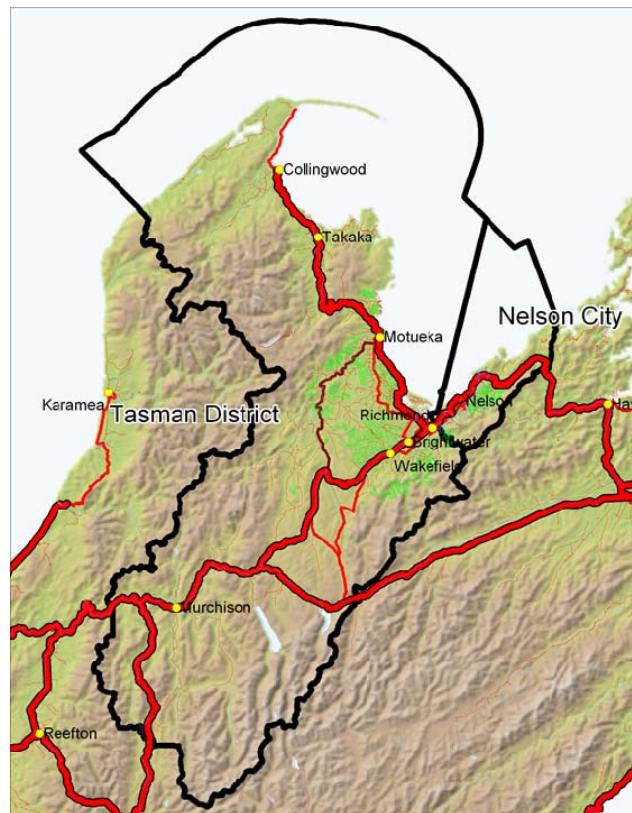


---

**Report for the Local Government Commission on  
financial and service delivery matters relating to the  
proposal for a union of Nelson City and Tasman  
District**

---



**May 2011**

**Acknowledgements:** The authors would like to express their thanks for the cooperation and assistance from Tasman District Council and Nelson City Council staff who responded to requests for information used in this report.

#### Version Control

Version 2.0 Report:

Produced by John Mc Cardle, Alex Holley, Hugh Gouldstone and Kelvin Norgrove, May 26, 2011

Contact: [kelvin.norgrove@win.co.nz](mailto:kelvin.norgrove@win.co.nz)

Strateg.Ease Ltd.  
Private Bag MBE M251,  
Auckland 1142  
AWT House,  
131 New North Rd,  
Eden Terrace,  
Auckland

*Disclaimer: The opinions and analysis contained in this report are those of the authors. We have taken every care to ensure the accuracy of all the information contained in this report. All information unless otherwise stated has been obtained from Nelson City Council and Tasman District Council which are considered to be reliable sources. This document has been prepared for the use of the Local Government Commission only. Copyright © 2011 by Strateg.Ease Ltd.*

## Contents

1	Executive Summary.....	5
2	Introduction .....	8
2.1	Background.....	8
2.2	Review Objective .....	8
3	Methodology.....	9
4	Regional Issues.....	10
4.1	Regional Policy and Planning.....	10
4.2	Joint activities .....	11
4.3	Regional Economic Development.....	12
4.3.1	Nelson Tasman Regional Economic Development Strategy .....	12
4.3.2	The Nelson Regional Economic Development Agency (EDA).....	14
4.4	Engagement of Manawhenua Iwi in Decision-making Processes .....	14
5	Service Activities .....	16
5.1	Regulatory Activities.....	16
5.2	Transport – roads, cycle-ways, walkways, and public transport.....	21
5.3	Parks and Reserves .....	26
5.4	Water .....	27
5.5	Wastewater .....	34
5.6	Stormwater.....	40
5.7	Waste Management .....	43
5.8	Recreation and Cultural Facilities and Services .....	45
5.9	Community Development .....	50
6	Financial Management.....	53
6.1	Council Borrowing Policy .....	53
6.2	Council Expenditure Profiles.....	61
6.2.1	Operating Expenditure .....	61
6.2.2	Capital Expenditure (Capex).....	62
6.2.3	Operating and Capital Expenditure for a Combined Council .....	63
7	Implications of a union.....	65
7.1	Nelmac.....	65
7.2	Democracy Costs .....	65
7.3	Staff Costs .....	67

7.4	Benchmark Comparison .....	69
7.5	Development Contributions Policy.....	71
7.6	Rating Policies.....	72
8.0	Summary and Conclusions .....	77
9.0	Appendices.....	79
9.1	About the Authors .....	79
9.2	Financial Management Policies and Tables – TDC, NCC, Combined .....	81
9.3	Financial tables – TDC, NCC, Combined.....	88
9.3.1	Income Statement – Revenue .....	88
9.3.2	Operating Expenditure by Activity Area.....	89
9.3.3	Capital Expenditure by Activity Area.....	90
9.3.4	Balance Sheet .....	91
9.4	Summary of rates charges in Nelson City Council and Tasman District Council .....	92

# 1 Executive Summary

The Tasman-Nelson area is experiencing similar challenges to other growing regions in New Zealand. Whilst both councils currently undertake a wide range of joint activities through shared ownership of service delivery organisations and mixed membership of working parties, the current two-council structure is being tested by regional scale issues such as demand to expand urban zoned land, build new transport infrastructure, and funding support for major community facilities.

