



CONSULTATION DOCUMENT

FOR THE LONG TERM PLAN 2015–2025

making the right choices for tasman's future

HAVE YOUR SAY BY 4.00 PM, 20 APRIL 2015

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SECTION 1

INTRODUCTION

making the right choices for tasman's future

A MESSAGE TO TASMAN'S RESIDENTS AND RATEPAYERS

We are pleased to introduce this Consultation Document to you. It explains what options are being considered, the Council's proposals and the implications of these. It's what you need to read if you want to contribute to the Council's decision-making on our Long Term Plan 2015-2025. We hope that it makes having your say easier. The Long Term Plan 2015-2025 will be prepared following this consultation with you.

Inside this document you will see how we propose to address the major issues facing Council as we plan Council's budget for the next ten 10 years. These issues include supporting the community to develop sustainably and putting the Council on a more stable financial footing. That means limiting rate increases, and managing expenditure and debt within tighter limits. It also means responding to population growth; coping with natural hazards; securing more water for the future; and working well with our regional partners.

We are proposing some big changes to how the Council funds its activities and what we are proposing to fund. These changes enable the Council to address some of the community's concerns about debt. We you will be pleased with the significant reduction to our net debt forecast to \$109 million and the 3% (plus an allowance for growth) limit we propose on increases to rates income.

The Council can achieve its financial objectives of reducing the projected growth in debt and rates by changing how we fund the wearing out of assets (depreciation), reducing the amount of money we spend on capital projects. We are confident we can achieve these objectives without compromising what's important to our communities.

In the past, the Council has invested heavily in roads, stormwater networks, drinking water supplies, wastewater systems and community facilities. We cannot afford to continue at that rate nor do we need to. Our district is well set up for the future. We can afford to cut non-essential projects and delay others in order to reduce costs. Increased in-house engineering capacity and knowledge allows us to get more life out of the assets we own before they have to be renewed. Providing core services and planning for growth continue to be priorities.

Supplying water to our communities is a core responsibility of the Council so having a secure supply is a significant issue for us. Water shortages could reduce our levels of service and affect current and future users, our environment and many areas of our regional economy. Proposals on how to fund the Waimea Community Dam were consulted on last year. The clear message from the community was that, while a dam would be beneficial, the funding models proposed by the Council were unaffordable and not supported. We are not proceeding with those funding proposals.

We are still proposing to provide for the Waimea Community Dam in the Long Term Plan 2015-2025 – but to a lesser extent. The project is being reviewed for size and scope. The funding will be capped and will only be used for the Council's community water supplies and environmental improvements. Irrigators will investigate and manage their own funding and not be subsidised by general ratepayer funds.

We have budgeted to meet two thirds of the cost of augmenting the natural low flow in the Waimea River. This is to improve the environmental health of the river. If the funds aren't used for the Waimea Community Dam a portion will be needed to meet the cost of an alternative community water supply.

We are relying on others, like Crown Irrigation Investments Ltd, to contribute the remaining costs of building the Waimea Community Dam and environmental improvements. Further work is occurring to secure this funding and to determine the best governance arrangements. Irrigators will need to make their own decisions about funding and how much water they need.

Tasman is subject to some extreme weather events and other natural hazards. Our priority is to plan for these and to ensure there is enough money committed to recover from damaging natural events. We will continue to build effective relationships with our regional partners including Nelson City Council and Nga Iwi o Te Tau Ihu.

These are the Council's priorities for ensuring that Tasman remains a great place to live, work and play. We would like your opinion on the important issues we have identified and the options we are proposing to address them.

We will hold public meetings throughout the district to present the proposals, as we have in the past. If you would like to contribute to the Council's decision-making, please come along and discuss the issues and options with Councillors and staff. You also have the option of making a written submission and presenting your submission, if you wish, at a hearing. Submissions close at 4.00 pm on 20 April 2015. We look forward to meeting with you and reading your submissions.



Richard Kempthorne
Mayor



Lindsay McKenzie
Chief Executive Officer

INTRODUCTION

The purpose of this document is to enable public participation in the Long Term Plan decision-making process. Council is seeking your feedback on the issues and proposals set out in this document.

WHAT IS DIFFERENT THIS TIME AROUND?

You will notice that this consultation document deals with 'big issues' rather than every activity of Council. Council must now produce a Consultation Document rather than Draft Long Term Plan, as a result of changes to the Local Government Act. It means the look and feel of this document is different to documents from previous years. But the real change comes from a shift in the approach to Council's financial management. In particular, there are significant changes to debt management, depreciation funding and Council's capital and operational expenditure programmes.

Previous long term plans often included proposals for projects or new activities or services – even if it was not certain the project would proceed. Projects were included to engage the public in the decisions about them. At that time, our approach to funding assets (including their renewal) was to borrow. Population growth and future generations were relied on to contribute towards the costs. The result was a high level of capital expenditure and substantial rises in projected debt. Much of the expenditure was programmed to cater for population growth, and to respond to community demands for upgrades to facilities, infrastructure and services.

The new Long Term Plan will reflect a new approach. We will still provide essential core services and plan for growth, but be more constrained with the activities we fund and in our planning for new works. Projects on the communities 'wish-list' have been withdrawn or deferred. Instead, we will take some time to pay for, use and enjoy the facilities that have been built in the past. Non-essential projects have been cut and some projects have been delayed.

Increased in-house engineering capacity and better asset knowledge allows us to get more life out of the assets we own before they have to be renewed. Instead of borrowing as much we will cash fund depreciation and use that money for asset renewals. The transition to cash funding depreciation has an immediate impact on rates, but it brings costs down in the long-term by reducing interest payments and the demand for new loans.

We will still need to borrow, but the long-term debt forecast has been reduced significantly. Rates will continue to increase as inflation increases, but Council is now proposing an average rates income rise over the 10 years of the Long Term Plan of 2.62% rather than the 4.82% projected under the last Long Term Plan 2012-2022.

The new approach increases the risk of unexpected failures but we believe that these risks are modest and manageable. Many programmes to renew assets are being delayed and the life of assets extended. Improved understanding of the asset should reduce some of the risks of potential asset failure.

Above all, the Council is focused on providing the core infrastructure and services that our community needs, doing this efficiently and in a way that brings down debt and predicted rate rises.

In the following pages we have outlined the key issues and options, and indicated what the Council is proposing to include in the Long Term Plan 2015-2025. The consequences of the proposals on rates, debt and levels of service have also been outlined.

WHERE CAN YOU GET MORE INFORMATION?

Most of the information you would have previously found in the Draft Long Term Plan is still available as supporting information. Section 8 sets out the list of supporting documents. This includes: the Council's Growth Strategy, Activity Management Plans, Financial Strategy, Infrastructure Strategy and other policies and reports. This supporting information is available to view or download from Council's website (www.tasman.govt.nz/LTP), or view copies at any of the District libraries and service centres. Alternatively, contact the Council on info@tasman.govt.nz, or phone your local Council office for more information.

HOW CAN YOU MAKE A SUBMISSION?

You can make a submission online at www.tasman.govt.nz/LTP or by filling out the form in the middle of this document and sending it to the Council by post or email. See Section 3 for more details.

WHAT HAPPENS NEXT?

Submissions must be received by 4.00 pm, 20 April 2015.

Your submissions will be considered by Council, with hearings in May and decisions on the Council's Long Term Plan 2015-2025 finalised in June 2015. See Section 3 for the list of public meeting and hearing dates and venues.

WHAT WILL YOU SEE IN THE NEXT 10 YEARS IF THE COUNCIL PROCEEDS WITH ITS PROPOSALS?



DEBT AND RATES

Projected net debt will be reduced from \$172m in 2014/2015 to \$109m in 2024/2025 by:

- limiting spending on new assets,
- reducing expenditure on renewing assets because of better information and management practices, and
- changing how the wearing out of assets (i.e. depreciation) is funded.

Increases to rates income will not exceed 3% per annum (plus an allowance for growth). This figure includes inflation and targeted rates



LEVELS OF SERVICE

- The focus is on investing in improvements to infrastructure that protect levels of service. Cuts to non-essential projects or delays to others are not expected to reduce the levels of service enjoyed by our communities.



MAJOR INFRASTRUCTURE PROJECTS AND OTHER ACTIVITIES

- Richmond South water supply will be upgraded
- Richmond South water supply will be upgraded
- Borck Creek land purchases and stormwater capacity upgraded
- Wakefield's wastewater main trunk line will be upgraded. for Wakefield main trunk line
- Richmond Town Centre stormwater system will be upgraded
- More catchment planning and hazard management
- Provision of more land and services for our growing population
- Waimea Community Dam will be operational



WAIMEA DAM

Up to a maximum of \$25m allocated to the Waimea Community Dam project. The funds will be used to:

- Establish secure water supplies for reticulated community water supply networks (not irrigators)
- Contribute towards improving the health of the Waimea River
- Establish a Council Controlled Organisation (CCO).

The project will only proceed if substantial external funds are available to contribute to the remaining costs of the Dam.



COMMUNITY FACILITIES

- Golden Bay Recreation Centre will be completed
- Motueka Library upgraded in 2021
- Progressive development of Saxton Field



SECTION 2

THE ISSUES

making the right choices for tasman's future

MAJOR ISSUES FOR TASMAN DISTRICT OVER THE NEXT 10 YEARS

There are five major issues that the Council will focus on as it makes decisions for the Long Term Plan 2015-2025:

	ADDRESSING RATES AFFORDABILITY	
	MANAGING THE COUNCIL'S DEBT	
	DEVELOPING RESILIENT COMMUNITIES Part A: Providing a secure water supply Part B: Hazard planning and provisions to recover from disaster events	
	RESPONDING TO POPULATION GROWTH Part A: Providing sufficient land and services Part B: Development contributions policy changes	
	MAXIMISING REGIONAL OPPORTUNITIES	

The issues identified in this Consultation Document are considered to be of high significance to the District, or are known to have a high level of community interest.

The Council used its Significance and Engagement Policy (2014) to help determine what issues were included in this Consultation Document.

The Policy sets out the types of activities, decisions, or impacts that may be of significance to communities. Copies of the Policy are available with the supporting information for this Consultation Document, or online at www.tasman.govt.nz/LTP



ADDRESSING RATES AFFORDABILITY

RATES AFFORDABILITY – WHAT IS THE ISSUE?

Members of our community expressed concern over the affordability of rates and the increases to rates forecast in the last Long Term Plan 2012-2022. That Long Term Plan contained a large capital expenditure programme and substantial increases in projected debt. This affected rates by pushing up the amount of money Council needed to repay debt and loan interest. Rates income was projected to rise at an average of 4.82% per annum, plus an allowance for growth of 1.3%. The Council's priority for the new Long Term Plan is to ensure that rates are affordable over the next 10 years. Council is proposing to set limits on the amount of rates income that can be gathered each year, and work within a set fiscal envelope.

Compared to the last Long Term Plan, Council is proposing to reduce the amount of rates income needed by spending less on capital projects and better management of its activities. While some large projects are still planned, the Council has 'smoothed' the effects of the capital expenditure programme, so that big projects don't cause a spike in rates in any one year. None of the proposed options will increase the rates income above the 3% limit (plus an allowance for growth).

