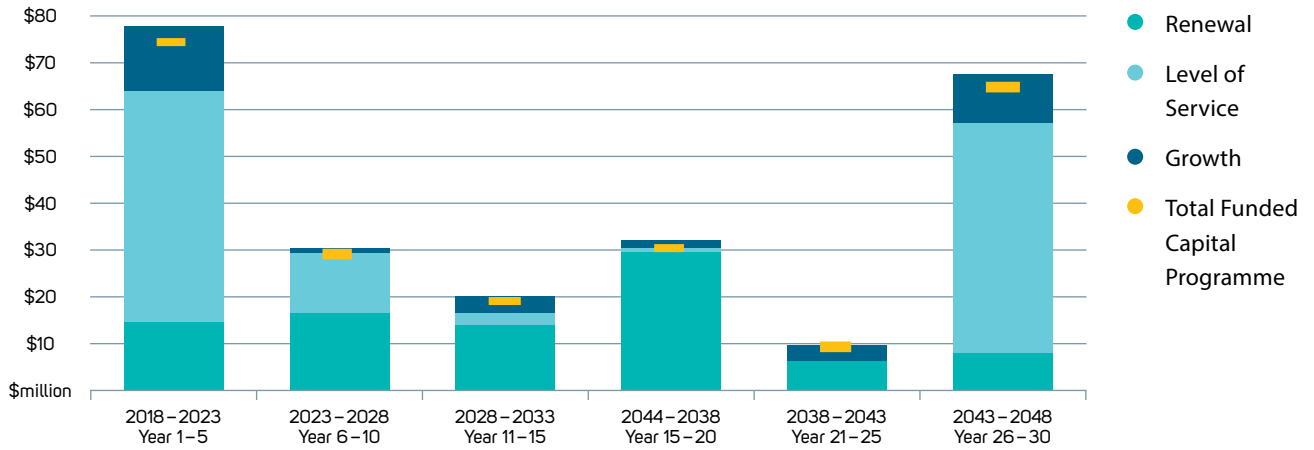
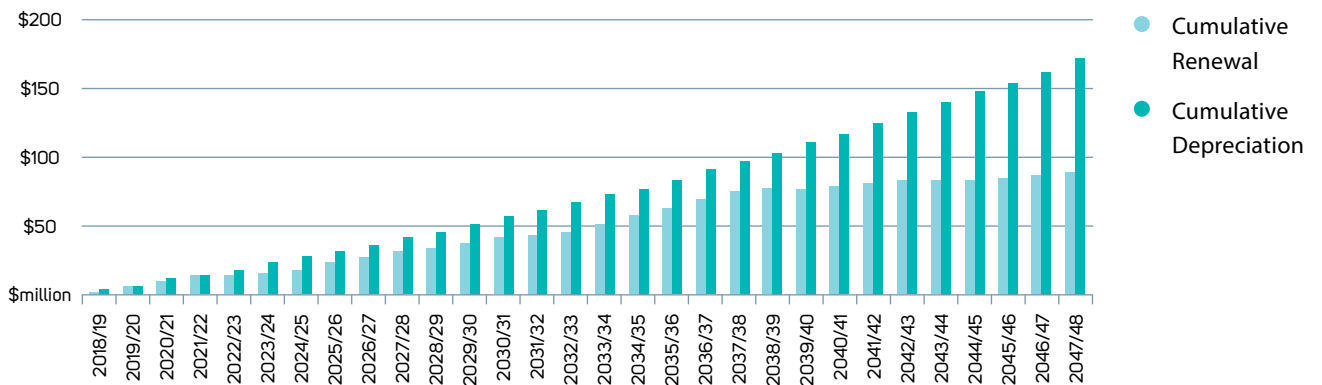
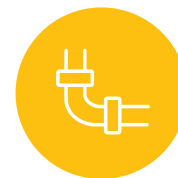


FIGURE 22. CAPITAL EXPENDITURE AND DEPRECIATION FOR WATER SUPPLY





# WASTEWATER



This activity provides and manages wastewater collection, treatment and disposal facilities for ratepayers connected to Council’s 12 wastewater networks. These networks convey wastewater to eight treatment plants, seven of which are owned and managed by Council. Over the next 10 years Council plans to spend 22% of its total infrastructure budget on the wastewater activity.

## ASSET OVERVIEW

The assets that make up Council’s wastewater infrastructure are summarised in **Table 9** below.

Historically, Council’s asset registers have been set up to record reticulation asset data, which it does well. Asset data for wastewater treatment plants is less reliable due to database constraints. Council plans to improve this during 2018.

## LEVELS OF SERVICE

Council aims to provide the following levels of service for the wastewater activity.

- “Our wastewater systems do not adversely affect the receiving environment.”
- “Our wastewater systems reliably take out wastewater with a minimum of odours, overflows or disturbance to the public.”
- “Our wastewater systems are built, operated and maintained so that failures can be managed and responded to quickly.”
- “Our wastewater activities are managed at a level that satisfies the community.”
- “Our wastewater systems are designed, operated and managed to be resilient.”

Through this Strategy Council is investing to lift its performance in preventing overflows so that they do not continue to adversely affect the environment. Major pump station and rising main upgrades are planned in Mapua and Pohara to help mitigate overflows in these areas. Council plans to mitigate overflows from the Richmond scheme through addressing inflow and infiltration.

**TABLE 9. WASTEWATER ASSET SUMMARY**

DESCRIPTION	REPLACEMENT VALUE	DATA RELIABILITY
8 wastewater treatment plants including 50% share of Bell’s Island treatment plant	\$57.1 million	Poor
78 pump stations	\$18.4 million	Good
3,689 manholes	\$17.3 million	Good
360km reticulation	\$91.9 million	Good
14,041 wastewater connections	\$19.9 million	Good
Other assets	\$5.6 million	Good

Note: Replacement Valuation as at 1 April 2017.



## RESPONDING TO OUR INFRASTRUCTURE PRIORITIES

Further to the overarching infrastructure key issues identified earlier in this Strategy, Council has also identified key issues specific to the wastewater activity that are summarised below. Each of these issues relate back to Council's infrastructure priorities. For each issue, the significant decisions Council is planning to make are outlined, along with the principal options for addressing the issue, estimated costs, and timing.

There is a close relationship between each of the issues. Often, implementing the preferred option for one issue is likely to help address the other issues to varying degrees. To avoid duplication, options have been discussed under the issue that they address most.

### REDUCING INFLOW AND INFILTRATION

Infiltration is the unintentional entry of ground water into the wastewater network and inflow occurs when rainwater enters the network. Common points of entry typically include broken pipes and defective joints, as well as cracked manholes.

Inflow and infiltration is a significant issue in some settlements because it consumes useable network capacity causing the overloading of pipe networks and wastewater treatment plants during very heavy rainfall events. In turn this restricts residential and commercial growth because it uses up available network capacity.

Inflow and infiltration in the network creates the need to pump, convey and treat the extra water and means additional and unnecessary costs. Excessive levels may also dilute wastewater and cause treatment plant performance to deteriorate. Inflow and infiltration can also contribute to overflows.

**Table 10** summarises the options that Council has considered in order to address inflow and infiltration.

### IMPROVING NETWORK RESILIENCE

Some pump stations within Council's wastewater network have limited storage. This means at times of high flows due to wet weather, or during power outages, the network can only manage for a short period of time before Council needs to manage the

overflow risk. As inclement weather can bring both wind and rain, there are instances when high flows and power outages occur at the same time. For these reasons, Council considers that the wastewater networks lack resilience.

Currently, Council does not meet the agreed level of service for pump station storage or standby electrical generation.

**Table 11 (on page 168)** summarises the options that Council has considered in order to improve network resilience.

### MITIGATING OVERFLOWS

Overflows occur when untreated wastewater escapes from the network into the environment, presenting a risk to public and environmental health. Overflows can be caused by wet weather due to stormwater inflows which overload the system, or they can occur due to blockages, breaks, power outages, or lack of network capacity. Council has already identified inflow and infiltration, and the lack of storage capacity and backup power as causes for overflows. In addressing this key issue, Council has considered how best to address the undersized parts of the network which have experienced overflows.

**Table 12 (on page 169)** summarises the additional options that Council has considered in order to reduce the risk of overflows through network capacity improvements.

### SUPPLYING OUR GROWING COMMUNITIES

Council expects that over the next 10 years Tasman's population will grow by approximately 4,400 residents. To accommodate this growth new houses will need to be built, most of which will need to be supplied with wastewater. Council can supply some of this new demand through existing infrastructure where capacity is available. Where capacity is not available, or if the infrastructure does not exist, Council will need to provide upgraded or new infrastructure to enable growth.

**Table 13 (on page 170)** summarises the options that Council has considered in order to provide for growth.



**REDUCING  
INFLOW AND  
INFILTRATION**

**TABLE 10. PRINCIPAL OPTIONS TO ADDRESS INFLOW AND INFILTRATION**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
On-going programme of pipe renewal to replace broken and cracked pipes	Inflow and infiltration issues will be addressed over time as the network is renewed. This is a long term strategy meaning that all issues will not be addressed immediately.	✓	\$29 million	2018 – 2048
Identify and rectify illegal stormwater connections to the wastewater network	Council will identify illegal private connections and take actions to have these rectified. The cost of identifying the work will be funded through the wastewater rate but the cost of rectifying issues will be the responsibility of the private party involved.	✓	\$127,000 / yr	On-going from 2018
On-going inflow and infiltration investigations	This work will enable Council to collect more condition and performance data, and identify specific areas that suffer from inflow and infiltration. This data will enable Council to make better decisions on balancing maintenance and renewal spending.	✓	\$168,000 / yr	On-going from 2018
Maintain the status quo	Inflow and infiltration issues will continue to occur meaning that Council is funding unnecessary operating costs and overflows at known problem areas are likely to continue.	✗	N/A	Not planned

Council does not considers it appropriate to take no action to address inflow and infiltration. As wastewater pipes reach the end of their useful life they must be renewed. By undertaking the inflow and infiltration investigation and collecting more asset data, it will enable Council to optimise renewal of its pipes and invest in where it is needed most.



**IMPROVING  
NETWORK  
RESILIENCE**

**TABLE 11. PRINCIPAL OPTIONS TO IMPROVE NETWORK RESILIENCE**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Provide mobile backup generators	Council will be able to provide power to key pump stations during power outages enabling the network to continue operating. The network will be more resilient and less prone to outages.	✓	\$370,000	2020 – 2031
Increase storage capacity	The network will be able to handle higher flows or longer periods of outages. The network will be more resilient and less prone to overflows.	✓	\$1.4 million	2018 – 2023
Maintain the status quo	The network will continue to be vulnerable during periods of heavy rain or extended power outages. The risk of overflows will remain as is.	✗	N/A	Not planned

Council has determined that its wastewater networks need to be more resilient. Currently, Council relies on its maintenance contractors intervening at the right time and being able to remove and transport wastewater away from the pump stations to manage high level pump station alarms. This is relatively high risk; if the rate of flow exceeds the capacity of the tanker trucks, if the warning time is not sufficient; or if too many pump stations are at risk, overflows are likely. Council needs to invest in improved storage and backup generators to meet agreed levels of service and protect public and environmental health.



**MITIGATING OVERFLOWS**

**TABLE 12. PRINCIPAL OPTIONS TO MITIGATE OVERFLOWS**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Pump station and rising main upgrades throughout the Pohara wastewater network	Council will be able to provide assets of adequate capacity for the current and future population. The risk of overflows should reduce and the community should experience a higher level of service.	✓	\$10 million	2018 – 2031
Pump station upgrades throughout the Mapua wastewater network	Council will be able to provide assets of adequate capacity for the current and future population. The risk of overflows should reduce and the community should experience a higher level of service.	✓	\$1.7 million	2018 – 2024
Maintain the status quo	The community will need to accept that the risk of overflows remains. Council may receive enforcement action due to not addressing preventable overflows. Council would need to decline any new requests to connect to the network in problem areas as additional demand will only make the existing situation worse.	✗	N/A	Not planned

Council must act to mitigate the risk of overflows in order to meet agreed levels of service.



**TABLE 13. PRINCIPAL OPTIONS TO  
ENABLE COMMUNITY GROWTH**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Construct new pump stations and rising mains in: <ul style="list-style-type: none"> <li>• Brightwater North</li> <li>• Mapua</li> <li>• Motueka West</li> </ul>	Council will be able to provide new homes and businesses with wastewater services. This will come at a cost that will need to be recovered through a mix of development contribution charges and rates.		\$1.9 million	2023 – 2026
			\$2.8 million	2018 – 2023
			\$4.3 million	2019 – 2023
Upgrade existing pump stations and rising mains in: <ul style="list-style-type: none"> <li>• Motueka</li> <li>• Richmond West</li> <li>• Brightwater / Wakefield trunk main</li> </ul>	Council will be able to provide new homes and businesses with wastewater services. This will come at a cost that will need to be recovered through a mix of development contribution charges and rates.		\$1.0 million	2019 – 2021
			\$2.0 million	2018 – 2021
			\$9.3 million	2018 – 2024
Maintain the status quo	Council will not be able to provide new homes and businesses with wastewater requiring them to find alternatives if possible. This is likely to restrict where and when growth can occur.		N/A	Not planned

Enabling Tasman’s communities to grow is a priority for Council. To enable this, Council has determined that it must provide essential infrastructure, including wastewater, and has planned to do this in Brightwater, Mapua/Ruby Bay, Motueka and Richmond. The timing of these upgrades is based on the population projections set out earlier in this document. Undertaking this work will help Council meet the requirements of the National Policy Statement – Urban Development Capacity.





## INDICATIVE EXPENDITURE ESTIMATES

### OPERATING

Operational costs for the wastewater activity are forecast to increase by around 3.1% per year for the first 10 years, and 3.8% per year over 30 years. Within the first 10 years, the most notable increase in direct costs occurs between Year 3 and Year 4. This is due to an increase in the Council's share of operational costs from the Nelson Regional Sewerage Business Unit. Indirect costs increase primarily due to increasing loan interest costs associated with the capital programme for this activity. On top of this, both direct and indirect expenditure gradually increase due to inflation. (See Figures 23 and 24 on page 172.)

### CAPITAL

Council plans to spend around \$64 million on capital improvements over the next 10 years. Of this 31% is attributed to growth, 31% for level of service improvements, and 38% for asset renewal. Council anticipates that the majority of investment being made to enable growth will be required within the first 10 years. After this, negligible costs will be attributable to growth. Beyond 10 years, Council has planned to make a major investment in a new inland wastewater treatment plant in Motueka. This occurs between Year 15 and Year 20 and accounts for the notable increase in forecast capital expenditure. (See Figure 25 on page 172 and Figure 26 on page 173.)

### ASSET RENEWAL PROFILE

There is a significant difference between planned renewals and forecast depreciation over 30 years. This divergence is due primarily to the long useful life and age profile of Council's current assets. As shown earlier in **Figure 9 (on page 117)**, most of Council's wastewater assets are not due for replacement within the next 30 years. The significant investment programme in new assets Council has planned also

contributes to the divergence between renewals and depreciation. The new assets contribute to higher depreciation but, like the bulk of Council's current wastewater assets, most don't need replacing within the next 30 years. While not shown here, Council has compared the likely renewal requirements for 100 years with depreciation over the same time. This assessment shows that the gap closes in the long-run. (See **Figure 27 on page 173.**)

### ASSUMPTIONS AND UNCERTAINTIES

In addition to the key assumptions identified earlier in this Strategy, Council has identified the following uncertainties and key assumptions that are specific to the wastewater activity.

- Currently, there are high levels of inflow and infiltration within the Motueka wastewater network taking up capacity that could otherwise be used by new connections. Council has assumed that this inflow and infiltration will be addressed by on-going pipe renewals and targeted inflow and infiltration repairs. Council expects that this work will reduce demand enough to be able to provide capacity to support the level of growth predicted for Motueka (excluding Motueka West). It is possible for the works to achieve insufficient capacity, or for the rate of growth to exceed the rate of inflow and infiltration reductions. If this is the case, Council will need to programme additional pipe upgrades to enable growth, or potentially limit the rate and location of new connections.
- Council has prepared the wastewater programme of works based on the information that was available at the time. Over the next few years, Council has planned to undertake long term strategic studies for Motueka and the Waimea networks. This will provide new and up-to-date information that is likely to identify alternative options for the way the schemes could operate, and the associated operating and capital requirements.



FIGURE 23. ANNUAL OPERATING EXPENDITURE FOR YEAR 1-10 FOR WASTEWATER

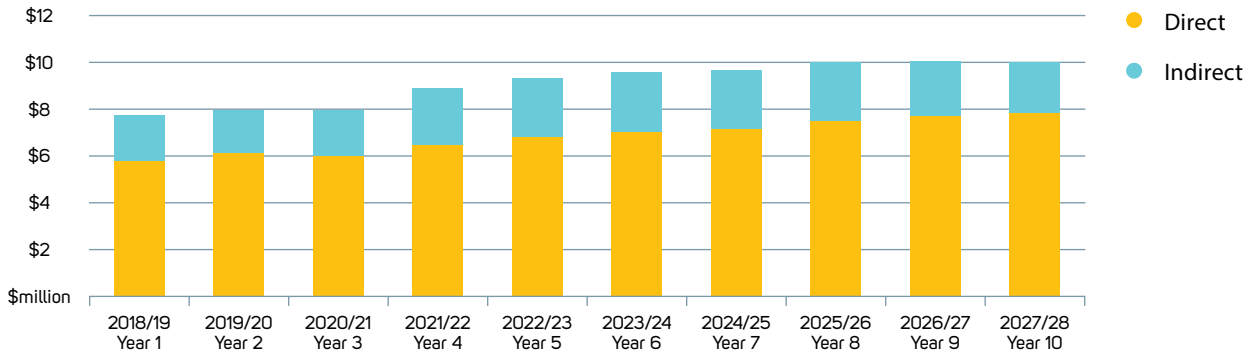


FIGURE 24. 5 YEARLY OPERATING EXPENDITURE FOR YEAR 1-30 FOR WASTEWATER

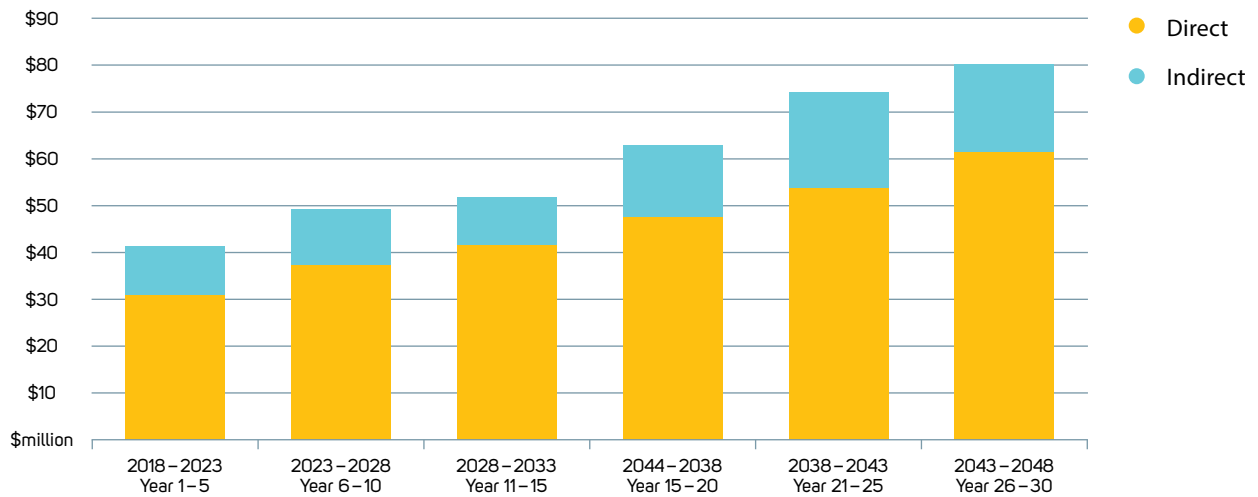


FIGURE 25. ANNUAL CAPITAL EXPENDITURE FOR YEAR 1-10 FOR WASTEWATER

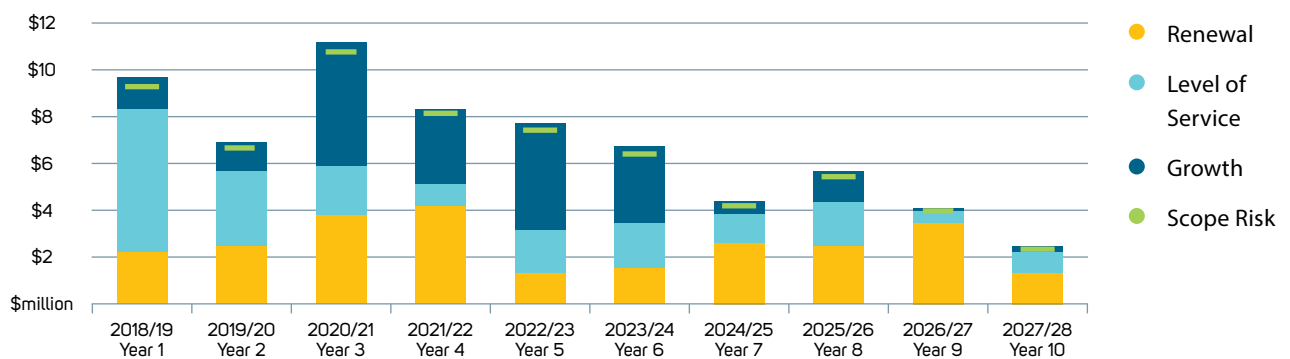




FIGURE 26. 5 YEARLY CAPITAL EXPENDITURE FOR YEAR 1-30 FOR WASTEWATER

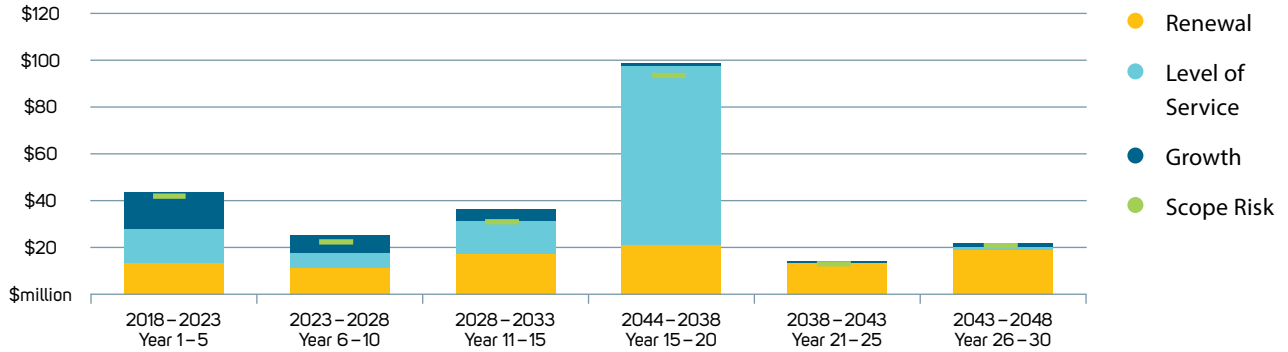
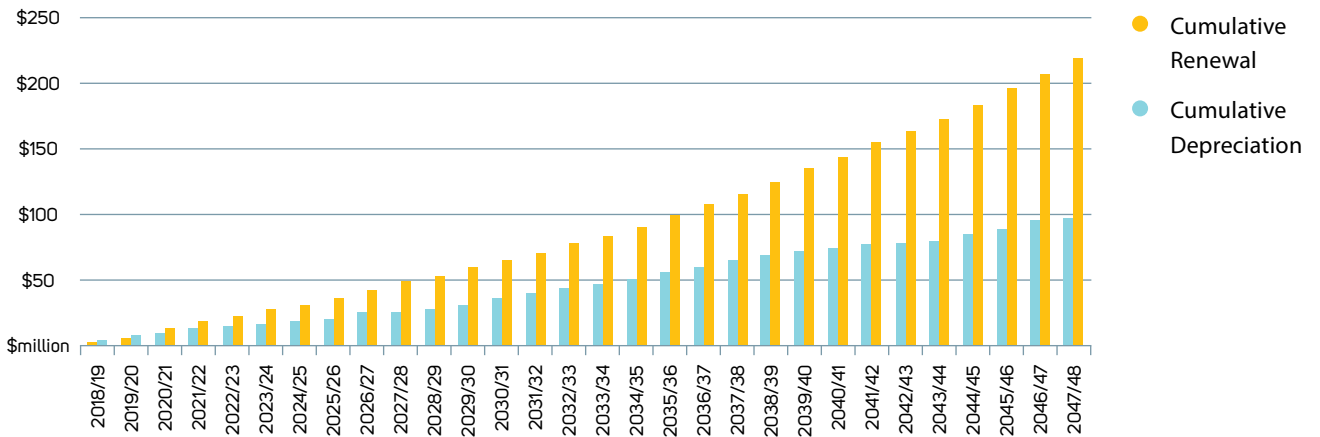


FIGURE 27. CAPITAL EXPENDITURE AND DEPRECIATION FOR WASTEWATER



# STORMWATER



The stormwater activity encompasses the provision of stormwater collection, reticulation, and discharge systems in Tasman District. Council manages its stormwater activities under 15 Urban Drainage Areas (UDAs) and one General District Area. The General District Area covers the entire District outside the UDAs. Over the next 10 years Council plans to spend 11% of its total infrastructure budget on the stormwater activity.

## ASSET OVERVIEW

The assets that make up Council's stormwater infrastructure are summarised in **Table 14** below.

## LEVELS OF SERVICE

Council aims to provide the following levels of service for the stormwater activity.

- “We have measures in place to respond to and reduce flood damage from stormwater to property and risk to the community.”
- “We have strategies in place to manage our stormwater systems efficiently to ensure that our community receives best value for money.”
- “Our stormwater activities are managed at a level which satisfies the community.”
- “Our stormwater systems do not adversely affect or degrade the receiving environment.”

Council has planned investments to improve the capacity of our primary and secondary networks as well as stormwater treatment to protect the receiving environment. In the short term, Council plans to develop stormwater models and catchment management plans for all Urban Drainage Areas. Through these strategic plans Council will develop a better understanding of the current and future performance of its networks against the agreed levels of service, identify gaps in performance, and programme works to address these gaps.

**TABLE 14. STORMWATER ASSET SUMMARY**

DESCRIPTION	REPLACEMENT VALUE	DATA RELIABILITY
13,148 property connections	\$12.9 million	Good
187km piped stormwater network	\$113 million	Good
29km of maintained open drains and streams	\$5.4 million	Good
2,467 manholes	\$12.4 million	Good
928 sumps	\$1.9 million	Good
10 detention dams	\$1.1 million	Good
Other assets e.g. culverts, inlets and outlets	\$8.3 million	Good

Note: Replacement Valuation as at 1 April 2017.



## RESPONDING TO OUR INFRASTRUCTURE PRIORITIES

Further to the overarching infrastructure key issues identified earlier in this Strategy, Council has also identified key issues specific to the stormwater activity that are summarised below. Each of these issues relate back to Council's infrastructure priorities. For each issue, the significant decisions Council is planning to make are outlined, along with the principal options for addressing the issue, estimated costs, and timing.

There is a close relationship between each of the issues. Often, implementing the preferred option for one issue is likely to help address the other issues to varying degrees. To help simplify the discussion, options have been allocated to the primary reason they have been considered.

In addition to this Strategy, Council will prepare catchment management plans. Integrated urban catchment management planning is an efficient way of co-ordinating efforts to address multiple stormwater issues i.e. flood management, freshwater management, aquatic habitat management and amenity values within urban stormwater catchments. Council has planned to develop a full suite of urban catchment management plans by 2023, starting with priority areas – Richmond and Motueka. These will be used to inform future versions of this Strategy and Council's activity management plan for stormwater.

## SUPPLYING OUR GROWING COMMUNITIES

Council expects that over the next 10 years Tasman's population will grow by approximately 4,400 residents. To accommodate this growth new houses will need to be built. As new houses are built, the nature of surface water runoff changes due to permeable areas of ground becoming hard surfaces such as houses and carpark areas. This increases the volume of stormwater that Council needs to collect and discharge. Council can meet this increased demand through existing infrastructure where capacity is available. Where capacity is not available, or if the infrastructure does not exist, Council will need to provide upgraded or new infrastructure to enable development to continue.