The need for collaborative planning and co-ordinated decision-making will likely intensify over time. Both councils will therefore need to develop strong and durable mechanisms to resolve trade-offs and set clear direction on key regional issues. In our opinion, based on our experience in consulting in the local government sector and as previous local government managers, we consider that a union would tend to reduce the risk of the regional interest being treated as secondary to diverse local interests.

In regards to their capacity to fund increased levels of services we believe both TDC and NCC currently have the ability to cover additional investment in assets and increased operating expenditure associated with the rates of population growth projected for their areas.

As they stand, both Tasman District Council and Nelson City Council are in a sound financial position and have capacity to incur greater debt within their own prudential limits. In principle they could accelerate planned capital expenditure or commence many of the projects deferred from recent Annual Plans, subject of course to their willingness to increase rates revenue to fund higher debt servicing costs.

It is estimated that TDC has additional borrowing capacity of at least \$16.3 million, and NCC has additional borrowing capacity of at least \$71.8 million, as assessed against individual current policy limits. A combined council would have significantly greater financial strength than the councils separately, with capacity to fund an extra \$177.4 million of expenditure.

Both councils have additional funding sources outside rates, fees and charges (e.g. investment and forestry income) that could be used to fund increased borrowing, subject to changes to borrowing policy, but as this revenue is primarily used to offset or buffer rates increases the councils would still need to increase rates.

While both Councils have capacity to fund further capital expenditure on infrastructure through borrowing it is apparent that:

- TDC has much more limited capacity than NCC to fund significant infrastructure projects
- TDC is close to its policy limits near the end of the planning period
- An amalgamated balance sheet of the two councils would provide greater funding capacity and also resilience in the face of emergencies or disasters

In terms of operational savings it is considered that a union would allow limited but positive economies of scale to be achieved in the provision of network infrastructures of water, wastewater and transport. Benefits would be through increased specialist management of such services and

consolidation of existing contracts. However significant gains would be tempered by the on-going costs associated with low density and spatially dispersed water and wastewater and other services. It is outside the scope of this report to estimate potential savings from aggregation of particular service activities into a single council.

In the primary infrastructure areas there are several significant issues to address:

- Potential exists for better integrated transport planning particularly for arterial roads. It is apparent that there are current shortcomings in the effectiveness of the joint regional committee and associated governance processes dealing with regional transport planning. This could be addressed through greater involvement of stakeholders, more regular meetings, etc with the two separate councils, but we consider the process would be more effective with a single council. Regional stakeholders would want to be confident in this case that the decision-making framework would transparently address the relative priorities of urban and rural road projects across the region; incorporating such factors as congestion and peak work and school traffic flows in the Richmond-Nelson urban areas, regional freight movements (including changing truck weights affecting design and capacity of rural roads), tourism flows, etc.
- A combined council may incur additional costs for road projects due to a potential reduction of the NZTA subsidy rate than currently received by TDC (it is understood that the NZTA regime is currently under review in favour of a more outcome and performance oriented basis, so this may only be a transition issue)
- Tasman District water supply and drinking water quality issues:
  - Tasman has a long list of projects to complete to achieve satisfactory drinking water quality in several areas of the district over the next three years (compliance is required with 2007 standards by July 2014 at the latest).
  - Water supply reticulation in Richmond East - Hill Street North appears to have been deferred for funding reasons, and is planned to be completed over an extended period from 2010-2016.
  - In addition, the provision of a reticulated water supply to Motueka (at a cost of around \$19.3 million) has been deferred by the council and is subject to receiving adequate government subsidies.
  - It is not clear whether restricted funding capacity or a desire to limit rates increases has resulted in these projects being deferred or phased over a longer period. If this was the case then the increased funding capacity of a combined council would allow these projects to be completed on a more accelerated timetable (and irrespective of receiving government subsidies or not).

We consider there are immediate potential efficiency gains from a union through a reduction in a number of duplicate organisation management, support service positions, and supervisory roles. These savings are estimated to be in the order of \$4.7 million. However, the level of savings actually achieved would depend on the relative priority placed by a new council on its various activity areas, and consequently what the design of a new organisation structure would look like. Cost savings in senior and middle management and support service areas should be expected, but it may be that a new council would decide to maintain or increase the current level of staff numbers (including managers) in main service activities such as planning, environmental, regulatory, bio-security,

recreation, reserves, customer service, and libraries. We note elsewhere in this report that regional planning activity could be improved and performance in some regulatory activities has been affected by staff shortages. If current staff numbers are retained in both councils main service activities, potential cost-savings would reduce by about \$1 million to \$3.7 million per annum. Provision for additional staff in any service area would further reduce this figure.