OPTIONS FOR ADDRESSING RATES AFFORDABILITY

OPTIONS	IMPLICATIONS	CONSEQUENCE
PROPOSED OPTIONS Total rates income increases are limited to a maximum of 3% per annum plus an allowance for growth (from 1.18% to 2.55% per annum during the 10 years of the plan).	Ratepayers face steady increase in rates as costs go up due to inflation and other cost increases.	Rates increase at controlled increments.
	Capital and operational expenditure is limited and timed to avoid significant rate spikes.	No direct impact on debt.
Council will work within a fiscal envelope that sets a limit on general rates of \$51 million per annum and targeted rates of \$46 million per annum over the 10 year period.	The timing of the stepped introduction of fully funding depreciation will be used to smooth the impact of rates increases over the 10 years of the Long Term Plan 2015-2025.	No significant changes to levels of service.
	No breach is likely unless expenditure exceeds revenue in the later years of the plan.	Rates increase at controlled increments.
ALTERNATIVE OPTIONS Continue on same track as set out in the Long Term Plan 2012-2022.	The key control is staying within the rates income increase limit of 3% per annum.	No direct impact on debt.
	Sharper increases in rates income.	No significant changes to levels of service.
Set lower or higher limits on rates income	Increased rates through increasing capital and operational costs.	Improvements to levels of service.
	Setting a higher or lower limit on rates income affects residents rates, Council debt and levels of service. These may increase or decrease depending on the new limit, and are affected by decisions on what and when rates income is spent. For example, Council may increase the rates limit to pay debt off faster, or improve levels of service to residents.	If a higher limit is set, residents could expect an increase in rates and fees and charges, which may result in early debt repayment or improve levels of service.
	A lower limit would potentially reduce rates, maintain or extend debt, and likely result in lower levels of service.	



MANAGING THE COUNCIL'S DEBT

MANAGING THE COUNCIL'S DEBT – WHAT IS THE ISSUE?

The Council's debt has risen steadily over the last 15 years, with net debt projected to be \$172 million at 30 June 2015 (\$7,759 per rateable property). If the Council continued with the programme in the Long Term Plan 2012-22, it would result in a gross debt level of \$311 million (net debt \$293 million) by 2022. This equates to \$12,165 per rateable property. This was a relatively high debt per property ratio.

The high level of debt projected in the Long Term Plan 2012-2022 was the result of decisions to provide a high standard of infrastructure and community facilities. New capital and renewal of infrastructure and facilities was primarily paid for by borrowing money. Council considers that continuing with that approach would be risky because:

- Increasing debt is likely to increase the need for more rates income
- There is exposure to upward interest rate changes
- Borrowing for growth is not certain, as predicted growth may not occur
- With high debt servicing costs the Council is less able to deal with the unexpected, e.g. a natural disaster
- Current ratepayers are not fully funding the wearing out of Council's assets as it occurs. This spreads the cost of paying depreciation on to future ratepayers.

Since 2012, the Council has focused on how the projected debt level could be reduced. It looked at ways to progressively reduce future debt levels. The Council reviews its budgets each year and has already reduced its total rates charges, compared to what was forecast in 2012.

The new financial projections show net debt will peak in 2018/2019 at \$193 million, and then reduce to \$109 million by 2025. Even with planned expenditure on projects like the

Waimea Community Dam, there is a significant reduction in the debt forecast. The reduction has been driven by the following significant factors.

Reduction in capital spend funded from debt	\$ 50.35 million
Reduction in planned NRSBU capital spend	\$18.46 million
Reduction in debt associated with development contributions	\$21.06 million
Funding of depreciation	\$19.80 million
Other activities cash surpluses debt repayments	\$11.47 million
Forestry/Council Enterprises surpluses debt repayments	\$3.34 million
Nelson Regional Sewerage Business Unit owners distribution debt offsets	\$854,000
Reduction in Opening Debt Position	\$18,05 million
Total	\$143.39 million

Keeping debt under control in the medium term will require additional changes, and options for achieving this are set out in the following table.

Further information is available, go to:



Financial Strategy
www.tasman.govt.nz/LTP

OPTIONS FOR MANAGING THE COUNCIL'S DEBT

OPTIONS

The Council proposes to place a limit on debt.

The external net debt limit is proposed at \$200 million.

Servicing of Council debt will be limited to 15% of operating income.

IMPLICATIONS

Reduces available funds for capital expenditure.

Reduces vulnerability to external or unexpected events such as interest rate rises or natural disasters.

An increasing portion of the wear and tear on assets and infrastructure is paid for by current ratepayers over the next 10 years, rather than spreading these costs out to future generations.

Debt will peak in year 2018/2019 and slowly reduce over the remainder of the Long Term Plan 2015-2025.

CONSEQUENCE

Rates income increases at a maximum of 3% per annum (plus an allowance for growth).

Debt reductions from year 2019/2020.

No significant change to levels of service.



MANAGING THE COUNCIL'S DEBT CONT.

OPTIONS FOR MANAGING THE COUNCIL'S DEBT

OPTIONS

IMPLICATIONS

CONSEQUENCE

Review Council assets for potential sale.

In reviewing assets and investments for sale, the Council will also consider the income provided by that asset and how it contributes to reducing rates or supporting other Council activities.

Council will undertake further public consultation on any proposed sale of its strategic assets.

Potential to reduce debt.

Potential to reduce income.

Potential loss of service for some activities, depending on which assets are sold.

Rates may increase if income assets are sold, as their income currently offsets the need for additional rates income.

"The 'wear and tear' (depreciation) on assets is progressively funded from cash flow as the asset wears out rather than borrowing to pay for the replacement asset.

The Council will move to fully implement cash funding of depreciation within the 10 years of the Long Term Plan 2015-2025.

The move to fully fund depreciation will have a significant cost implication for ratepayers and for the Council.

The faster debt is repaid, the higher the costs to current ratepayers, but longer term benefits as debt and interest costs decrease.

The timing of the progressive introduction of depreciation funding is being used to smooth the rates increases over the 10 years of the Long Term Plan 2015-2025.

Increases to rates, fees and charges, with rates income going to a maximum of 3% per annum (plus an allowance for growth).

Reduction in finance costs and interest rate movement risk as debt decreases.

Decreases in debt as the capital renewal programme is progressively funded from cash flows.

No change to levels of service.

Continue on same track as set out in the Long Term Plan 2012-2022.

Higher debt forecast arises from increased capital and operational expenditure.

Renewal capital expenditure continues to be funded through loans.

Retain all assets.

Increased rates through increasing finance and operational costs.

Increased debt and increased borrowing costs through higher risk profile.

Further pressure on the financial sustainability of the Council.

Improvements to levels of service.

Set lower or higher debt limit than \$200 million.

Implications for debt, rates and levels of service would be dependent on the level of debt selected as the new limit.

For example, borrowing an additional \$10 million would increase the amount of rates income Council needs to collect by \$1.1 million per year. This is due to the interest and principal repayment charges (calculated at 6% per annum on a 20 year loan).

A lower debt limit would mean loans would need to be paid off faster and would reduce the amount of interest to be paid and total loan amount. The opposite would occur if a higher debt limit was set.

For a lower debt limit, there would be an increase in rates and fees and charges to repay debt early.

Lower debt may see reduced levels of service as a result of reductions in the capital and operational expenditure programmes. It may also increase risks of unbudgeted capital expenditure.

A higher debt limit may result in improved levels of service if the debt was associated with new capital expenditure.

PROPOSED OPTIONS

ALTERNATIVE OPTIONS



DEVELOPING RESILIENT COMMUNITIES

This relates to how Council can support and develop resilient communities. The issue is broken down into two parts:

Part A) Providing a secure water supply, with a focus on the Waimea Community Dam.

Part B) Hazard planning and recovery.

PART A) PROVIDING A SECURE WATER SUPPLY

What is the issue?

In times of dry weather, there is a shortage of water in the Waimea River and aquifers. There is not enough water to provide for a healthy river ecosystem while at the same time meeting the demands of reticulated urban and rural water users. Recent changes to the Tasman Resource Management Plan (TRMP) have been made that will reduce the amount of water that can be extracted.

This is an important issue because:

- Council is a major water user; it uses water from the Waimea River system to supply the Richmond, Brightwater, Mapua/ Ruby Bay, Redwood Valley and surrounding low-flow rural reticulated community water networks;
- Council has a role in protecting the environmental values of the Waimea River; and
- Much of our economy is based on the primary sector, which relies on a secure water supply.

The Tasman Resource Management Plan requires Council to make a decision by 30th June 2015 on whether or not it will provide for a dam in the Lee Valley in the Long Term Plan 2015-2025.

If Council decides not to proceed with the Waimea Community Dam, there will be more water restrictions. The new rules mean the restrictions would be likely to occur more often, last longer, and be harsher than previous years.

Water restrictions would have a large impact on existing and future urban, rural and commercial water users in Richmond, Waimea Plains horticultural and agricultural water users, Brightwater, Redwood Valley and Mapua. The effect on users would, in turn, have a significant negative effect on the economy of our region, and eventually may impact the growth of some settlements. For these reasons, the Council has been considering a range of options – including the construction of the Waimea Community Dam (the Dam) in the Lee Valley.

In October 2014, the Council consulted with the community about funding and governance options for the proposed Dam. The Dam project was estimated to cost \$74.2million and capable of storing approximately 13 million cubic metres of water. The water would be released from the Dam during dry weather to supplement the river and aquifers. Irrigators (existing and potential) and the Council (for urban water supplies) could then draw water from the aquifers. There would also be an increase in the flow in the Waimea River to improve its environmental health.

The Council has decided that the proposed Dam funding models were not affordable, and that a revised funding model should be proposed through this Consultation Document. The Council also resolved to review the project scope, scale and size of the Dam, and to apply the user pays principle to a greater extent.

There are many issues that need to be resolved before the project proceeds, particularly relating to the cost and affordability of the proposed Dam. Council recognises that significant external funds are needed to make the project viable. The following sections explain what is being proposed, the new timeframe for construction, and implications for the Tasman Resource Management Plan.

What is being proposed for the Waimea Community Dam in the Long Term Plan?

In December 2014, the Council resolved to provide a water augmentation scheme for the Waimea River. The Council proposed that up to a maximum of \$25 million be included in the budgets for the Long Term Plan 2015-2025 to enable this. The \$25 million would be funded through general rates, water rates and charges. If the funds aren't used for the Waimea Community Dam a portion will be needed to meet the cost of an alternative community water supply.

How the funding is proposed to be allocated for community reticulated water supply networks, environmental flows, the Council Controlled Organisation, and irrigators is outlined below.

Community Reticulated Water Supply Networks (i.e. the Council network):

Of the \$25 million, approximately \$8 million dollars has been budgeted Dam capacity to meet the needs of reticulated water supplies.

The urban water supply component would be paid via a 'club approach' – i.e. all properties that are supplied with reticulated water (with the exception of parts of Motueka) are in the urban water club. They would all contribute towards the urban water supply capacity costs of the Dam. This is consistent with the current club approach to funding other urban water supply investments.

Only irrigators and reticulated water users that take water from the Waimea River system would contribute to the costs of the Dam, except where the costs relate to environmental flows. The allocation of environmental flow costs is explained below.



DEVELOPING RESILIENT COMMUNITIES CONT.

Environmental flows:

Under the current proposal, 30% of the capacity of the Dam is expected to be required for maintaining water flows in the Waimea River. Council has decided that it will make a maximum contribution of two thirds of the cost for this capacity. This equates to approximately \$14 million.