**Table 15 (on page 177)** summarises the options that Council has considered in order to enable growth.

## MITIGATING FLOOD RISKS

Some of Tasman's stormwater pipes and streams are too small to cope with the intense rainfall events experienced over the past few years and do not meet current design standards. During intense rainfall events there tends to be nuisance surface water flooding, and sometimes people's homes and businesses are flooded. It is impossible for Council to eliminate all flooding so it has to set appropriate intervention levels. For Council, the design standard for the primary flow network is 10% annual exceedance probability, and the secondary flow network is 1% annual exceedance probability. Generally, Council plans to intervene when habitable floors are at risk of being flooded.

**Table 16 (on page 178)** summarises the options that Council has considered in order to mitigate surface water flood risks.

## EFFECTS ON THE ENVIRONMENT

It has long been recognised that stormwater runoff is a predominant contributor to water quality, and stream and coastal ecosystem health. The potential adverse effects associated with stormwater discharges can be divided into 'quality' and 'quantity' effects.

The 'quality' effects stem from the fact that urban land uses such as roads, carparks, industrial zones and certain building materials generate contaminants that are picked up by stormwater runoff. They then accumulate in fresh water and marine water receiving environments where they have an adverse effect on ecosystems. The main contaminants of concern are sediments, heavy metals and hydrocarbons. Urban runoff and concrete or rock lined stormwater channels may also lead to increased water temperature which has a detrimental effect on stream life.

The 'quantity' effects stem from the fact that urbanisation leads to increased areas of impervious surface which in turn leads to a decrease in groundwater recharge and increased stormwater runoff. The effect of reduced groundwater recharge leads to reduced base flows in streams especially during dry periods. On the other hand, the increased runoff, leads to higher flow velocities that can cause scour and streambank erosion.





## STORMWATER (CONT.)



Council controls these types of effects through implementation of Council's Engineering Standards and the Tasman Resource Management Plan (TRMP). For this reason, infrastructure interventions have not been considered below.

**Table 17 (on page 179)** summarises the options that Council has considered in order to mitigate the effects of stormwater on the environment.

### CLIMATE CHANGE

NIWA has predicted the anticipated effects from climate change in Tasman District to be:

- an increase in seasonal mean temperature and high temperature extremes;
- an increase in rainfall in winter for the entire District and varying increases of rainfall in other seasons in different areas;
- increased rainfall intensity;
- rising sea levels, increased wave height and storm surges;
- floods, landslides, droughts and storm surges are likely to become more frequent and intense.

These effects of climate change will put further strain on the already limited capacity of Council's stormwater networks. Discharging stormwater from coastal communities will become increasingly difficult during high tides and will result in more frequent flooding. In other areas the increase in rainfall will lead to stormwater networks reaching their capacity sooner and the need to better manage overland flowpaths to avoid flooding of properties.

Council has not planned to specifically respond to climate change in isolation from the other issues discussed above. Instead, Council plans to consider and address the effects of climate change when delivering the preferred options. Climate change factors will be incorporated into project designs to ensure infrastructure is future-proofed.





TABLE 15. PRINCIPAL OPTIONS TO ENABLE COMMUNITY GROWTH

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<p>Increase the capacity of the receiving pipes and streams</p> <p>Key projects include Borck Creek Widening, Motueka West Discharge System</p>	<p>Council will be able to enable development of new homes and businesses and mitigate the effects of this development on the environment. This will come at a cost that will need to be recovered through a mix of development contribution charges and rates. This work will also reduce the risk of flooding for existing residents.</p>	✓	\$38 million	2018 – 2048
<p>Manage demand from the source through the Tasman Resource Management Plan rules</p>	<p>Developers will partially mitigate the impact of their developments on the stormwater system before it enters Council’s network. Council’s stormwater network can be sized accordingly.</p>	✓	N/A	Status quo
<p>Prevent development from occurring</p>	<p>Council will not be able to provide for some new homes and businesses. This will restrict the amount of growth that can occur, particularly in Richmond and Motueka.</p>	✗	N/A	Not planned

Enabling Tasman’s communities to grow is a priority for Council. To enable this, Council has determined that it must provide essential infrastructure, including stormwater, and has planned to do this in Brightwater, Mapua/Ruby Bay, Motueka and Richmond. Undertaking this work will help Council meet the requirements of the National Policy Statement – Urban Development Capacity.


**TABLE 16. PRINCIPAL OPTIONS TO MITIGATE  
SURFACE WATER FLOOD RISKS**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Increase the capacity of the receiving pipes and streams  Key projects include Washbourn Bypass Pipeline, Poutama Drain Widening, Gibbs Road Stormwater Diversion and Ned's Creek Improvements	The stormwater network will be upgraded over time to provide the agreed levels of service. This will reduce the risk of homes and business being flooded by stormwater runoff.	✓	\$28 million	2018 – 2048
Protecting secondary flow paths	Council will manage secondary flow paths in a proactive manner so that they are available when the primary network is overwhelmed. Residents will understand the function and importance of secondary flow paths.	✓	\$4.8 million	2022 – 2048
Maintain the status quo	Known areas of flooding will not be addressed and residents will continue to be exposed to flood risks.	✗	N/A	Not planned

Protecting people and their properties is a priority for Council. Through the agreed stormwater levels of service, Council aims to prevent habitable floors from being flooded. Council considers it inappropriate to maintain the status quo as this would not address known issues.



**EFFECTS  
ON THE  
ENVIRONMENT**

**TABLE 17. PRINCIPAL OPTIONS TO MANAGE THE EFFECTS OF STORMWATER ON THE ENVIRONMENT**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Implement demand management measures at the source through TRMP rules	Demand management measures implemented at the source reduce the impact on the receiving environment and requires less intervention by Council within the remainder of the stormwater network.	✓	N/A – private cost	Status quo
Construct treatment wetlands	Wetlands located in strategic areas will help remove contaminants from the stormwater runoff prior to discharging into the receiving environment.	✓	\$1.6 million	2026 – 2037
Installation of stormwater treatment devices	Stormwater runoff can be treated at key locations which generate high levels of contaminants e.g. busy road intersections.	✓	\$2.0 million	2021 – 2048
Interventions to improve water quality and stream health Lake Killarney in Takaka	Stormwater runoff will be adequately managed adjacent to Lake Killarney.	✓	\$1.3 million	2025 – 2029

The National Policy Statement for Freshwater Management requires Council to maintain or improve the overall quality of freshwater. This means that Council needs to ensure that the effects of development on the environment are mitigated.



## INDICATIVE EXPENDITURE ESTIMATES

### OPERATING

Operational costs for the stormwater activity are forecast to increase by around 1% per year over 30 years. Direct operational costs are fairly static for the duration of the 30 years. Indirect costs fluctuate over the next 30 years due to varying loan interest costs associated with the capital programme for this activity. On top of this, both direct and indirect expenditure gradually increase due to inflation. (See Figures 28 and 29.)

### CAPITAL

Council has planned to spend around \$43 million on capital improvements over the next 10 years. Of this 33% is attributed to growth, 67% for level of service improvements, and 1% for asset renewal. Council has a clear focus on reducing the impact of flooding on residents which accounts for the majority spend on levels of service. Council's stormwater assets are long life and are relatively young. This means that there is almost no asset renewal requirements over the next 30 years.

For the first three years, Council has planned to undertake stormwater improvements that provide clear benefits to residents without causing issues to other parts of the network, and to complete catchment management planning to confirm the scope of works planned beyond Year 3. There is a clear increase in capital expenditure during Year 4 to Year 7. This is due to the construction of the Washbourn by-pass pipeline and the Motueka West discharge system. There is also a notable increase in Year 10. This is due to the need to acquire land prior to property designations expiring.

Beyond Year 15, capital expenditure drops off significantly. Council expects to identify the need for further works through the catchment management plan process that have not been included in this Strategy. It is likely that these works will be added to the programme after completion of the catchment management plans. (See Figure 30 on page 181 and Figure 31 on page 182.)

### ASSET RENEWAL PROFILE

There is a significant difference between planned renewals and forecast depreciation over 30 years. This divergence is due primarily to the long useful life and age profile of Council's current assets. As shown earlier in Figure 7 (on page 110), most of Council's stormwater assets are not due for replacement within

the next 30 years. The significant investment programme in new assets Council has planned also contributes to the divergence between renewals and depreciation. The new assets contribute to higher depreciation but, like the bulk of Council's current stormwater assets, most don't need replacing within the next 30 years. While not shown here, Council has compared the likely renewal requirements for 100 years with depreciation over the same time. This assessment shows that the gap closes in the long-run. (See Figure 32 on page 182.)

### ASSUMPTIONS AND UNCERTAINTIES

In addition to the key assumptions identified earlier in this Strategy, Council has identified the following uncertainties and key assumptions that are specific to the stormwater activity.

- Extreme rainfall events and associated flood impacts can happen at any time and their occurrence may differ from what can be expected based on historic trends and projections. Council develops stormwater management strategies, plans and designs for events that have a 1% and 10% probability of occurring in any one year. When large events happen, it is likely to trigger higher expectations from the community to provide a higher level of service. Providing a higher level of service will come at a higher cost and require more funding than has been budgeted for in this Strategy.
- Council has planned to undertake stormwater modelling to gain a better understanding of the flood risks in the District. Stormwater models aim to simulate potential real-life flood scenarios. The model predictions provide an indication to Council on what could happen, not what will happen. Council considers model prediction together with local knowledge and monitoring data to select most likely scenarios. If the conclusions are incorrect, Council may need to reconsider the scope of projects included in its stormwater programme.
- Council has prepared the stormwater programme of works based on the information that was available at the time. Over the next few years, Council plans to undertake more modelling and prepare catchment management plans. This will provide new and up-to-date information. It is likely that this information will highlight the need for additional intervention by Council, and the need to programme further improvements requiring additional funding.



FIGURE 28. ANNUAL OPERATING EXPENDITURE FOR YEAR 1-10 FOR STORMWATER

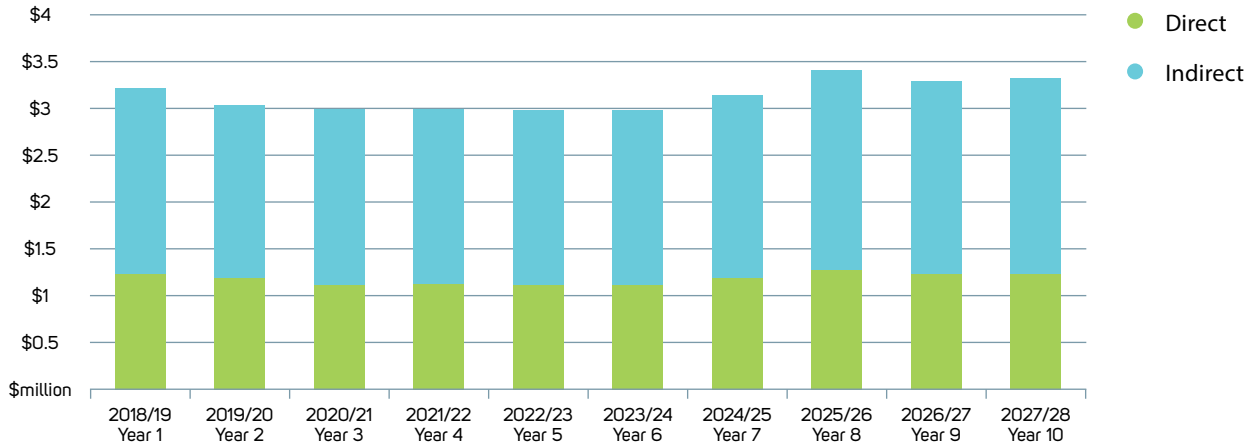


FIGURE 29. 5 YEARLY OPERATING EXPENDITURE FOR YEAR 1-30 FOR STORMWATER

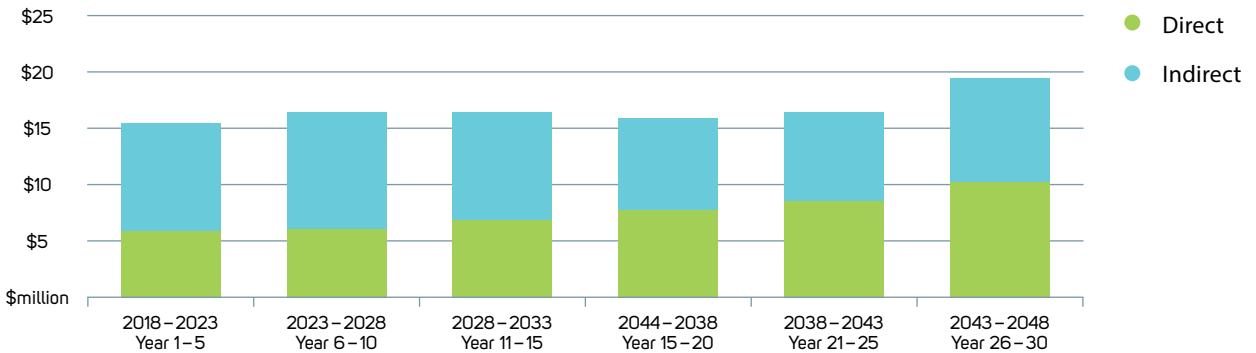


FIGURE 30. ANNUAL CAPITAL EXPENDITURE FOR YEAR 1-10 FOR STORMWATER

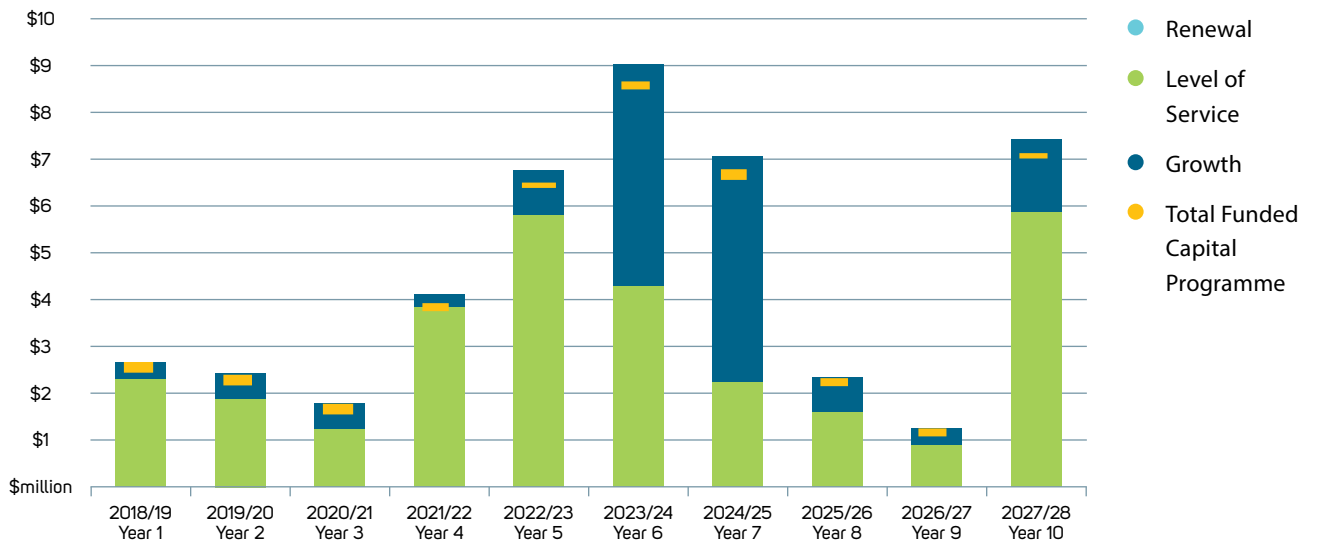




FIGURE 31. 5 YEARLY CAPITAL EXPENDITURE FOR YEAR 1–30 FOR STORMWATER

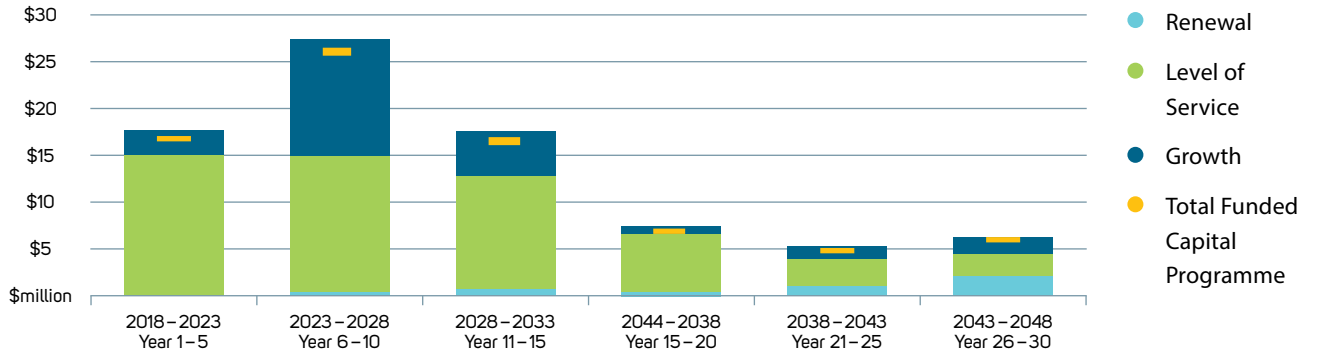
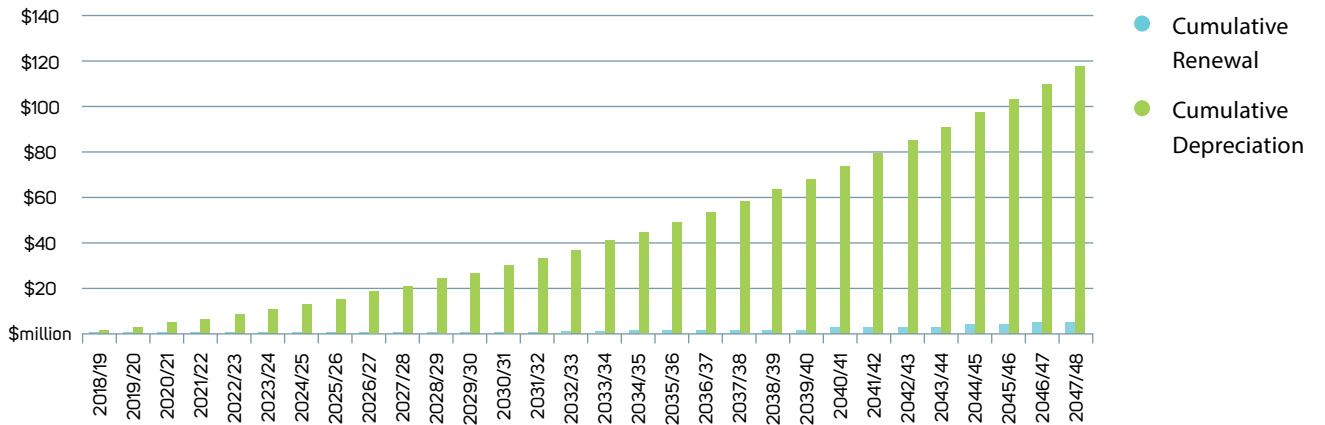


FIGURE 32. CAPITAL EXPENDITURE AND DEPRECIATION FOR STORMWATER





# TRANSPORTATION



Council provides roads, footpaths, cycleways, carparks, public transport and associated infrastructure in order to enable safe and efficient movement of people and goods throughout the District. Over the next 10 years Council plans to spend 32% of its total infrastructure budget on the transportation activity.

## ASSET OVERVIEW

The assets that make up Council's transportation infrastructure are summarised in **Table 18** below.

Council considers that the asset inventory data for bridges, Tasman's Great Taste Trail, carpark areas, street lights and traffic facilities are of poor reliability. This is because a significant portion of the data is estimated. This is not a significant concern for Council as almost all of these assets are above ground and can easily be inspected. Council has good condition data for most of these assets and an ongoing inspection regime. Inventory data for these assets will improve over time as they are replaced and new information is collected.

## LEVELS OF SERVICE

Council aims to provide the following levels of service for the transportation activity:

- "Our transportation network is becoming safer for its users."
- "We proactively maintain roads in high risk areas to minimise unplanned road closures."
- "Our transportation network enables the community to choose from various modes of travel."
- "Our transportation network is maintained cost effectively and whole of life costs are optimised."
- "Our transportation network is managed so that changes to normal travel time patterns across the network are communicated effectively."
- The travel quality and aesthetics of our transportation network is managed at a level appropriate to the importance of the road and satisfies the community's expectations."

Council has incorporated two new transportation performance measures that focus on the use of public transport and strategic cycle routes. By incorporating these measures, Council can more effectively determine how the community is using alternative modes of travel.

Council will continue to construct new footpaths with a target of at least 500 metres per year. By doing this, access for pedestrians will continue to improve as gaps in the network are closed and new areas connected.

**TABLE 18: TRANSPORTATION ASSET SUMMARY**

DESCRIPTION	REPLACEMENT VALUE	DATA RELIABILITY
1,751km of roads including 967km of sealed roads and 784km of unsealed roads	\$522 million	Good
494 bridges including footbridges	\$152 million	Poor to Good
285km of footpaths, 276km walkways and 9km cycleways	\$35 million	Good
138km of Tasman's Great Taste Trail	\$7.2 million	Poor
22 off street carpark areas	\$4.4 million	Poor
10,157 culverts with a total length of 99km	\$72 million	Good
2,428 sumps and catchpits	\$4.9 million	Good
2,198 streetlights	\$8.5 million	Poor
Other assets including signs, retaining walls and traffic facilities	\$17.5 million	Poor to Good

Note: Replacement Valuation as at 1 April 2017.



## RESPONDING TO OUR INFRASTRUCTURE PRIORITIES

Further to the overarching infrastructure key issues identified earlier in this Strategy, Council has also identified key issues specific to the transportation activity that are summarised below. Each of these issues relate back to Council's infrastructure priorities. For each issue, the significant decisions Council is planning to make are outlined, along with the principal options for addressing the issue, estimated costs, and timing.

### SUPPLYING OUR GROWING COMMUNITIES

Council expects that over the next 10 years Tasman's population will grow by approximately 4,400 residents. All of these people will need to access to different forms of transport in order to travel for work, education, recreation and essential services. This will place increasing demand on Council's transportation network.

**Table 19** summarises the options that Council has considered in order to provide for growth.

### CHANGING POPULATION

Tasman's population is ageing well ahead of the national average. Over the next 30 years, the percentage of residents aged over 65 is projected to increase from 18% to 37%. Council needs to consider and plan for a larger portion of the population that is likely to be on a fixed income and may experience personal mobility challenges. This is likely to cause an increased demand for high quality pedestrian facilities and alternative modes of transport and less demand for self-drive vehicles.

Council is currently preparing a network operating framework (NOF) for Richmond with the NZ Transport Agency and Nelson City Council. The NOF considers the current and future state of the transportation network and how it should operate to meet the changing needs of the community. Through this process, Council has identified areas of the network that need to be improved or optimised in order to be fit for purpose for the changing community. The NOF considers all forms of transport and how each mode interacts with the other. Types of actions identified by the NOF process include; establishing walking and cycling corridors, road widening, intersection improvements, and creating hubs where different transport modes can interact.

**Table 20 (on pages 186 to 188)** summarises the options that Council has considered in order to provide for a changing population.

### COMMERCIAL GROWTH

Bigger trucks, more tourists and a thriving economy rely heavily on the road network. The growth in primary industries across the District is causing increased freight traffic which increases wear and tear to Council's roads and creates more conflicts with other road users.

**Table 21 (on page 189)** summarises the options that Council has considered in order to enable commercial growth.



**TABLE 19. PRINCIPAL OPTIONS TO  
ENABLE COMMUNITY GROWTH**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Upgrade road carriageways and intersections to meet increasing road user needs	The network will be fit for current and future users. The timing of upgrades will be such that Council makes the most of existing infrastructure and it is not prematurely replaced. This will come at a cost that will mainly be funded by development contributions.	✓	\$25.7 million	2019 – 2034
Undertake the upgrades over a shorter period of time within the next 10 years	Existing users will experience a higher level of service as the road carriageways will be upgraded ahead of the expected traffic growth. Compressing the timeframe will put substantial pressure on both Council's financial and delivery resources.	✗	\$25.7 million	2018 – 2028
Do not undertake upgrades	The level of service will slowly decline for all road users. It is likely that traffic delays will increase. Intersections will be insufficient for future traffic volumes and the crash risk in these locations is likely to increase.	✗	Nil	Not planned

Transportation networks are able to absorb traffic growth without immediately requiring upgrades to maintain levels of service. There will be a point in which traffic delays become unacceptable or crash risks are deemed to be too high. Council has timed the upgrades so that it makes the best use of existing assets at the same time as managing levels of service within an adequate range. Undertaking this work will help Council meet the requirements of the National Policy Statement – Urban Development Capacity.



TABLE 20. PRINCIPAL OPTIONS TO PROVIDE FOR A CHANGING POPULATION

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Public Transport</b>				
Extend the existing Nelson-Richmond route to provide better coverage of Richmond	Bus users within Richmond will have better access to services. Council will be able to determine if the extended services are viable before making a long term commitment.	✓	\$8.2 million	2018 – 2048
Extend public transport services to other settlements such as Brightwater, Wakefield and Motueka	Residents in Brightwater, Wakefield and Motueka will have more transport options.	✗	Approx \$450,000 / yr	Not planned
Maintain the status quo	The service will remain in place. New users may be discouraged from using the service as the route coverage is inadequate for them.	✗	\$3.6 million	Not planned

During 2017, Council undertook a feasibility study to determine what additional bus services may be viable and worth trialling. The study determined that there is likely to be sufficient demand to make an extension to the existing Richmond route viable. The study found that any extension beyond Richmond would require very high bus fares making the service unviable and Council resolved it would not plan for a trial service.



TABLE 20. PRINCIPAL OPTIONS TO PROVIDE FOR A CHANGING POPULATION (CONT.)

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Pedestrian Facilities</b>				
Construct new footpaths	Council will continue to improve the footpath network by closing gaps, widening footpaths, and building footpaths in new areas. Residents will have improved walking access.	✓	\$8.8 million	2019 – 2048
Renew existing footpaths	Council will maintain the existing network in adequate condition. As footpaths become rough and in poor condition they will be replaced.	✓	\$6.3 million	2018 – 2048
Do not construct new footpaths	Walking access will not improve. Narrow footpaths and gaps in the network will remain.	✗	Nil	Not planned

Council has set two level of service performance targets for footpaths. These state that Council will construct at least 500 metres of new footpath a year, and that it will maintain 95% of the footpath network in average condition or better. The preferred options and cost estimates are based on enabling Council to achieve these targets.



TABLE 20. PRINCIPAL OPTIONS TO PROVIDE FOR A CHANGING POPULATION (CONT.)

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Network Operating Improvements</b>				
Undertake network optimisation improvements <ul style="list-style-type: none"> <li>• Salisbury Road</li> <li>• Wensley Road</li> <li>• Oxford Street</li> <li>• William Street</li> </ul>	Council will progressively provide a transportation network that is integrated, safe and fit for purpose for all users.	✓	\$14.3 million	2019 – 2032
Do not undertake network improvements	It is likely that conflict and tension between different types of users will increase. The risk of injury accidents is likely to increase where there is both increasing traffic volumes as well as pedestrians and cyclists.	✗	Nil	Not planned

Council has planned to be responsive to the changing transport needs of the community. By doing this it is enabling the community to be safe, inclusive and meet the needs of current and future users. Undertaking the network improvements is fundamental to Council delivering on its Community Outcomes.





**COMMERCIAL GROWTH**

**TABLE 21. PRINCIPAL OPTIONS TO ENABLE COMMERCIAL GROWTH**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Increase investment in road pavement renewal	The road network should remain in a similar condition to as it is now. Future users are likely to experience the same level of service as current users.	✓	\$35.5 million	2018 – 2048
Maintain existing investment levels	The condition of the road network is likely to deteriorate in the long term. Future users are likely to be impacted and maintenance costs are likely to increase.	✗	Approx \$27 million	2018 – 2048

Council has planned to renew its road pavements in an optimised way that takes into account the increased wear and tear from more and heavier vehicles. By doing this, Council will ensure that current and future users experience similar levels of service.



## INDICATIVE EXPENDITURE ESTIMATES

The following graphs summarise the total cost of the transportation activity. The true cost to Council will be less than this as Council receives 51% subsidy from the NZ Transport Agency for its subsidised transport programme. The subsidy applies to most operating and maintenance activities and some capital improvements. The subsidy generally does not apply to town centre upgrades.