There would also be some offsetting costs. These include a one-off cost of transition (including redundancy costs, exiting property leases etc. - not estimated here), and an on-going increase in the costs of democracy. The latter is estimated to be in the order of \$400,000 to allow for a net increase in the remuneration of elected members of a larger-sized council and the assumed addition of three more community boards in the combined region. There are differences in systems of representation between the two Councils. Tasman District Councillors are elected from 5 wards; Richmond, Motueka, Golden Bay, Lakes/Murchison and Moutere/Waimea Wards whereas Nelson City's Councillors are elected at large. The assumption of three new community boards would allow a new council to recognise local communities of interest and adjust the spread of ratios of councillors to community board populations.

On review of the various financial management policies it is apparent that the two councils in general have consistent policies and also in relation to their application. There are three areas of inconsistency or issues with respect to the policies or their application that could need to be addressed if an amalgamation of the two councils occurred:

- Review and alignment of development contribution charges
- Land value versus capital value rating
- Application of differentials or targeted rates to non-residential properties

A review of development contributions charges would require completion of network modelling to calculate infrastructure capacity in contiguous urban areas or catchment areas to consider if current charges should be adjusted. The option of including a component for community facilities could also be considered at that time.

As TDC currently operates a capital value rating system and NCC operates with land value, a union would generate the need to standardise one system across the region. TDC uses targeted rates and NCC uses targeted rates and differentials to contribute a significant portion of rates revenue. A new council would have considerable flexibility to set targeted rates, the UAGC and differential rates to manage the incidence of rates on different categories of rateable property as a result of a shift in rating system.

The impact of a union on rates would essentially be a transitional one. It would require the existing councils (or a new council) to undertake joint modelling of the distribution of rates across the region and consider options for phasing-in changes in particular rating policies.

## 2 Introduction

### 2.1 Background

The Local Government Commission (LGC) is undertaking investigations into the case for issuing a draft reorganisation scheme for the union of Nelson City and Tasman District. A union implies a single council will administer the combined area and perform all the functions of the two existing unitary councils, Tasman District Council (TDC) and Nelson City Council (NCC).

A proposal for a union was initiated in 2010 by a petition signed by more than 10% of the electors of Nelson City and more than 10% of electors of Tasman District. In accordance with the Local Government Act 2002 the LGC called for and heard public submissions on the proposal in late 2010.

This report is intended to assist the LGC in its decision-making as to whether to issue a draft reorganisation scheme for the union of Nelson City and Tasman District.

### 2.2 Review Objective

This report provides:

- a) Comparative description of TDC and NCC current financial position, including income and expenditure, assets and liabilities, level of debt
- b) Assessment of NCC and TDC capacity to maintain and enhance levels of service for key infrastructure activities (ie. roading, waters, solid waste) to meet existing and future community need.
- c) Comparative description of TDC and NCC financial management policies (subpart 3, part 6, LGA02) and identification of any compatibility issues associated with proposed union
- d) Comparative description of TDC and NCC rates funding policies and identification of any compatibility issues associated with proposed union

Analysis has been undertaken to estimate the impact of a union on:

- i. Immediate financial position and
- ii. Financial capacity to meet existing and future community need
- iii. Identify means to reconcile issues identified in (c) above
- iv. Identify likely financial advantages/disadvantages of a union, including impacts on rates

### 3 Methodology

This report was produced based on desk research and analysis of publicly available documents, review of submissions to the LGC, information requested from each council, and responses to questions asked of each council. We did not visit the region or meet or interview any organisation. Therefore we have relied on the accuracy and validity of information available or provided to us.

The report is structured into five main sections:

#### Section 4 - Regional issues

Provides an overview of the current extent of collaboration between the two councils in response to regional issues of planning for future population and employment growth, and support for the economic development of the region. Iwi engagement in decision-making is also identified as a regional issue.

#### Section 5 - Service activities

Information on service levels and performance standards is extracted from the respective LTCCPs, Annual Plans and Annual Reports to contrast the current situation of service delivery in each council. The analysis omits some minor services which incur annual expenditure less than \$1.5 million. For each service activity we identify any planned increases in service levels and provide an indication of the implications of a union as to whether it will likely be Pro, Con, or Neutral on performance levels for that activity.

#### Section 6 - Financial management

Provides analysis of the financial situation of the two councils. It includes the long-term profile of annual operating expenditure and revenue, and capital expenditure and debt levels. Identifies issues of compatibility in financial policies between the two councils and estimates the additional borrowing capacity available to the councils and a combined council using the existing councils policy limits.