The environmental capacity is proposed to be paid via a uniform charge on rateable properties. This means all properties in the district contribute towards the environmental health of the Waimea River – like they do with other rivers in the district. The remaining one third of the environmental capacity component would be paid by irrigators and reticulated water users that take water from the Waimea River system.

A Council Controlled Organisation:

Up to a maximum of \$3 million is proposed to be allocated for establishing, capitalising and operating a Council Controlled Organisation (CCO).

The CCO would be responsible for representing Council interests in relation to environmental flows and community reticulated water supply networks.

This responsibility is narrower than previously proposed because the CCO would no longer represent private interests.

Irrigators:

The Council will not be funding the irrigator's share of the Dam.

While the details for securing access to water for current and future capacity have yet to be finalised, irrigators will need to make their own arrangements and make their own financial decisions on whether they share in the costs and benefits of the Dam. This might include working with Crown Irrigation Investments Limited to secure additional funding, or water supply agreements.

It is proposed that funding to assist the development of proposals and negotiations between irrigators and funders would be supported by the Waimea Water Augmentation levy on water permit holders in affected areas. This levy is collected by Council and has previously been used to fund the activities of the Waimea Water Augmentation project. This will be a change to the use of the levy.

Irrigators and reticulated water users will need to pay for the dam capacity they need. They may also need to pay a greater share of the costs associated with the environmental flows. This recognises the 'exacerbator-pays principle'. This means those that contribute to the problem contribute to fixing it.

Timing:

The change in approach and the development of an investment proposal for external funders would see up to a two year delay to the project. The delay would enable a review of the size and scope of the Dam to ensure optimum sizing, particularly given the affordability challenge. Construction is now proposed to begin in 2018/2019.

Tasman Resource Management Plan:

The Council will need to amend the water management provisions set out in the Tasman Resource Management Plan (TRMP). The amendments will relate to the water allocation rules for the Waimea Plains. These amendments will be separately notified as part of a Plan Change process.

Further details about the Waimea Community Dam proposal can be found in the supporting documents (see Section 8).

Further information on the Waimea Community Dam is available, go to:



Waimea Community Dam
www.waimeacommunitydam.co.nz

OPTIONS FOR PROVIDING A SECURE WATER SUPPLY

PROPOSED OPTIONS

OPTIONS

IMPLICATIONS

CONSEQUENCE

Contribute up to a maximum of \$25 million towards the Waimea Community Dam. The funding is only to be used to secure water for Council's reticulated water supply users and contribute to the environmental health of the Waimea River.

Secure external funds to pay for the remaining costs of the Dam.

Greater water security for reticulated water supply users in urban centres that source water from the Waimea River system.

Higher river flows will support a healthier environment.

The 2014 NZIER report commissioned by the Nelson Regional Development Agency states that the difference on the regional Gross Domestic Product between not having a dam and having a dam could be between \$71 million and \$89 million dollars per annum.

The Council will need to collect an additional \$101,000 in the first year through water charges; and \$135,000 in the first year to fund environmental flows. Over subsequent years, increases in water rates will not cause council to breach the 3% rates income increase limit.

Council debt will increase by up to \$25 million.

Levels of service will be secured for reticulated water users that source water from the Waimea River system.

Rural water users and irrigators will need to establish an acceptable funding model for the irrigation portion of funding.

Review options to improve water conservation.

Council would need to expand its demand management programme to ensure greater water conservation by water users.

Alone, this option does not provide sufficient water savings to meet reticulated water demands in periods of dry weather.

No significant impact on rates.

Increases to operational expenditure if water conservation methods are to be promoted effectively.

No direct impact on debt.

Do nothing (live without the Dam).

Greater water rationing for residents, businesses, and irrigators would be required most years.

Significant reduction to the amount of water allocated from the Waimea River and its aquifers.

Council would need to adopt a work programme to ensure greater water conservation.

Should the Waimea Community Dam not proceed, the Council will need to manage the impact of the new TRMP rules on the urban water supply.

Does not provide sufficiently for population growth.

The viability of this option is uncertain.

No significant impact on rates.

Increases to operational expenditure if water conservation methods are to be promoted effectively.

No direct impact on debt.

Decline in level of service (i.e. less water available) for reticulated water users in Richmond, Hope, Brightwater, Mapua/ Ruby Bay, and all rural low flow extensions.

Potentially severe regional economic impacts as horticulture, industry and other businesses are subject to greater water restrictions.

ALTERNATIVE OPTIONS

If the Waimea Community Dam does not proceed, a portion of the \$25 million (which had been allocated for the Dam) will be used to find alternative water supplies or develop alternative water storage facilities for the reticulated water network that is currently supplied by the Waimea River system (i.e. augment the reticulated water supply to meet most or all of the likely reductions in Council's water take under the new planning rules).

A range of possible alternative sources have been considered. The alternatives must be capable of supplying approximately 4000m³ per day, have good security of supply, and be feasible in terms of costs, technical challenges and environmental impacts.

There are uncertainties associated with the alternatives, such as water treatment costs and potentially significant hurdles in getting resource consent. The exact amount of the increase is uncertain until alternative viable options reviewed and costing undertaken.

Low volume alternatives do not provide sufficient water security in periods of dry weather as the population grows and water demand increases.

This option does not address environmental flows. These will be managed through the Tasman Resource Management Plan and associated water allocation rules.

Water rates and charges will likely rise. The rise in targeted rates will depend on the cost of the final option selected.

No anticipated change to general rates as water supplies are currently funded through targeted rates, and no increase in rates to fund environmental flows.

Levels of service are likely to drop as alternative water sources are also likely to be restricted in dry weather.

Potentially severe regional economic impacts.



DEVELOPING RESILIENT COMMUNITIES CONT.

PART B) HAZARD PLANNING AND RECOVERING FROM DISASTER EVENTS

What is the issue?

At times, the Tasman District experiences a diverse range of extreme weather. Recently, major damage to property and infrastructure has occurred as a result of these extreme weather events, and this has come at significant cost to the Council, households and businesses.

The Council anticipates increased flooding risk, coastal inundation and increased coastal erosion as a result of changing weather patterns

and predicted sea level rise. How the Council manages the impacts of more frequent and severe storm events is extremely important. It will have a significant impact on large tracts of coastline, land use planning, private property, and the Council's infrastructure and finances.

The Council has an emergency fund to respond to, and recover from, disaster events. The fund is made up of the General Fund and the Rivers Fund. The emergency fund balance as at end of June 2015 is predicted to be \$2.547 million. In 2011 the Council commissioned a risk assessment report to advise on the level of funding required to be held for disaster events. The report recommended the Fund reach a balance of \$6.5 million by 2018.

None of the proposed options below, will increase the rates income above the 3% limit (plus and allowance for growth).

OPTIONS FOR MANAGING HAZARDS AND DISASTER RECOVERY

OPTIONS	IMPLICATIONS	CONSEQUENCE
Undertake an assessment of stormwater secondary flow paths at a cost of \$2.017 million over 10 years.	Improved knowledge and understanding of stormwater in urban areas. Enables the Council to better plan for hazards to minimise damage to property. Substantial cost to the Council and time to implement.	Increase in targeted rates of \$2.017m over 10 years. No impact on debt, as costs are operational expenditure. Likely future improvements to levels of service for stormwater management.
Undertake hazard risk assessments and modelling for settlements vulnerable to sea level rise and associated planning responses.	Once assessments and modelling have been completed, response options will then need to be identified. Funding of the selected response options will need to be revisited in the 2018 Long Term Plan as no budget has been allocated in this Long Term Plan.	No direct impact on rates. No direct impact on Council debt. No direct change to levels of service in the short to medium term.
Build and maintain the Council's disaster recovery funds to \$6.5 million by 2018. Maintain appropriate operational budgets, insurance cover, committed borrowing facilities and self insurance funds to mitigate or recover from unexpected disaster events.	Having a sufficient disaster recovery fund, operational budgets and insurance means the Council has the ability to respond to, and recover from, disaster events. If the fund is not used the interest is returned to the Council.	The impact on rates is an additional \$1.24 million per annum (adjusted for inflation) for the disaster recovery fund. No change to Council debt. No direct change to levels of service, but enables the Council to restore services following disaster events.
Do nothing	The Council cannot efficiently plan for the impacts of adverse weather events or sea level rise. This is contrary to national advice and is not in the best interest of Tasman's communities. The cost of recovering from disaster events will still arise.	No direct impact on rates. No change to the Council's debt. No change to levels of service in the short term if no disasters occur. Potential decline in service delivery after disaster event. Exposure to repair costs if events occur, which may impact on rates and debt levels.
Do less, or more, than the planned programmes	Investing more effort (time and funding) in the planned programmes would mean that costs will be incurred sooner, rather than later. Doing less means residents remain vulnerable to extreme rain events or inundation from the sea.	Increase in rates likely if operational or capital budgets increase. No anticipated increase in the Council's debt unless capital works are brought forward or new works proposed. For stormwater: higher levels of service within a shorter timeframe.

PROPOSED OPTIONS

ALTERNATIVE OPTIONS



RESPONDING TO POPULATION GROWTH

PART A) LAND AND SERVICES

Providing sufficient land and services – What is the issue?

The population of the Tasman District and levels of economic activity continue to grow. This leads to additional demand for services and land for development, particularly around existing urban settlements. The Council needs to ensure sufficient land and services are available to accommodate the predicted housing and population growth. The Council needs to consider where and how the land and services will be provided most efficiently and cost effectively.

The population is projected to increase at a moderate rate from 48,800 in 2013 to 54,000 by 2043 (figures supplied by Statistics New Zealand).

Who pays, and how much, for the additional growth component of infrastructure continues to be an issue. The Council proposes to use its Draft Development Contributions Policy to address this issue.

Further information is available, go to:



Growth Strategy
www.tasman.govt.nz/LTP

OPTIONS FOR PROVIDING LAND AND SERVICES FOR GROWTH

PROPOSED OPTIONS

OPTIONS

IMPLICATIONS

CONSEQUENCE

When considering additional land for residential development the Council will logically extend infrastructure rather than provide for piecemeal development.

Maximises capital and operational cost efficiencies.

Planned increases in debt to fund progressive capital costs.
 Minimises rate rises.
 Minimises debt increases.
 No direct change to levels of service.
 Increase in development contributions.

ALTERNATIVE OPTIONS

Do not provide additional land for growth (i.e. do not change status of deferred zones or provide services within these areas).

As the population grows, demand for housing will continue. Without additional land for housing the cost of land is likely to increase.
 Potential consolidation of urban areas.
 This option would not support the recently agreed 'Housing Accord' for the Nelson-Tasman region.

Potential for urban property rates to increase as capital value increases faster than other land types or areas within the district.
 Uncertain effects on debt or levels of service.
 Reduction in development and financial contributions.

Let the market decide on where to make land available.

Potential inefficiencies in the roll out of infrastructure and services.

Potential increase in rates and debt.
 Uncertain effects on levels of service.

Lift deferred zone status on Richmond South and Richmond West earlier than planned.

Significant infrastructure costs would be incurred if the Council decided to extend the urban water supply to these zones within the next 10 years. Development of most of Richmond West and Richmond South is dependent on new trunk mains and reservoirs in Richmond South to supply adequate flow, pressure, and storage. The total cost of these works is currently expected to exceed \$17 million.