### OPERATING

Operational costs for the transportation activity are forecast to increase by around 1.7% per year for the first 10 years, and 3.5% per year over 30 years. Direct costs generally increase in line with inflation for the duration of the 30 years. Indirect costs increase with inflation over 30 years, as well as increasing loan interest costs beyond Year 20. (See Figures 33 and 34 on page 192.)

### CAPITAL

Council plans to spend around \$108 million on capital improvements over the next 10 years. Of this 7% is attributable to growth, 26% for level of service improvements, and 67% for asset renewal. Council's clear priority for the transportation activity is maintaining the condition of the network.

**Figure 35 (on page 192)** shows that Council's capital investment is primarily for renewal and that this investment is steady for the next 30 years.

In Year 7 to Year 10, there is a notable increase in growth expenditure. This is due to the need to upgrade parts of the Richmond ring route, roads and intersection in Richmond West, and Bird Lane in Brightwater. Between Year 11 and Year 15 Council has planned to upgrade Lower Queen Street which accounts for a large portion of growth expenditure required over that timeframe. The small amount of growth funding shown outside of these timeframes largely relates to the growth proportion of the new footpath and kerb and channel works that Council has planned to do each year. (See **Figure 35 on page 192** and **Figure 36 on page 193.**)

## ASSET RENEWAL PROFILE

Council has planned a steady base of renewals for the next 30 years. This base is created by the high proportion of transportation assets that have a relatively short useful life, between 10 and 20 years. Bridges are an exception to this as their useful life is typically 100 years and most of Council's bridge assets are not due for renewal within the next 30 years.

There is a significant divergence between renewal investment and depreciation from Year 1, increasing through to Year 30. This divergence is partly due to the age profile of Council's current bridge assets.

As shown in **Figure 6 (on page 103)**, most of Council's bridges are due for renewal beyond Year 30. Council has undertaken a simple exercise to compare indicative renewal requirements for 100 years with depreciation over the same time. This exercise showed that the gap between renewal and depreciation is closed as the bulk of the assets reach the end of their useful life. As well as this, Council uses deterioration modelling to determine optimised renewal investment levels which take into account asset condition and usage which have not been factored into depreciation estimates. Another factor driving this divergence is that the new assets that Council has planned to build over the next 30 years have been incorporated into the depreciation forecasts but not the renewal forecasts. (See **Figure 37 on page 193.**)

## ASSUMPTIONS AND UNCERTAINTIES

In addition to the key assumptions identified earlier in this Strategy, Council has identified the following uncertainties and key assumptions that are specific to the transportation activity.

- Council cannot predict when and where flood events will occur, or the damage that may be sustained during such a flood. During large events there is a risk that roads can be washed out or blocked by slips and debris. Council has assigned annual budgets to cover clean-up and repair costs which should be sufficient for most events. Council has an emergency fund to cover the costs associated with more significant damage. Council has assumed that if this occurs, that it will have enough funds available to undertake repairs whether it is through accessing budgeted funds or reprioritisation of other maintenance activities.



- The Richmond Network Operating Framework is yet to be completed. The scope and cost estimates of the network improvement projects included in the capital programme have been developed based on the work undertaken to date. Council assumes that once the Framework is complete, that the scope and cost of the individual projects will not materially change and that the planned budgets will be sufficient.
- The draft Government Policy Statement on Land Transport (GPS) was released on April 2018 and sets out the Ministry of Transport's priority issues for the next three years. The Infrastructure Strategy has been developed based on the draft GPS.
- Until now, self-drive vehicles have been the predominant form of transport throughout the District. In recent years, significant investment has been made in new technologies that have potential to change how vehicles operate and the demands that they may place on the road network. In the future, it is likely that driverless automated vehicles become commonplace. Council assumes that these changes in technology will not significantly impact the way the transportation network functions.





FIGURE 33. ANNUAL OPERATING EXPENDITURE FOR YEAR 1-10 FOR TRANSPORTATION

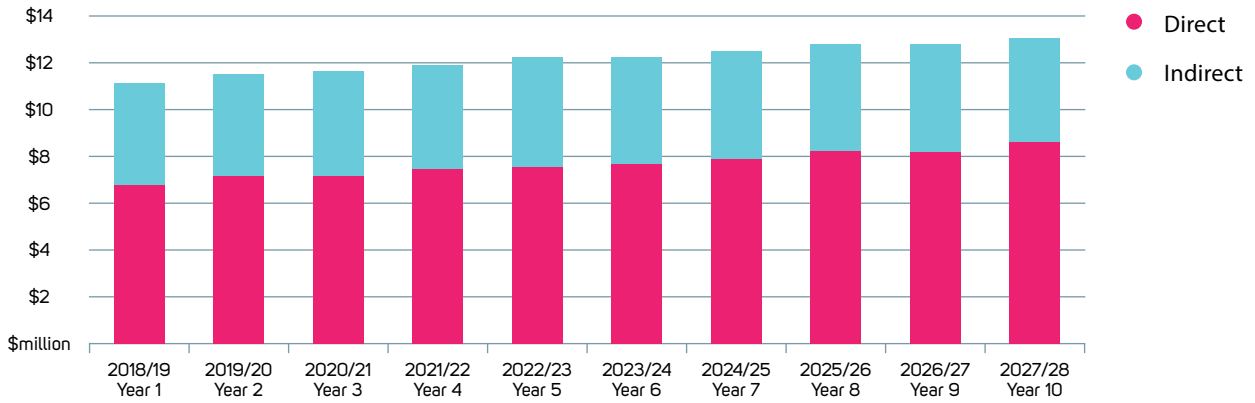


FIGURE 34. 5 YEARLY OPERATING EXPENDITURE FOR YEAR 1-30 FOR TRANSPORTATION

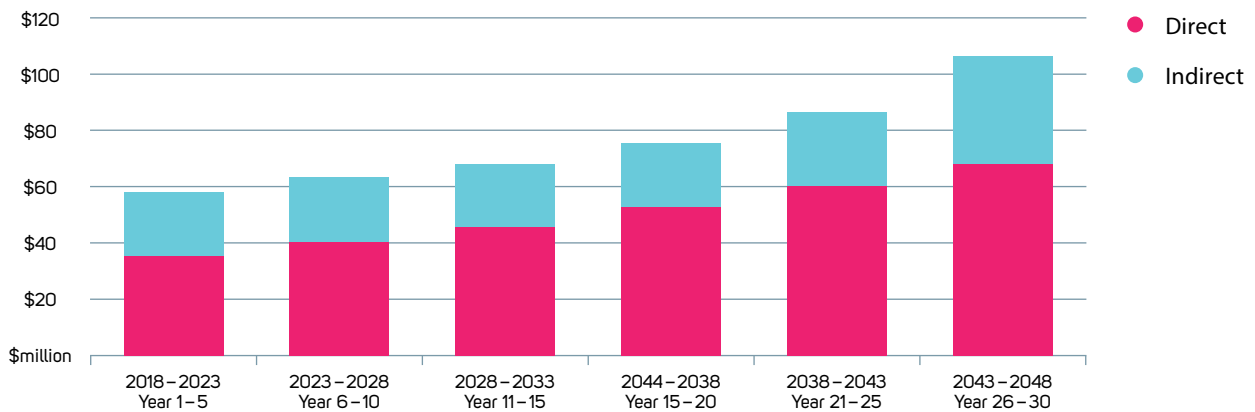


FIGURE 35. ANNUAL CAPITAL EXPENDITURE FOR YEAR 1-10 FOR TRANSPORTATION

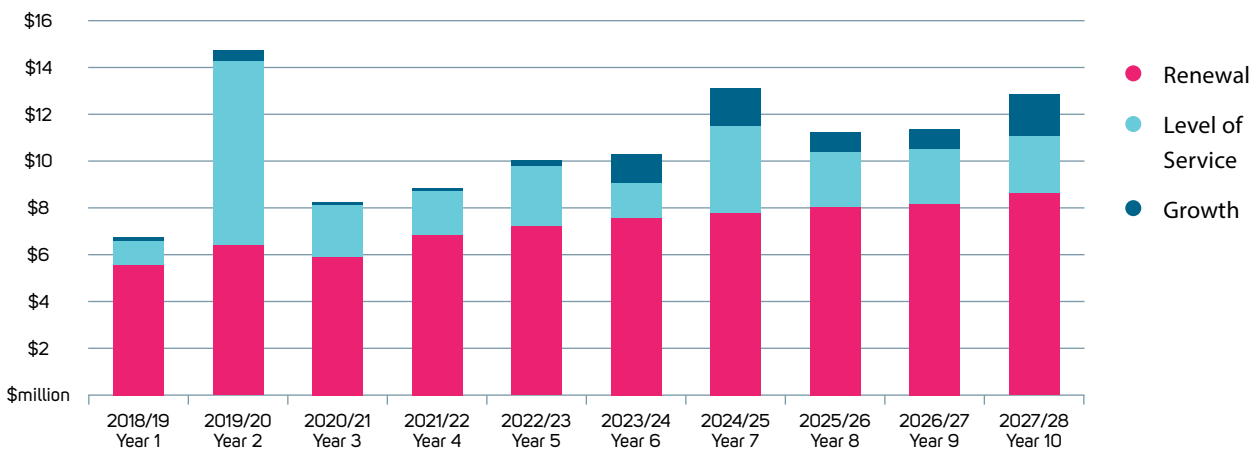






FIGURE 36. 5 YEARLY CAPITAL EXPENDITURE FOR YEAR 1-30 FOR TRANSPORTATION

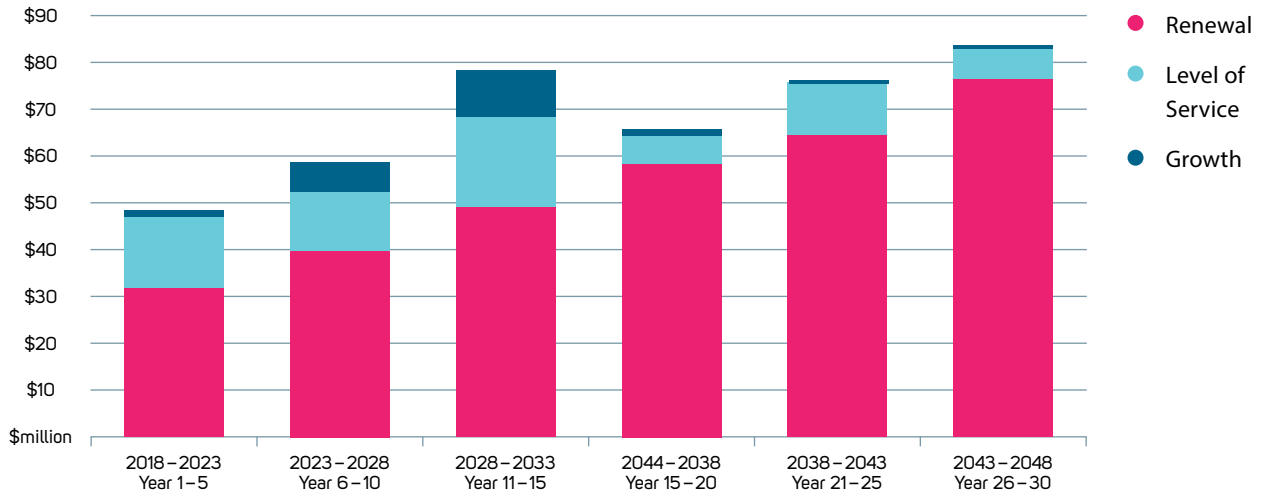
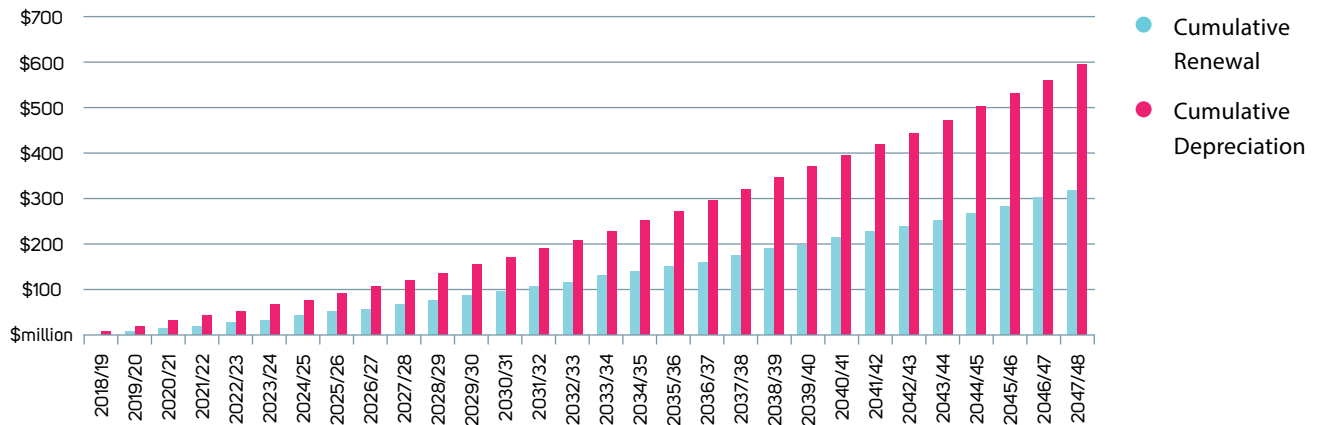


FIGURE 37. CAPITAL EXPENDITURE AND DEPRECIATION FOR TRANSPORTATION



# RIVERS AND FLOOD CONTROL



Council maintains 285km of rivers in order to carry out its statutory role to promote soil conservation and mitigate damage caused by floods and riverbank erosion. By implementing and maintaining quality river control and flood protection schemes, Council improves protection of public spaces and assets as well as private property. Over the next 10 years Council plans to spend 5% of its total infrastructure budget on the rivers and flood control activity.

## ASSET OVERVIEW

The assets that make up Council's rivers and flood control infrastructure are summarised in **Table 22** below.

## LEVELS OF SERVICE

Council aims to provide the following levels of service for the rivers and flood control activity.

- "Our communities are protected from natural hazard events."
- "Our river environments are attractive and enjoyed by our communities."

Council does not plan to increase levels of service for this activity for the duration of this Strategy. Council plans to continue to invest in native riparian planting in order to increase the amount of native plants within the river systems.

**TABLE 22. RIVERS AND FLOOD CONTROL ASSET SUMMARY**

ACTIVITY SCHEMES	ASSET DESCRIPTION	REPLACEMENT VALUE	DATA RELIABILITY
Waimea catchment	63km of maintained river system including rock protection and 19.5km of stopbanks	\$52.5 million	Good
Upper Motueka catchment	63km of maintained river system including rock protection	\$52.5 million	Good
Lower Motueka catchment	67km of maintained river system including rock protection and 39.45km of stopbanks	\$52.5 million	Good
Aorere catchment	18km of maintained river system including rock protection	\$52.5 million	Good
Takaka catchment	39km of maintained river system including rock protection	\$52.5 million	Good
District wide	Tidal outfalls or gates, gabion baskets, plantings	\$10.5 million	Good

Note: Replacement Valuation as at 1 April 2017.





## RESPONDING TO OUR INFRASTRUCTURE PRIORITIES

Further to the overarching infrastructure key issues identified earlier in this Strategy, Council has also identified key issues specific to the rivers and flood control activity that are summarised below. Each of these issues relate back to Council's infrastructure priorities. For each issue, the significant decisions Council is planning to make are outlined, along with the principal options for addressing the issue, estimated costs, and timing.

### FLOODING OF PRIVATE PROPERTY

Communities that live near rivers are exposed to flood risk. Our communities most at risk include Motueka, Riwaka, and Takaka. This risk is not new, but with changing weather patterns the risk is changing. More intensive and frequent rainfall is likely to bring with it increased river flooding. To varying levels, Council aims to help protect these communities through its River and Flood Control activity through the provision of erosion protection and stopbanks. However, there is only so much that Council can do from a practical perspective, it is impossible to remove the risk entirely and therefore individual property owners also need to be aware of and take measures to reduce the impact of any flood risk they may face.

**Table 23 (on pages 196 and 197)** summarises the options that Council has considered in order to improve the mitigation of river flood risks.

### EROSION OF PRIVATE PROPERTY

Tasman has experienced several major storm events since 2010 which have resulted in erosion of private properties adjoining rivers. A large portion of these rivers are 'unclassified' or not maintained by Council. Whilst Council doesn't maintain the river system in these locations, it has made provision to assist land owners to undertake repairs and protection where they are willing to share in the cost of doing so. Council's policy is to contribute up to 50% towards the cost of the works from its Rivers Z fund. In recent years this fund has been oversubscribed.

**Table 24 (on page 198)** summarises the options that Council has considered in order to address erosion of private property.

### GRAVEL AGGREGATION

The movement of gravel within a river system is part of the natural river process. Most of the time it is of no consequence, but sometimes gravel build-up can cause issues by reducing the capacity of river channels or concentrating flows to cause increased erosion. It is important that Council allows some natural movement of gravel within the river system to protect the natural environment, but this needs to be balanced against appropriate flood mitigation measures and impacts on local aquifers. **Table 25 (on page 199)** summarises the options that Council has considered in order to improve the mitigation of river flood risks.



TABLE 23. PRINCIPAL OPTIONS TO ADDRESS FLOODING OF PRIVATE PROPERTY

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Motueka River</b>				
Do not undertake improvements	The risk of the stopbanks overtopping or collapsing during significant flood events will remain the same.	✓	N/A	Status quo
Increase capacity and strength of the existing stopbanks	The risk of the stopbanks overtopping or collapsing during significant flood events will be reduced. The community will be protected to a higher level.	✗	\$15 – \$20 million	Not planned
Implement other flood mitigation measures e.g. spillways, secondary stopbanks	The existing stopbanks will remain in place and the likelihood of the stopbanks overtopping or collapsing will remain. The consequence of the breach could be mitigated to provide a higher level of protection to the community.	✗	\$3 – \$20 million	Not planned

Prior to adopting the LTP 2015 – 2025, Council investigated and consulted with the community on the improvement of flood protection for Motueka. At the time, Council decided to accept the flood risk rather than invest in a higher level of protection. This decision stands. Council has planned to revisit this work as part of a wider natural hazards planning process for Motueka during 2018 – 2020. This acknowledges that risks change and the community may feel differently now after observing the impact of recent flood events in other parts of New Zealand.



TABLE 23. PRINCIPAL OPTIONS TO ADDRESS FLOODING OF PRIVATE PROPERTY (CONT.)

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Riwaka River</b>				
Assist affected properties to improve individual flood resilience	The consequence of stopbank breaches will be reduced for those residents who have been most affected by historic breaches.	✓	\$725,000	2020 – 2023
Increase height of stopbanks to provide increased flood capacity	Neighboring residents will be provided with a higher level of protection. The cost of this option is relatively high given that the improvements will only impact a small number of houses.  Land acquisition is required to increase the footprint of the stopbanks which may result in loss of income for affected land owners.	✗	\$3.5 – \$4.5 million	Not planned
Maintain the status quo	The risk of the stopbanks overtopping during significant flood events will remain.	✗	Nil	Not planned

The cost of wide scale stopbank improvements far outweigh the benefits of undertaking the work. Council will work with individuals who are most affected by stopbank breaches to improve their resilience. The scope of the mitigation work is dependent on the outcomes of the mitigation plans and may change accordingly.

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
<b>Takaka River</b>				
Construct new stopbanks	Residents will experience a higher level of flood protection.	✓	\$3.1 million	2026 – 2029
Do not construct new stopbanks	The risk of river flooding to the township will remain the same.	✗	Nil	Not planned

The existing bank was installed privately and in a way that does not meet adequate construction standards. The existing bank provides some protection to some residents in Takaka, at the same time as increasing the risk to others. Construction of new stopbanks should reduce flood risks for the majority of residents.



**EROSION  
OF PRIVATE  
PROPERTY**

**TABLE 24. PRINCIPAL OPTIONS TO  
EROSION OF PRIVATE PROPERTY**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Reallocate existing budgets to increase Rivers Z funding	Enable Council to support a greater number of individuals with a neutral impact on overall river rates.	✓	\$400,000 / year	On-going from 2018/19
Extend the length of the maintained river system	Provide a higher level of service to some customers, but will require a significantly greater rates take.	✗	Unknown	Not planned
Maintain the status quo	Rivers Z likely to remain oversubscribed meaning some individuals will miss out. No impact on rates.	✗	N/A	Not planned

Council has identified that savings can be made in some aspects of rivers maintenance which will enable Council to allocate more funding to the Rivers Z fund. By doing this, Council is able to assist more people without requiring additional income.


**GRAVEL  
AGGREGATION**
**TABLE 25. PRINCIPAL OPTIONS TO  
ADDRESS GRAVEL AGGREGATION**

PRINCIPAL OPTIONS	IMPLICATIONS	PREFERRED OPTION	COST ESTIMATE	TIMING
Survey, manage and extract gravel within an appropriate envelope so that extraction is only undertaken in suitable locations	Requires additional funding to cover on-going survey and management costs. Potentially increase gravel extraction volumes by private parties which should also increase income for Council.	✓	\$200,000 every 5 years	2018/19
Uncontrolled extraction of gravel	This option prioritises the built environment and commercial gain over protecting the environment. Potentially increase gravel extraction volumes which should also increase income.	✗	N/A	Not planned
Maintain the status quo	Continue to extract gravel but in a conservative manner.	✗	N/A	Not planned

Until recently Council has been extracting gravel based on survey or visual inspection. Without extensive survey data it was unclear how the whole river system was responding to this extraction and whether there was scope for increased removal. By improving river bed surveying it enables Council to maximise gravel extraction without compromising the natural environment.



## INDICATIVE EXPENDITURE ESTIMATES

### OPERATING

Operational costs for the rivers and flood control activity are forecast to increase by around 2.1% per year for the first 10 years, and 3.7% per year over 30 years. Generally, operating expenditure is fairly static with the exception of gravel surveys. Long term increases are primarily due to inflation. **(See Figures 38 and 39.)**

### CAPITAL

Council has planned to spend around \$11 million on capital improvements over the next 10 years, and \$40 million over the next 30 years – all of which is attributed to level of service improvements. In Year 10, there is a notable increase in expenditure associated with the construction of the new Takaka stopbanks. **(See Figure 40 on page 201 and Figure 41 on page 202.)**

### ASSET RENEWAL PROFILE

Most of Council's rivers and flood control assets are not depreciated. Council only depreciates tide gates/ outfalls, gabion baskets and railway iron structures. The expected useful life of these assets ranges from 30 to 60 years. Council has not planned to undertake renewal of any of these assets within the next 30 years. This is the cause of the divergence between renewal investment and depreciation. **(See Figure 42 on page 202.)**

## ASSUMPTIONS AND UNCERTAINTIES

In addition to the key assumptions identified earlier in this Strategy, Council has identified the following uncertainties and key assumptions that are specific to the rivers and flood control activity.

- Access to Rivers Z funding is largely by 50/50 share between private land owners and Council. If there is a drop in demand from landowners needing assistance, or there is an unwillingness to pay, this fund may be underspent.
- Council cannot predict when and where large flood events will occur, or the damage that may be sustained during such a flood. During a large event there is a risk that rock protection works can shift, new erosion can occur, or stopbanks could be damaged. Council has assumed that if this occurs, that it will have enough funds available to undertake repairs whether it is through reprioritisation of maintenance activities or accessing emergency funding provisions.
- Like with large floods, Council also cannot reliably predict when moderate floods may occur or their impact. Council has used historic trends to determine maintenance funding levels for the future and has assumed that these levels will be sufficient. If more floods occur than assumed, it is likely that Council will be required to spend more than anticipated. If floods are less or more minor than assumed, it is likely that Council will be required to spend less than anticipated.