#### Section 7 - Implications of a union

Identifies indicative savings in staff costs and costs of democracy from union of the two councils, and highlights compatibility issues between the respective policies of the two councils in regards to development contributions and rates which would need to be addressed by a new council.

#### Section 8 - Summary and Conclusions

## 4 Regional Issues

### 4.1 Regional Policy and Planning

We appreciate that as unitary councils, TDC and NCC have autonomy over plan making and regulatory functions within their respective districts subject to compliance with statutory processes. They are not compelled to undertake joint planning and policy making activity. However, a range of mechanisms are commonly used by councils in New Zealand to deal with supra-district issues such as protecting air and water quality, planning for future residential/business land, or providing main road links. The spectrum of collaborative mechanisms includes joint officer working parties, jointly owned service delivery organisations, joint funding applications to central government agencies, and joint committees with delegated powers to develop regional policies and plans.

The Nelson Tasman Economic Development Strategy Review 2010<sup>1</sup> notes that Nelson City has limited land area for expansion and both Nelson and Tasman District are forecast to continue experiencing population growth over the next few decades.

The NCC 2009/19 LTCCP states the population of Nelson was estimated to be 45,210 in 2009, and is projected to be 48,200 in 2019. NCC must therefore plan for an average increase of about 300 people each year, which implies provision for 3,000 additional residents over the period of its 2009/19 LTCCP.

The TDC 2009/19 LTCCP states the population of Tasman was estimated to be about 45,800 at June 2009, and is projected to be 52,500 in 2016 and 56,300 in 2021. That implies an average increase of more than 900 people each year, and the need to make provision for over 9,000 additional residents over the period of its LTCCP.

Planning for the spatial distribution of future population and employment growth in the Tasman Nelson region presents a significant cross-border issue. It logically precedes planning for expansion of network utilities and major facilities oriented to residents in both areas.

We note that the effectiveness of regional planning for transport, economic development, and shared facilities was subject to criticism from a number of submitters to the union proposal in 2010 (eg. Chamber of Commerce, Road Transport Association, Tasman Bays Heritage Trust and others).

The lack of adequate zoning for business activities in both council areas was identified as an issue by industry representatives consulted as part of the initial regional economic development strategy in 2006. However, since then, as the 'Strategy Review' 2010 notes, there have been several Plan Changes commenced by TDC to provide for additional zoned land for residential and industrial/commercial development in the District. NCC has developed the Nelson Urban Growth Strategy (NUGS) specifically to address long term population growth and residential land use needs in its area. It does not deal with the future industrial and retailing/commercial land needs addressed above.

---

<sup>1</sup> Nelson Tasman Economic Development Strategy (REDS) Review June 2010, prepared by John Cook and Associates for the Nelson EDA (refer pp22-25).

We note one example cited in the 'Strategy Review' 2010 where progress on plan development appears to have stalled. Since 2007 residential intensification in the central part of Richmond has been under investigation (including the CBD and peri-CBD land), supported by collaborative work with Nelson City to understand the requirements for successful intensification outcomes. No specific proposals have been forthcoming.

## 4.2 Joint activities

In its submission to the union proposal TDC stated that effective planning is occurring under the LGA, Land Transport Act, and the RMA, as well as other processes within both districts. Certainly, the Nelson LTCCP 2009/19<sup>2</sup> suggests there is substantial joint planning and policy making activity between the two councils:

- Regional transport planning continues to involve both councils, although they are not currently both involved in a single Regional Transport Committee.
- Nelson Tasman Tourism, trading as Tourism Nelson Tasman Ltd, is co-owned by the two councils and provides tourism services to promote the wider region, enhancing the economic wellbeing of all Nelson Tasman communities.
- Regional policy development involves the input of both councils, including positive ageing, the regional physical activity plan, and regional arts strategy.
- The Treasured Pathway project involves all three Te Tau Ihu councils and other Top of the South organisations and agencies.
- There is a single Regional Pest Management Strategy covering both councils. Regional pest management operations under the Biosecurity Act are funded by both councils and the Tasman District Council is contracted to provide Nelson's pest management work as it has more expertise in this area, and a larger land area to manage.
- Joint studies continue to be carried out by or for both councils, including on industrial land needs, air quality management, bathing water monitoring, river hydrology monitoring and flood warning systems, regional urban growth studies, including Nelson South/Richmond East, intensification.
- Coastal oil spill contingency planning and management is coordinated across the two council areas.
- Staff and Councillors from both councils take part in best practice and specialist guest speaker workshops, for example on the Building Act, active transport and urban design.
- Ecofest and environmental education involves staff of both councils working together on campaigns and the development and management of environmental education initiatives

At the time of writing it is understood that LGC officers are making enquiries about the extent and effectiveness of collaborative planning efforts to develop co-ordinated and connected policy and plans across the two districts.