Planned increases in rates to fund debt.
 Increased debt.
 Increased development and financial contributions.
 Improved levels of service for Richmond South and Richmond West properties.



RESPONDING TO POPULATION GROWTH CONT.

PART B) DEVELOPMENT CONTRIBUTIONS POLICY CHANGES

Ensuring those developing pay for the costs of growth – what is the issue?

Ongoing population and housing growth creates demand for additional capacity in the Council's infrastructure. Providing this infrastructure comes at a cost. The Council seeks to ensure the costs of providing the growth component of infrastructure are paid by those that benefit from it. The growth component is the additional infrastructure capacity needed to accommodate the demand arising from the development (e.g. upsizing of pipes, extensions of networks etc).

Council applies a charge – called a development contribution – at the time of subdivision or development of a site. The policy enables the costs of providing the growth component of infrastructure to be paid by the developer, rather than general ratepayers.

A Summary of the Draft Development Contributions Policy:

As a consequence of recent changes to the Local Government Act 2002, a new draft Development Contributions Policy has been developed by the Council. The draft policy is open for public submission at the same time as this Consultation Document, so that decisions on development contributions can be linked to the proposed capital expenditure programme.

Changes to the Development Contributions Policy would see charges increase by 18% overall. Some charges have increased, such as wastewater, while others have decreased, such as water (see table below).

The charges include the cost of new projects in the capital expenditure programme and the costs of existing growth related infrastructure. Significant growth related infrastructure has been built in recent years and has capacity to cater for growth into the future. Consequently, some of the costs associated with these works are being recovered through current charges.

The increase in costs is also because the Council previously applied a 10 year capacity life when determining growth costs, but planned to recover the growth cost over 20 years. This substantially reduced development contribution charges compared to what they could have been. The draft Development Contributions Policy provides for the 10 year capacity life to be recovered over 10 years and reduces the risk that there might be loans to be repaid if growth in the district slows down.

The proposed Development Contributions Policy contains an explanation of how development contributions are calculated for residential and non-residential activities, maps showing where development contributions are applied and a schedule of projects for which development contributions will be used.

The Draft Development Contributions Policy is available for you to review, go to:



Development Contributions
www.tasman.govt.nz/LTP

PROPOSED RESIDENTIAL CHARGES UNDER THE DRAFT DEVELOPMENT CONTRIBUTIONS POLICY

DISTRICT WIDE	CURRENT CHARGES (INCL GST)	2015 / 2016 (INDEXED)	CHANGE
Roading	\$917	\$840	-8%
Water	\$6,762	\$5,039	-25%
Wastewater	\$8,322	\$10,041	21%
Stormwater	\$5,279	\$9,264	75%
Total	\$21,280	\$25,184	18%

OPTIONS FOR RECOVERING THE COSTS OF GROWTH

	OPTIONS	IMPLICATIONS	CONSEQUENCE
PROPOSED OPTIONS	Adopt the draft Development Contributions Policy.	<p>Costs associated with providing additional capacity of infrastructure are paid for by developers.</p> <p>A rise in development contribution fees will contribute to the costs of developing land.</p>	<p>Costs of developing fall on developers.</p> <p>Impact on rates through increased operating costs if development is slower than planned.</p> <p>Debt will increase where infrastructure needs to be built before the development contributions are received.</p> <p>Levels of service extended to new development.</p>
ALTERNATIVE OPTIONS	Reduce the amount of contributions required or do not require any development contributions.	<p>General ratepayers would subsidise the cost of extending infrastructure to new developments. This may have the effect of reducing the cost of developing land thereby improving housing affordability.</p> <p>Likely to see increased demand for land as cost of developing would be lower than in Nelson City.</p>	<p>Increase to general and targeted rates as costs shared by all ratepayers.</p> <p>Increase in debt to fund new capital required by growth.</p> <p>Levels of service extended to new developments.</p>
	Use Financial Contributions Policy instead of Development Contributions Policy.	<p>No real difference to affordability of services or charges.</p> <p>Creates more complex system for adopting or changing policy under the Resource Management Act 1991, rather than the Local Government Act 2002.</p>	<p>No particular change to rates, debt or levels of service.</p>



MAXIMISING REGIONAL OPPORTUNITIES

The wider Nelson-Tasman region encompasses Tasman District and Nelson City. While each Council operates independently, we work closely on a range of issues and shared services. We share a number of common interests and are economically interdependent.

Tasman District Council wants to maximise regional opportunities and benefits from its investments to ensure there

is efficient delivery of shared services. Better regional outcomes and more opportunities may be able to be obtained when the two councils work collaboratively.

It is important the Council also works to build its relationship with tangata whenua. There are eight iwi with mana whenua (traditional authority over parts of the District) in Tasman. The recent Treaty of Waitangi settlements create new rights, responsibilities and opportunities for iwi, the Council and community to work together. The Council and iwi are in the early stages of redefining how the Treaty Settlements will change and improve our working relationships.

PROPOSED OPTIONS

OPTIONS

IMPLICATIONS

CONSEQUENCE

Develop a memorandum of understanding with each or all iwi in Te Tau Ihu (the top of the South).

Increased understanding and support for iwi and Council to work together.

No direct change to rates.
Improvements to how Council and iwi work together.

Rationalise investment of capital for regional infrastructure (e.g. solid waste landfill).

Maximise regional benefits from the Council's investments and work to ensure there is efficient delivery of shared services and to avoid duplication of costs.

Reduce increases to rates and debt.
Maintenance of levels of service.

Improved governance arrangements for shared facilities, such as regional scale infrastructure and facilities that deliver regional benefit.

Improved performance of facilities. (e.g. Nelson Regional Sewerage Business Unit (NRSBU); and Saxton Field sport complex).
Potential for additional governance costs, but also potential for additional savings through improved performance.

No direct impact on rates or debt, but potential reduction through improved financial performance.
No direct change to levels of service.

Review existing funding of 'out of Tasman District' activities to enable Council to fund further activities within the Tasman District.

Potential reduction in funding for activities and services where these are not located in Tasman District, or where equitable funding arrangements cannot be established.

Potential reduction in rates and additional debt.
Potential reduction in levels of service to some ratepayers that use facilities located outside the district, but possibly improvements to services in Tasman, or lower rates.

No new 'out of district' funding for regional initiatives.

No additional funds for activities that are not within Tasman District.
New regional events or services may not be viable without funds from the Council.

No change to rates or debt.
No change to levels of service.

Hold status quo for shared service arrangements.

The existing shared service arrangements provide substantive operational and capital cost savings. Retaining them would see these savings continue.
If there are no further new shared service arrangements, this may lead to inefficient or duplicate provision of services and facilities. Potential loss of opportunities to reduce rates and debt.

No direct change to general rates or debt.
No change to levels of service.

Increase funding for 'out of district' regional initiatives.

Increased costs to Council.
Potential for increased regional benefit.

Increased costs may result in higher debt or increases to rates income.

ALTERNATIVE OPTIONS



SECTION 3

YOUR SUBMISSION

making the right choices for tasman's future



PULL THIS SECTION OUT TO HAVE YOUR SAY

CONSULTATION DOCUMENT FOR THE LONG TERM PLAN 2015-2025

You can make a submission on any part or all of this Consultation Document. Tell us what you think of our proposals to address the issues we face. Are there other issues that matter to you?

You can also use this form to make a submission on other documents being consulted on as part of the Long Term Plan process. Please clearly indicate which document/s your submission relates to:

- Consultation Document Development Contributions Policy
- Revenue and Finance Policy Schedule of Fees and Charges
- Funding Impact Statement – Rates Rates and Remissions Policy
- Policy for payment of rates for subsequent years
- Other Supporting Documents (please state which document/s): _____

Submitter details (please print clearly):

Your name: _____

Email address: _____

Phone or Cellphone No: _____

Your postal address: _____

Town: _____ Postcode: _____

How would you prefer to receive correspondence about your submission and the hearings? Email Letter

Would you like to speak to your submission at a Council meeting held for this purpose? YES NO

If 'YES', please indicate your preferred location:

Richmond Takaka Motueka Murchison

If applicable, please indicate if you intend to present your submission in: Māori, or New Zealand sign language:

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

If 'AN ORGANISATION', please name the organisation and your position:

Organisation: _____ Position: _____

Please note: All submissions, including names and contact details, will be made available to Councillors and the public at Council offices and libraries, and a summary of submissions may also be made publicly available and posted on the Council's website.

Personal information will also be used for administration relating to the subject matter of the submissions, including notifying submitters of hearings and decisions. All information will be held by the Tasman District Council with submitters having the right to access and correct personal information.

Please send your submission to:

LTP Submissions
Tasman District Council
Private Bag 4
Richmond 7050

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

Alternatively you can make your submission online at www.tasman.govt.nz/LTP

or email your submission to: info@tasman.govt.nz or fax to: 03 543 9524.

Submission forms are available from Council's website (www.tasman.govt.nz).

We need to receive your submission by 4.00 pm, Monday 20 April 2015.

KEY ISSUES BEING CONSULTED ON:

1. Addressing rates affordability
2. Managing the Council's debt
3. Developing resilient communities
4. Managing population growth
5. Maximising regional opportunities

YOUR SUBMISSION

A large area of the page is filled with horizontal dotted lines, providing a template for writing a submission.

We need to receive your submission by 4.00 pm, Monday 20 April 2015.

Tape here

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Freepost Authority 172255



Tasman District Council
Private Bag 4
Richmond 7050



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

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Consultation meeting dates, venues and times:

Date (2015)	Type of Meeting	Venue	Meeting Time
Tuesday, 10 March	Presentation/Q & A's Wakefield Community Association	Wakefield Worship Centre	7.30 pm
Thursday, 19 March	Drop In Session Presentation/Q & A's	Council Chambers, Richmond	4.30 pm 7.30 pm
Monday, 23 March	Presentation/Q & A's Presentation/Q & A's	Collingwood Sunday School Takaka Fire Station	4.00 pm 7.00 pm
Tuesday, 24 March	Drop In Session Presentation/Q & A's	Motueka Memorial Hall	4.00 pm 7.00 pm
Monday, 30 March	Brightwaters Community Assc – Presentation/Q & A's	Brightwater School	7.00 pm
Wednesday, 1 April	Drop In Session – Public Presentation/ Q & A's – Mapua & Districts Community Association	Mapua Hall	4.00 pm 7.00 pm
Tuesday, 7 April	Presentation/Q & A's Presentation/Q & A's – Tapawera & Districts Community Association	Murch Sport Rec & Cultural Centre Tapawera Community Centre	3.00 pm 7.00 pm

Hearing dates, venues and times:

Friday 1 May 2015, Takaka Fire Station, 10.00 am – 3.30 pm

Tuesday 5 May 2015, Motueka Memorial Hall, 9.30 am – 4.30 pm

Wednesday 6 and Thursday 7 May 2015, Richmond Council Chambers, 9.30 am to 4.30 pm

Friday 8 May 2015, Richmond Council Chambers, 1.00 pm to 6.30 pm

**PULL THIS SECTION OUT
TO HAVE YOUR SAY**



SECTION 4

Q&A ON OTHER PROJECTS AND FUNDING CHANGES

QUESTION

ANSWER

What is proposed for solid waste management at Eves Valley landfill?