FIGURE 38. ANNUAL OPERATING EXPENDITURE FOR YEAR 1-10 FOR RIVERS AND FLOOD CONTROL

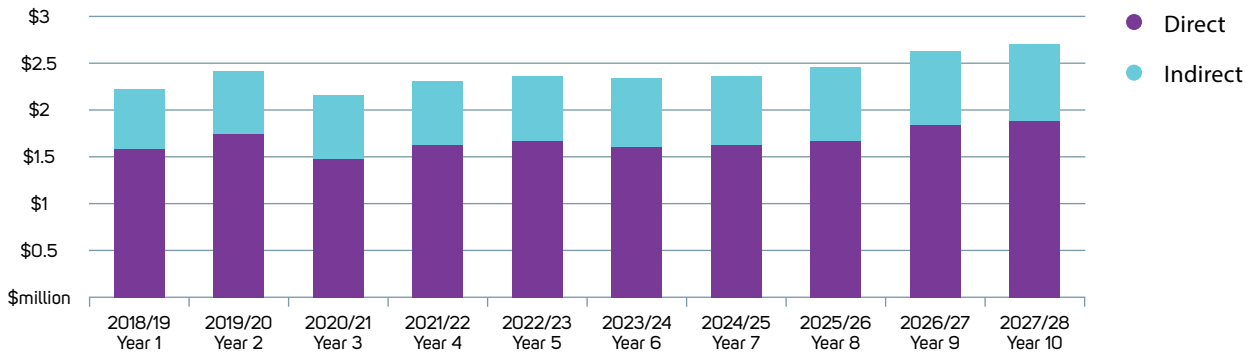


FIGURE 39. 5 YEARLY OPERATING EXPENDITURE FOR YEAR 1-30 FOR RIVERS AND FLOOD CONTROL

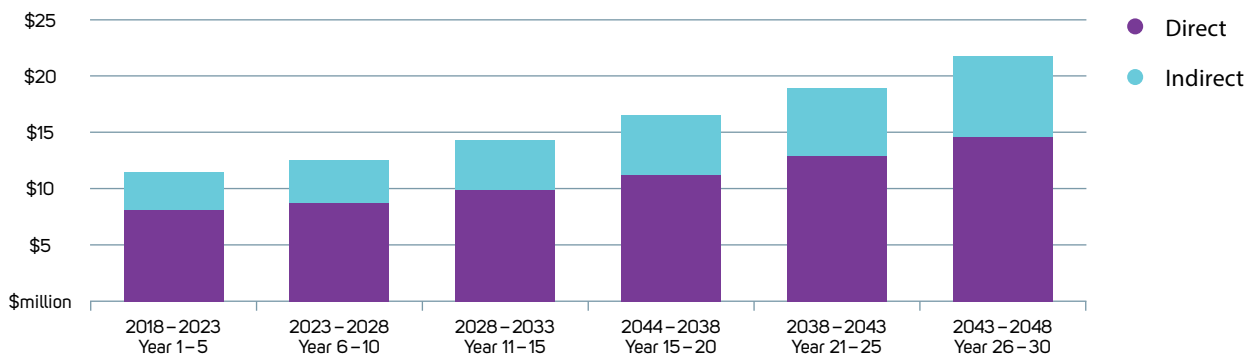


FIGURE 40. ANNUAL CAPITAL EXPENDITURE FOR YEAR 1-10 FOR RIVERS AND FLOOD CONTROL

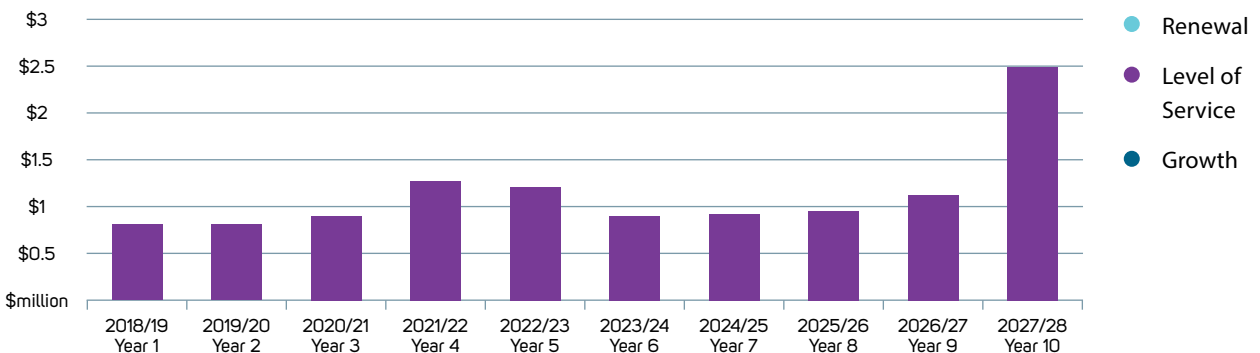




FIGURE 41. 5 YEARLY CAPITAL EXPENDITURE FOR YEAR 1– 30 FOR RIVERS AND FLOOD CONTROL

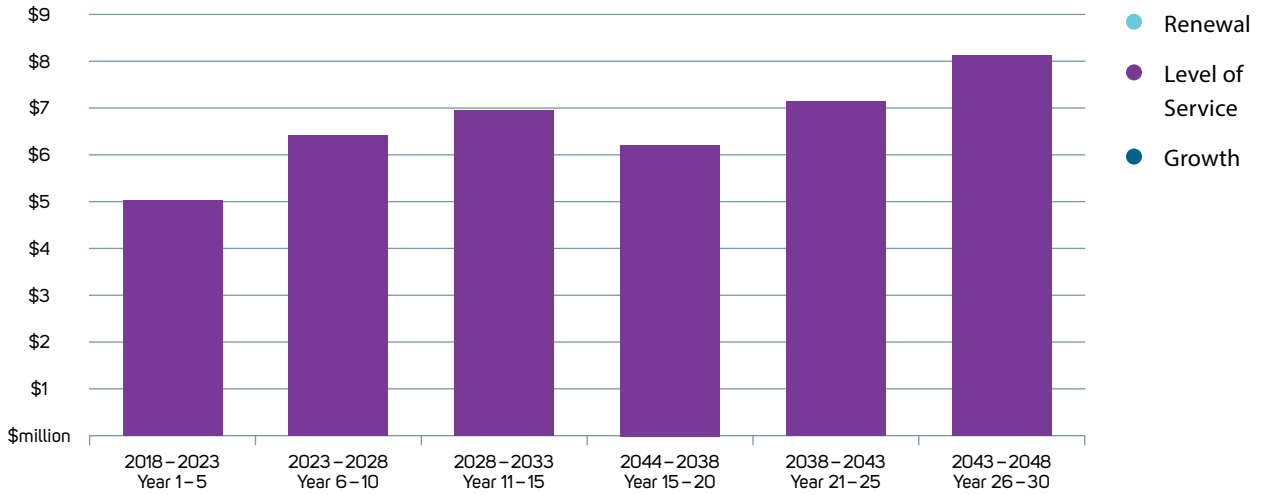
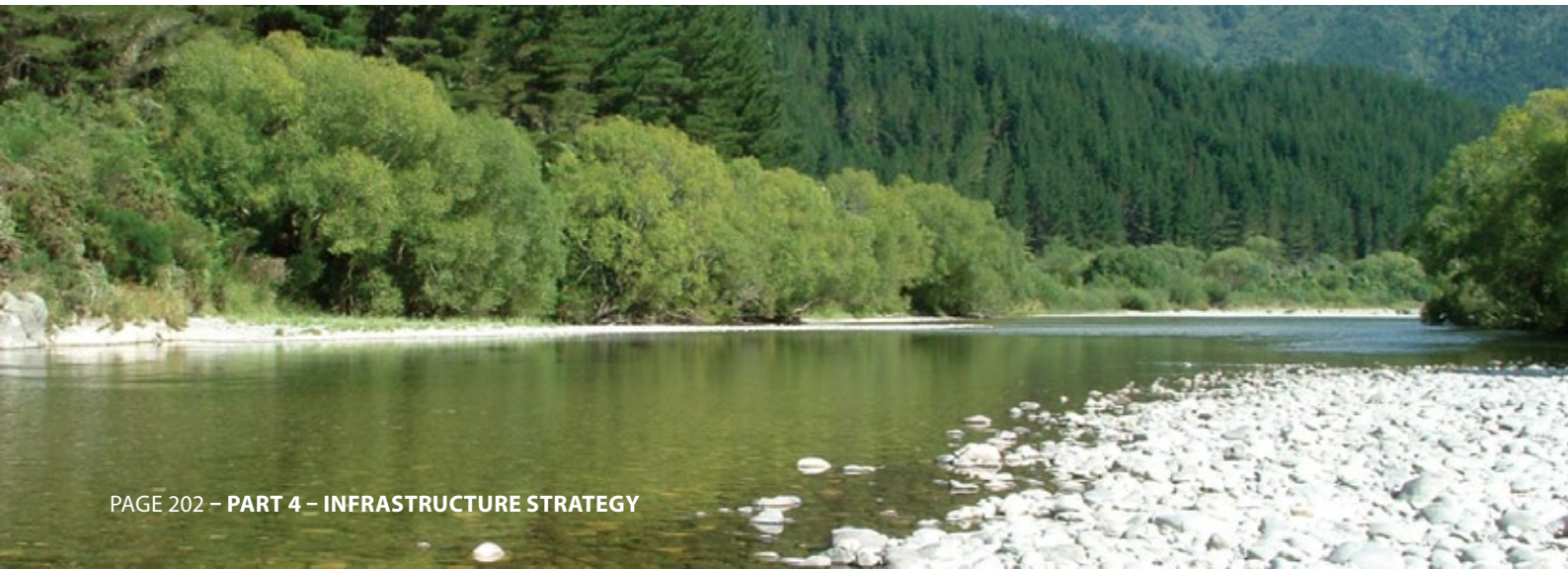
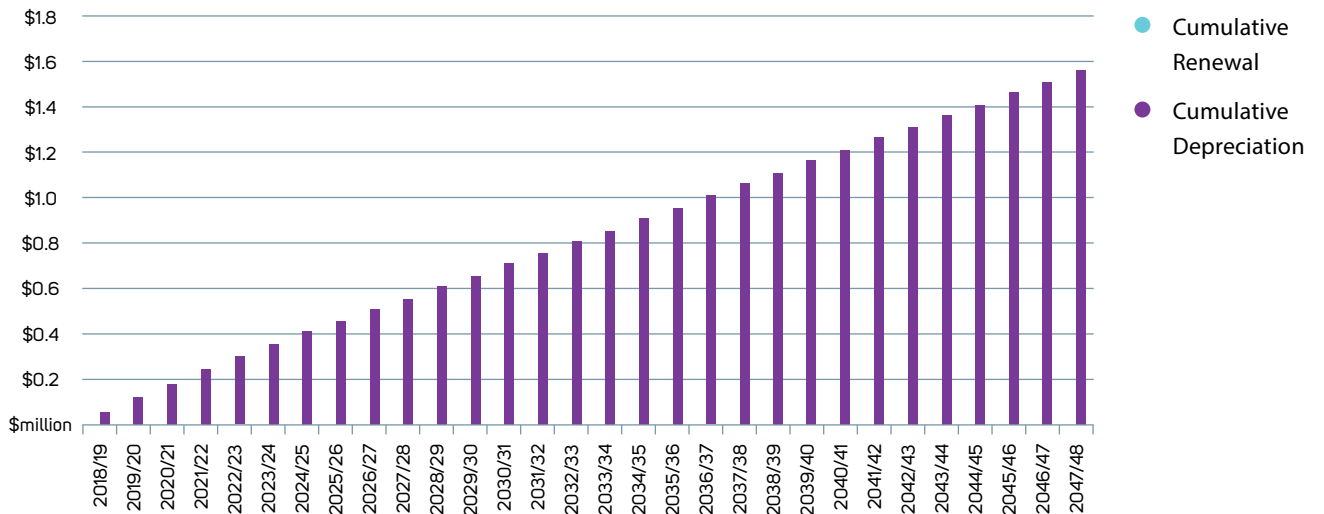


FIGURE 42. CAPITAL EXPENDITURE AND DEPRECIATION FOR RIVERS AND FLOOD CONTROL



# PART 5

## POLICIES AND STATEMENTS





# REVENUE AND FINANCING POLICY

## POLICY REFERENCES

### Effective date

1 July 2018

### Review due

30 June 2021

### Legal compliance

Local Government Act 2002 Section 102(2)(a) and 103

## 1 INTRODUCTION

### 1.1 PURPOSE

The Revenue and Financing Policy is adopted to provide predictability and certainty about sources and levels of funding. It explains Council's policies in respect of the funding of operating and capital expenditure from the various funding sources available to it. It also explains how Council has undertaken analysis of its funding needs.

### 1.2 STRUCTURE OF THE POLICY

This Policy is structured as follows:

- Council's broad principles, including processes for review of overall allocation of liability.
- Council's policy on funding operating expenses.
- Council's policy on funding capital expenses.

### 1.3 RELATED POLICIES

A number of Council policies have relationships with the Revenue and Financing Policy:

- Financial Strategy – this Strategy sets out how Council plans to finance its overall operations in order to meet its Community Outcomes.

- Liability Management Policy<sup>1</sup> – this Policy outlines Council's policies in respect of the management of both borrowing and other liabilities.
- Investment Policy<sup>1</sup> – this Policy outlines Council's policies in respect of investments.

Development and Financial Contributions Policy – the purpose of this policy is to ensure that a fair, equitable and proportionate share of the cost of infrastructure to meet growth, is funded by those who cause the need for and benefit from the new or additional infrastructure, or infrastructure of increased capacity. Council is required to have a policy on development contributions or financial contributions. Council's Tasman resource Management Plan (TRMP) contains provision for Financial Contributions for reserve purposes (the legal power for which expires 18 October 2023.)

Rates Remission Policy and Policy on Remission and Postponement of Rates on Māori Freehold Land – these policies detail those circumstances under which Council will give consideration to the remission or postponement of rates on properties.

Infrastructure Strategy – This Policy identifies key issues relevant to the provision of infrastructure, the key options for addressing those issues, and the subsequent financial implications for the next 30 years.

### 1.4 COMMUNITY OUTCOMES

Council's Community Outcomes are:

- Our unique natural environment is healthy, protected and sustainably managed (also referred to as "Natural environment").
- Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed (also referred to as "Human environment").
- Our infrastructure is efficient, cost effective and meets current and future needs (also referred to as "Infrastructure").
- Our communities are healthy, safe, inclusive and resilient (Also referred to as "Community").

<sup>1</sup> Both policies are contained within a single document titled "Tasman District Council Treasury Risk Management Policy – Including Liability Management and Investment Policies."

## REVENUE AND FINANCING POLICY (CONT.)

- Our communities have opportunities to celebrate and explore their heritage, identity and creativity (Also referred to as “Culture”).
- Our communities have access to a range of social, cultural, educational and recreational facilities and activities (also referred to as “Recreation”).
- Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement (also referred to as “Governance”).
- Our region is supported by an innovative and sustainable economy (also referred to as “Economic”).

## 2 PRINCIPLES OF POLICY

A number of funding sources are available to Council to fund its activities. This Policy outlines Council’s approach to funding its activities. It provides information on what funding tools are used and who pays, as well as describing the process used to make these decisions.

This Policy should be read in conjunction with the Funding Impact Statement contained in the Long Term Plan (LTP) or Annual Plan. The Funding Impact Statement is the mechanism used to implement the Revenue and Financing Policy and provides detail on how rates are set including details of the targeted rates, and details of any differentials applied.

As required by Section 101(3) of the Local Government Act 2002, Council uses a two-step process to determine how its funding needs will be met from the various funding sources. The first step is that Council determines the appropriate level of funding in relation to each activity considering;

- i. the community outcomes to which the activity primarily contributes; and
- ii. the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals (Referred to as “Who Benefits”); and
- iii. the period in or over which those benefits are expected to occur (Referred to as “Period of Benefit”); and
- iv. the extent to which the actions or inactions of particular individuals or a group contributes to the need to undertake the activity (Referred to as “Whose act creates the need”); and

- v. the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities (Referred to as “Rationale for separate funding”).

Council then considers the overall impact of any allocation of liability for revenue needs on the community. Council considers the impact of rates and rates increases on various types of properties, including residential and lifestyle properties, properties in the rural sector, and business properties with varying ranges of rateable values and services. The level of the Uniform Annual General Charge is one of the “tools” Council uses to moderate rates movements for rating units. Council also considers impact of other charges (e.g. Development Contributions).

In applying section 101(3), Council has determined the following basic principles to guide the appropriate use of funding sources:

**Non rates funding:** Subsidies, grants and other income options are fully explored prior to rates funding being used.

For example: Transportation. Council is eligible for central government subsidies and grants from organisations such as New Zealand Transport Agency. Therefore, a proportion of the costs are recouped from this source.

**Fees and charges:** An activity should be funded by users or exacerbators if an individual or group of individuals directly receives the benefits of the activity or causes the action, and the costs of the activity can easily be attributed and charged to that individual or group of individuals.

For example: Community Housing. Only individuals that live in the housing benefit directly, and they can be held accountable for the costs. Therefore, user charges are used.

Where it is appropriate for users or exacerbators to fund an activity because they receive the benefit, but Council cannot easily attribute or charge the costs individually and the costs are significant enough to warrant separate charging, it may set **targeted rates**. Other than for volumetric water, there are limited legal mechanisms for charging for true “user pays” through rates. Proxies are often used.

## REVENUE AND FINANCING POLICY (CONT.)

For example: Council uses a fixed targeted rate for kerbside recycling for those properties in a certain area, which is set as a proxy for the service delivery area.

An activity should be collectively funded using **general rates** if the benefits of the activity are largely received by the broader community and the costs of the activity cannot easily be attributed to an individual or group of individuals, or where it is uneconomic to collect via user charges or targeted rates.

For example: Civil Defence. Everyone benefits. No individual can be responsible for the costs. Therefore, it is entirely general rate funded.

In some cases Council will set **districtwide targeted rates** that are set at a fixed amount per rating unit. This mechanism is used when Council determines that the benefit of the activity is a public benefit but the benefits are similar whether the property is developed or undeveloped.

For example: Community facility funding: everyone in the district benefits, and therefore a districtwide targeted rate is set. This is more appropriate than a capital value rate because the degree of benefit from these facilities is the same, regardless of property value.

The whole district should contribute funds to a range of key infrastructure assets irrespective of their location and the population they serve, although targeted rate differentials can still be set to reflect differing levels of benefit under this approach. Through a **“club” approach**, all members will share in the costs and benefits of paying for each other’s infrastructure and services which helps provide more certainty and affordability to rates and helps ensure consistent levels of service across the district. Once in a “club”, areas cannot opt out in the future. Before an area first joins a “club”, Council will review its assessment of who pays and why for the associated activity. In making this assessment, Council will consider factors including the future capital works program and its timing. Council may determine that the area should pay more, temporarily, to ensure an appropriate distribution of costs relative to benefits in the event of significant planned capital works in the area. The “club” approach is a general principle for utility infrastructure and the Urban Water Club is one such example. At the moment, the Motueka community has not opted to join the Urban Water Club.

For example: Wastewater Supply. Properties serviced by the wastewater network all benefit from the connection and therefore one rate is set for properties with connections, regardless of where in the District the connections exist. Differentials are used to charge non-residential customers who have more than one pan with pans being used as a proxy for use of the network.

**Intergenerational equity:** Each generation of ratepayers should pay for the services they receive. Therefore, for assets which have long term benefit, debt funding will typically be undertaken. Generally, where loans are used to fund capital expenditure, they will be limited to a term of 20 years, or the life of the asset, whichever is the shorter. In some cases, where capital expenditure will benefit residents for a long period into the future, it may be more equitable to have a longer term loan, to ensure those who benefit pay the costs.

For example: Capital funding for a new community facility. In practice this would be achieved by borrowing at least part of the cost of the asset and repaying the loan over the lifetime of the asset or a shorter timeframe as determined by Council.

Council’s **dividend income** from sources including the Nelson Port and Airport is allocated between activities based on the activities total operating cost and will be a source of “Local authorities fuel tax, fines, infringement fees, and other receipts” income.

Funds received by Council from **major Asset Sales** will be used to repay any debt associated with that asset, and any funds remaining will be used as determined by the Council. The original source of funds, restrictions and the use of related income will be recognised in the use of proceeds from asset sales. It is also noted that where there is a legal responsibility associated with any property that may be sold, that responsibility will be managed accordingly.

### FUNDING SOURCES

Rates are a property tax and the legislative provisions covering the levying and collection of rates are prescriptive. Because fixed charges per property result in a regressive tax outcome Central Government has restricted their use. Council must not receive more than 30% of its total rates income from the Uniform Annual General Charge (UAGC) and other targeted rates set on a uniform basis (excluding rates for water supply and sewage disposal).



## REVENUE AND FINANCING POLICY (CONT.)

Council has identified a number of rating sources under either general or targeted rates. These are detailed in Council's Funding Impact Statement. In summary, Council's rating sources are identified as follows:

### GENERAL RATE

This is a major source of Council's revenue and is used where there is a deemed general benefit for the activity across the entire District, or where it is not economic to fund or collect revenue separately. Council continues to review its funding policy giving consideration to perceived areas of direct or indirect benefit for each activity and any new projects proposed by Council.

Council sets a general rate based on the capital value of each rating unit in the District. This rate is set as a rate in the dollar of capital value. Capital value better reflects the level of benefit a property is likely to receive from services than land value.

Council does not use differentials for the general rate.

### UNIFORM ANNUAL GENERAL CHARGE (UAGC)

This rate is a method of collecting part of the general rate and is charged as a fixed amount per rating unit. It is deemed that properties receive equal benefit for some services they receive regardless of the rateable value of those properties and, therefore, it is appropriate to charge some of the general rate as a fixed amount through a UAGC. The UAGC can also be used to moderate the level of overall rates changes.

### TARGETED RATES

Targeted rates are also a major source of Council revenue. In addition to funding projects that benefit a group of ratepayers, targeted rates may be used to provide certainty of the Council recovering its costs, or where greater transparency in funding the cost of the activity is desirable. Council has identified targeted rates over the next 10 year period for:

- Stormwater
- Water supply
- Wastewater
- Regional river works
- Motueka and Richmond business rates
- Ruby Bay Stopbank (Ending 2021 – 2022)

- Mapua Stopbank
- District facilities
- Shared facilities
- Museums facilities
- Facilities operations
- Waimea Community Dam
- Golden Bay and Motueka community board rates
- Refuse/recycling
- Mapua rehabilitation (Ending year after land sale occurs)
- Torrent Bay replenishment
- Motueka flood control (Ending 2019 – 2020)
- Warm Tasman (Ending 2024 – 2025)

In some situations it is uneconomic to collect the costs of an activity via a targeted rate, in those cases the costs are usually covered by the general rate.

Other funding sources will be set out under the Operating and Capital sections of this Policy.

For planning purposes the following descriptions are used to express the portion of operating activities represented by a particular operating revenue line:

Low:	0 – 20%
Low – Medium:	15 – 45%
Medium:	40 – 60%
Medium – High:	55 – 85%
High:	80 – 100%

The specified funding source proportions are used in planning the activity from a planning basis and are indicative only. They are not intended as an exact realisable proportion, rather as a guideline. If budgets were marginally outside these ranges, it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change this Policy. It is also likely that actual funding sources will differ in proportion from the budgeted funding sources. The proportions are presented at the **activity summary level – not at the level of the individual components of an activity.**



## REVENUE AND FINANCING POLICY (CONT.)

### 3 FUNDING OF OPERATING EXPENSES

Council has made a determination as to the most appropriate way of funding the operating expenses for each activity.

The following section of this Policy sets out each Council activity area and discusses the matters required under Section 101(3) (a) regarding the appropriate source of funding for operating expenses for each activity. It looks at the contribution each activity makes to the community outcomes and how the activity benefits individuals, parts of the community or the whole community. The funding sources are presented as a target range. The actual contribution from each funding source may vary from year to year depending on the relative contributions required for the sub-activities, external grants and subsidies and/or the impact of one off events.

Council funds its activity operating expenditure which are recorded in each activity's funding impact statement from the following sources:

- General rates, uniform annual general charges, rates penalties (referred to as "general rates")
- Targeted rates
- Fees and charges
- Subsidies and grants for operating purposes (referred to as "subsidies and grants")
- Internal charges and overheads recovered
- Local authorities fuel tax, fines, infringement fees, and other receipts.

### ACTIVITIES

Council has established 12 Groups of Activities.

Because Council takes a consolidated corporate approach to rates and some activities are funded by rates that include both capital and operating components, some of the commentary in this section will apply to capital as well as operating expenditure.

## REVENUE AND FINANCING POLICY (CONT.)

### 3.1 ENVIRONMENTAL MANAGEMENT

This activity covers the provision of environmental policy advice, the development, review and implementation of resource management policies and plans, investigating significant environmental issues, maintaining an efficient resource information base to respond to environmental hazards, providing advice

on environmental conditions and issues, assessing and processing resource consent applications and related compliance monitoring and enforcement and processing development contribution assessments, undertaking biosecurity (pest management) responsibilities and control work in the District and maintaining indigenous biological diversity.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	<p>We develop and review policies, plans and design guides that promote the sustainable management of natural and physical resources and, where necessary, regulate activities that could over time degrade the environment or place resources under pressure.</p> <p>We engage with Iwi and the community via advocacy and interventions in local, catchment and regional scale initiatives to maintain and enhance the natural and productive landscape.</p> <p>We monitor activities that could have a negative effect on our environment and take action to prevent such effects through education and enforcement.</p>
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	<p>By managing animal and plant pests, working with landowners and the broader community to protect biodiversity, soil and water sustainability including the use of targeted spending to ensure effective riparian and waterway management on farms, and educating to encourage responsible environmental behaviours, we seek to ensure Tasman remains special.</p> <p>Ensuring consent approvals for the development and use of the environment promotes sustainable management of natural and physical resources. Where necessary, conditions can be imposed (and monitored) that regulate activities which might otherwise degrade the environment or place resources under pressure.</p> <p>We take a strategic approach to planning for and managing growth. By ensuring that our communities living environments are appropriate in location and scale, are pleasant, safe, and that the activities of others do not adversely impact on them.</p> <p>Through monitoring and investigating the state of the environment and identifying trends, risks, and pressures it faces, particularly in relation to land, soils, water, air and the coast. The information we hold about natural hazards and contamination risk is used to make better decisions, and have in place planning for the future needs of the District.</p> <p>By educating people and providing them with information to enable them to live more sustainably and to be more resilient.</p>
Our infrastructure is efficient, cost effective and meets current and future needs.	<p>We support other areas of Council to meet this outcome by having in place effective resource planning processes which ensure infrastructure provision is appropriate, efficient, and available to meet the demands of the community.</p> <p>We provide hazard information and promote best practice design, development, and use of important utility services.</p> <p>We provide a highly valued district wide telemetry linked network that allows us to measure and understand what is happening in relation to the quality of our environment. This same network allows us to properly manage the quality of the water resources available for allocation.</p>

## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>By having in place processes that safeguard the community's health and wellbeing and which ensure resource use and human activities affecting resources do not adversely affect quality of life. Including monitoring recreational bathing water quality or toxic algae presence, surveying groundwater resources for drinking water suitability. By maintaining an effective flood warning system, monitoring air quality, and working to identify contamination risks we promote safety of people and community well-being now and for future residents.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>Our planning framework identifies heritage buildings, iconic landscapes, sites important to Iwi, and sites of significance to the district. Having in place a framework for protecting and enhancing these values. Ensuring that sites important to Iwi are considered when planning decisions are made.</p> <p>By working with landowners to enhance biodiversity helps to protect the natural heritage values.</p>
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>Our plans and consenting processes ensure recreational opportunities are provided when land is subdivided. We maintain a recreational bathing water quality network and cyanobacteria monitoring programme to ensure waterbodies are suitable for use. Put limitation on inappropriate development of valued spaces. Take an advocacy role to promote environmental awareness.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</p>	<p>Public participation is provided for in the processes of developing and administering policies and plans under the Resource Management and Biosecurity Acts and we actively seek to work with stakeholder communities.</p> <p>We work with Iwi when developing policies and plans. For example, the Kotahitanga mo te Taiao partnership with top of the south Iwi, DOC and Councils demonstrates leadership across boundaries. We work to encourage the development of 'best management practices' in our productive landscape and have established community networks and water user groups to help us fulfil our responsibilities.</p> <p>We make information and resource data available and work with applicants, landowners and community groups to help them make sound decisions and provide advice to customers and applicants through on-duty staff.</p> <p>We advocate to central government and other public agencies where their actions will impact on the interests of Tasman District.</p>
<p>Our region is supported by an innovative and sustainable economy.</p>	<p>Policies, plans, models, and information help identify opportunities for economic development and potential hazards and constraints affecting such opportunities. Our biosecurity activities on land and sea are often designed to protect primary production activities from economically damaging pest incursions.</p> <p>Resource information identifies opportunities for economic development in the use and development of resources of benefit to current and future generations, and potential hazards and constraints affecting such opportunities.</p> <p>Development approvals can facilitate economic development opportunities and compliance monitoring can ensure fair and equal opportunities for all.</p> <p>We actively encourage people to adopt best practice in relation to their use of resources such as land, water, air, and the coast.</p>

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

There is some private benefit of this activity to applicants and exacerbators (e.g. resource consents/private plan change requests/SHA developers), permit holders (e.g. resource consents), or beneficiaries (royalties/gravel and shingle extraction and Nelson City Council for regional functions).

Environmental management has a mix of private and public benefits, as well as encouraging optimal resource use over time.

Environmental policies and plans, including the TRMP, are statutory documents required by legislation to promote the sustainable management of the District's resources and manage the consequences of activity on the environment and therefore benefits the District as a whole, however private benefit arises for those who have undertaken private plan change requests.

Council's environmental information function provides information on the state of the environment, on the risks to environmental values, and on environmental trends. The information assists well-informed decision-making and planning which promotes a better environment and the sustainable use and development of resources, to the benefit of the community. The management of pests is essential for the District's prosperity, environmental sustainability and health.

Successful resource consent applicants are able to use resources.

The compliance function benefits all in the district, resulting in a clean, healthy environment. Permit holders obtain the benefits arising from holding permits and create the need for the compliance function.

Warm Tasman homes specifically benefits properties who have had insulation or heat pumps put into their properties.

Rehabilitating land that was contaminated in Mapua is considered to have a general benefit to the community.

### Period of benefit

Immediate through to long term (e.g. ongoing positive environmental outcomes).

### Rationale for separate funding

A large portion of the activity is of public benefit, meaning user charging is not feasible for a significant part of this activity.

Identifying separate funding where practical assists in the accountability and transparency of Council's costs on this activity.

### Funding sources and rationale

This activity is largely public good.

The ability to charge applicants, permit holders or beneficiaries makes user charging, and to a lesser extent targeted rates, feasible for some streams of the activity.

In addition, there is sometimes scope for government funding.

Exacerbators such as those incurring infringements are also feasible to charge and this is recorded in "local authorities fuel tax, fines, infringement fees, and other receipts".

- General rates: Medium – High
- Fees and charges: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts : Low
- Targeted rates including Warm Tasman and Mapua Rehabilitation: Low. Note: Mapua Rehabilitation spend is considered to be of general benefit to the public in the whole district – but without a relationship to the values of property, therefore a uniform targeted rate is considered appropriate
- Subsidies and grants: Low



## REVENUE AND FINANCING POLICY (CONT.)

### 3.2 PUBLIC HEALTH AND SAFETY

This activity involves the provision of advice and discharging statutory functions in the areas of public health, building, environmental health (including liquor licensing, food safety), hazardous substances, animal

control, civil defence and emergency management, parking control and maritime safety. It involves assessing and processing permit and registration applications, the administration of bylaws, and associated monitoring and enforcement action.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Ensuring recreational boating is safe keeps Tasman special. Effective education and dog control limits negative effects on native fauna. Abandoned vehicles are removed thus preventing damage to our environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	The activity ensures that living environments are safe, and that the activities of others do not negatively impact on citizen's lives. Through ensuring buildings are well constructed, safe and weather-tight, the activity contributes to the development of the district, and protection of assets in the community.
Our infrastructure is efficient, cost effective and meets current and future needs.	Parking control ensures parking facilities are available to ensure public access to urban retailers and services.
Our communities are healthy, safe, inclusive and resilient.	This activity safeguards the community's health and wellbeing by ensuring standards of construction, food safety, and registered premises operation are met and that alcohol sale and consumption and nuisances from dogs and stock do not adversely affect quality of life. Our civil defence and emergency management system is designed to promote safety of people and a resilient community.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	Safety support to events such as waka racing and classic boats assists the community in conducting heritage events.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We encourage people to be involved in making preparations for a civil emergency and have in place arrangements to cope in the face of climatic or natural hazard events. We work with Maritime NZ to provide a maritime oil response service.
Our region is supported by an innovative and sustainable economy.	Good regulatory practices contribute to economic well-being in the community.



## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

There is a significant private benefit of this activity to applicants and exacerbators (e.g. parking and animal control infringement and bylaw infringements, building consent and certificate of acceptance applicants, LIM applicants, dog owners, building warrant of fitness applicants, liquor licensing applicants, commercial maritime license holders, Abel Tasman foreshore concession holders, food premises/ food stalls, etc.).

The setting and enforcing of standards provides public health and safety for the wider community meaning this activity has some public benefits.

The community benefits from emergency management from the maintenance of a response capability and knowledge of hazards, and measures to mitigate and contain harmful events.

### Period of benefit

Immediate through to longer term (e.g. from the construction of safe buildings).

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs on this activity, where possible and appropriate.

A portion of the activity is of public benefit, meaning user charging is not always feasible.

### Funding sources and rationale

This activity has a significant scope for directly charging either exacerbators or parties who benefit and for this reason fees and charges will be a significant revenue source.

There is also public benefit in providing public health and safety which means general rates are an appropriate funding source. It is also not practical to identify and charge all those who receive advice, these costs will be funded by general rates.

There may also be some opportunity for external funding from time to time and if so it will be utilised.

Fuel excise duty refund, parking infringements, bylaw infringements, and animal control infringements are recorded as "local authorities fuel tax, fines, infringement fees, and other receipts."

- Fees and charges: Medium – High
- General rates: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts: Low
- Subsidies and grants: Low

## REVENUE AND FINANCING POLICY (CONT.)

### 3.3 TRANSPORTATION, ROADS AND FOOTPATHS

This activity includes management of a transportation network that comprises roads, (both sealed and unsealed), bridges (including footbridges), footpaths, walkways and cycleways, off street car park areas, on

street car parking, streetlights, traffic signs, culverts and Tasman’s Great Taste Trail.

This activity also includes other transportation related services, for example transport planning, road safety and public transport services like the Total Mobility Scheme.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We minimise the effect on our natural environment by undertaking routine road sweeping, sump cleaning, and litter removal.
Our urban and rural environments are people friendly, well-planned, accessible and sustainably managed.	We aim to provide a transportation network that is safe to use and accessible to all. Our road network is the backbone of the district and connects our communities.
Our infrastructure is efficient, cost effective and meets current and future needs.	We undertake robust long and short term planning to enable infrastructure and activity management decisions to be optimised to meet both the current and future demand.
Our communities are healthy, safe, inclusive and resilient.	We provide a safe and resilient transport network.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Our transport network enables the community to travel to their social, educational and recreational activities.
Our Council provides leadership and fosters partnerships, a regional perspective and community engagement.	We provide an integrated transport network with our partner NZTA as well as our neighbours, Nelson City Council and Marlborough District Council. Along with these parties, we prepare Regional Land Transport Plans that are aligned across the Top of the South.
Our region is supported by an innovative and sustainable economy.	Our transport system is operated in an effective and efficient way to meet the needs of residents and businesses, as well as enabling our economy to thrive and grow.

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

Users create the need for infrastructure and maintenance. The benefits apply in part to the whole community, as people are free to use any public road, footpath, and cycleway in the District.

Council receives subsidies from the New Zealand Transportation Agency that are funded through petrol taxes and road user charges which relate to individual users.

Some properties are owned for potential future development, and these houses which are being rented and areas being occupied are of direct benefit to the party renting or occupying.

There are also direct beneficiaries or exacerbators in some parts of this activity (e.g. access crossings, road openings etc.).

Development does create demand on Roothing – see section in this document on capital.

### Period of benefit

Ongoing benefits as long as infrastructure is maintained.

### Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on a minor part of this activity.

### Funding sources and rationale

Subsidies from NZTA and petrol tax contributions are utilised as revenue source in this activity, and there are some opportunities for user and other charges (such as rental houses/ road openings/access crossings), however the bulk of the benefit is considered to be public as it would be too difficult to charge each individual road user and all users can use the infrastructure.

Other income such as petrol tax income, and rental income are recorded as "Local authorities fuel tax, fines, infringement fees and other receipts".

- General rates: Medium – High
- Subsidies and grants: Low – Medium
- Local authorities fuel tax, fines, infringement fees and other receipts : Low
- Fees and charges: Low

REVENUE AND FINANCING POLICY (CONT.)

3.4 COASTAL STRUCTURES

The activity comprises the provision and management of coastal structures (wharves, jetties, boat ramps, associated buildings and foreshore protection walls)

owned by Council, the provision of navigation aids to help safe use of the coastal waters, and the protection of Council property and working with the community on private property.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Coastal structures can be managed so their impact does not affect the health and cleanliness of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	The coastal structures activity ensures our built environments are functional, pleasant and safe by ensuring the coastal structures are operated without causing public health hazards and by providing attractive recreational and commercial facilities.
Our infrastructure is efficient, cost effective and meets current and future needs.	The coastal structures activity provides commercial and recreational facilities to meet the community needs at an affordable level. The facilities are also managed sustainably.
Our communities are healthy, safe, inclusive and resilient.	Coastal assets provide recreational opportunities to improve health and wellbeing. Coastal protection assets and services provide community resilience from storm events and climate change.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	Seafaring and marine transportation are a large part of the history of the district. Many of the remaining coastal assets have a connection with our history of moving people and goods between the sea and land. This activity preserves many of these historical structures.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Coastal protection seeks to preserve reserves and other recreational activities from erosion of the ocean for the benefit of the whole community.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The Council provides expertise and guidance to the community to assist with problems along the coastal environment.
Our region is supported by an innovative and sustainable economy.	Tourism is and will continue to play a large part in the district. Access to the water and to recreational/commercial activities will be key to its continued growth.

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

This public activity predominantly benefits members of the general public who have the ability to utilise wharves, jetties, boat ramps etc.

Residents in the Mapua/Ruby Bay areas who have properties protected by stopbanks benefit from the protection, and properties in Torrent Bay benefit from beach replenishment.

### Period of benefit

Ongoing benefits as long as infrastructure is maintained.

### Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs for part of this activity.

### Funding sources and rationale

Structures can be used by the community as a whole and therefore it is appropriate for them to be funded by the general rate. One of Council's community outcomes is to provide recreational facilities, which means full user charging for use of these facilities is not considered appropriate. It would also be impractical to administer user charges on these types of facilities.

For individual properties which significantly benefit from asset protection or replenishment, targeted rates will be used.

- General rates: Medium – High to High
- Targeted rates including Torrent Bay and Stop Bank Rates: Low
- Local authorities fuel tax, fines, infringement fees and other receipts : Low



## REVENUE AND FINANCING POLICY (CONT.)

### 3.5 WATER SUPPLY

The activity comprises the provision of potable water (i.e. water suitable for use and consumption by people) to properties within various supply schemes. This consists of a number of urban water supply schemes (known as the urban water club), Motueka water supply scheme, and rural supply schemes (Dovedale, Eighty-Eight Valley, Redwoods and the Hamama neighbourhood scheme). In addition, the Takaka Firefighting Scheme supplies the central Takaka area with a non-potable firefighting water supply.

Council's existing network is extensive and continuing to grow. At present, the network comprises of water treatment plants, pump stations, reticulation pipeline,

reservoirs, bores, metered connections and rural restrictors. In addition, Council manages the Wai-iti water storage dam to provide supplementary water into the Lower Wai-iti River and aquifer. This enables sustained water extraction for land irrigation at times of low river flows.

The development of the proposed Waimea Community Dam is a major project aimed at increasing water supply security in the Waimea area. The Waimea Plains aquifer system supplies water for residential, commercial, and industrial use to communities including Richmond, Brightwater, Mapua, and Nelson South, as well as to the Redwood Valley Rural Water Supply. Water is also extracted via individual bores for horticultural use, domestic supply, and other users.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	All of our water schemes take water from the environment (via surface or groundwater) and require a resource consent. We aim to manage water takes so the impact does not prove detrimental to the surrounding environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We consider water supply to be an essential service to the community and our schemes are designed to be efficiently managed to meet current and future needs. Our networks also provide a means for firefighting consistent with the national firefighting standards.
Our infrastructure is efficient, cost effective and meets current and future needs.	We aim to efficiently provide water to meet the demands of existing of future customers in a cost effective way.
Our communities are healthy, safe, inclusive and resilient.	We aim to provide water supplies that are safe to drink and used for firefighting purposes that are delivered and supported by resilient infrastructure.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	By providing water we don't primarily contribute to this outcome. However, where possible we incorporate community and school groups into the design and provision of infrastructure.



## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Water is an essential service that underpins other facilities and activities.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We take opportunities to partner with Nelson City Council where possible, including agreements to supply some of the customers with water.
Our region is supported by an innovative and sustainable economy.	Water underpins the economy by providing water for our communities enabling them to function. We aim to provide sustainable supplies that are built for the future.

### Who benefits/whose act creates the need

All who can access the benefits of the water supply, including firefighting capacity benefit from this activity. This includes water supply users in the Nelson City area who are supplied water by Council. The beneficiaries of the community water supplies in the Waimea Basin would directly benefit from the water security associated with the proposed Waimea Community Dam.

Council considers that the Wai-iti Dam and the Takaka Firefighting water supply are of benefit to the entire district.

The general public would benefit from proposed investment in the Waimea Community Dam through the environmental and the community benefits. These benefits would include additional employment, economic opportunities, social, cultural and recreational benefits.

Development does create demand for water – see section in this document on capital; this includes the funding of the proposed Waimea Community Dam.

### Period of benefit

Ongoing benefits as long as infrastructure is maintained.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

### Funding sources and rationale

The benefit of funding drinking water supply activities separately from other Council activities is that those currently connected or planning to be connected to schemes will be contributing to the funding. Council predominantly applies targeted rates and user charges for these activities for accountability and transparency to those who fund the schemes.

These include: The Urban Club Water Supply and its Rural Water Extensions, the Motueka Urban Water Supply, the Dovedale Rural Supply, the Redwood Valley Rural Water Supply, the Eighty Eight Valley Rural Water Supply, and the Hamama Rural Water Supply.

Tasman District Council supplies water to certain water users in the Nelson City Council area and to Nelson City Council as well as some large industrial users. Revenue is recovered from these customers through fees and charges.

Water users of the Wai-iti Valley Community Dam also benefit from the supply of water and are charged on the basis of the amount of water they can take under their consent.

The firefighting water supplies in Motueka, and Takaka townships are also of benefit to those communities.

## REVENUE AND FINANCING POLICY (CONT.)

These are predominantly charged through fixed targeted rates, however in the case of the Takaka Central Business district who benefit the most from that small supply – they are charged based on capital value. The amount charged to residential customers in Takaka is also higher than the rest of the Ward as being more proximate to the supply, they receive a greater benefit.

For the Wai-iti Dam, and the Takaka firefighting supply – Council had determined there was a general benefit to the district and therefore partial general rate funding is used.

The proposed Waimea Community Dam is considered to benefit both water users, including irrigators, and the general public.

### **Environmental & Community benefits:**

Council is proposing to fund part of its contribution for environmental and community benefits associated with the Waimea Community Dam through:

- a districtwide fixed targeted rate
- a capital value based targeted rate for more proximate properties represented by an area called the “Zone of Benefit”.

In determining which properties fall within the Zone of Benefit Council has included properties in the Waimea area with water available or supplied from the river and aquifers of the Waimea Plains, as well as considered proximity to where more direct benefits would be achieved from the dam such as additional employment, economic opportunities, social, cultural and recreational benefits. The extra funding by the properties in the Zone of Benefit recognises that properties further from the dam, such as Collingwood or Murchison, will not receive the same level of environmental and community benefits as the more proximate communities such as Richmond and Brightwater.

### **Water supplies:**

There is a direct benefit to users of the community water supplies in the Waimea basin as the proposed Waimea Community Dam provides water security. A portion of costs from the proposed Waimea Community Dam have been allocated to the Urban

Water Club and the Redwood Valley Rural Water supply and other users and are recovered directly from water users through their water rates or charges.

### **Properties with affiliated consents:**

Council may introduce a targeted rate based on capital value to all properties with Waimea Community Dam related affiliated consents in the event of any default on loans or security arrangements for the Waimea Community Dam Joint Venture Council Controlled Organisation (Waimea Water Ltd.).

### **Sunk costs, cost overruns, and wind up costs:**

In the event that the project proceeds, costs incurred that have not been recovered as part of the project joint venture will be funded from the same environmental and community benefits and water supply funding mechanisms as Council’s share of the project’s budgeted costs. Council may also target rate properties with Waimea Community Dam related consents a portion of these incurred costs.

In the event of cost overruns, Council would fund its share of the costs from the same environmental and community benefits and water supply funding mechanisms as Council’s share of the project’s budgeted costs. For cost overruns in excess of \$3 million, Council may also utilise a targeted rate based on capital value to all properties with affiliated consents to recover a portion of the cost overruns.

In the event of the project not proceeding, Council will fund costs that have been incurred up to the point of making that decision using the same rating and charging mechanisms proposed for the Waimea Community Dam for the environmental and community benefits and water supply funding mechanisms as if it had proceeded. It may also target rate properties with Waimea Community Dam related consents a portion of these incurred costs.

Some water targeted rates are set differentially.

- Targeted rates: High
- Fees and charges: Low
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- General rates: Low

## REVENUE AND FINANCING POLICY (CONT.)

### 3.6 WASTEWATER

This activity provides and manages wastewater collection, treatment and disposal facilities for residents connected to Council’s wastewater networks. These networks convey wastewater to nine treatment

plants, eight of which are owned and managed by Council. The largest treatment plant (Bell Island), is owned by both Nelson and Tasman Councils on a 50:50 share basis and is managed by the Nelson Regional Sewerage Business Unit.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	All wastewater in Council-owned schemes is treated and discharged into the environment. We sustainably manage this so the impact of the discharges does not adversely affect the health and cleanliness of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We ensure wastewater is collected and treated without causing a hazard to public health, unpleasant odours and unattractive visual impacts.
Our infrastructure is efficient, cost effective and meets current and future needs.	We consider the wastewater activity to be an essential service that should be provided to properties within the urban areas in sufficient size and capacity.
Our communities are healthy, safe, inclusive and resilient.	We aim to provide a service that is safe for the community by providing quality treatment, minimising overflows, and ensuring our infrastructure is resilient.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	By providing wastewater we don’t primarily contribute to this outcome. However, where possible we incorporate community and school groups into the design and provision of infrastructure.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	Wastewater is an essential service that underpins other facilities and activities.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We have a regional partnership with Nelson City Council for the management of the Nelson Regional Sewerage Business Unit. We collaborate with Iwi and site neighbours to identify issues and concerns; and when the opportunity arises, we engage with community for facility open days and plantings days.
Our region is supported by an innovative and sustainable economy.	Wastewater underpins the regional economy by providing and managing wastewater collection, treatment and disposal. Sustainability is a key driver of our future planning.

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

Those who are or will be connected to the wastewater schemes benefit from the ability to use the infrastructure.

Those who discharge commercial and industrial waste (called "Trade waste") through the wastewater system (e.g. restaurants, service stations etc.) put extra demands on the wastewater treatment plant and can be harmful to people and the environment, corrode or block sewer pipes, or create odours.

Those who directly damage the infrastructure cause the need for repairs.

Development does create demand for wastewater – see section in this document on capital.

### Period of benefit

Ongoing benefits as long as infrastructure is maintained.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

### Funding sources and rationale

While there are wider community and environmental benefits relating to wastewater collection, treatment and disposal, the primary benefit is to those connected. Council considers that those who are connected to the wastewater schemes should be responsible for funding expenditure to ensure the environment is protected from the waste they produce. Council, therefore, considers that fees and charges, and targeted rates are the most equitable form of funding these activities. Council considers that those with a greater call on the infrastructure should pay more and therefore a differential will be used. Commercial users who generate trade waste will be separately charged through fees and charges.

Tasman District Council supplies wastewater services to certain properties in the Nelson City Council area. Revenue is recovered from these customers through fees and charges.

Bell Island wastewater treatment plant is owned by both the Nelson City Council and the Tasman District Council and is managed by the Nelson Regional Sewerage Business Unit (NRSBU). Council records its share of this joint ventures revenue as Council revenue in the "local authorities, fuel tax, fines, infringement fees and other receipts" line, as is interest on a loan that Council has provided to the NRSBU.

- Targeted rates : Medium – High
- Local authorities fuel tax, fines, infringement fees and other receipts: Low – Medium
- Fees and charges : Low

## REVENUE AND FINANCING POLICY (CONT.)

### 3.7 STORMWATER

This activity encompasses the provision of stormwater collection, reticulation, and discharge systems in Tasman District. The assets used to provide this service include drainage channels, piped reticulation networks, tide gates, detention or ponding areas, inlet structures,

discharge structures and quality treatment assets.

Council manages its stormwater activities primarily within 15 Urban Drainage Areas (UDAs). Systems that are outside the UDA's include small communities with stormwater systems that primarily collect and convey road run-off to suitable discharge points.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We manage stormwater so that the impact of the discharges does not adversely affect the health and quality of the receiving environment.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	We aim to convey stormwater without putting the public at risk or damaging property, businesses or essential infrastructure. New developments take a water sensitive design approach to integrate multiple values such as ecology, amenity and cultural aspects.
Our infrastructure is efficient, cost effective and meets current and future needs.	Stormwater is an essential service that is provided to properties within urban drainage areas in appropriate size and capacity. We aim to efficiently manage the provision of stormwater infrastructure so that it provides best value for ratepayer's money.
Our communities are healthy, safe, inclusive and resilient.	We aim to safely transfer stormwater runoff through urban areas to minimise harm and property damage.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	We protect natural waterways that have high cultural, recreational, and biodiversity interests.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	We take opportunities to provide multi-purpose facilities where possible. Often our stormwater corridors will incorporate cycle paths, footpaths and spaces for recreation.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.	We engage with tangata whenua Iwi and other community groups with regards to enhancing our natural waterways and educational programmes.
Our region is supported by an innovative and sustainable economy.	Stormwater supports the economy by enabling homes and businesses to exist with a low exposure to flood risk and damage. We also allow for climate change in our designs to provide adequately for the future.





## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

The entire community benefits from safe and efficient discharge of stormwater.

Some ratepayers receive a greater benefit from stormwater infrastructure than others, or cause the need for stormwater infrastructure. The Council uses an area called the Urban Drainage Area (UDA) to represent the primary beneficiaries and exacerbators for the stormwater infrastructure, being mostly those who live in urban townships supported by the infrastructure.

Some properties are owned for potential future development by Council, and these houses which are being rented and areas being occupied are of direct benefit to the party renting or occupying.

Development does create demand for stormwater – see section in this document on capital.

### Period of benefit

Ongoing benefits as long as infrastructure is maintained.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

### Funding sources and rationale

While there are wider community and environmental benefits of a stormwater system, Council considers that properties in the area of the stormwater infrastructure (UDA) should be responsible for funding more of the costs and therefore a targeted rate differential is used.

Council considers that there is a greater benefit for properties which are developed over those which are undeveloped, which is why capital value is used as the basis for charging the targeted rate.

Rental income is recorded in "local authorities fuel tax, fines, infringement fees, and other."

- Targeted rates: High
- Local authorities fuel tax, fines, infringement fees, and other: Low



## REVENUE AND FINANCING POLICY (CONT.)

### 3.8 SOLID WASTE

The Council provides a comprehensive range of waste management and minimisation services including kerbside recycling and waste collection services, five Resource Recovery centres, processing facilities for recycling, contracting a greenwaste processor, transport services to move these materials around the District and a range of waste minimisation initiatives to reduce the production of waste and minimise harm.

All public and commercial waste disposal is through the Resource Recovery Centres. Waste from these sites is transferred to landfills. We divert recyclable materials, greenwaste and cleanfill away from landfill and they

are processed and on-sold by Council's contractors. We also recover hazardous materials at these sites, and ensure they are processed safely.

The Council also maintains 22 closed landfills around the district.

Landfills in the region are now provided regionally, through the Nelson-Tasman Regional Landfill Business Unit, which is a joint committee of the Nelson City Council and Tasman District Council. This business unit commenced operations on 1 July 2017. From this date the Eves Valley Landfill (which we previously managed) stopped receiving waste and all waste is now directed to the York Valley Landfill (located in Nelson City.)

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	We protect our natural environment by providing comprehensive waste disposal services for our community. We reduce the impact of landfill disposal by providing a wide range of other services to divert waste from landfill and reduce waste production. We operate our facilities in compliance with our resource consents. We also ensure that we have operational plans for our services and site management plans for the facilities we operate.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	By providing recycling and rubbish collection services we ensure our built urban and rural environments are functional, pleasant and safe. We provide facilities that are convenient, clean and safe and we promote the sustainable use of resources.
Our infrastructure is efficient, cost effective and meets current and future needs.	We operate our facilities and services in a safe and efficient manner. We plan for future growth and to provide waste and recycling services that the community is satisfied with.

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

The entire community benefits from safe and efficient disposal of waste. The activities also have wider community benefit through the environmental education and environmental monitoring components (i.e. of landfill sites).

Properties on the collection route benefit from refuse collection and recycling, with those who opt in for additional bins receiving a greater service than those who receive one bin.

Users of the facilities benefit from waste disposal.

Users of replacement crates benefit from the new crates.

### Period of benefit

Immediate to ongoing.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

### Funding sources and rationale

User charges are possible in many streams of this activity where direct users can be identified and charged (e.g. refuse bag sales, transfer station, replacement bins and crates etc.).

In waste disposal Council does not fully recover the cost of processing, transport and disposal, particularly in outlying resource recovery centres, and the shortfall is funded by general rate.

Maintenance of legacy closed landfills, hazardous goods and clearance of illegal dumping are considered a public good and funded by general rate.

Council uses a fixed targeted rate for kerbside recycling for those properties in a certain area, which is set as a proxy for the service delivery area. This activity is also supplemented by income from users who are invoiced for additional services and replacement bins and from additional revenue from the processing and sale of recycled materials.

Collection of kerbside refuse is generally funded by the sale of rubbish bags by the contractor, although the recycling contract provides some support for these services.

Council also receives funding from central government via the Waste Disposal Levy. This is used to fund waste minimisation services and infrastructure. This is recorded in "Local authorities fuel tax, fines, infringement fees, and other receipts".

Nelson City Council and Tasman District Council operate regional landfills that are operated by the Nelson Tasman Regional Landfill Business Unit, a joint committee of the councils. Council records its share of this revenue as Council revenue in the "local authorities, fuel tax, fines, infringement fees and other receipts" line. This line also includes any other type of "other income" such as the commercial recycling revenue share and lease income.

The Council also receives a local disposal levy from the business unit, which is used to fund waste management and minimisation activities.

One of our community outcomes is that "our unique natural environment is healthy and protected" and using a rate is more appropriate than a charge for kerbside pickup because there is an incentive to use the service and protect the environment.

- Fees and charges: Low – Medium
- Local authorities fuel tax, fines, infringement fees, and other receipts: Low – Medium
- Targeted rates: Low
- General Rates: Low

## REVENUE AND FINANCING POLICY (CONT.)

### 3.9 FLOOD PROTECTION AND RIVER CONTROL WORKS

Tasman District Council maintains 285 kilometres of the District's X and Y classified rivers in order to carry out its statutory roles to promote soil conservation and mitigate damage caused by floods and riverbank erosion. The rivers works in the classified rivers, are predominantly owned, maintained and improved by Council.

There are many more rivers, streams and creeks which are not classified. These unclassified rivers have

associated river protection works such as rock walls, groynes and river training works that form part of the river system. They are typically owned and maintained by private property owners and may be partly funded by Council.

By implementing and maintaining quality river control and flood protection schemes, Council improves protection to neighbouring properties and mitigates the damage caused during the flood events.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	Our flood protection and mitigation activities are carried out so that the impacts on the natural river environments are minimised to a practical but sustainable level, and use best practices in the use of the District's natural resources.
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	Council staff participate in the River Care group to ensure that community mood is taken into account with the management of the river catchments. The Council participates in national Rivers Managers Group to develop the Flood Protection Asset Performance Tool.
Our infrastructure is efficient, cost effective and meets current and future needs.	Our flood protection and mitigation structures are maintained in an environmentally sustainable manner to a level supported by the community.
Our communities are healthy, safe, inclusive and resilient.	Our flood protection works and river control structures protect our most "at risk" communities and rural areas from flooding and are maintained in a safe and cost-effective manner.
Our communities have opportunities to celebrate and explore their heritage, identity and creativity.	The rivers area is a key feature for all that live in the area, many of the community identify who they are by their river. The community becomes involved in the rivers through planting and regular public opportunities to learn about water quality.
Our communities have access to a range of social, cultural, educational and recreational facilities and activities.	The Council maintains the river environment to ensure a pleasant place for recreational activities. This is achieved by clearing of rubbish, pest and weed control and inclusion of plantings for improvements in waterway health.
Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement	The Council provides expertise and guidance to the community to assist with problems along the river environment.
Our region is supported by an innovative and sustainable economy.	The flood protection scheme provides a level of assurance that regular high rainfall events don't disrupt normal business activities.

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

Council operates, maintains and improves flood protection and river control assets on behalf of Tasman residents and ratepayers, in particular to protect life, property and livelihoods.

Development of properties adjacent to the river networks means there are assets located in flood plains which are at risk of flooding. The need to protect these assets is creating the need for Council to undertake work relating to asset development and maintenance. It is considered appropriate for owners of these properties to fund this work through targeted rates.

Additionally, River Z work is done to protect individual properties and has some direct benefit to those parties, although this protection may also extend beyond the individual property owner.

Residents in the Motueka ward were the reason the investigation work on the Motueka Stopbank was completed and have benefitted greater from this work than the other residents in the District.

There are some other direct beneficiaries/exacerbators in parts of activity including renters of river berms and users of gravel.

### Period of benefit

Immediate to Indefinite.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

A portion of the activity is of public benefit, meaning user charging is not feasible for this part.

### Funding sources and rationale

The benefits of this activity apply largely and indirectly to the whole community.

The benefits apply directly to those whose properties are adjacent to the District's rivers. While there are wider community and environmental benefits relating to an effective flood protection and rivers control network, Council considers that properties directly adjacent to rivers benefit more and will fund the cost of that activity at a higher level than those deemed to indirectly benefit. For this reason a differential rating system will be used with adjacent parties (in the X/Y zone) paying a higher differential based on land value.

The Motueka Stopbank rate was charged mostly to the beneficiaries/exacerbators of the costs incurred – being the people in the Motueka ward. In recognition of the benefit to the district of having this work done for Motueka, this work was also partly general rate funded.

There is some scope for user charges including gravel royalties.

Council also considers that in the River Z area, when Council does work that has directly benefit to the applicants, due to this level of direct benefit, a portion of the costs should be paid by the applicant. There is also an opportunity for berm rentals and rates recoveries in this activity. These revenue sources are recorded in "Local Authorities fuel tax, fines, infringement fees and other receipts".

- Targeted rates: High
- Local authorities fuel tax, fines, Infringement fees, and other receipts: Low
- Fees and charges: Low
- General rates: Low

REVENUE AND FINANCING POLICY (CONT.)

3.10 COMMUNITY DEVELOPMENT

This activity covers the wide ranges of parks, reserves, community facilities and amenities throughout the District for the public including parks and reserves, land vested as esplanade strip, cemeteries, playgrounds, public toilet facilities, libraries, funding for the district and shared facilities such as the Saxton Field complex, community halls , multi-use community recreation centres, community centres, museums, miscellaneous community buildings, eight community housing complexes, and the Richmond Aquatic Centre and three outdoor community swimming pools.