This will likely include a focus on the extent to which:

---

<sup>2</sup> NCC LTCCP 2009/19 Volume 1,(refer pp38-41)

1. Strategy development for environmental, economic, and social and cultural well-being (eg. growth management, economic development, physical activity) reflect interests in common across the two districts, involve stakeholders from both districts, or provide over-arching guidance to other plans developed separately by the councils,
2. Regional policy statements and regional and district plans (and plan changes) prepared under the Resource Management Act, and regional land transport strategies required by the Land Transport Act, are interconnected (eg. include shared objectives) and are mutually consistent (eg. based on same set of assumptions about projected growth in population, employment and vehicular transport)
3. There are clear understandings between the councils in regard to their respective roles and on-going funding commitments to implement joint strategies and plans.
4. Engagement between the two councils and central government agencies on funding or policy matters is characterised by consensus or conflict over positions and priorities (ie the extent to which the councils speak with one voice on behalf of their communities of interest).

We note that the regional drivers for collaborative and integrated planning are likely to intensify over time given factors such as projected population and employment growth in the region which will increase flows of people and goods between the two areas and increase demand for hard and soft infrastructure (eg. social and cultural amenities), particularly in the main towns distributed across the region<sup>3</sup>.

We consider it is reasonable to regard the strength of collaborative and joint planning and decision-making processes between the two councils at present, at both executive and elected member levels, as indicators of the level of risk to integrated regional planning in the future.

## 4.3 Regional Economic Development

### 4.3.1 Nelson Tasman Regional Economic Development Strategy

The Tasman Nelson Regional Economic Development Strategy (REDS) was commissioned and published in 2007. It identifies key sectors and with primary production and secondary processing industries concentrated in Tasman District and transport, business services and community services concentrated in Nelson City (eg. port, airport, hospital, polytechnic). The 2010 'Strategy Review' estimates that the region generates around \$3.7 billion of GDP (Nelson City accounts for \$2 billion, and Tasman District \$1.67 billion). Nelson has more jobs but less business units than Tasman, reflecting the dominance of small scale operators especially in the pastoral, horticulture and tourism sectors in Tasman (refer Table 1).

---

<sup>3</sup> Population growth in the region has been marked in the urban areas of Richmond and Nelson, and more so in the rural areas immediately surrounding Richmond: Brightwater, Wakefield, Wai-iti and Mapua (refer Nelson Tasman Economic Development Strategy (REDS) Review June 2010).

Table 1: Key Regional Economic Indicators 2009

Key Indicator	Nelson City 2009	Tasman District 2009	Nelson Tasman Region 2009
Value-added GDP (\$2009m)	\$2,054	\$1,665	\$3,719
GDP/capita (\$2009)	\$47,860	\$36,700	\$41,610
Employment (FTEs)	22,870	17,570	40,440
Business units	5,710	6,470	12,180

Source: REDS Regional Cluster Analysis, 2009

The 2010 'Strategy Review' identified that the Nelson-Tasman region is unusual compared to many other provincial areas, in being economically diverse with a number of strong industries driving its regional economy. Compared to other regions, primary industries in the region account for a larger share of economic activity.

#### Opportunities -

The 2010 'Strategy Review' highlights growth sectors including pastoral agriculture, horticulture , aquaculture, natural products, ICT , and research and science-based enterprises, and suggests that expansion into regional, national and international markets will rely on consolidation and cooperation of operators (many family-based) so as to achieve economies of scale.

The region's six iwi are identified as making a significant contribution to the region's economy through their commercial entities. With settlement of the Treaty of Waitangi claims the region's iwi stand to expand their asset base, particularly in the region's key economic driver sectors.

In addition to land claims being settled there is the settlement of sea space allocations of Aquaculture Management Areas (AMAs). All new applications for the creation of AMAs are obliged (under the Maori Commercial Aquaculture Claims Settlement Act 2004) to make an allocation of the equivalent of 20% of the granted space to that area's resident iwi.

While the full extent of these settlements is unknown, iwi will become more dominant stakeholders in the region's resources and enterprises.

#### Threats -

Beyond national economic constraints such as oil prices and the exchange rate, the region has its own constraints and issues. The 2010 'Strategy Review' highlights these as labour supply and skill levels, recruitment and retention, adequacy of zoned land, affordable housing, infrastructure capacity in power, water and telecommunications, public sector investment, and the region's transport network.

### **4.3.2 The Nelson Regional Economic Development Agency (EDA)**

The regional opportunities and threats identified above can be influenced through concerted action by local government and other organisations taking a regional perspective. The structure of the regional economy is dominated by small scale enterprises which are the focus for support by the Nelson EDA. The majority (96%) of the region's business enterprises are small or medium sized firms (SMEs) and that they account for 30% of total employment in Nelson City and 43% of total employment in Tasman District.