Tasman District and Nelson City Councils have agreed to a joint solid waste initiative. The agreement will see Tasman waste taken to Nelson's York Valley landfill from July 2015 until 2030, at which time Tasman will reciprocate and take Nelson City's waste to Eves Valley landfill. This arrangement allows the landfills to be operated more efficiently and reduces costs for both Councils over the long term.

The proposal delays the capital costs for expanding the Eves Valley landfill by 12 years. This is expected to produce capital savings of over \$10m and interest savings in excess of \$3.0m over the 10 years of the Plan.

Is the Council still considering providing a reticulated water supply for Motueka?

The Council does not intend to reticulate the whole of Motueka township until 2043/44. This project has been deferred because the costs are considered too high, no Government subsidy is available, and there is little community support for the project in the short term. If Council included the project, debt and targeted rates would rise.

What amount will communities be expected to contribute to community facilities such as new halls or significant recreation facilities?

Council is proposing to increase the required community contributions (i.e. fundraising) for new or renewal, large, community, recreational, sporting or cultural facilities, and their renewal, to a minimum of one third of the total project costs. This is an increase from the current 20% contribution.

Where a community is prepared to fund two thirds or more of the cost of a new project that is not in Council's Long Term Plan, the Council will consider the affordability of contributing the remaining costs and viability of the project.

What other improvements to the water supply network are planned?

\$5.27 million has been programmed for 2026/27 for Mapua/Best Island water pipe and storage upgrades. In addition, a \$648,000 upgrade of the Waimea Water Treatment Plant is programmed in 2018. This will result in the Mapua/Best Island water supply being compliant with the Drinking Water Standards of New Zealand.

Is the Coastal Tasman water pipeline still going ahead?

The Coastal Tasman water pipeline project has been deferred to year 2043/44. No funds have been allocated to this project in the Long Term Plan 2015-2025.

Is there funding to expand or redevelop the Motueka Library?

The Council proposes to allocate \$2.095 million in 2020/2021 for design and construction costs for the Motueka Library. The funds will be used to provide an extension to the existing facility or a new library and service centre hub if additional funding can be sourced externally.

What is proposed at Saxton Field?

The Council is proposing that funding for any new work at Saxton Field will be no higher than the amount of the current principal loan repayments for this facility. This means the loans will not increase over the next 10 years. Projects that can be delivered within this principal repayments limit over the 10 years include: Champion Road access development, wetland planting, walkway links, velodrome lights, renewing a hockey turf and the athletics track, and football training lights. Other previously proposed improvements for Saxton Field have been delayed until after 2025.

Will there be funding for more cycleways?

A further section of Tasman's Great Taste Trail between Wakefield and Spooner's Tunnel is planned for construction in 2015. Delivery of affordable cycleways is dependent on obtaining matching funds from external providers to assist with development. There is \$2.375 million in additional funds proposed to be allocated for completion of Tasman's Great Taste Trail through to Woodstock in the Long Term Plan 2015-2025.

QUESTION

ANSWER

How is the Council planning to get better commercial return on its investments?

The Council has a number of commercial assets such as, forestry, Port Tarakohe, commercial campgrounds, Mapua Wharf, and aerodromes. The Council has appointed a commercial manager in order to improve the Council's return from its investments. A series of new activity management plans have been prepared for the Long Term Plan 2015-2025.

There are no substantial changes proposed for the forestry portfolio, as this asset performs well.

The Council intends to review the charging regime for its commercial premises and will ensure charges fairly represent costs and provide a return on investment. The Council also intends to provide a greater level of re-investment in commercial assets to ensure their ongoing commercial viability. The Council will consider selling assets if a good return can be achieved. Decisions on strategic asset sales would be subject to additional public consultation.

Will the Council continue to fund Nelson Tasman Tourism and the Economic Development Agency?

The Council is proposing to fund \$400,000 per annum in total for these two organisations, both of which are now owned by Nelson City Council. The \$400,000 is proposed to be funded from the general rate. The Council will negotiate a three year funding agreement with Nelson City Council regarding the services this funding will purchase. The \$400,000 is a reduction of \$218,670 provided for the two organisations in 2014/2015 and reflects an expected improvement in service delivery. Council recognises that the withdrawal of funds for the Murchison and Motueka Visitor information sites will reduce the level of services in those locations.

Is Council going to change who pays rates?

Changes to rates and remission policies are set out in the Revenue and Financing policy, the Funding Impact Statement, and Rates Remission Policy (all of these are available as supporting information to this consultation document – see Section 7 or Council's website for more details). Significant rating changes are proposed for utility networks (see below).

Is Council proposing to rate utility networks?

A determination by the Court of Appeal in 1998 clarified the requirement for all utilities to be included on district valuation rolls. Up until now Council has not fully rated utility networks for the general rate, only the specific targeted rates which applied.

The Council is now proposing to charge utility networks the same way as other ratepayers i.e. on capital value, and remove the rate differential that had been applied. .

The decision to remove the differential considered factors such as fairness to all ratepayers, and that the general rate funds activities which benefit all ratepayers in the district.

Key district networks now proposed to be charged the general rates are: Network Tasman – electricity network; Transpower – National Electricity Grid; Chorus (Telecom/Spark) – telecommunications; The Link Network – telecommunications; NZ Post; Tasman District Council water supply, wastewater and stormwater networks; the Regional Sewage Scheme (NRSBU), and dam irrigation schemes.

Despite the Council networks incurring additional charges as a result of the proposed new rate, the overall increase in the Council's income exceeds the costs to the Council.

Will the Council continue to fund the bovine TB vector control programme?

The Council intends to allocate funds for one further year for the Bovine TB vector control programme. The Council has contributed around \$225,000 annually to the programme and funds it from general rates. A recent funding review and changes to the Bovine TB National Pest Management Plan have led the Council to propose that funding be removed from the Long Term Plan 2015-2025 after 2015/2016.

Are the fees and charges changing?

The Council is proposing a new set of fees and charges. Some fees are rising to cover the cost of inflation or to better reflect the costs of providing services. In other cases the costs have remained the same. A full schedule of the fees and charges is part of the supporting information to this Consultation Document, and can be viewed on the Council's website, at service centres, and in the District libraries.

Will there be changes to funding of the Tasman Bays Heritage Trust?

Funding for heritage activities and facilities will stay the same as for the last Long Term Plan (2012-2022). This amounts to \$974,287 per annum (adjusted for inflation).

The Nelson and Tasman councils have signaled that they will further review their funding of the Tasman Bays Heritage Trust activities.

What other projects are proposed to be delayed or deleted since the Long Term Plan 2012-2022 was approved?

Changes to the capital works programme are outlined in the Activity Management Plans. Significant changes to the programme are proposed, with many projects delayed, budgets cut or removed from the programme entirely. See Section 6 for a list of major changes to the infrastructure programme.

There are also delays to the proposed Wakefield or Brightwater Community facility, which is now programmed to be reconsidered after 2025.

SECTION 5

FINANCIAL INFORMATION



5.1 SUMMARY OF TASMAN'S FINANCIAL STRATEGY

The financial strategy sets the overall direction for the Council's finances over the next 10 years. It outlines a fundamental change to the Council's approach to financial management of depreciation and capital expenditure from the last financial strategy. These changes are proposed to more fairly allocate costs and to reduce debt levels over the long term to create a more financially sustainable future.

As a result of the proposed strategy, significant debt reductions are forecast. Reductions in debt are mainly driven by two things:

- Moving to fully funding the wearing out of assets over their lives (funding depreciation). This will result in improved cashflows into Council, so it needs to borrow less to fund the replacement of existing infrastructure;
- By reducing the overall capital expenditure programme.

Reducing debt has multiple benefits, including more affordable rates over the long term, and the flexibility to respond to unexpected events as they arise.

Council has set out its key financial goals that drive the budgets of the Long Term Plan 2015-2025. Key goals include:

- To reduce net debt from a projected \$172 million in 2015 (168% of operating revenue) to \$109 million in 2025 (76% of operating revenue);

- To limit increases in rates income to a maximum of 3% per annum plus growth;
- To move to fully funding the wearing out of assets over their lifetime (funding depreciation) and have this change fully implemented by 2025;
- To ensure there is sufficient funds or borrowing capacity available to fund the planned capital programme (i.e. provide essential infrastructure and services);
- To ensure the costs of providing the growth component of infrastructure are paid by those that benefit from it (i.e. the growth component of capital projects will be primarily funded through development contributions).
- To limit the provision for new community facilities and renewals in the short term, and increasing the minimum community contribution in the long term;
- To review Council assets and investments for potential sale to reduce debt or fund key projects;
- To increase the Council's income by seeking better performance from the Council's commercial investments and activities and to remove rates exemptions for utility networks.

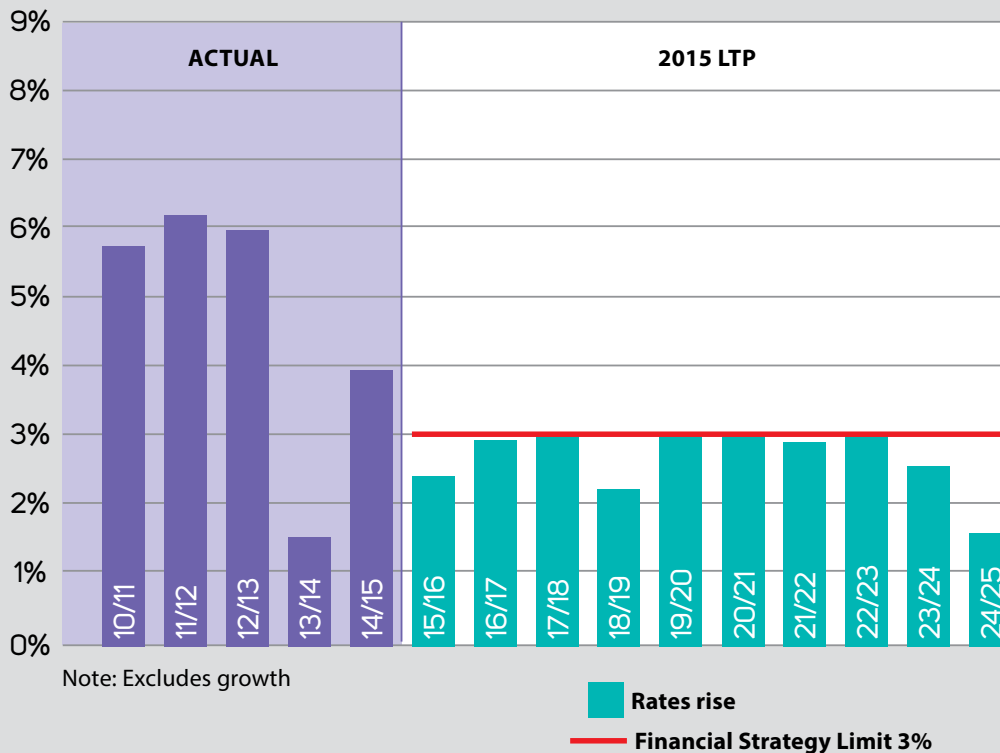
Population growth and an aging population, land use change, changing legislation, natural hazards, and infrastructure demands are just some of the matters that have been considered in developing the financial strategy

The strategy dovetails with the Council's infrastructure strategy, growth strategy, activity management plans, and other financial policies. The goals and proposals in this strategy will help inform the financial decisions in the Long Term Plan 2015-2025.