This activity also delivers Council’s communications and community partnership responsibilities in order

to build a sense of community and pride of place in Tasman and to build capacity within Tasman community groups. We achieve this through engaging with community groups, providing community recreation opportunities and events, providing grant funding, and educating and facilitating partnerships between Council and its communities. Activities include provision of funding and advice for community initiatives and community organisations, community engagement, support of organisations that preserve and display our region’s heritage, delivery of community and recreation activities and events and providing an awareness of environmental and sustainability opportunities through environmental education programmes.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our unique natural environment is healthy, protected and sustainably managed.</p>	<p>We provide:</p> <ul style="list-style-type: none"> <li>• Protection of the natural environment and ecologically significant areas in Council’s parks and reserves.</li> <li>• Protection and enhancement of open space, coastal and riparian areas.</li> <li>• Vegetation enhancement and awareness.</li> <li>• Enhanced community involvement in conservation and restoration work.</li> </ul> <p>The Richmond Aquatic Centre and our reserves and facilities activities are operated in a way that ensures there is no detrimental impact to the surrounding environment.</p> <p>Through the EnviroSchools programme, partially funded through the Ministry for the Environment, schools receive assistance to initiate activities aimed at supporting and teaching sustainability and how we can all reduce our impact on the environment. These Council and community-led initiatives deliver environmental benefits across the broader community.</p>
<p>Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.</p>	<p>Provision and enhancement of open space and an interconnected open space network.</p> <p>Provision of neighbourhood and community parks within walking distance of homes.</p> <p>The Richmond Aquatic Centre is designed and managed to meet current and future needs of our community.</p> <p>In partnership with the Council’s Engineering and Environment and Planning departments, we deliver environmental, air quality and waste minimisation education to support sustainable management and lifestyles.</p> <p>We assist communities to create a unique sense of place through community group funding and advice.</p>

## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our infrastructure is efficient, cost effective and meets current and future needs.</p>	<p>We provide efficiently and effectively managed community infrastructure (reserves and facilities) which meets the ongoing needs of Tasman's communities.</p> <p>The Richmond Aquatic Centre is managed, operated and maintained to meet the demands of customers in a cost effective way.</p>
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>We provide:</p> <ul style="list-style-type: none"> <li>• Community facilities designed and managed to ensure users safety and to cater for the needs of the whole community.</li> <li>• Community facilities that support specific social needs.</li> <li>• Good quality affordable community housing for people who meet the criteria of Council's Policy on Housing for Older Adults.</li> <li>• Open space and recreation facilities that cater for and promote active lifestyles. This includes casual activities such as walking and cycling, and organised sports and recreation activities.</li> <li>• Reserves and facilities designed and managed to ensure users safety and cater for the needs of the whole community.</li> </ul> <p>Libraries provide safe spaces for our community to socialise and interact. Libraries provide equitable access to information for all in the community; as such libraries are an integral part of a strong democracy at local and national levels.</p> <p>The Richmond Aquatic Centre is designed and managed to ensure users safety and to cater for the needs of the whole community. The Aquatic Centre also supports specific social needs.</p> <p>We provide and support quality recreational services and facilities, which enable participation in community-based activities that are inclusive, healthy and enjoyable.</p> <p>We provide support for residents, to enable them to enjoy a good quality of life within a supportive and diverse community.</p> <p>We assist residents and businesses to cope with disasters and emergencies.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>We provide recreation facilities that cater for and promote healthy communities and active lifestyles through social and recreational activity.</p> <p>Cemeteries provide a location for interments and remembrance.</p> <p>Libraries contribute to the enhancement of community identity through the collection and preservation of local heritage materials. Libraries are involved in regional history/heritage projects which increase access to local historical/cultural information and materials. Library resources and facilities encourage creative, cultural and recreational activities.</p> <p>We help to promote and celebrate our history and diverse cultures, by providing funding and in-kind support to organisations that preserve and display our region's heritage and culture.</p>



## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>We provide high quality community, opens space, recreation and cultural facilities that provide a range of leisure and cultural opportunities and targeted social support.</p> <p>We provide attractive well maintained and functional toilet facilities.</p> <p>Libraries provide access to a wide range of materials in a variety of formats to support the recreational, educational, cultural, social, and business needs of the community. Libraries provide a range of resources which enrich quality of life for all.</p> <p>The Richmond Aquatic Centre is a high quality community and recreation facility that provides for a range of leisure opportunities.</p> <p>We promote, support and deliver recreational, educational and social services and activities that reflect the diversity of our District. We provide assistance with community-led facilities, projects and initiatives, to deliver benefits across the broader community.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</p>	<p>We provide reserves and facilities which enable community partnerships through management of our community facilities and halls by volunteers and through working with schools, businesses, community groups and others who help with planting and other activities on our reserves.</p> <p>We provide regional facilities in association with Nelson City Council (e.g. Saxton Field, Suter Art Gallery, Nelson Provisional Museum).</p> <p>Through the provision of freely accessible community spaces, libraries encourage social interaction and community engagement. The libraries have collaborative relationships and partnerships with education providers, community groups and other libraries in the region.</p> <p>Council takes opportunities to partner with a range of user groups, clubs and funders for the Richmond Aquatic Centre.</p> <p>We provide opportunities for engagement between Council and local communities through our communications activities. By collaborating with community associations and other groups we look to build effective partnerships. By supporting Districtwide youth clusters, we provide avenues for youth participation in Council decision-making.</p>
<p>Our region is supported by an innovative and sustainable economy</p>	<p>Libraries provide educational resources and support learning for all age groups. Libraries also help people seeking employment through digital skills training programmes and assistance with making job applications and writing CVs.</p> <p>Through the recognition, support and enablement of innovation and new technology, we provide opportunities for youth and people of all ages to live and work in the District.</p>

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

Residents and visitors can benefit from the use of parks, reserves, community facilities (including Sportspark Motueka, Motueka Recreation Centre, Murchison Sport Recreation and Cultural Centre, Moutere Hills Community Centre, Rec Park Centre Golden Bay), sportsgrounds, public toilets, libraries, community halls and buildings, the Aquatic Centre, Saxton Field, etc.)

The Council also provides cemeteries.

Community housing benefits occupants of the housing units, usually older adults, who are often the most vulnerable and in need within our community.

Renters or users of land, usually sporting, recreation or community groups, directly benefit.

The entire community benefits from access to museums and protection of heritage items, and from having a vibrant sense of community.

The community also benefits from the activity's community engagement work where their views can be incorporated into Council's proposals.

The public are able to make use of resources, facilities and recreational opportunities and as such gain physical and psychological wellbeing and a sense of community identity.

Development does create demand for community facilities and parks – see section in this document on capital expenditure.

### Period of benefit

Immediate to ongoing.

### Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on a part of this activity.

### Funding sources and rationale

Many parts of this activity (e.g. parks, reserves, some library activities, various halls) predominantly benefit the public or contribute significantly to community outcomes or would be difficult or costly to charge to users (e.g. public toilets). Therefore significant components of funding are through the general rate. Council considers that there are wide community benefits from ensuring only minimal charges are imposed on library fees, so not all costs are recovered through fees.

Spending on certain facilities including those shared with Nelson City Council, certain sporting and community facilities, and the museums is considered to be of general benefit to the public but without a relationship to the values of property, therefore uniform targeted rates are considered appropriate. Council considers that the public will be interested in the distinction between the rates that fund the capital and operating components of community facilities, and also want to see discretely the facilities jointly funded by Nelson City Council, justifying three separate facilities targeted rates.

There is some scope for user charges or other income in this activity including hall hire and facility rentals, library charges, cemetery charges, camping fees at the McKee and Kina camping grounds, sports ground fees, cell site/property rentals, etc. Some of these such as library fines, mudcakes and roses income, community housing income, and rental/lease income are recorded in "local authorities fuel tax, fines, infringement fees and other receipts."

There is some scope for subsidies and grants or external funding in this activity. For example, Council receives funds from Sport NZ and Creative New Zealand to administer contestable funding rounds on their behalf. In addition, Community Partnerships applies for project funding for capital projects, education events and programmes from organisations including Lottery Grants Board, Ministry of Youth Development, Toimata Foundation and Rata Foundation.

Some funding is received from the "Council Enterprises" activity for the maintenance of Council's parks and reserves. This is recorded as "Internal charges and overhead recovered" and is in lieu of rental for use of reserves for commercial campgrounds and from forestry activities.

Council's community housing activity is self-funding from the rental income from the units.

For the remaining majority of this activity which has public benefit (excluding museums), the general rate is considered appropriate.

- General rates: Medium – High
- Targeted rates (facilities and museums): Low – Medium
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- Fees and charges: Low
- Internal Charges and overheads recovered: Low
- Subsidies and grants: Low

REVENUE AND FINANCING POLICY (CONT.)

3.11 GOVERNANCE

This activity involves running the electoral process (under the direction of the Electoral Officer) to provide the District with a democratically elected Mayor, Councillors and Community Board members and the governance of the District by its elected representatives. It also involves organising and

preparation for Council meetings, organising civic ceremonies, support for Councillors, Council and Community Boards and any other assistance required by the Mayor, running elections and democratic processes including community consultation, and making appointments to Council Controlled Trading Organisations and Council Controlled Organisations.

Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>The Golden Bay and Motueka Community Boards represent, and act as an advocate for, the interests of their communities. They also maintain an overview of services provided by Council within their communities and communicate with community organisations and special interest groups. They are separately elected advisory bodies and are not Council Committees.</p> <p>Community Associations support and advocate for residents in their local communities and make submissions to Council. Ward Councillors maintain close relationships with their local community associations.</p> <p>Advisory Groups are established and coordinated by Council for specific user groups. The advisory groups help to guide Council decisions, normally on the use and function of a Council asset.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.</p>	<p>The Governance activity ensures that democratic processes are undertaken and supports the work of elected members.</p>
<p>Our region is supported by an innovative and sustainable economy.</p>	<p>The CCTOs provide an economic return to Council and ratepayers and also provide employment opportunities.</p>

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

All citizens within Tasman District benefit from the democratic and governance processes, elections, and funding economic development.

Residents in Golden Bay and Motueka benefit from their community board activities.

Businesses in the Richmond and Motueka benefit from the business association activities.

### Period of benefit

Immediate.

### Rationale for separate funding

A significant portion of the activity is of public benefit, meaning user charging is not feasible for much of this activity.

Identifying separate funding assists in the accountability and transparency of Council's costs on part of this activity.

### Funding sources and rationale

There are only minor opportunities to recover through fees and charges in this activity (e.g. rural address recoveries).

In election years, Council recovers a share of election costs from the Nelson Marlborough District Health Board which is recorded as "Local authorities' fuel tax, fines, infringement fees and other receipts."

Council also records community board income and cost recoveries from other parties in "Local authorities' fuel tax, fines, infringement fees and other receipts."

Council considers that the most appropriate method to recover the public benefit component of this activity is general rate.

However, in line with Council's policy of those that benefit from a service paying a targeted rate, the Motueka and Golden Bay wards pay towards the costs for the Community Boards via a targeted rate which also includes special project funding within those wards.

As well, the costs of funding the grants for Our Town Motueka and Richmond Unlimited are recovered through the Motueka Business Rate, and Richmond Business Rate. Council charges these rates on businesses in the areas that will benefit. In Motueka, those businesses that are closer to the CBD receive a greater benefit, and therefore Council considers that a differential charge should be applied.

- General rate: High
- Targeted rates (business/community board): Low
- Local authorities fuel tax, fines, infringement fees and other receipts: Low
- Fees and charges: Low

## REVENUE AND FINANCING POLICY (CONT.)

### 3.12 COUNCIL ENTERPRISES

This activity involves the management of approximately 2,800 stocked hectares of commercial plantation forest, aerodromes in Motueka and Takaka,

a mixture of leased and managed Holiday parks in Motueka, Pohara, Collingwood and Murchison, the management of Port Tarakohe and the management of various commercial property assets.

#### Community outcomes to which the activity primarily contributes

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our unique natural environment is healthy, protected and sustainably managed.	<p>All property assets can be managed so the impacts of any effects do not affect the health and cleanliness of the receiving environment.</p> <p>All forests are managed according to the various policies and plans so the impacts of any effects do not affect the health and cleanliness of the receiving environment. Our forests store carbon to reduce the impact of climate change and meet obligations under climate change agreements.</p> <p>Port Tarakohe facility activities are within a recognised landscape area and attempts to minimise any impact on the wider Golden Bay environment.</p>
Our urban and rural environments are people-friendly, well-planned, accessible and sustainably managed.	<p>The aerodromes activity ensures our built urban environments are functional, pleasant and safe by ensuring the aerodromes are operated without causing public health hazards and by providing attractive recreational and commercial facilities.</p> <p>The commercial activity can be managed so that the impact of any property development upon the environment is minimised and any future developments have environmental sustainability as an expectation.</p> <p>The holiday parks and campgrounds activity contributes to our built urban environments which are functional and provide a pleasant experience. This is achieved by ensuring they are operated without causing public health hazards and are therefore sustainably managed.</p> <p>Where practical and safe, public access and use of forests for recreation (e.g. biking and walking) will be actively encouraged. To maintain control over usage, permits may be required for public entry into the forest areas.</p> <p>The port activities are well planned and sustainably managed, ensuring any impacts on urban, coastal and rural environments are minimised.</p>

## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
<p>Our infrastructure is efficient, cost effective and meets current and future needs.</p>	<p>The aerodromes provide commercial and recreational facilities to meet the community needs at an affordable level and are available to the whole community. The facilities are also sustainably managed.</p> <p>The holiday parks and campground provide the users with a variety of facilities to choose from at an affordable level while also looking towards future needs of a changing market.</p> <p>The Port Tarakohe activity provides commercial and recreational users with facilities to meet stakeholder needs, at an affordable cost and is positioned for future growth.</p> <p>Council forests have gained Forestry Stewardship Council (FSC) certification ensuring they are sustainably managed within internationally recognised guidelines.</p> <p>Commercial properties shall be reviewed to ensure that they meet the strategic needs of the Council.</p>
<p>Our communities are healthy, safe, inclusive and resilient.</p>	<p>Our buildings provide a healthy and safe environment for users. The holiday park industry is heavily regulated by public health authorities. This is achieved through operating in compliance with health and safety standards.</p>
<p>Our communities have opportunities to celebrate and explore their heritage, identity and creativity.</p>	<p>A number of the property asset sites have historical significance and are available for historical reference and exploration.</p> <p>Historic places and Iwi interests are respected and protected through planned Council development.</p>
<p>Our communities have access to a range of social, cultural, educational and recreational facilities and activities.</p>	<p>Commercial activities shall provide spaces for social and community interaction.</p> <p>All holiday parks and campgrounds have facilities that provide for a range of social, and recreational activities for school and educational groups.</p> <p>The Port Tarakohe facilities offer access for communities to a safe boating facility for a range of recreational activities to meet social, educational and recreational needs.</p>
<p>Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement</p>	<p>Open dialogue with operators of the Council's facilities fosters strong relationships. The Council receives constant feedback and recommendations from our community and users.</p> <p>The Council has established various advisory/interest groups such as the Mapua Advisory Group, Motueka and Takaka Aerodrome Advisory Group and Port Tarakohe Advisory Group as a means of engaging with the community on Council commercial activities.</p> <p>Neighbours of the forest estate boundaries and community action groups get involved in boundary issues such as weed and pest control, access and boundary alignment issues. These groups act independently but coordinated at an overview level by the Council Reserves staff.</p>



## REVENUE AND FINANCING POLICY (CONT.)

COMMUNITY OUTCOMES	HOW OUR ACTIVITY CONTRIBUTES TO THE COMMUNITY OUTCOME
Our region is supported by an innovative and sustainable economy.	<p>Running a viable and economically sustainable Holiday Park model ensures development and growth opportunities are paid for by users, and do not place an undue burden on district ratepayers. Facilities are able to be maintained and levels of service gradually improved through a consistent reinvestment strategy based on community use.</p> <p>Our commercial property holdings provide an income stream to the Council to reduce its reliance on rates.</p> <p>The forestry long term plan has been developed to produce an even flow of timber from the Council's forestry estate with the ultimate objective of achieving a non-declining annual volume cut from the forests with an average stand rotation length of approximately 28 years.</p> <p>Running a viable and economically sustainable port ensures development and growth opportunities are paid for by users and do not place an undue burden on district ratepayers.</p>

### Who benefits/whose act creates the need

There are a variety of direct beneficiaries in this activity including: users of aerodromes, ports, and campgrounds and renters of property.

This activity also includes forestry which provides a return back to Council.

### Period of benefit

Immediate and ongoing.

### Rationale for separate funding

Identifying separate funding assists in the accountability and transparency of Council's costs for much of this activity.

### Funding sources and rationale

Where possible users charges should be used to charge the direct beneficiaries and therefore fees and charges will be a significant revenue source for this activity for users of Port Tarakohe, the Motueka and Takaka Aerodromes, and the Collingwood campground. However some properties and the buildings at the aerodromes are rented at market levels which results in returns less than related costs therefore requiring some general rate funding into the activity. This is more than offset by contributions to the general rate from other parts of the activity.

This activity has significant income recorded in "Local authorities fuel tax, fines, infringement fees and other receipts" line. This includes funding from direct beneficiaries for property rentals in the Mapua Precinct, Riverview Campground, Fearons Bush Holiday Park, Pohara Holiday Park, Forestry income, and other revenue sources.

- Local authorities fuel tax, fines, infringement fees and other receipts: Medium – High – High
- Fees and charges: Low – Low – Medium
- General rates: In total – the general rate contribution from forestry should exceed other rates charged within the activity, meaning general rates are reduced overall because of surpluses in this activity.

## REVENUE AND FINANCING POLICY (CONT.)

### 3.13 SUPPORT SERVICES

This section covers strategic planning, customer services, non-commercial properties, finance, human resources, information management, and health and safety.

Support Services are the internal functions that help Council operate efficiently. Support Services are an essential part of ensuring we operate in an effective and efficient manner, meeting our statutory obligations, and working towards the achievement of community outcomes.

This group is not classed as a 'group of activities' for LTP purposes and no funding impact statement has been produced for these activities. The majority of support services costs are on-charged to other Council activities with the exception of some costs such as depreciation and capital costs.

## 4 FUNDING OF CAPITAL EXPENDITURE

Section 103(1) of the Local Government Act 2002 requires Council to specify its policy on the funding of capital expenditure separately from its policy on the funding of operating expenditure. "Capital" costs that need to be funded relate predominantly to the purchase of new assets and the replacement of existing assets.

Council takes a consolidated corporate approach to the management of its financial position. Through its LTP it determines what capital expenditure is sustainable within the prudential guidelines it has set itself. These parameters are contained in the Financial Strategy.

Activity management plans are maintained for most activities and these provide information about the services Council will be providing, the condition of any assets and asset renewals required to maintain desired service levels.

For most capital expenditure funding, the activity level operating analysis is also applicable and therefore detailed analysis by activity can be seen in the operating section. For example, the same community outcomes tend apply for both operating and capital expenditure by activity, and the beneficiaries and whose act creates a need are largely consistent,

whether the expenses are capital or operating in nature. For activities where the period of benefit has a long term component, some debt funding is generally utilised due to the intergenerational equity principle. The funding for debt is typically through rates. For the Transportation, Roads and Footpaths, Water Supply, Wastewater, Stormwater, and Community Development Activities, Council considers that Development Contributions and Financial Contributions for reserves and community services are appropriate sources of capital funding for the reasons set out in the detail that follows.

Funding for capital works will depend on the nature of the work, in particular the reasons (cost drivers) which have made the work necessary. There are three cost drivers recognised by Council:

- Capital expenditure due to **growth** (described as "To meet additional demand" in Council's Funding Impact Statement)
- Capital expenditure due to **renewals** (described as "To replace existing assets" in Council's Funding Impact Statement)
- Capital expenditure due to shifts in **levels of service**, statutory requirements, or other reasons excluding growth or renewals (described as "To improve the level of service" in Council's Funding Impact Statement).

In addition, Council also records Vested Assets. Certain infrastructural assets and land may vest in Council as part of the subdivision consent process. Vested infrastructural assets are valued by calculating the cost of providing identical quantities of infrastructural components, and are recognised as revenue when control over the asset is passed to Council.

### CAPITAL EXPENDITURE DUE TO GROWTH

- The Tasman District has experienced steady population and economic growth. Population and business growth creates the need for new subdivisions and development activity places increasing demand on the assets and services provided by Council. Significant investment in new or upgraded assets and services is accordingly required to meet the demands of growth.

## REVENUE AND FINANCING POLICY (CONT.)

- Council intends to fund the portion of capital expenditure that is attributable to growth by recovering these costs from development and growth.
- Council considers that the best mechanisms for ensuring the cost of growth sits with those who have created the need and benefit from the work are:
  - » Development Contributions (DCs) for transport, water, wastewater and stormwater services.
  - » Financial Contributions for reserves and community services.
- Council has a Development and Financial Contributions Policy. Council is required under Section 106 2 ( c ) of the Local Government Act 2002 to explain within that policy why it has decided to use development contributions, financial

contributions and other sources to fund capital expenditure relating to the costs of growth. The assessment that follows is therefore replicated in that Policy.

Council has considered whether development contributions or financial contributions are an appropriate source of funding considering the activity, the outcomes sought, and their links to growth infrastructure. A summary of this assessment follows. Overall, development contributions and reserve and community services financial contributions, as a dedicated growth funding source, offer more secure funding for community outcomes that are affected by growth, or through which we can deliver on aspects of the outcomes for new communities.

### Community outcomes to which the activity primarily contributes

	NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
Reserves and Community Services	✓	✓	✓	✓	✓	✓	✓	✗
Transportation	✗	✓	✓	✓	✗	✓	✓	✓
Water	✓	✓	✓	✓	✗	✗	✓	✓
Wastewater	✓	✓	✓	✓	✗	✗	✓	✓
Stormwater	✓	✓	✓	✓	✗	✗	✓	✓

## REVENUE AND FINANCING POLICY (CONT.)

### Who benefits/whose act creates the need

A significant portion of Council's work programme is driven by development or has been scoped to ensure it provides for new developments. The extent to which growth benefits from a project as well as how much it benefits existing ratepayers is determined for each project.

Council believes that the growth costs identified through this process should be recovered from development as this is what creates the need for the expenditure and / or benefits principally from new assets and additional network capacity. Where and to the extent that works benefit existing residents, those costs are recovered through rates.

### Period of benefit

The assets constructed for development provide benefits and capacity for developments now and developments in the future. In many cases, the "capacity life" of such assets is many years, if not decades.

DCs allow development related capital expenditure to be apportioned over the capacity life of assets. Developments that benefit from the assets will contribute to its cost, regardless of whether they happen now or in the future.

Similarly, financial contributions for reserves and community services also allows funding of these assets to be spread over benefiting developments over time.

### Funding sources and rationale including rationale for separate funding

The cost of supporting development in Tasman is significant. Development contributions send clear signals to the development community about the true cost of growth and the capital costs of providing infrastructure to support that growth.

The benefits to the community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development contributions and financial contributions for reserves and community services.

Council has also considered the impact of the overall allocation of liability on the community. In this case, the liability for revenue falls directly with the development community. At the effective date of this Policy, Council does not perceive any impact on the social, economic and cultural wellbeing of this particular section of the community.

Development in Tasman is thriving and demand is high, as is demand for the infrastructure these funding sources helps secure. Conversely, shifting development costs onto ratepayers is likely to be perceived as unfair and would significantly impact the rates revenue required from existing residents – who do not cause the need, or benefit from the growth infrastructure, needed to service new developments.

Overall, it is considered fair and reasonable, and that the social, economic and cultural interests of Tasman's communities are best advanced through using development contributions and reserve and community services financial contributions to fund the costs of growth-related capital expenditure for services and activities covered by this Policy.

Types of assets covered by development and financial contributions for reserves and community services include:

- Network Infrastructure for water supplies, wastewater, stormwater and transportation
- The purchase and development of reserves
- Capital works for recreation activities, including libraries
- Mitigating adverse effects.

Funding sources for growth capital expenditure:

- Subsidies and grants for capital expenditure
- Development contributions and financial contributions for reserves and community services
- Borrowing.

## REVENUE AND FINANCING POLICY (CONT.)

### CAPITAL EXPENDITURE DUE TO RENEWALS

Renewal capital works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has been depreciated. Therefore by using those depreciation funds Council is attempting to maintain infrastructural networks to at least their original service level.

Council policy is to move to fully fund depreciation (the wearing out of assets as it occurs) during their lifetime through rates and other operational income streams, stepped in over a ten year period finishing June 2025. The move to fully fund depreciation will continue to have a significant operational cost implication for Council, and operational spending has been prioritised in order to enable the transitioning in of depreciation funding at the same time as remaining within the set financial limits.

Fully funding depreciation does not mean that all assets will have full depreciation funded. This is because:

1. Subsidies are received in some areas. For example, Council needs to fund depreciation only on its share of transportation costs – the component attributable to NZTA is excluded. Allowing for other subsidisable costs means approximately 49% of transportation depreciation will be funded.
2. Depreciation on community facilities may not need to be funded as they are often partly funded by non-Council sources and/or will never be replaced in the same form at the end of their useful life therefore in this case depreciation on certain halls, libraries etc. will not be funded.
3. Certain renewal programs are historically rates funded, and therefore it is not necessary to fund depreciation on these.

Council does not hold cash reserves that match the depreciation reserves.

Not every project will contribute to every community outcome listed below, however the overall capital works program will likely contribute to all of them.

#### Who benefits/whose act creates the need

Users of current infrastructure benefit from the renewal of this infrastructure.

In some cases the capital cost arises because of damage to infrastructure in climatic events or because of equipment failure.

#### Period of benefit

Ongoing benefits over the assets useful life.

#### Funding sources and rationale including rationale for separate funding

The funding of depreciation is to be used for funding renewals for the purposes of intergenerational equity, however to meet the targets within the financial strategy, the funding is being phased in over time.

Other funding sources will also be considered.

Funding sources for renewal capital expenditure:

- Subsidies and grants for capital expenditure
- Depreciation reserves
- Proceeds from sale of assets
- Reserves
- Borrowing
- Rates
- Activity surpluses.

### Community outcomes to which the activity primarily contributes

NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
✓	✓	✓	✓	✓	✓	✓	✓

## REVENUE AND FINANCING POLICY (CONT.)

### CAPITAL EXPENDITURE DUE TO SHIFTS IN LEVELS OF SERVICE, STATUTORY REQUIREMENTS, OR OTHER REASONS EXCLUDING GROWTH OR RENEWALS

Not every project will contribute to every community outcome listed below, however the overall capital works program will likely contribute to all of them.

#### Who benefits/whose act creates the need

Users of assets would benefit from increased levels of service.

The cost driver for some capital works relates to increasing the levels of service for the community. Sometimes these improvements are required because of changes to legislation or resource consent conditions, which means there may be little discretion with regards to the expenditure.

In other cases, the increase in the level of service is a community driven decision.

#### Period of benefit

Ongoing benefits over the assets useful life.

#### Funding sources and rationale including rationale for separate funding

Council will first look to fund other/level of service capital expenditure through capital grants and subsidies including community contributions, or where it makes sense, through asset sales and reserves, borrowing, and rates.

Funding sources for other capital expenditure:

- Subsidies and grants for capital expenditure including community contributions
- Proceeds from sale of assets
- Reserves
- Borrowing
- Rates
- Activity surpluses.

### Community outcomes to which the activity primarily contributes

NATURAL ENVIRONMENT	HUMAN ENVIRONMENT	INFRASTRUCTURE	COMMUNITY	CULTURE	RECREATION	GOVERNANCE	ECONOMIC
✓	✓	✓	✓	✓	✓	✓	✓



# RATES REMISSION POLICY

## POLICY REFERENCES

### Effective date

1 July 2018

### Review due

30 June 2021

### Legal compliance

Local Government Act 2002 sections 102 and 109,  
Local Government (Rating) Act 2002 sections 85 and 86

## PURPOSE

The rates remission policy contains a number of policies that each outline objectives sought to be achieved by the remission of rates and the conditions and criteria to be met in order for rates to be remitted.

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

## CONTENTS

Policy on Remission of Rates for Land Subject to Council Initiated Zone Changes

Policy on Remission of Rates for Sporting, Recreation or Community Organisations

Policy on Remission of Uniform Charges on Non-Contiguous Rating Units Owned by the Same Ratepayer

Policy on Remission of Rates on Low Valued Properties

Policy on Remission of Rates for School Wastewater Charges

Policy on Remission of Rates for Land Occupied by a Dwelling that is Affected by Natural Disaster

Policy on Remission of Penalties

Policy on Remission of Rates on Abandoned Land

Policy on Remission of Excess Metered Water Rates

## RATES REMISSION POLICY (CONT.)

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

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

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.

#### 1. CONDITIONS AND CRITERIA

- 1.1 This policy applies to rating units in the Tasman District.
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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.
- 1.6 The decision to remit all or any part of the rates on a rating unit shall be at the sole discretion of the Council.
- 1.7 The Council may refuse to remit rates even where the conditions set out in this Policy are met by a ratepayer.
- 1.8 Subject to clause 1.9 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

## RATES REMISSION POLICY (CONT.)

- 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.
- 1.9 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.
- 1.10 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 2002 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

- 1.11 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.
- 1.12 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.
- 1.13 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

- 2.1 If the applicant has applied for a rates remission under the policy in the prior year, the application for rates remission must be made to Council on or before 15 September. If the applicant did not apply in the prior year, the application for rates remission must be made to Council on or before 31 May.
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 Applications will not be accepted for prior years.
- 2.4 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.
- 2.5 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.
- 2.6 Council may recover costs from applicant ratepayers in accordance with the Fees and Charges Policy.
- 2.7 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 Full Council or any committee it delegates to for a decision.

## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF RATES FOR SPORTING, RECREATION OR COMMUNITY ORGANISATIONS

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To facilitate the ongoing provision of non-commercial community services and non-commercial recreational opportunities by:

1. Recognising the public good contribution made by such organisations;
2. Assisting the survival of such organisations;
3. Making membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

#### 1. CONDITIONS AND CRITERIA

This policy applies to a sporting, recreation or community organisation that is not otherwise covered by the Local Government (Rating) Act 2002, Schedule 1 Parts 1 and 2. Parts 1 and 2 specify categories of land that is 100% or 50% non-rateable. The applicant must be in the Tasman District and must facilitate the ongoing provision of non-commercial community services and/or non-commercial sporting and/or recreational opportunities.

- 1.1 Remission of rates may be made when both of the following criteria apply:
  - a. The land is owned by Council, the Crown, or a non-profit organisation and is occupied by that organisation.
  - b. The land is used exclusively or principally for sporting, recreation or community services under the following categories:
    - i. Hall or library
    - ii. Promotion of arts, health or education
    - iii. Recreational or sporting

- iv. Free maintenance and relief of persons in need.

- 1.2 Remission of rates will not be made when any of the following exclusions apply:
  - a. The organisation (including a society, association or organisation, whether incorporated or not) exists for the purposes of profit or gain.
  - b. The organisation engages in sporting, recreational, or community services as a secondary purpose only.
  - c. The rate is any targeted rate for water supply, wastewater or refuse/recycling.

#### 2. PROCEDURE

- 2.1 If the applicant has applied for a rates remission under the policy in the prior year, the application for rates remission must be made to Council on or before 31 December. If the applicant did not apply in the prior year, the application for rates remission must be made to Council on or before 31 May.
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 Applications will not be accepted for prior years.
- 2.4 Organisations making an application should include the following documents in support of their application:
  - a. Statement of objectives
  - b. Full financial accounts (balance sheet, income statement, cash flow statement)
  - c. Information on activities and programmes delivered
  - d. Details of membership.
- 2.5 Each application will be considered on its merits, and provision of a remission in any year does not set a precedent for similar remissions in any future year.
- 2.6 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 Full Council or any committee it delegates to for a decision.

## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF UNIFORM CHARGES ON NON-CONTIGUOUS RATING UNITS OWNED BY THE SAME RATEPAYER

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To provide relief from uniform charges for rural land which is non-contiguous, farmed as a single entity, and owned by the same ratepayer.

#### 1. CONDITIONS AND CRITERIA

- 1.1 The policy will be applicable to rural land which is non-contiguous, farmed as a single entity, and owned by the same ratepayer.
- 1.2 Rating units that meet the criteria under this policy may qualify for a remission of the uniform annual general charge and specified targeted rates set on the basis of a fixed dollar charge per rating unit.
- 1.3 The Ratepayer will remain liable for at least one of each type of charge.

- 1.4 Rate types affected by this policy are uniform fixed charges, i.e. those that would be impacted if the properties were treated as one unit for setting a rate. Any rate relating to water supply will not be eligible for remission under this policy.
- 1.5 Rating units that receive a remission must be held in identical ownership with each other and operated as a single farming or horticultural unit. For the avoidance of doubt, the definition of farming does not extend to forestry.

#### 2. PROCEDURE

- 2.1 The application for rates remission must be made to the Council on or before 31 May. This application will be enduring and annual applications are only required if requested by Council staff, however applicants must inform Council if their land use changes or if the rating units cease to be operated as a single farming or horticultural unit.
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 Application will not be accepted for prior years.
- 2.4 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 Full Council or any committee it delegates to for a decision.

## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF RATES ON LOW VALUED PROPERTIES

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To minimise administrative costs in the collection of rates on properties that are low-valued. The Local Government (Rating) Act 2002 requires each separate property title to have a separate valuation/rating assessment. This has resulted in some low land valued assessments being created, particularly where subdivisions of assessments have not covered the full area.

#### 1. CONDITIONS AND CRITERIA

- 1.1 This policy applies to properties in the Tasman District.
- 1.2 Despite the main provisions of the Local Government (Rating) Act 2002, Council may make a decision not to collect rates where it deems it uneconomical to do so. Under this Policy, the Council may make property assessments with a rating valuation of up to \$7,000 eligible for a 100% rates remission if they meet all of the following criteria:

- a. The property is not part of a group of assessments that are classified or treated as Contiguous;
- b. The property is not used, nor able to be effectively used, by the owner listed on the Certificate of Title.
- c. The property is not an isolation strip.

#### 2. PROCEDURE

- 2.1 The application for rates remission must be made to the Council on or before 31 May. This application will be enduring and annual applications are only required if requested by Council staff, however applicants must inform Council if their property becomes used, or becomes contiguous to another property they own.
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 Applications will not be accepted for prior years.
- 2.4 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 Full Council or any committee it delegates to for a decision.



## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF RATES FOR SCHOOL WASTEWATER CHARGES

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To provide relief and assistance to educational establishments in paying wastewater charges.

#### 1. CONDITIONS AND CRITERIA

- 1.1 The policy will apply to educational establishments as defined in Schedule 1 Part 1 clause 6 (a – b) of the Local Government (Rating) Act 2002. The policy does not apply to school houses or parts of a school used for residential purposes.
- 1.2 The wastewater charge is the rate that would be levied using the same mechanism as applied to other rating units in the District divided by the number of toilets/urinals as determined in accordance with the clauses below.
- 1.3 Where the formula is applied and the wastewater charge is higher than the amount that would normally be levied if no formula was applied, the amount to pay would be whichever is the lesser of the two.

- 1.4 For the purpose of clause 1.2 the number of toilets/urinals for rating units occupied for the purposes of an educational establishment is one toilet/urinal for every 20 pupils and staff.
- 1.5 The number of pupils in an educational establishment is the number of pupils on its roll on 1 March in the year immediately before the year to which the charge relates.
- 1.6 For early childhood establishments the number of pupils is the maximum number of pupils licensed for each session.
- 1.7 The number of staff in an educational establishment is the number of full time equivalent teaching and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relates.

#### 2. PROCEDURE

- 2.1 The application for rates remission must be made to the Council on or before 15 June. Applications made before this deadline will be applicable for the next rating year commencing 1 July.
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 Applications will not be accepted for prior years.
- 2.4 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 Full Council or any committee it delegates to for a decision.

## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF RATES FOR LAND OCCUPIED BY A DWELLING THAT IS AFFECTED BY NATURAL DISASTER

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To allow the Council, at its discretion, to remit rates charged on any rating unit used for residential purposes if the land has been detrimentally affected by natural disaster (erosion, falling debris, subsidence, slippage, inundation, or earthquake) rendering dwellings or buildings uninhabitable and requiring activities carried out on the land to cease. The aim of the Policy is to allow the Council to consider remitting rates for those ratepayers most adversely affected.

#### 1. CONDITIONS AND CRITERIA

- 1.1 This policy applies to properties located in the Tasman District.
- 1.2 The Council may remit all or a part of any rate or user charge made and levied in respect of land, if the land is detrimentally affected by natural disaster (such as erosion, falling debris, subsidence, slippage, inundation, or earthquake) and:
  - a. as a result dwellings or buildings previously habitable were made uninhabitable; and
  - b. the activity for which the land and/or buildings were used prior to the disaster is unable to be undertaken or continued; and
  - c. The rating unit was used for residential purposes immediately prior to the disaster.

For the purposes of this policy, 'uninhabitable' shall mean –

- i. a dwelling or building that cannot be used for the purpose it was intended due to a 's124 notice' being issued under the Building Act 2004 and the residents have been required to move out by the Council; or

- ii. a dwelling or building that is a total loss; or
- iii. as determined by Council after taking into account the matters specified in Clause 1.5 of this Policy.

'Rating unit used for residential purposes' shall mean –

- i. any land including land not zoned for residential purposes on which a dwelling is located and is occupied by the Ratepayer as a principal place of residence.
- 1.3 The remission may be for such period of time as the Council considers reasonable, commencing from the date upon which the Council determines that the dwelling, buildings, or land were made uninhabitable and unable to be used for the activity for which they were used prior to the disaster, which shall be no less than 30 days after the event affecting the land in terms of this policy up to and limited to the time that the land and/or buildings are deemed by Council to be able to become habitable and able to be used for the activity carried out prior to the disaster.
  - 1.4 The decision to remit all or any part of a rate or user charge shall be at the sole discretion of the Council. The Council may refuse to grant a remission even where the conditions set out in clause 1.2 are met by a ratepayer. The Council is unlikely to grant a remission where the land affected is in a known hazard prone location.
  - 1.5 In determining whether or not a property is uninhabitable and the period of time for which the rates remission is to apply Council may take into account:
    - a. the extent to which essential services such as water, or sewerage to any dwelling or building were interrupted and could not be supplied;
    - b. whether essential services such as water or sewerage to any dwelling or building are able to be provided; and
    - c. whether any part of the building or land remains habitable or available for use
    - d. any property revaluation undertaken by Council's valuation provider.

## RATES REMISSION POLICY (CONT.)

### 2. PROCEDURE

- 2.1 Rates remissions will only be considered following the receipt of an application by the ratepayer and the application must be received within six months of the event, or within such further time as Council in its sole discretion might allow.
- 2.2 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 on a case by case basis.
- 2.3 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 Full Council or any committee it delegates to for a decision.



## RATES REMISSION POLICY (CONT.)

### POLICY OF REMISSION OF PENALTIES

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To enable the Council to act fairly and reasonably in its consideration of penalties charged on rates which have not been received by the Council by the due date.

#### 1. CONDITIONS AND CRITERIA

- 1.1 This Policy applies to ratepayers within the Tasman District.
- 1.2 Remission of penalties on late payment of rates may be made when it is considered just and equitable to do so. In determining justice and equity, one or more of the following criteria shall be applied.
  - a. Where there exists a history of regular, punctual payment over the last two years and payment is made within a short time following the ratepayer being made aware of the non-payment, a one-off reduction in penalties may be made.
  - b. Where an agreed payment plan is in place, penalties may be suppressed or reduced, where the ratepayer complies with the terms of the agreed payment plan.
  - c. Where the rates instalment was issued in the name of a previous property owner.
  - d. Where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type and has been unable to attend to payment, on compassionate grounds.

- e. Where an error has been made on the part of the Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.
- f. Where the remission will facilitate the collection of overdue rates and it results in full payment of arrears.
- g. Where the remission facilitates the future payment of rates by direct debit within a specified timeframe.
- h. Where ratepayers can reasonably expect a rates remission for the rating year where their application has not yet been approved, or where the final date for lodging the remission application has not yet passed.

#### 2. PROCEDURE

- 2.1 A ratepayer may request that the penalty applied for late payment be remitted.
- 2.2 In implementing this policy the circumstances of each case will be taken into consideration on their individual merits and a remission will be conditional upon the full amount of such rates due having been paid.
- 2.3 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 Full Council or any committee it delegates to for a decision.

## RATES REMISSION POLICY (CONT.)

### POLICY ON REMISSION OF RATES ON ABANDONED LAND

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To minimise administration costs where it is unlikely that rates assessed on an abandoned rating unit will ever be collected.

#### 1. CONDITIONS AND CRITERIA

- 1.1 The policy will apply to rating units that meet the definition of abandoned land as prescribed in Section 77(1) of the Local Government (Rating) Act 2002 and that land has either failed to be sold using the authority provided in sections 77 – 83 of the Local Government (Rating) Act 2002, or is unlikely to sell under that authority.

#### 2. PROCEDURE

- 2.1 Rates will be remitted in full annually on rating units that meet the conditions and criteria specified above.
- 2.2 Any rates arrears owing on qualifying properties at the adoption of the policy, or in the first year a rating unit qualifies under the policy, will also be remitted.
- 2.3 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 Full Council or any committee it delegates to for a decision.

### POLICY ON REMISSION OF EXCESS METERED WATER RATES

This policy is made in accordance with sections 102 and 109 of the Local Government Act 2002 and is applied as per sections 85 and 86 of the Local Government (Rating) Act 2002.

#### OBJECTIVES

To ensure the efficient use of water by ratepayers, and provide an incentive to ratepayers to promptly correct any leaks to their internal reticulation.

#### 1. CONDITIONS AND CRITERIA

- 1.1 This policy applies to residential ratepayers who have excess water rates due to a leak in the property's internal reticulation. Internal reticulation is defined as the water supply pipe that commences at the point of supply (generally at the water meter) and goes directly to the dwelling. Refer to **Figure 1 (on page 255)**. For the avoidance of doubt, this policy does not apply to commercial, industrial, or other properties that are not dwellings as defined in this policy.
- 1.2 A remission will only be granted on the current account.
- 1.3 Where a remission is granted the ratepayer will be charged an amount equal to the maximum consumption at any one time charged for that rating unit in the past three years, provided it has been in the same ownership.
- 1.4 Where ownership of the property has been for less than six months, staff will monitor consumption for a period of three months following completion of all repairs, to establish a reasonable consumption figure to charge.
- 1.5 Where there is an application for remission following a second leak within five years of the first application, the ratepayer will pay an additional charge of 75 per cent of the difference between the consumption as calculated in clause number 1.3 above and the actual metered consumption during the leak period.



## RATES REMISSION POLICY (CONT.)

- 1.6 Where there is an application for remission following a third or subsequent leak within five years of the first application, the application will be declined.
- 1.7 No remissions to the water account will be given in any of the following circumstances:
  - a. No remissions will be given for leaking fittings connected to the water supply connection to the dwelling.
  - b. No remissions will be granted for a water supply connection pipe to a dwelling that has been installed within the last five years.
- 1.8 Definition of Dwelling: Dwelling means a building or group of buildings, or part of a building or group of buildings that is:
  - a. Used or intended to be used, only or mainly for residential purposes; and
  - b. Occupied, or intended to be occupied, exclusively as the home or residence of not more than one household; but does not include a hostel, boarding house, or other specialised accommodation.

## 2. PROCEDURE

- 2.1 All applicants must initiate their request within six weeks of the date of the current water account, stating that there are no further leaks on the property and must provide proof of repair carried out by a registered plumber. (The only exemption to this requirement is that provided for Murchison as notified in the SR1978/340).
- 2.2 Applications for remission must be made on the prescribed form.
- 2.3 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 Full Council or any committee it delegates to for a decision.

## SANITARY PLUMBING (EXEMPTION) NOTICE 1978 SR 1978/340

PURSUANT to section 55 (1) of the Plumbers, Gasfitters and Drainlayers Act 1976, and after consultation with the Waimea County Council, the Minister of Health hereby gives the following notice:

### Contents

#### Title and Commencement

- 1 This notice may be cited as the Sanitary Plumbing (Exemption) Notice 1978.
- 2 This notice shall come into force on the day after the date of its notification in the Gazette.

#### Exemption from provisions relating to sanitary plumbing

The area described in the Schedule to this notice is hereby designated as an area where sanitary plumbing may be done by any person.

#### Schedule

Area in which notice has effect

The Murchison Division of the County of Waimea (as shown on a plan number SPE 1 deposited with the Ministry of Health and thereon edged with a bold black line), excluding the area situated within a radius of 1.5 kilometres of the Nelson Lakes National Park Headquarters in the Township of St Arnaud.

#### Explanatory Note

This note is not part of the notice, but is intended to indicate its general effect.

The effect of the notice is that, subject to the provisions of any enactment other than the Plumbers, Gasfitters, and Drainlayers Act 1976, any person may do sanitary plumbing within the area of the County of Waimea described in the Schedule to this notice. Except where an area is exempted in this way, only the holders of licences or certificates under the Act in respect of plumbing may do this work (subject to certain limited exemptions).

#### Promulgation

Issued under the authority of the Acts and Regulations Publication Act 1989

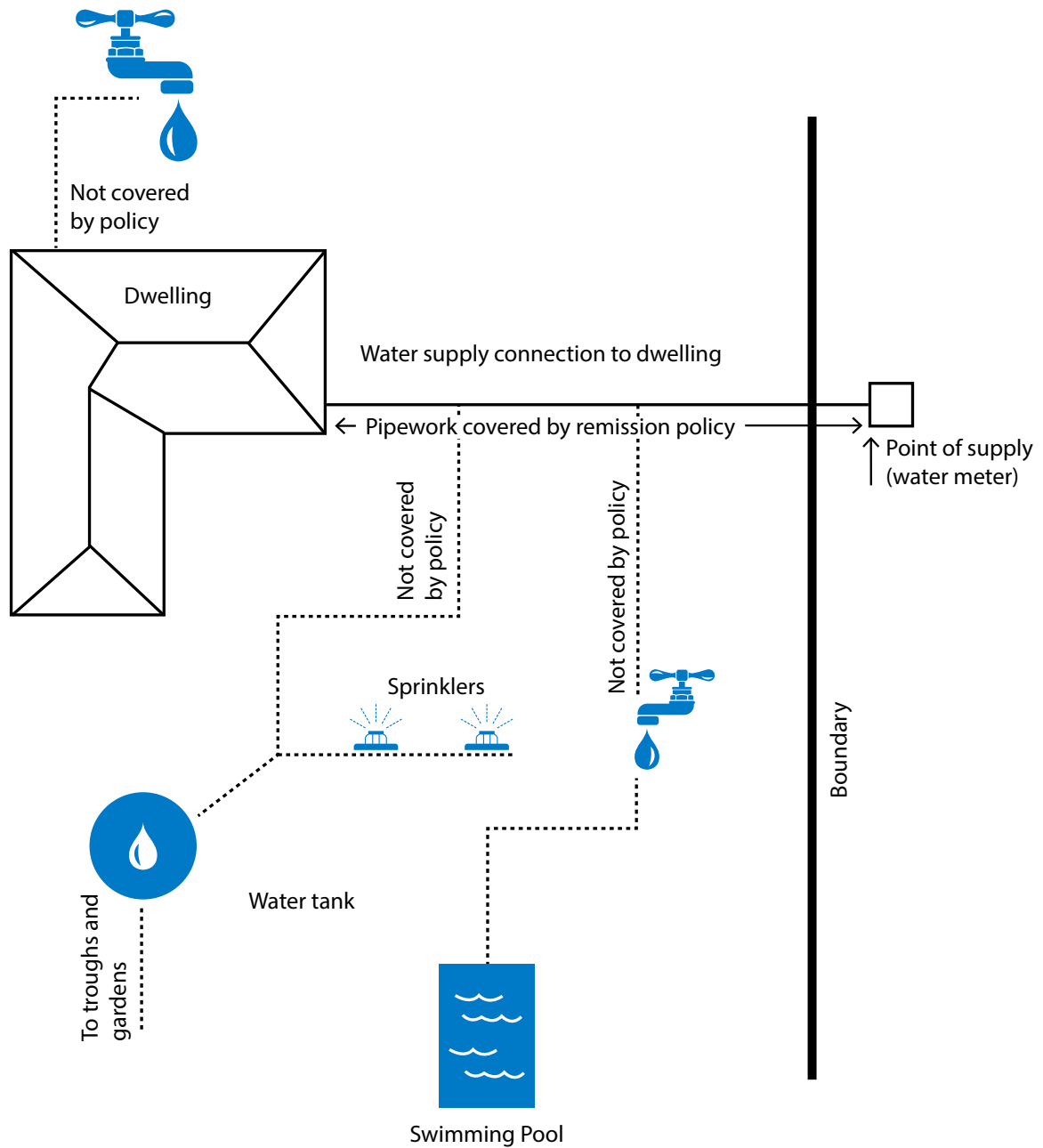
Date of notification in Gazette: 21 December 1978

This notice is administered by the Department of Health



## RATES REMISSION POLICY (CONT.)

FIGURE 1



..... Pipework shown dashed is not covered by the remission policy

# POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

## POLICY REFERENCES

### Effective date

1 July 2018

### Review due

30 June 2021

### Legal compliance

Local Government Act 2002 – Section 102, 108 and Schedule 11

### Approved by Council

Council is required to adopt a policy on remission and postponement of rates on Māori freehold land under Sections 102, 108 and Schedule 11 of the Local Government Act 2002.

The matters to be considered in adopting a policy include:

- The desirability and importance within the District of each of the objectives listed in Schedule 11 of the Local Government Act 2002.
- Whether, and to what extent, the attainment of any of those objectives could be prejudicially affected if there is no remission of rates or postponement of the requirement to pay rates on Māori freehold land.
- Whether, and to what extent, the attainment of any of those objectives is likely to be facilitated by the remission of rates or postponement of the requirement to pay rates on Māori freehold land.

- The extent to which different criteria and conditions for rates relief may contribute to different objectives.

*Note: Part 1 of Schedule 1 of the Local Government (Rating) Act 2002, sets out those categories of non-rateable land. For clarity, those categories with direct reference to Māori and/or Māori freehold land, include:*

- Land owned or used by, and for the purposes of, —
  - » a partnership school kura hourua (within the meaning of section 2(1) of the Education Act 1989), excluding any partnership school kura hourua that operates for profit.
- Land that does not exceed 2 hectares and that is used as —
  - » a Māori burial ground.
- Māori customary land.
- Land that is set apart under section 338 of Te Ture Whenua Māori Act 1993 or any corresponding former provision of that Act and —
  - » that is used for the purposes of a marae or meeting place and that does not exceed 2 hectares; or
  - » that is a Māori reservation under section 340 of that Act.
- Māori freehold land that does not exceed 2 hectares and on which a Māori meeting house is erected.
- Māori freehold land that is, for the time being, non-rateable by virtue of an Order in Council made under section 116 of this Act, to the extent specified in the order.

For a complete list of fully non-rateable land please refer to Part 1 of Schedule 1 of the Local Government (Rating) Act 2002 available from [www.legislation.govt.nz](http://www.legislation.govt.nz).

## POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND (CONT.)

Having considered the above matters Council's policy on remission and postponement of rates on Māori freehold land is:

### POLICY ON THE REMISSION AND POSTPONEMENT OF RATES ON MĀORI FREEHOLD LAND

#### PURPOSE

The objective of the Policy on the Remission and Postponement of Rates on Māori Freehold Land is to enable the Council to act fairly and reasonably in its consideration of rate relief on Māori freehold land.

#### APPLICATION

This Policy applies to rates on Māori freehold land within the Tasman District.

#### PRINCIPLES

1. The Council has considered the matters set out in Section 108 and Schedule 11 of the Local Government Act 2002. The Council may remit all or part of the rates on Māori freehold land in accordance with any other rates remission policy that applies to the land if the Council is satisfied that the conditions and criteria for rates to be remitted under that other policy are met.
2. The Council will not postpone the requirement to pay rates on Māori freehold land, thereby treating Māori freehold land the same as general land in Tasman District.
3. In this Policy Māori freehold land means land whose beneficial ownership has been determined by the Māori Land Court by freehold order.



# SIGNIFICANCE AND ENGAGEMENT POLICY

## POLICY REFERENCES

### Effective date

1 July 2018

### Review due

30 June 2021

### Legal compliance

Pursuant to Section 76AA of the Local Government Act 2002

## INTRODUCTION

The decisions local authorities make affect their communities on a daily basis. Some decisions have greater significance than others. This Policy explains how the Council will determine the significance of matters.

Effective community engagement builds trust in Council decision making, while also increasing the Council's awareness of issues in the community. Council engages with the community during its everyday business using a range of informal methods. However, some Council decisions require a more structured form of engagement, due to the significance that a matter has within the wider community, or for groups within the community. This Policy provides guidance on Council's engagement processes.

This policy will apply specifically to the Local Government Act 2002 (LGA) and in generality to decisions under other Acts unless there are expressed provisions to the contrary in the other Acts. Emergencies and emergency works are excluded from this policy.

## PURPOSE

The purpose of this policy (in accordance with section 76AA(2) in the (LGA)) is:

- to enable the local authority and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities; and
- to provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets, or other matters; and
- to inform the local authority from the beginning of a decision-making process about—
  - » the extent of any public engagement that is expected before a particular decision is made; and
  - » the form or type of engagement required.

The extent of significance and engagement is determined on a case-by-case basis. This policy is intended to guide decision-making on these matters. This policy is made up of two parts. The first part on significance explains how decisions on significance will be determined and what happens when something is considered significant. The second part focuses on engagement and consultation. It sets out the principles of engagement Council will use, how Council will engage with Iwi, the role of elected representatives, and sets some parameters around minimum information requirements, timeframes, and management of feedback.

## PART 1. SIGNIFICANCE

### 1.1 WHAT IS SIGNIFICANCE AND WHAT IS SIGNIFICANT?

Section 5 of the LGA 2002 defines **significance** as:

“in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

- a. the district or region:
- b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:
- c. the capacity of the local authority to perform its role, and the financial and other costs of doing so".

Section 5 of the LGA 2002 defines **significant** as:

"in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance".

### 1.2 DETERMINING SIGNIFICANCE

This section describes Council's general approach to determining significance (in accordance with section 76AA(1)(a)).

Determining the significance of a matter is an exercise of judgment. Council must assess how a proposal, decision, issue or matter may affect people, services, facilities and infrastructure in the District. Significance has to be considered as a continuum – ranging from the day to day matters where the decision is of low importance and has low significance, through to those which are critical with high or a very high significance. At some point in the continuum, the degree of significance becomes high enough that the matter is considered 'significant'.

Schedule 2 sets out the procedure for assessing the significance of matters. Council will use the criteria described below to help determine the level of significance of issues, proposals assets, activities, decisions or other matters. The criteria will be considered together in determining significance rather than separately – a proposal that rates highly against one of the criteria in isolation may not necessarily be considered to be of high significance.

Criteria for Determining Levels of Significance:

- Does the proposal or decision relate to an asset that is a 'strategic asset', as defined by the Act or this policy (See Schedule 1 – Strategic Assets), including the transfer of ownership or control, or the construction, replacement or abandonment of a 'strategic asset' (as defined by the Act or listed in this policy)?

- Is there, or likely to be, a substantial change in the level of service provided by Council?
- Is there, likely to be, or has there been:
  - » a high level of community interest in a proposal or decision? or
  - » controversy in the context of the impact or consequence of the change? or
  - » a specific area affected (e.g. geographic area, or area of a community by interest, age or activity)? or
  - » an impact or consequence relating to the duration of the effect arising from a proposal, decision or activity?
- Will the decision substantially affect Council debt, rates on residents or the financial figures in any one year or more of the Long Term Plan?
- Does the proposal, activity or decision involve the sale of a substantial proportion of, or controlling interest in, the Council's shareholding in any Council-controlled trading organisation or Council-controlled organisation?
- Does the proposal or decision involve entry into any partnership with the private sector to carry out a significant activity; or any new proposal to contract out the delivery of any Council group of activities?
- Does the decision involve Council exiting an existing activity or adding a new group of activities?

### 1.3 DETERMINING WHAT IS SIGNIFICANT

This section describes the criteria and procedure Council will use to assess the extent to which issues, proposals, assets decisions or activities are significant (in accordance with LGA section 76AA(1)(b)).

An issue, decision, proposal or other matter is considered to be significant if it has a high level of significance; is determined to be significant by Council through resolution, and has not previously been consulted on using a special consultative procedure, including through the Long Term Plan or Annual Plan.



## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

### 1.4 WHAT HAPPENS WHEN THE LEVEL OF SIGNIFICANCE HAS BEEN DETERMINED?

Once Council has decided what level of significance an issue has and whether it is significant, it will consider how it should engage with its communities. Like determining significance, engagement is also a continuum. At one end of the spectrum, the Council could simply provide information to the community (e.g. advise that there will be a change to rubbish collection days). At the other end of the spectrum, the community is empowered to make a decision itself, such as in the electoral voting system. Where a Special Consultative Procedure is required under any legislation (e.g. for making a bylaw, adopting a Long Term Plan or Annual Plan), then the matter is likely to be towards the higher end of the engagement and significance continuum.

Enabling effective participation of individuals and communities in the decision-making of councils is the

primary purpose of consulting with the community. This will enable elected representatives to make better-informed decisions on behalf of those they represent.