The Nelson EDA was established in 2004 with Nelson City Council funding. The TDC provided additional funding from 2008. NCC funding in 2009/2010 to the Nelson EDA was an operating grant of \$196,140 and project grants of \$370,042 (source EDA Annual report).

The TDC, while not a direct grant funder of the EDA, has provided a funding contribution to the development of the Nelson-Tasman Regional Economic Development Strategy. The TDC contributed about \$20,000 over two years to the EDA for the Regional Economic Development Strategy to be prepared. The TDC draft Annual Plan for the 2008/09 financial year contains \$120,000 funding to the EDA. In the 2010 year \$123,600 was spent on economic development but it is not clear what proportion of this was for EDA project funding.

Two TDC Councillors are members of a regional working group. Since the formation of the EDA it has been governed by NCC, even though TDC had the opportunity to join in the establishment of the agency but declined.

The Nelson EDA provides a vehicle for undertaking initiatives to support regional economic growth via key traditional sectors and emerging industries. It can assist firms to explore opportunities and also encourage councils and other organisations to address constraints.

It is our opinion that there would likely be greater assurance of funding available to the EDA in the event of a union, which would provide the agency a greater ability to assist in increasing levels of economic activity in the Nelson-Tasman region.

There would also be potential for TDC to increase its funding contribution without a union, but we consider the funding contribution would be lower and more uncertain than if a union occurred.

## **4.4 Engagement of Manawhenua Iwi in Decision-making Processes**

Tribal authority interests span the wider Nelson-Tasman (and Marlborough) region rather than being aligned to current council boundaries.

Tiakina te Taiao represents four of the six iwi in the Whakatu (Nelson) and Motueka rohe (Ngati Tama, Ngati Rarua, Te Atiawa, Ngati Koata). Ngati Kuia and Ngati Toa are the other tangata whenua iwi in the Tasman-Nelson region.

Wakatu Corporation is a major landowner and is involved in fishing, aquaculture, tourism and viticulture across the wider region. It is based in Nelson, has horticulture activities at Motueka, mussel farming in Marlborough, wine in the Moutere hills and Marlborough, kayaking in the Abel Tasman Park, residential and industrial subdivisions throughout Motueka, Richmond and Nelson, and commercial buildings in Nelson and Motueka.

The role of iwi in economic development activity in the wider Nelson- Tasman area will be enhanced on completion of the treaty settlement process between the Crown and Te Tau Ihu iwi. The draft Deed of Settlement with Ngāti Toa Rangatira encompasses \$75 million compensation in land and cash across the North Island and South Island treaty settlement territories. The Ngati Apa and Ngati Kuia settlements with a value of about \$27 million and \$25 million respectively in cash and land transfers have been completed and will be implemented.

This will increase the level of engagement required with local government in the Tasman-Nelson region to progress iwi economic development activities, as well as reflecting and responding to the kaitiaki status of manawhenua iwi under environmental legislation. The Treaty Settlements process established an Advisory Committee on freshwater management issues affecting the Tasman, Nelson and Marlborough districts.

Both Tasman District Council and Nelson City Council engage with manawhenua iwi on different matters, and in some areas they employ different processes, e.g. currently NCC has a designated iwi liaison staff position whereas TDC does not. We have not contacted any iwi organisations in the region, and therefore are not able to make a judgement as to how effective this process is from either the iwi or council perspective.

However, based on principles and our experience elsewhere in New Zealand it is reasonable to highlight that:

- Tribal authorities in the region will incur additional staff time and cost in being consulted with by two councils on subjects such as environmental, planning and economic development matters rather than with one
- Iwi are applicants in planning processes for their residential and commercial developments in each Council area. Where there are differing standards and interpretations in the two council areas, and particularly for developments in boundary areas (such as Richmond), this would affect both the time and cost of internal staff resources and consulting fees in engaging with the councils, as well as the time and cost to complete developments
- A more consistent approach to iwi engagement would obviously occur with a single council than two.