5.1 SUMMARY OF TASMAN'S FINANCIAL STRATEGY CONT.

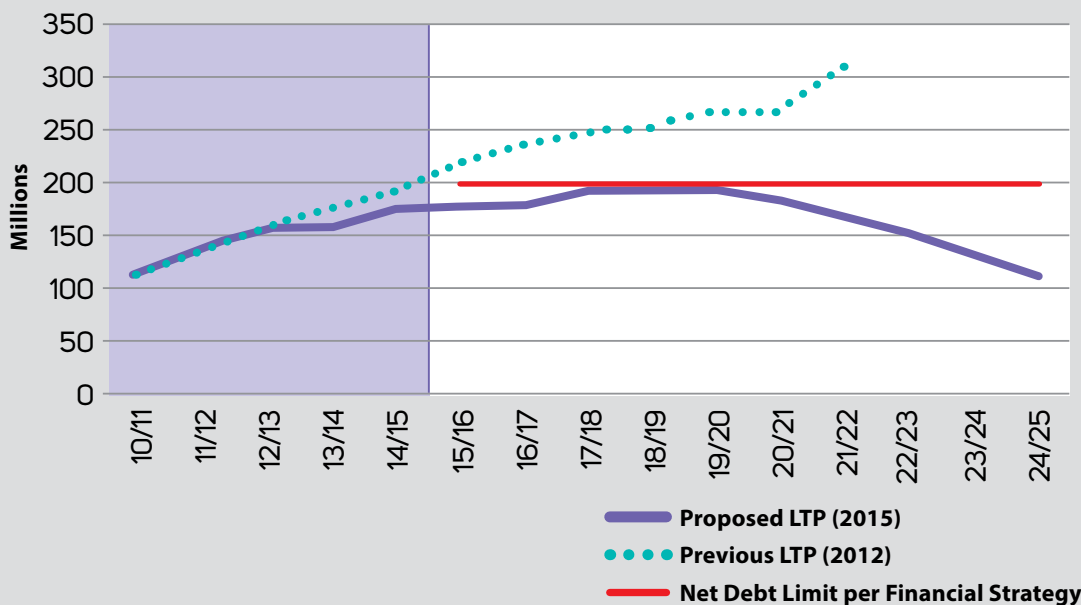
FINANCIAL STRATEGY HIGHLIGHTS

Increases to Rates Income



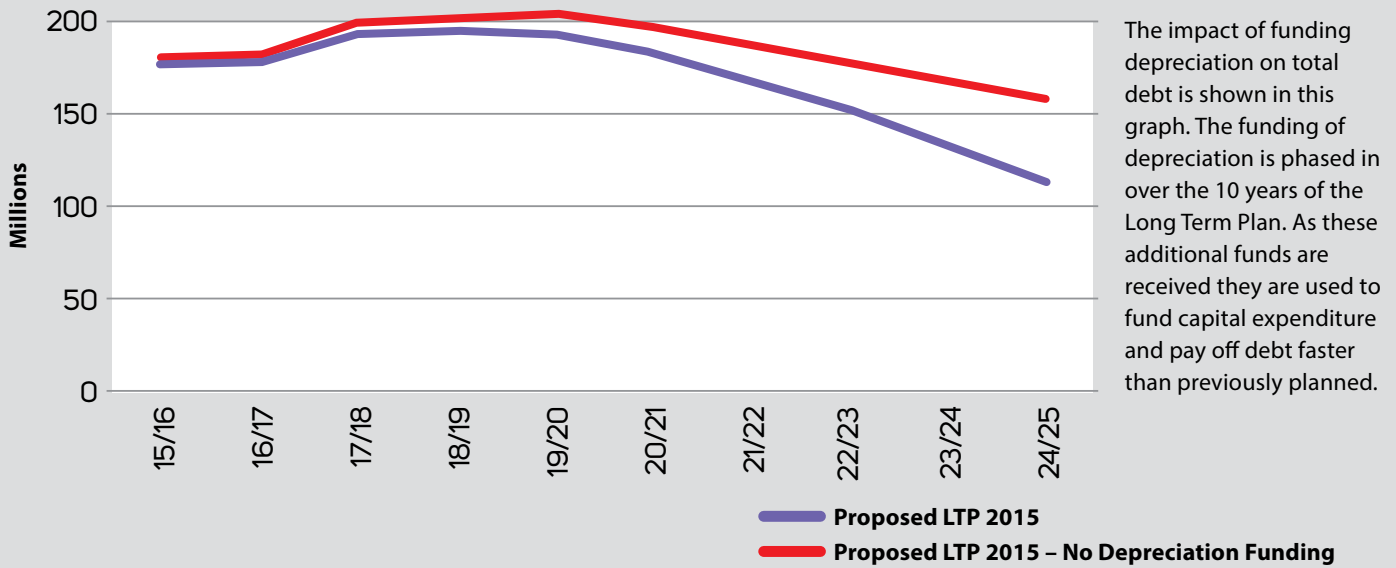
Under this strategy increases to rates income are much lower than forecast in the Long Term Plan 2012-2022. This graph shows that when adjusted for inflation the increase in rates during the Long Term Plan 2015-2025 is low and well below the increases experienced between 2005 and 2014.

Total Debt

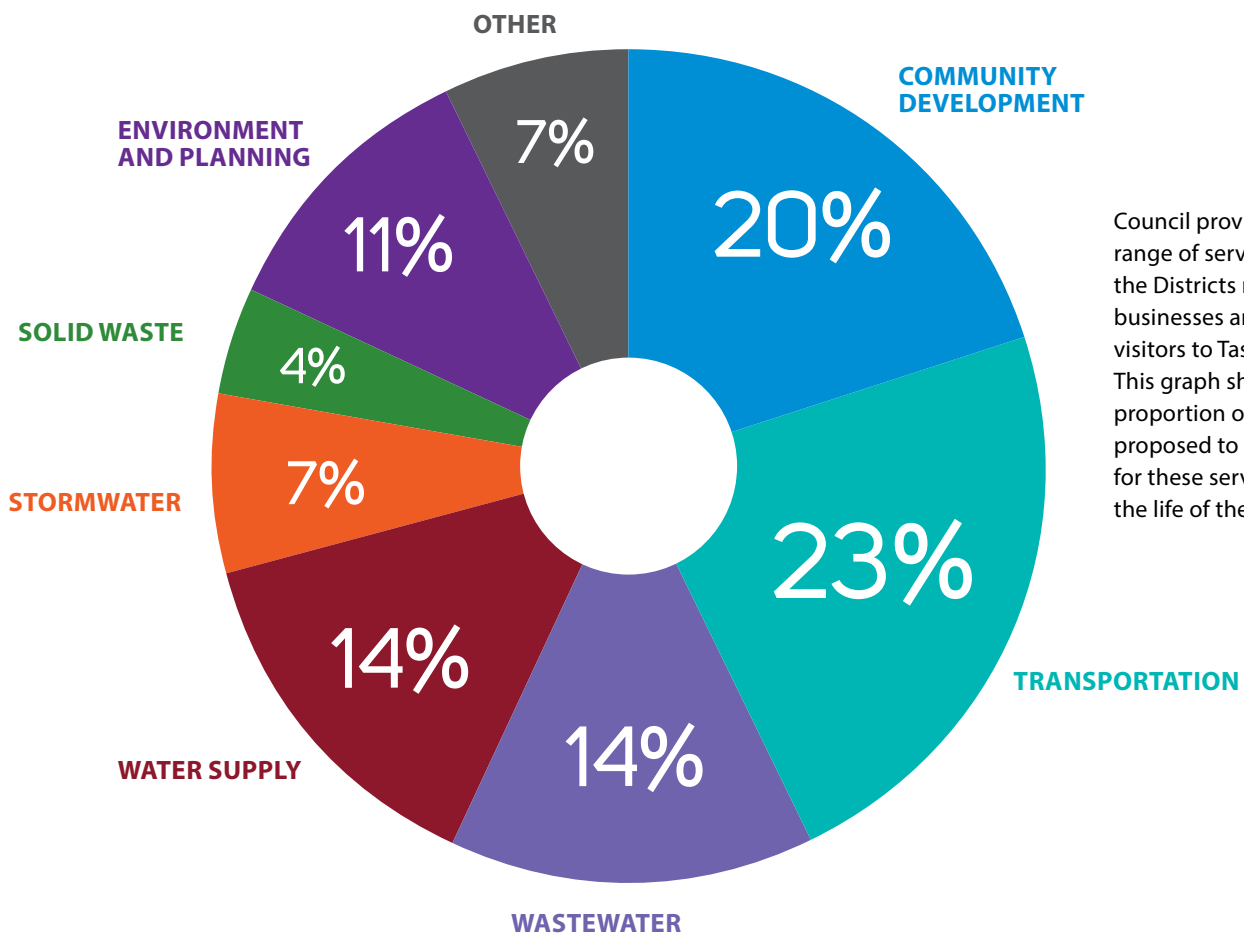


This graph on debt reflects the net debt profile and limits on debt for the Long Term Plan 2015-2025. Net debt is predicted to peak at \$193 million and reduce from the current \$172 million to \$109m by 2025.

Impact of Implementing Fully Funding Depreciation on Gross Debt



Where Your Rates Go



Council provides a wide range of services to the Districts residents, businesses and also visitors to Tasman. This graph shows the proportion of rates proposed to be collected for these services over the life of the plan.

5.2 IMPACT ON RATES

The Council uses example properties with different rating mixes and a range of property values to illustrate the impact of the proposals in this document and supporting documents on rates.

It is important to note that these properties are examples of properties and do not cover all situations for all of the rateable properties in the district. The rating effects on individual properties vary because of differing valuation changes, and because targeted rates do not apply uniformly to all properties. An increase in property value does not necessarily mean a corresponding increase in rates.

The general rate applies to every 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 Tasman District's last triennial revaluation was carried out by Quotable Value Limited at 1 September 2014. The capital value of the district increased by 4% and the land value of the district increased by 2.5%. The new values apply from the 2015/2016 rating year.

The tables below present what the rate increase would have been on the example properties 'before and after' the effects of the triennial revaluation are taken into account.