The exact form and extent of consultation and engagement will be determined by Council on a case by case basis, including considering the level of significance of the matter and any statutory requirements.

An illustration of how Council will approach communities on matters of significance, along with examples of engagement methods used by Council, is provided in **Table 1** below.

Council regularly surveys its communities on their preferences and satisfaction with Council communication methods. This means Council can track how community preferences and satisfaction change over time and adapt the methods as required.

**TABLE 1. MATCHING ENGAGEMENT TO SIGNIFICANCE**

LOW	MEDIUM TO HIGH SIGNIFICANCE (ONE OR MORE APPROACH MAY BE USED)			
The community is provided with objective information to assist in its understanding of problems, solutions, performance	Feedback is obtained from the community to assist in the formulation of alternatives and decisions	Council works directly with the public throughout the process, to ensure both public and private concerns are understood	Council seeks direct advice from the community in formulating solutions. This advice is incorporated in decisions to the maximum extent possible	The public is empowered to make the decision
EXAMPLES OF ENGAGEMENT METHODS IN TASMAN (ADDITIONAL ACTIVITIES, FROM LEFT TO RIGHT)				
Council reports, website update, media release, public notice, letter, Newline, social media, customer services staff information training, or councillor or staff email networks	Notification to identified stakeholders and those directly affected, information display at Council offices or local venue in vicinity of activity/initiative, public meeting, open days, surveys, focus groups, online consultation, public hearings, identified staff as points of contact, print and radio advertising, Special Consultative Procedure (LGA)	Discussion groups and workshops, road shows, residents' survey, community led activities, pre-engagement strategy to heighten awareness and create interest and/or participation, expert opinion on outcomes sought by initiative/activity	Working groups, advisory boards	Local body elections



## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

### PART 2. ENGAGEMENT AND CONSULTATION

#### 2.1 PRINCIPLES FOR ENGAGING AND CONSULTING WITH COMMUNITIES

Overarching principle: Council will engage with the community/ies affected by a matter with high significance to a greater extent than it will for a matter with less significance.

Some principles are common to all engagement processes. Many of the principles listed below have been adapted from the LGA 2002 (Sections 78 and 82), while others have been added to reflect the Council's commitment to community engagement.

**Access to information** – Council will provide reasonable access to relevant information in a timely manner and in a format that is appropriate to people's needs, taking into account the District's geographic and technological challenges.

**Timeliness** – Council will build engagement into the planning process from the start. Sufficient time will be allowed for considered responses from all groups with an interest in, or who are affected by, the issue.

**Partnerships** – in engaging and making decisions, Council will work in partnership with appropriate representative and special interest groups.

**Transparency** – Council will provide information about the purpose of engagement and the scope of the decisions. To ensure that participants know and understand the impact of their involvement, information may be provided on why Council is engaging, what issues are and are not up for decision-making, how the decisions will be made and who will be making them.

**Encouragement to Present Views** – Council will encourage all those affected by, or who have an interest in, an issue or project to present their views. The views can be presented in any way that is appropriate to their needs, e.g. written submission, oral submissions.

**Openness** – Council will receive views with an open mind and will give those views due consideration when making a recommendation (reflecting the differing views), or making a decision. Council welcomes indications of support for, or opposition to, proposed projects or issues.

**Engaging with Iwi/Māori** – Council has put in place processes to provide opportunities for Iwi/Māori to contribute to Council's decision making processes (refer to section below). Council will work with Iwi/Māori to refine and improve these processes over time.

**Responding to Diversity** – Council will endeavour to seek the views of a wide cross-section of the community, using the most appropriate ways of engaging with various representative groups in the community.

**Co-ordination** – Council will encourage planning, coordination and collaboration amongst Council departments and entities for engagement processes.

**Feedback** – Council will provide information regarding the outcome of the decision making process and the reasons for the decisions.

**Extent of Engagement** – Council will weigh up the cost of the methods of engagement relative to the level of significance in determining the extent and nature of engagement.

Council recognises there are different needs in different communities. There are 17 urban and village settlements in Tasman District, and many more dispersed rural communities. Electronic communication challenges exist in some remote rural locations. There are long distances from rural areas to larger urban centres, wide ranging age groups and time availability, and different social and environmental interests to account for. The geographic spread of these communities creates challenges for both Council and community members in engaging in public meetings, workshops, open days and the like. The unique needs of each affected community will be factored into engagement exercises undertaken by Council wherever possible. Where an issue has District wide implications, Council will also endeavour to ensure that the locations selected for direct engagement with communities are spread across the District and are readily accessible to local residents and ratepayers.

#### 2.2 ENGAGEMENT WITH IWI/MĀORI

Council will honour all engagement processes, agreements and memorandums of understanding developed with Iwi/Māori as they relate to its decision-making policies.

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

As well as Council's organisational commitment to providing opportunities for Iwi/Māori participation in its decision-making processes, the Local Government and Resource Management Acts also place a number of obligations and responsibilities on Council in regard to Iwi/Māori. These include the need to establish and maintain processes to:

- Provide opportunities for Iwi/Māori to contribute to pre-engagement process prior to the decision-making processes of Council.
- Foster the development of Iwi/Māori capacity for contributing to the decision-making processes of Council.
- Provide relevant information to Iwi/Māori for the above purposes.
- Have regard to kaitiakitanga and any relevant Iwi environmental management plans.
- Take into account the relationship of Māori to, and their culture and traditions with, their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga, if any options in significant decision making processes are in relation to land or a body of water.

Council has made a commitment to honour its relationship with Iwi/Māori of the Tasman District through its 'Statement on Fostering Māori Participation in Council Decision Making' within the current Long Term Plan.

The contribution by Iwi to Tasman's decision-making processes is provided through the relationships we share with Ngāti Tama, Ngāti Rarua, Te Ātiawa o Te Waka-a-Māui, Ngāti Koata, Ngāti Kuia, Rangitāne O Wairau, Ngāti Toa and Ngāti Apa ki te Rā Tō, and with Ngāi Tahu for the relevant area of the District around the Lakes/Murchison locality. Where appropriate, Council will work with Wakatū Incorporation and Ngāti Rāua Ātiawa Iwi Trust (NRAIT) when dealing with matters relating to the land holdings of those agencies and will also work with those agencies when they represent the manawhenua interests of the traditional owners.

For guidance and advice as to the appropriate approach when dealing with Iwi or Māori, staff should contact the Strategic Policy team.

### 2.3 ENGAGEMENT WITH ELECTED REPRESENTATIVES

This policy recognises the role of elected representatives, both Councillors and Community Board members, as valued and recognised conduits to the communities they represent.

Council, when engaging with affected or interested communities, will recognise the relationship elected members have with the location, specific communities and individuals affected by consultation or engagement initiatives.

Participation of elected representatives is an essential step to consider, in light of broader community good, when initiating any project requiring engagement.

### 2.4 SPECIAL CONSULTATIVE PROCEDURE

The Special Consultative Procedure (SCP) is a prescribed process for consultation set out in the LGA 2002 which Council must follow for some decisions. A SCP may also be used for any other decision Council wishes to consult on. This will generally occur when the issue is recognised as being significant in terms of the Council's Significance and Engagement Policy.

The LGA 2002 requires Council to use the Special Consultative Procedure for:

- adoption of or amendment to the LTP (including significant amendments to the Revenue and Financing Policy or transfer of ownership of a strategic asset)
- revocation, adoption or amendment to a bylaw that has significant impacts on the public.

It is important to note that formal consultation by a special consultative procedure is a structured process outlined in legislation and supported by case-law. This type of consultation still applies in some decision making processes. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The LGA 2002 has given local authorities the ability to determine this as appropriate for their communities.

At the time of writing this policy there are a number of other acts that require use of the Special Consultative Procedure.

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

### 2.5 CONSULTATION UNDER OTHER ACTS

Section 82(5) of the LGA 2002 states that where specific consultation is required under the LGA, or any other enactment, and if inconsistent with any Section 82 principle – the other provisions will prevail (to the extent of the inconsistency). Those other Acts include, among others, the Reserves Act 1977, the Biosecurity Act 1993, Land Transport Act 1998 and the Resource Management Act 1991.

### 2.6 PLANNING FOR COMMUNITY ENGAGEMENT

Council will provide opportunities for communities to engage, and encourage people to play a role, in Council's decision-making processes. To support those opportunities, Council will:

- choose the type of engagement most suited to each issue, and the preferred means of communication unique to each Tasman community, and form an engagement plan;
- consider the extent that Council is already aware of views of potentially affected and interested people;
- take opportunities to consider the views of affected communities at all stages of the process, through the adoption of solutions, initiatives or policies;
- in deciding the type and extent of any consultation, have regard for the nature and significance of the decision, its likely impact on, and the degree of importance to, those affected;
- engage as early as possible, and as appropriate, in a decision-making process. Ensure engagement processes are an integral part of project planning in its earliest stages;
- integrate and combine engagement and decision-making processes across departments as appropriate and wherever practicable;
- be sensitive to engagement becoming a burden, and people becoming reluctant to participate (effectively losing faith in the process);
- work in partnership with members and/or associations within particular communities to engage with the wider community where appropriate or cost-effective, and within time constraints;

- recognise that the significance or potential impact of a decision may be affected by more than the number of affected people.

### 2.7 INFORMATION REQUIREMENTS

For early engagement processes (i.e. prior Council having decided on a draft plan, policy or proposed option) at a minimum Council will provide the following information when conducting consultation or engagement activities:

- What the issue being addressed is and why it is being considered
- Any initial practicable options identified to date (including the status quo)
- Any initial consideration of the consequences of the different options identified
- How those being engaged with can provide their views
- The likely subsequent stages in engagement and decision making processes
- How those being engaged will be informed about subsequent stages in engagement and decision making processes.

For engagement/consultation processes in which Council has decided on a draft plan, policy or proposed option, at a minimum, Council will provide the following information when conducting consultation or engagement activities:

- what is being proposed;
- why it is being proposed;
- what the options and consequences are for the proposal;
- if a plan or policy or similar document is proposed to be adopted – a draft of the proposed plan, policy, or other document;
- if a plan or policy or similar document is proposed to be amended – details of the proposed changes to the plan, policy, or other document.
- what impacts (if any) may occur if the proposal goes ahead;
- how submitters and participants can provide their views;

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

- the timeframe for consultation and engagement; and,
- how submitters and participants will be informed about the outcome.

(This list incorporates requirements under Section 82A of the LGA 2002)

Note: in some circumstances all of the above may not be available during consultation, for example, if Council is seeking community views early in a process to inform the preparation of a draft plan or policy, which will be consulted on at a later date.

### 2.8 HOW COUNCIL WILL PROVIDE FEEDBACK TO THE COMMUNITY

Council will make available clear records, or descriptions of relevant decisions, made on an issue or matter where engagement has taken place. Explanatory material relating to the decision will be included, e.g. references to reports used to reach a decision. Those who participated in the engagement and the community at large will be notified of decisions by letter, email, Council newsletter, media statement or public notice. Decisions and reports will be made available on the Council website, or hard copies supplied upon request, unless they contain confidential matters that are not able to be made available to the public.

### 2.9 LENGTH OF ENGAGEMENT

The length of engagement can and does differ. It will be directed by:

- The level of significance or timeframes, as determined by legislative obligations; or
- The decision-making requirements and the possible effects of the decision that have not been deemed highly significant;
- The extent to which Council is already aware of the issue or views of the community;
- The level of community interest in proposed Council decisions; and,
- The structure and demands of the decision-making process.

### 2.10 ENGAGEMENT ON OTHER MATTERS

Council will engage with its communities on other matters in a wide range of ways and on an ongoing basis. This will be achieved through more formal means such as public forums at Council and committee meetings or making presentations to Council workshops, through to more informal means such as staff or elected members attending the meetings of other organisations, participating in network meetings or communicating by telephone, email, publications, website or social media.

### REVIEW OF THE SIGNIFICANCE AND ENGAGEMENT POLICY

The Significance and Engagement policy will be reviewed by Council every three years.

## SCHEDULE 1. STRATEGIC ASSETS

Section 5 of the LGA 2002 defines strategic asset as:

Strategic asset, in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the future well-being of the community; and includes –

- a. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- b. any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c. any equity securities held by the local authority in –
  - i. a port company within the meaning of the Port Companies Act 1988;
  - ii. an airport company within the meaning of the Airport Authorities Act 1966.

For Tasman District the list of Strategic Assets are:

- a. Strategic Assets required by legislation consisting of:
  - » Shareholding in Port Nelson Ltd
  - » Shareholding in Nelson Airport Ltd

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

- » Any land or buildings owned by Council and required to maintain Council's capacity to provide affordable housing as part of its social policy.
- b. Strategic assets determined by the Council consisting of the following in their entirety:
  - » Transportation system
  - » Wastewater reticulation system
  - » Stormwater reticulation system
  - » Ownership of Port Tarakohe as a whole
  - » District Libraries
  - » Reserves and Cemeteries
  - » Water reticulation system
  - » Water treatment plants
  - » Wastewater treatment plants
  - » Forestry Estate.

Note: In the event that the Waimea Community Dam proceeds, Council will include its investment in the Council Controlled Organisation (to be formed to own and operate the Dam) in the list of Strategic Assets in this policy.

### SCHEDULE 2. PROCESS FOR ASSESSING SIGNIFICANCE

The LGA 2002 states that it is the responsibility of a local authority to make, at its discretion, judgments about how to achieve compliance with provisions relating to the decision making process and obtaining community views (sections 77 and 78). The decisions on the extent of consultation will be proportionate to the significance of the matters affected by the decision, as determined in accordance with this Significance and Engagement Policy.

#### PROCEDURES FOR ASSESSING SIGNIFICANCE

Decisions will be made in accordance with this policy, the Council's Governance Statement, Standing Orders and the Tasman District Council's Delegation Register. In practice, this means:

- Where any issue, policy, decision or other matter is not covered by a delegation recorded in Council's delegation register, the matter will be reported to Council or one of its committees.

- Each report shall include a statement indicating that the issue, policy, decision or other matter has been considered in regard to Council's Significance and Engagement Policy. The report shall include an assessment of the degree of significance of the issue, policy, decision or other matter, based on the criteria outlined in this Policy. Each matter may be assessed on any one or more criteria.
- The assessment should consider each criterion of significance and report on these, where applicable. The report should include a statement on the level of significance, whether the issue, policy, decision or other matter is deemed to be significant and reasoning behind the conclusion (e.g. why was it determined to have moderate significance).
- The assessment shall also include consideration of the following requirements, matters and procedures set out in the LGA 2002:
  - » Section 77 Requirements in Relation to Decisions,
  - » Section 78 Community Views in Relation to Decisions
  - » Section 79 Compliance with Procedures in Relation to Decisions
  - » Section 80 Identification of Inconsistent Decisions
  - » Section 81 Contributions to Decision-making Processes by Māori
  - » Section 82 Principles of Consultation.

The report should include a statement addressing the appropriate observance of such of Sections 77, 78, 80, 81 and 82 of the LGA 2002 as are applicable.

- Once a decision on significance has been made, the report should recommend appropriate methods and extent of consultation and engagement. The recommended engagement is to be proportionate to the significance of an issue, proposal, activity, asset or decision.

## SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

TABLE 2. DETERMINING LEVELS OF SIGNIFICANCE – EXAMPLES

MATTER /ISSUE	DETERMINING THE LEVEL OF SIGNIFICANCE		
Proposal or decision relates to an asset that is a 'strategic asset'	<p><b>Low Significance</b></p> <p>e.g. Proposal or decision does not relate to strategic assets or does not substantively affect other Council assets</p>	<p><b>Moderate</b></p> <p>e.g. Proposal or decision involves sale of, or substantial impact on, part of a strategic asset, or other Council asset</p>	<p><b>High Significance</b></p> <p>e.g. Sale of a strategic asset; or activities that affect the performance of the strategic asset as a whole</p>
Changes to Levels of Service	<p><b>Low Significance</b></p> <p>e.g. Minor loss of, or change to, service levels provided by Council (or its contractors)</p>	<p><b>Moderate</b></p> <p>e.g. Moderate changes to the level of service provided by Council</p>	<p><b>High Significance</b></p> <p>e.g. Decision or proposal creates substantial change in the level of service provided by Council</p>
Community interest levels; Controversial; Areas affected and timing of effects	<p><b>Low Significance</b></p> <p>e.g. Decision or consequence has little impact and/or is easily reversible</p>	<p><b>Moderate</b></p> <p>e.g. Minor or moderate level of community interest in a proposal or decision; or there is a moderate impact arising from changes; or one or more settlements or Wards of the District are affected disproportionately to another; or duration of an effect may impact detrimentally on people or a community</p>	<p><b>High Significance</b></p> <p>e.g. A high level of community interest in a proposal or decision; likely to be, or is, controversial in the context of the impact or consequence of the change; involves a specific area affected (e.g. geographic area, or area of a community by interest, age or activity); or there are substantial impacts or consequences arising from the duration of the effect</p>
Financial Impact	<p><b>Low Significance</b></p> <p>e.g. No material effect on Council's budget, loans or projected debt. No material effect on rates</p>	<p><b>Moderate</b></p> <p>e.g. Minor effect on rates for residents, Council debt or the financial figures in any one year or more of the Long Term Plan</p>	<p><b>High Significance</b></p> <p>e.g. Decision or proposal substantially affects Council debt, rates on residents or the financial figures in any one year or more of the Long Term Plan</p>



SIGNIFICANCE AND ENGAGEMENT POLICY (CONT.)

MATTER /ISSUE	DETERMINING THE LEVEL OF SIGNIFICANCE		
<p>Sale of a substantial portion or controlling interest in a Council-controlled trading organisation (CCTO) or Council controlled organisation (CCO)</p>	<p><b>Low Significance</b> e.g. No material effect on Council shareholdings in a CCO or CCTO</p>	<p><b>Moderate</b> e.g. The sale of less than 20% of Council's shareholding in any CCTO or CCO</p>	<p><b>High Significance</b> e.g. Proposal, activity or decision involve the sale of more than 20% of Council's shareholding in any CCTO or CCO organisation</p>
<p>Partnership Arrangements with the Private Sector</p>	<p><b>Low Significance</b> e.g. No substantive change to partnership arrangements</p>	<p><b>Moderate</b> e.g. Entry into any partnership with the private sector to carry out minor activities on behalf of Council (excluding consultant services)</p>	<p><b>High Significance</b> e.g. Proposal or decision involves entry into any partnership with the private sector to carry out a significant activity; or any new proposal to contract out the delivery of any Council group of activities</p>
<p>Changes to Groups of Activities</p>	<p><b>Low Significance</b> e.g. Minor change to how Council manages groups of activities</p>	<p><b>Moderate</b> e.g. Partial exit from a group of activities</p>	<p><b>High Significance</b> e.g. Decision involves Council exiting an existing activity or adding a new group of activities</p>

# STATEMENT ON FOSTERING MĀORI PARTICIPATION IN COUNCIL DECISION MAKING

## PURPOSE

This statement outlines the actions Council intends to implement to support Māori participation in Council decision-making processes over the period of this Long Term Plan (LTP), as required by Schedule 10(8) of the Local Government Act 2002.

## BACKGROUND

Council is committed to improving our working relationship with iwi and Māori of Te Tau Ihu o Te Waka a Māui. Council recognises the wealth of special values that tangata whenua hold for the places, the resources, the history and the long term sustainability of the District. Council recognises that its activities and services may affect these values and that in order to make appropriate decisions, Council must consider the values of Māori as a special set of community values.

Council consults and engages with iwi and Māori on a regular basis. In certain cases, these are ongoing processes required by legislation such as the Resource Management Act 1991 and the Treaty of Waitangi Settlement Act. Other cases are a way of recognising the spirit of partnership inherent in the Treaty of Waitangi/Tiriti o Waitangi.

Statutory responsibilities Council enacts under the various Treaty of Waitangi Settlements across the nine iwi in the District derive from the:

- Ngāti Kōata, Ngāti Rārua, Ngāti Tama ki Te Tau Ihu, and Te Ātiawa o Te Waka-a-Māui Claims Settlement Act 2014;
- Ngāti Apa ki te Rā Tō, Ngāti Kuia, and Rangitāne o Wairau Claims Settlement Act 2014,
- Ngāti Toa Rangitira Claims Settlement Act 2014; and
- Ngāi Tahu Claims Settlement Act 1998.

The Treaty of Waitangi Settlements Acts above clearly outline each area of interest including statutory acknowledgements over land, water, sites, wāhi tapu, valued flora and fauna, and other taonga for each of the nine iwi.

## COUNCIL AND MĀORI WORKING TOGETHER

As well as Council's commitment to provide opportunities for iwi and Māori participation in its decision-making processes, the Local Government Act 2002 also places a number of obligations and responsibilities on Council. These include the establishment and maintenance of processes to:

- Provide opportunities for iwi and Māori to contribute to the decision-making processes of Council.
- Consider ways in which we may foster the development of iwi and Māori capacity to contribute to the decision-making processes of Council.
- Provide relevant information to iwi and Māori for the above purposes.

There are a number of methods used by iwi and Māori and local authorities in New Zealand to foster working relationships. The methods set out below are not an exhaustive list, but represent some of the actions that we currently undertake, and some new actions we will take to include iwi and Māori in our decision making processes:

- a. Committing to regular hui/liaison meetings with iwi and Māori in order to develop our relationships further, and to discuss specific and general issues of relevance to both parties.
- b. Establishing a Strategic Relationship Framework to achieve mutually beneficial relationships (both at governance and management levels) with the nine iwi.
- c. Through hui, working with iwi and Māori to identify how best to gain input into issues of relevance to iwi and Māori, including the opportunity to be involved in relevant working groups.
- d. Identifying representation opportunities for iwi on Council, including Council subcommittees, joint-committees, Council owned organisations and regional organisations.

## STATEMENT ON FOSTERING MĀORI PARTICIPATION IN COUNCIL DECISION MAKING (CONT.)

- e. Appointing a Councillor as an iwi and Māori portfolio holder.
- f. In conjunction with iwi and Māori, continue providing structured training/familiarisation courses to improve Councillors and staff understanding of iwi culture and perspectives.
- g. Consulting with iwi and Māori on the formation of the LTP, the Annual Plan, reserve management plans, relevant changes to the Tasman Resource Management Plan, and other strategic documents or plans.
- h. Appointing a Council kaumatua to assist the Mayor and Chief Executive.
- i. Providing staff with support and resources to assist Council's relationships and capacity building with iwi and all Māori living in Tasman. The resources will help to bridge the gap between iwi, Council, the wider community and the legislation pertaining to how Council and iwi work together.





# PART 6

WATER AND  
SANITARY SERVICES  
ASSESSMENTS AND  
WASTE MANAGEMENT  
MINIMISATION  
PLAN



Under the Local Government Act 2002, Council is required to identify in the Long Term Plan any significant variation between the proposals in that Plan and Council's assessment of water and sanitary services and its Waste Management and Minimisation Plan (clause 6 of Schedule 10 of the Act).

## VARIATIONS FROM THE WATER AND SANITARY SERVICES ASSESSMENTS

Council formally adopted the Water and Sanitary Services Assessments on 30 June 2005 following public consultation.

The Water and Sanitary Services Assessment (WSSA) is an assessment of the water and sanitary services in the Tasman District. It covers both Council owned services and privately owned services relating to:

- Water supply
- Sewerage and sewage disposal
- Stormwater disposal
- Public toilets
- Cemeteries and crematoria.

Brief comments have been included below to note key variations to the proposals since adoption of the WSSA in 2005.

- Sections 126 – 129 of the Local Government Act have been repealed. This means that while Council still needs to undertake water and sanitary services assessments within the District, the process for undertaking the assessments and the extent of information required are no longer dictated.
- An amendment to Section 125 of the Act now means that an assessment may be included in the Council's Long Term Plan, but, if it is not, Council must adopt the assessment using the special consultative procedure. The majority of information in the WSSA, in respect of Council owned and operated services, is now included in Council's relevant Activity Management Plans.

### WATER SUPPLY

In 2005, Council identified and prioritised communities without a Council water supply in the WSSA. Priority ranking was determined based on water availability and reliability of supply, the water quality and fire-fighting capability.

- The WSSA identified Motueka as a Priority 1; a community that is considered to be the highest priority for an improved water supply. This is because of its size, public health risks and lack of adequate fire-fighting provisions.
- In response, Council is planning to construct a new water treatment plant at a site in Parker Street between 2018 – 20. Council is also planning to provide reticulation to the 'zone of effect', an area immediately surrounding the plant. Council is also planning to upgrade the existing treatment facility at the Motueka Recreation Centre in 2020/21.
- The WSSA identified several Priority 2 communities, where sources of water in the immediate area are unlikely to be of sufficient quality or quantity to meet the needs of the community. Additionally, there are considered to be public health risks from the water supplies that need to be addressed. Priority 2 communities included: Marahau, Sandy Bay, Tasman/Kina, parts of Pohara, Takaka, Ligar Bay, Tata Beach, Patons Rock.
- There is an existing community water supply that provides water to the Pohara Valley area only (this includes properties in the Pohara Valley Road, Haile Lane and Falconer Road area). Other residential areas in Pohara do not have a water supply and at this stage, Council is not planning to extend the existing supply or provide a new supply to these un-serviced areas.





## VARIATIONS FROM THE WATER AND SANITARY SERVICES ASSESSMENTS (CONT.)

- For the remaining communities not already mentioned above (Sandy Bay, Ligar Bay, Tata Beach and Patons Rock), Council has no plans to supply water.
- After consultation with the Community Board, it was concluded that Council would install a fire-fighting supply only for Takaka. This was completed in 2011.
- Council has planned to construct a new water supply for Marahau between 2046 and 2048. An earlier timeframe has not been possible due to the financial constraints.
- For Tasman and Kina, the WSSA identified that the Coastal Tasman Area (CTA) Pipeline would likely expand a new water supply to these communities. However, the CTA pipeline has since been removed from the Water Supply AMP and Council is not planning to provide a public water supply in these areas.
- The WSSA also identified other Priority 3 and 4 communities that either do not have a supply or have private water supply schemes. Council has not planned to supply these schemes within the next 10 years.

## WASTEWATER DISPOSAL

- Council has completed the upgrade of the Motueka and Takaka wastewater treatment plants and will continue to undertake improvements to Council's systems as identified in the Wastewater Activity Management Plan 2018.
- The WSSA identified and prioritised non-reticulated communities. The priority ranking was based on the ability of the systems to treat and dispose of the wastewater into the environment in a manner that meets environmental compliance criteria; and minimises risk to public health, and the impact on the environment. Council has made no provisions for reticulating any further settlements within the next 10 years.



# VARIATIONS FROM WASTE MANAGEMENT AND MINIMISATION PLAN

Council adopted a joint Waste Management and Minimisation Plan with Nelson City Council in 2012. A Waste Management and Minimisation Plan is a strategic policy document which sets out Council's objectives, policies and methods for promoting effective and efficient waste management and minimisation in the District.

Section 45 of the Waste Minimisation Act provides for the development of a Joint Waste Management and Minimisation Plan by two or more councils. Nelson City and Tasman District Councils elected to utilise this provision of the Act to develop a joint Waste Assessment and a joint Waste Management and Minimisation Plan. The joint Waste Management and Minimisation Plan was adopted by the two Councils in April 2012.

In October 2017 Council resolved to jointly review the joint Waste Management and Minimisation Plan with Nelson City Council. A joint waste assessment was also adopted on that date. The review of the joint Waste Management and Minimisation Plan is expected to be complete in mid to late 2018.

Council has based the Waste Management and Minimisation activities in this Long Term Plan on the objectives, policies and methods contained in the 2012 Joint Waste Management and Minimisation Plan. The content of the Long Term Plan is generally consistent with the joint Waste Management and Minimisation Plan.

Council's Long Term Plan varies from the joint Waste Management and Minimisation Plan significantly in the following areas:

- Method 2.2.1.4 – Following a review of the operation of Richmond Re-use shop in 2014 (through Council's Annual Plan process), Council decided to treat the property on which the shop operated as a commercial activity. This property has now been sold.
- Method 3.1.1.4 – Following the establishment of the Nelson Tasman Regional Landfill Business Unit the operation and management of the Eves Valley landfill in Tasman (and York Valley landfill in Nelson) has passed to the business unit.
- Funding – The Regional Landfill Business Unit now provides local levy funding for waste management and minimisation activities of the two Councils. In other locations where operational landfill activities are described the regional landfill business unit now replaces the Nelson City and Tasman District Councils.