## 5 Service Activities

### 5.1 Regulatory Activities

**Table 5.1.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>Process resource consent applications in a professional and timely manner</p> <p>Customer satisfaction Target: 75% Actual:88.7%</p> <p>Consents processed within statutory timeframes Target: 100% Actual: As at 30 June 2010 had processed 866 non-notified applications with 96.5% complying with statutory timeframes, and 94 notified or limited applications with 80% complying with statutory timeframes. 13 appeals to the Environment Court await resolution.</p> <p>Respond to all complaints, depending on urgency and effect, within 15 working days. Target: 100% Actual: Achieved.</p> <p>Monitor and enforce compliance with consent conditions in a firm and fair manner and respond to complaints about activities adversely affecting people or the environment. Actual: 74% complaints</p>	<p>Building Control team to ensure buildings are built to provide a safe and healthy environment for current and future building owners and users. Target: 100% compliance with Building Act Actual: Not achieved</p> <p>June 09 - June 2010 2288 building consents issued: 88% completed in 20 working days or less.</p> <p>2111 code of compliance certificates issued, 88% within 20 working days or less.</p> <p>Target: Building Consent Authority Accreditation services. Actual: Achieved Accredited Building Consent Authority.</p> <p>Reduce risk and ensure life safety of the public in buildings if an earthquake occurs. Target: Owners of scheduled buildings notified within specified timeframes. Actual: Not Achieved.</p> <p>Resource Consent Processing services.</p>	<p><b>Neutral to Pro.</b></p> <p>Several performance targets are under-achieved in both councils. This may be due to workload volumes but indicates additional resource is required.</p> <p>There is likely potential for harmonising regulatory processes and sharing learning to create greater efficiencies and economies of scale. However, savings could take up to 5 years to be realised due to timeframe to consolidate and standardise plans and bylaws</p> <p>Environmental education is shared in many areas such as Ecofest, Waimaori etc. Planning staff could link initiatives taken to date into the Sustainability Strategy to promote conservation and sustainability goals.</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>resolved within 15 working days timeframe</p> <p>Council's environmental education projects and events. Satisfaction Target: 75% - Actual: 74%</p> <p>Civil defence emergency management system Target: 75% satisfaction. Actual:56%</p> <p>Manage the storage and use of Hazardous Substances to ensure, to the extent possible, that risks from hazardous substances are properly minimised and managed. Target: Respond to any reported incidents within 2 hours. Actual: No incidents reported</p> <p>Provide building control services in a professional and timely manner to ensure building work is safe and in accordance with the NZ Building Code.  Target: Applications for building consent and code of compliance certificates (CCC) are processed within statutory timeframes. Target: 100% Actual: 92.5% of 1,499 building consents were processed; and 83% CCCs.</p> <p>Target: Maintain Building Consent Authority Accreditation.</p>	<p>Target: 100% consents processed within statutory timeframes.</p> <p>Actual: Not achieved 2009/10 82% of non-notified and 71% of notified consents were within timeframes.</p> <p>Target: average days to process a non notified consent is =&lt; 20 days. Actual: Not Achieved</p> <p>Public health protection services- including food and Liquor licensing and inspections. Target: All premises inspected at least once per year and any failures reinspected Actual: Achieved.</p> <p>Response to Complaints (e.g. Pollution response, dogs) Target: 100% of high priority complaints responded to within 30 minutes. Actual: Not achieved 95.8% compliance</p> <p>Noise control Target: 80% of high priority complaints are responded to within 30 minutes. Actual: Target achieved with 84% responded to within 30 minutes.</p>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Actual: Achieved</p> <p>Provide maritime administration services to ensure Tasman’s harbour waters are safe and accessible and that all known commercial operators are registered. All known commercial operators appropriately registered. Actual: All 30 known commercial operators appropriately registered</p> <p>Target: 80% Residents satisfaction Actual: 50%.</p> <p>Provide public health services to ensure that food provided for sale is safe, free from contamination and prepared in suitable premises; that other public health risks are managed through the appropriate licensing of premises and operations; and to reduce where possible the occurrence and spread of communicable diseases. Target: All registered food premises inspected at least once annually for compliance and appropriately licensed. Actual: Only 47% of premises inspected (Staff shortages).</p> <p>Target: All registered food premises deemed to be substandard are re-inspected within a two month period.</p>		

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Actual: Significant non-compliance, but 100% were re-inspected within the two-month timeframe.</p> <p>Target: All other registered premises inspected at least once annually for compliance and appropriately licensed.</p> <p>Actual: 36% of other registered premises were inspected as at 30 June 2010.</p> <p>Target: 97% All known dogs are registered annually by 30 September.</p> <p>Actual: 96.7% of the 10,109 known dogs were registered as at 30 September 2009</p> <p>Respond to high priority dog complaints within 60 minutes, 24/7. Target: 100%.</p> <p>Actual: Achieved.</p>		
Proposed increase in service level(s) in Annual Plan or LTCCP	ECCA subsidy leaves home owners with a deficit of funding to undertake insulation work. In order to assist home owners fund this deficit, TDC is proposing to provide the remaining costs through a voluntary targeted rate on the home owner. This cost would need to be repaid over 10 years. The charge to ratepayers will include the grant, an administration fee, and interest on the outstanding	None	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	balance. The intention is that the subsidy scheme will be cost neutral to the Council and ratepayers.		
Any issues with capacity or plans to meet existing and future community need – growth, service levels	Staff shortages in specific areas		

### Tasman District Council

The advocacy and education activity involves those Council activities that seek to encourage good environmental outcomes through education and advocacy and other non-regulatory methods and also the undertaking of works and services in conjunction with land owners. In particular, to undertake catchment stabilisation, riparian protection, and habitat enhancement work and pest management operations.