More information on the proposed rates for a particular property can be found on the Council website www.tasman.govt.nz

You can calculate your rate online, go to:



Rates Calculator
www.tasman.govt.nz

EXAMPLE PROPERTIES	CAPITAL VALUE (2014 DISTRICT WIDE REVALUATION)	2014/2015 ACTUAL RATES	2015/2016 RATES IF 2014 REVALUATION HAD NOT OCCURRED	2015/2016 PROPOSED RATES (POST REVALUATION)	% INCREASE FROM 2014/15
Residential – Takaka	\$270,000	\$2,477	\$2,521	\$2,478	0.0%
Residential – Murchison	\$160,000	\$1,803	\$1,845	\$1,822	1.0%
Residential – Mapua	\$495,000	\$2,129	\$2,131	\$2,173	2.1%
Residential – Kaiteriteri, with 65m³ of water, Urban Water Supply Metered Connections	\$660,000	\$4,219	\$4,220	\$4,125	-2.2%
Residential – Brightwater, with 183m³ of water, Urban Water Supply Metered Connections	\$385,000	\$3,444	\$3,529	\$3,564	3.5%
Residential – Wakefield, with 140m³ of water, Urban Water Supply Metered Connections	\$350,000	\$3,058	\$3,154	\$3,190	4.3%
Residential – Motueka, with 138m³ of water, Motueka Urban Water Supply Metered Connections	\$380,000	\$2,893	\$2,955	\$3,006	3.9%
Residential – Richmond (Waimea Village,) with 30m³ of water, Urban Water Supply Metered Connections	\$200,000	\$2,380	\$2,438	\$2,461	3.4%
Residential – Richmond, with 133m³ of water, Urban Water Supply Metered Connections	\$510,000	\$3,583	\$3,707	\$3,718	3.8%
Residential – Richmond, with 186m³ of water, Urban Water Supply Metered Connections	\$1,020,000	\$5,269	\$5,490	\$5,512	4.6%

EXAMPLE PROPERTIES	CAPITAL VALUE (2014 DISTRICT WIDE REVALUATION)	2014/2015 ACTUAL RATES	2015/2016 RATES IF 2014 REVALUATION HAD NOT OCCURRED	2015/2016 PROPOSED RATES (POST REVALUATION)	% INCREASE FROM 2014/15
Dairy Farm – Collingwood-Bainham	\$7,450,000	\$22,928	\$23,425	\$23,063	0.6%
Forestry – Motueka	\$5,575,000	\$14,901	\$15,341	\$16,828	12.9%
Horticultural – Hope	\$1,210,000	\$4,209	\$4,278	\$4,109	-2.4%
Horticultural – Ngatimoti	\$660,000	\$2,417	\$2,462	\$2,434	0.7%
Horticultural – Waimea West, with 9 hectares, with Water Supply Dams- Wai-iti Valley Community Dam	\$1,150,000	\$7,329	\$7,252	\$7,647	4.3%
Pastoral Farming (Fattening) – Upper Moutere	\$940,000	\$3,226	\$3,293	\$3,230	0.1%
Lifestyle – Wakefield, with 3m³/day restrictor, Eighty-Eight Valley Rural Water Supply	\$1,600,000	\$5,433	\$5,608	\$5,590	2.9%
Lifestyle – East Takaka	\$495,000	\$1,957	\$1,984	\$1,921	-1.8%
Lifestyle – Neudorf, with 3m³/day restrictor, Dovedale Rural Water Supply	\$550,000	\$3,452	\$3,647	\$3,577	3.6%
Lifestyle, Tasman with 2m³/day restrictor, Rural Water Extension to Urban Water Scheme	\$680,000	\$3,756	\$3,861	\$3,835	2.1%
Lifestyle – Bronte, with 3m³/day restrictor, Redwood Valley Rural Water Supply	\$1,070,000	\$4,514	\$4,766	\$4,687	3.8%
Commercial – Queen St, Richmond, with 270m³ of water, Urban Water Supply Metered Connections	\$1,310,000	\$9,066	\$9,397	\$9,616	6.1%
Commercial – High St, Motueka	\$1,300,000	\$7,292	\$7,539	\$7,338	0.6%
Industrial – Cargill Place, Richmond, with 69m³ of water, Urban Water Supply Metered Connections	\$620,000	\$3,925	\$4,070	\$3,943	0.5%
Utility	\$69,960,000	\$637	\$201,185	\$183,449	28718%

The table above 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.

SECTION 6

INFRASTRUCTURE

INFORMATION



WHAT IS INFRASTRUCTURE?

Council infrastructure typically includes all the physical structures that support a society, such as roads, bridges, cycleways, water supply networks, sewers, and stormwater systems.

WHAT IS AN INFRASTRUCTURE STRATEGY?

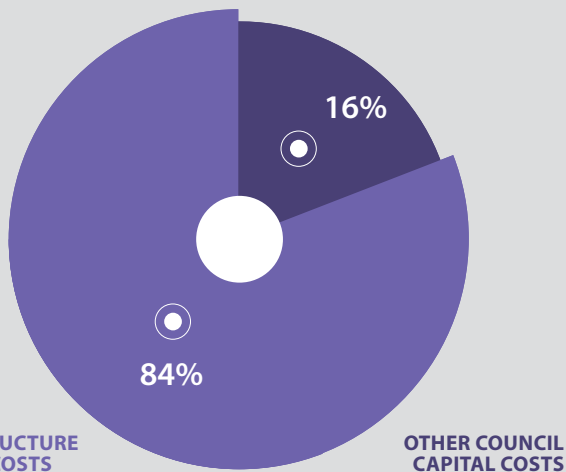
An Infrastructure Strategy is a new requirement of the Local Government Act 2002. All councils must outline the significant issues they are likely to face over the next 30 years regarding provision of infrastructure, what the Council plans to do about these issues, and what they will cost the community. Previously, all of this information was contained in the Council's Activity Management Plans (AMPs). The Infrastructure Strategy is an additional document – AMPs have also been developed and can be viewed on Council's website.

SUMMARY OF TASMAN'S INFRASTRUCTURE STRATEGY

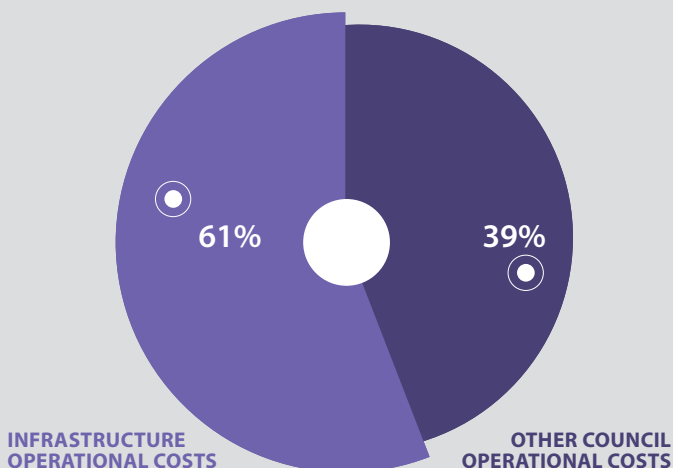
Infrastructure provides the foundations on which the Tasman District is built – it is essential to health, safety, and for the transport of both people and freight. It enables businesses and communities to flourish, and failure to invest in it would inhibit the economic performance, health and prosperity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

Infrastructure is a core part of what Tasman District Council provides its communities – it makes up the majority of the Council's spending, and over \$1 billion worth of assets.

Years 1-10. Split of capital costs



Years 1-10. Split of operational costs



The Council has introduced a new draft Financial Strategy aimed at placing the Council on a financially sustainable footing. Under the new strategy, limits have been placed on borrowing and rates increases, constraining the Council's ability to invest in new infrastructure at the same time as maintain existing infrastructure. It is not possible to do everything that it is desirable to do – choices have to be made about how the Council will manage its assets and its infrastructure investment.

HOW THE COUNCIL WILL MANAGE ITS ASSETS AND INVESTMENT

The Council manages its infrastructure to provide the community and businesses with infrastructure at agreed levels of service, cost effectively, and within an acceptable level of service delivery risk. This strategy signals a significant change to how the Council aims to achieve these objectives compared to the Long Term Plan 2012 - 2022. In particular, the Council intends to be smarter in its investment focus to infrastructure. This means:

- Reducing the number of service level improvements by focusing on and prioritising essential improvements;
- Prioritising new capital works that provide the greatest benefit to the community and facilitate growth; and
- Sensibly managing asset renewal risks by ensuring investment is justified on economic and service level grounds. This can be done by making better use of information about our assets.

In the short term, the Council's highest priority for service level improvements will be on ensuring water security for the Waimea urban water supply areas and stormwater improvements in the District. The Council proposes to improve urban water security by contributing to the construction of the Waimea Community Dam. The Dam will provide the water needed for the urban water supplies – at the same time as improving flows in the river and access to water for irrigators. The Council has slightly increased its budgets for stormwater improvements, despite making savings in most other activities. A catchment management plan will be developed for each settlement to determine the best way to manage stormwater in that settlement. This process will be rolled out across the District progressively over several years.

The Council will provide infrastructure for growth and development – ensuring the trunk services are in place to ensure growth can be accommodated and that there is sufficient land supply to keep housing affordable. The Council will take an active role in directing where development will occur and over what timeframe, to make the most of public and private investment in growth. Much of this growth and related

expenditure is expected in five principle areas – Richmond, Brightwater, Wakefield, Motueka and Mapua. Richmond is expected to grow by several thousand and Brightwater, Wakefield and Mapua settlements by around 500 people over the next 25 years. Motueka is also experiencing growth with additional land and services provided in Motueka West.

Previously, the Council managed the risk of infrastructure failures by planning a heavy programme of renewals. This approach to renewals, together with growth and improvements works, resulted in a large expenditure programme and created a financial risk related to increasing debt. Greater emphasis is now being placed on active risk management of the network alongside a more moderate renewals programme. This means the Council will retain a sound renewals programme, carefully monitor asset performance, invest in better asset condition information, and retain the financial capacity to invest more if the need arises.

The financial benefits of the new approach to infrastructure planning and management are significant. Over the next 10 years, the capital works programme in our asset management plans for infrastructure has been reduced by over \$100 million. This short term financial squeeze helps reduce our borrowings and means we can afford to fund more infrastructure in the longer term.

SIGNIFICANT INFRASTRUCTURE ISSUES

Significant infrastructure issues are those which cost a lot, have the potential to impact on public health or property, and/or are a big change to the approach signalled in the Long Term Plan 2012-22. The significant infrastructure issues signalled in this strategy are:

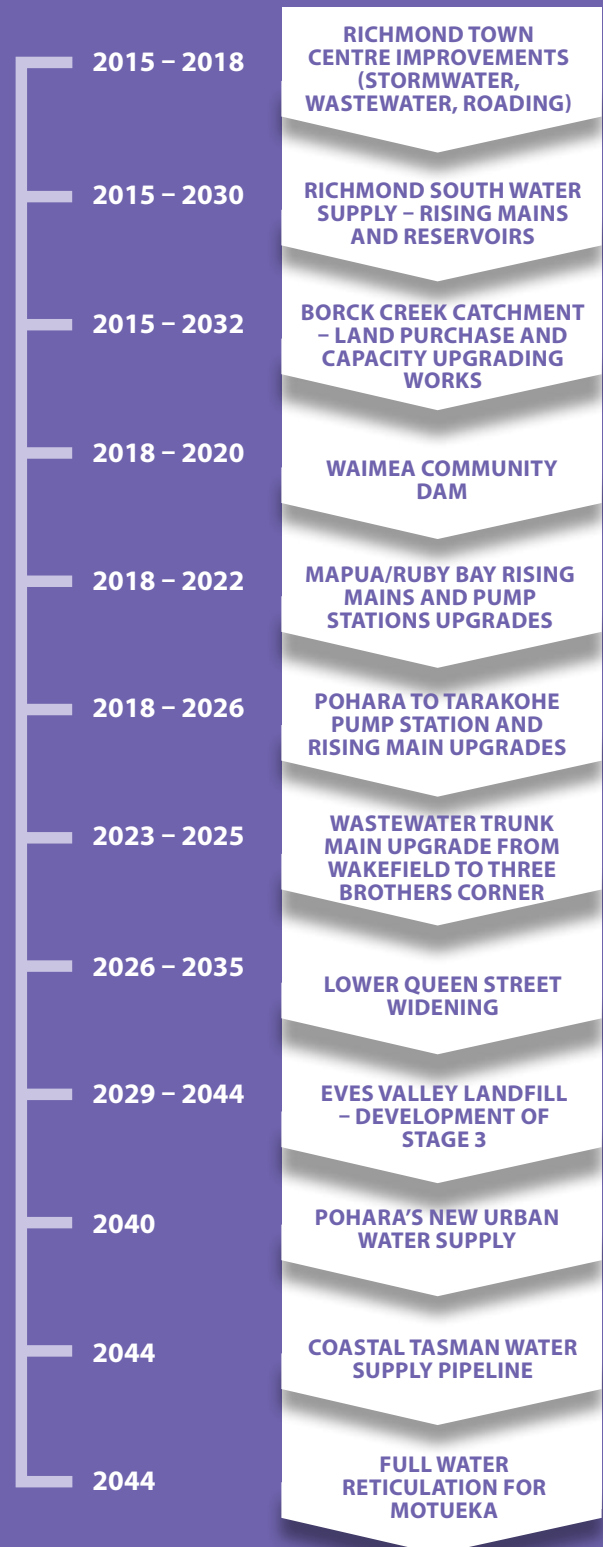
- **Waimea Plains water security.** Extended periods of dry weather or drought have occurred nearly every summer since 2001, with impacts on the Waimea River, related aquifers and the communities reliant on it for water.
- **Stormwater management.** Most residential areas in the District are subject to some level of flood hazard, and many of the District’s stormwater systems are under capacity.
- **Joint solid waste initiative with Nelson City Council.** It will be more efficient to operate a single landfill servicing both areas at any one time, reducing operating costs and avoiding the duplication of capital .

NATURAL HAZARDS AND RESILIENCE

The Council is aware of the growing importance of managing the effects of more intense storm events, rising sea levels and other natural hazards. The Council is doing the work needed to understand the future impacts of these issues. As a result of this work, we expect these issues to become more prominent in future Infrastructure Strategies and Long Term Plans. In the interim, the Council has increased its funding for responding to emergencies and natural hazards for roading, stormwater, and coastal structures.

WHAT MAJOR WORKS OR CHANGES IS THE COUNCIL PROPOSING?

Timeline of the major projects



Note: For the purpose of this section, 'major' refers to projects or programme changes valued at \$8 million or more.

MAJOR CHANGES TO THE PROGRAMME

NEW EXPENDITURE

Programme	Reason	Financial Impact (figures in 2015 dollars)
Waimea Community Dam	Provision for urban water (\$8 million and a proportion of the environmental flows costs associated with dam)	\$20 million over 2017-2020

EXPENDITURE INCREASED

Programme	Reason	Financial Impact (figures in 2015 dollars)
Increase in emergency reinstatement of the transport network	Reflects the actual cost of emergency works over the past three years	Increase of \$12 million over 10 years

EXPENDITURE REDUCED

Programme	Reason	Financial Impact (figures in 2015 dollars)
Reduction in transport network and asset management	Cost savings due to reorganisation of the Engineering Department	Reduction of \$13 million over 10 years
Reduction in roading-related drainage renewals	Modelling supports a lower rate of drainage renewal investment now that a backlog has largely been cleared	Reduction of \$8.0million over 10 years
Reduction in sealed pavement resurfacing	Driven by the generally good condition of the sealed network and the associated surface ages	Reduction of \$4.9 million over 10 years
Reduction in minor improvements to the transport network	The new budget will more accurately reflect a feasible forward-works programme. New works will be prioritised accordingly to safety factors, community demand and exposure/location.	Reduction of \$5.0 million over 10 years
Reduction in wastewater operation and maintenance costs	Replaced annual percentage growth increases with increases for planned upgrades, reduced condition assessment and repair budgets, reduced NRSBU costs, reduced studies	Reduction of \$13 million over 10 years
Reduction in wastewater renewal costs	Pipeline renewals reprogrammed based on asset life	Reduction of \$17 million over 10 years

EXPENDITURE DEFERRED

Programme	Reason	Financial Impact (figures in 2015 dollars)
Motueka water supply	This project is not cost effective without greater support from the government and community.	\$18 million deferred from 2021 to 2043/44
Coastal Tasman water supply pipeline	This project is not cost-effective for the number of new connections supported.	\$27 million deferred from 2017/18 to 2043/44
Eves Valley landfill – development of Stage 3	Implementation of the joint regional landfill proposal with Nelson City Council begins in mid 2015.	\$19 million deferred until 2029

EXPENDITURE ELIMINATED

Programme	Reason	Financial Impact (figures in 2015 dollars)
Road reconstruction projects	Projects removed as they will be (or have been) completed as a minor improvement project eg. Hill Street/Champion Road roundabout, or the level of service is no longer justifiable eg. Motueka Valley Highway widening.	Saves \$12.8 million over 10 years
Seal extensions	Projects are uneconomic and driven by level of service increase only	Saves \$4.6 million over 10 years

SECTION 7

IMPACTS ON LEVELS OF SERVICE



WHAT ARE 'LEVELS OF SERVICE'?

This term describes what the Council will deliver. Performance measures are specific indicators used to demonstrate how the Council is doing regarding delivery of services. The measures are described in each Activity Management Plan, which can be found as part of the supporting documents for this Consultation Document. The Council reports on the levels of service it delivered and on the performance measures each year through the Annual Report.

WHAT SERVICES DOES THE COUNCIL PROVIDE?

- water supply
- rubbish collection and disposal, litter control
- sewage treatment,
- parks, reserves and cemeteries
- sport and leisure facilities
- roads, footpaths, cycleways and streetlighting,
- control of land subdivision and development
- building and resource consents processing,
- noise, animal and parking control
- libraries, museums
- food premises and liquor licensing
- community housing
- community relations, community events and customer services
- bio-security/pest control
- civil defence/emergency management

IMPACTS ON LEVELS OF SERVICE

The Council is tasked with providing good quality local infrastructure and local public services, and cost effective regulatory functions. The proposals in this Consultation Document are designed to maintain the level of services, facilities and regulatory functions provided by the Council.

Previous investment by the Council means the district's infrastructure needs are well provided for. As a result, the Council has been able to pull back on many planned projects to lift service levels, particularly in the first 10 years of the Long Term. This helps achieve our financial goals of reducing debt and rates income increases.

For some activities and services there will be improvements to levels of service. In the short term, the Council's highest priority for service level improvements will be on ensuring water security for the Waimea urban water supply areas and stormwater improvements in the district. Other important improvements to levels of service that have been programmed are:

- Improvements to comply with drinking water standards;
- Improvements to stormwater drainage in some catchments;
- Increased services for recycling solid waste and; and,
- Improvements to comply with wastewater disposal standards.

You shouldn't notice many changes in the services 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 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 Council anticipates 'sweating its assets' (the term described in the Infrastructure Strategy as a way of extending the life of an asset) which may increase the risk of occasional unexpected disruptions to service delivery. The Council will be working hard to avoid these disruptions, where possible, by improving its knowledge of asset condition; retaining budgets for operations and maintenance; and holding sufficient borrowing capacity should an asset urgently need to be replaced.

More information is available about levels of service in the Activity Summaries and Activity Management Plans (AMPS), go to:



Activity Management Plans
www.tasman.govt.nz/LTP



LEVELS OF SERVICE

SECTION 8

WHERE CAN YOU FIND MORE INFORMATION?

There are a range of documents that support the development of this Consultation Document and underpin the Long Term Plan 2015-2025. These documents contain more detailed information on a range of topics. All of the documents can be accessed from the Council's website www.tasman.govt.nz/LTP or viewed at district libraries and service centres.

SUPPORTING DOCUMENT

WHAT IT COVERS

Accounting Information (document also includes Reserve Financial Contributions budgets and proposed projects and Assumptions)

Provides detailed accounting information including a range of accounting policies, information on inflation adjusted accounts, assumptions and reserve funds.

Provides inflation-adjusted financial projections for the 10 years of the Long Term Plan 2015-2025.

It also identifies each of the Council's Reserve Funds, the purpose of the Fund, the activities it is for, the period it is for, and expected deposits and withdrawals.

Outlines the assumptions that the Council has made in developing the strategies, policies and plans for the Long Term Plan 2015-2025.

Activity Summaries and Management Plans

- **Transportation**
- **Water**
- **Wastewater**
- **Stormwater**
- **Rivers and Flood Control**
- **Coastal Structures**
- **Solid Waste**
- **Community Facilities**
- **Parks and Reserves**
- **Aquatic Centre**
- **Community Relations**
- **Library Services**
- **Environmental Management**
- **Public Health and Safety**
- **Property**
- **Commercial Activities**

Outlines what we do, the level of service that the Council will provide, how performance will be monitored, information on what projects will be funded, how the activity will be funded, and any possible risks.

Activity Management Plans are the technical documents used by Council to support the funding decisions in the Long Term Plan. Activity Management Plans cover the assets held, and the activities and services provided alongside the asset.

Community Outcomes	Community outcomes means the outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.
Draft Development Contributions Policy	Outlines the Council's approach to recovering the costs of growth (i.e. providing for additional infrastructure and services) through fees to developers.
Financial Strategy	Provides high-level context and direction for the financial content in the Long Term Plan 2015-2025. It outlines the characteristics of the district that have influenced the strategy and Council expenditure, expresses limits on rates and borrowing, and states objectives for borrowing and investment.
Funding Impact Statement	Outlines the sources of funding the Council intends to use, the expected amount from each source and how the Council plans to spend the funds.
Growth Strategy	Provides information on rates and location of anticipated population growth in the Tasman District.
Infrastructure Strategy	Summarises the big infrastructure issues for the District that are likely to come up over the next 30 years, including their financial and non-financial consequences, and the options for managing them.
Policy for Early Payment of Rates in the Current Financial Year	Outlines the Council's policy for the processing of rates paid in advance of their due date in the current financial year.
Policy on Rate Relief for Maori Freehold Land	Outlines the Council's policy on rates relief for Maori freehold land.
Rates Remission Policy	Outlines the Council's approach for determining and administering reductions in or waiving of rates for particular ratepayers.
Revenue and Financing Policy	Sets out the Council's policies on why and how funding sources are used to fund Council expenditure. The policy shows how the selection of funding sources complies with the funding policy process in section 101(3) of the Local Government Act 2002.
Schedule of Charges	Outlines the Council's proposed fees and charges for a range of services.
Significance and Engagement Policy	Explains how the Council will determine the significance of decisions and how it will consult with the public on those decisions.
Statement on fostering Māori participation in Council decision making	Outlines the steps Council intends to take to foster Māori capacity to contribute to Council decision-making processes over the period of the Long Term Plan.
Treasury Risk Management Policy, including Liability Management and Investment Policy	Outlines the policies and procedures for all treasury activity by the Council, to ensure risk is managed prudently. It includes new versions of the Liability Management and Investment Policies. Builds on the content in the Financial Strategy, by expressing the Council's mix of investments, procedures for management and reporting on investments and its approach to risk management.
Waimea Community Dam Information Update	Outlines the new proposed approach for the Waimea Community Dam.

SECTION 9

REPORT FROM AUDITOR GENERAL



AUDITOR REPORT

Report from the Auditor General... to come

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