This activity also involves follow-up monitoring at the former Fruitgrowers Chemical Company site at Mapua and civil defence and emergency management functions. It also includes Council's environment education function and associated events like, Ecofest, Enviroschools and Environment Awards.

### Nelson City Council

No significant issues relating to NCC. However there are issues common to both Councils.

### Cross-boundary issues

Harbour Board functions are shared by the Councils including implementation of the Joint Oil Spill Contingency Plan.

Submitters to the LGC have highlighted the fact that there is nothing more than a white line separating the urban centres of Richmond and Nelson City. An example of Champion Road in Richmond was given where different development standards apply to sections of similar size on each side of the road. A union may provide a robust platform for harmonising bylaws, plans and diverse development standards.

As with other councils in New Zealand, TDC and NCC face an increasing number of regulations and legal requirements that are imposed by central government, for which the councils bear the costs of administration.

The Government is committed to Phase 2 of its reforms of the Resource Management Act 1991. This has the potential to change some of the Councils' responsibilities. The work is at an early stage and the effect on TDC and NCC service levels and performance measures is unknown.

The Government is also committed to a review of the Sale of Liquor Act, the Building Act, Food Safety Act, and the Fencing of Swimming Pools Act. The potential effects of these reviews were unknown at the time the Councils Annual Plans were prepared.

## 5.2 Transport – roads, cycle-ways, walkways, and public transport

**Table 5.2.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>Systems built to prevent failures before they occur as much as possible, and if they do, to respond quickly.</p> <p>Target: 24/7 emergency response.</p> <p>Actual: 24/7 emergency response.</p> <p>Target: Operative risk management processes in place and planned mitigation measures completed.</p> <p>Actual: No Plan.</p> <p>Target: Contractors have adequate resources available in case of a road failure.</p> <p>Actual: All contractors have approved emergency response processes and adequate resources available on a 24 hour standby.</p>	<p>Public transport services</p> <p>Target: Increase public transport journeys to work &gt; 9.9% by 2018</p> <p>Actual: 0.5%</p> <p>Target: 80% h.h. within 400m (5 minutes' walk) of a bus route by 2014.</p> <p>Actual: Not assessed</p> <p>Walkways and cycleways meet residents' needs.</p> <p>Target: 25% work trips</p> <p>Actual: 11% work trips</p> <p>Walkways and Cycleways are safe</p> <p>Target: Reduce pedestrian and cyclist casualties by 20% by</p>	<p><b>P.</b> Potential exists for more integrated transport planning particularly for arterial roads.</p> <p>Both Councils currently use the same roading contractors (mainly Downer, Fulton Hogan, MWH) and could potentially achieve savings from co-ordinated programming of projects.</p> <p>May incur additional net costs in building local roads in Tasman area if NZTA applies 47% subsidy rate, rather than current 49% in TDC area. (NB. Subsidy rates are subject to a review by NZTA as they consider a framework that focuses on desired outcomes and associated performance</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Target: No loss of control crashes for all known frost potential sites.</p> <p>Actual: Crashes reported at known frost potential sites, where some treatment was not effective.</p>	<p>2018 compared with 2008.</p> <p>Actual: 22% of all urban casualties were pedestrian and cyclists in 2007.</p> <p>Target: &lt;35 complaints re footpaths.</p> <p>Actual: 96</p> <p>Well maintained road network Satisfaction Target: 75%</p> <p>Actual: 49%</p> <p>Target: Maximum av. road roughness: Art./principal 90-100; Collector 110; Local 120-140; Rural sealed 110-140; Rural unsealed 110-140</p> <p>Actual: Maximum av. road roughness: Arterial/principal 85; Collector 105; Local 124; Rural sealed 90; Rural unsealed 121</p>	incentives).
Proposed increase in service level(s) in Annual Plan or LTCCP	<p>Engineering expenditure increased due to emergency works undertaken being \$1m more than budgeted. (These have been partially offset by an increase in New Zealand Transport Agency subsidies). There has also been an increase</p>	<p>\$35,000 for a review of the policy on sealing rural roads. An additional \$10,000 will be provided for Uniquely Nelson to promote Nelson's central business district.</p>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	in depreciation expense over budget resulting from revaluations.		
Any issues with capacity or plans to meet existing and future community need – growth, service levels	<p>Annual Plan: Public transport deleted, Salisbury/ Champion Roads cycle facility deleted and roading maintenance budgets have been reduced due to NZTA not funding an allowance for inflation</p> <p>The railway reserve project originally planned for 2009/2010, was not affected by the subsidy change. Other cycling and walking projects in 2010/2011 will consist of design work in preparation for construction in the future. TDC will be carrying out this design work with the expectation that NZTA will provide a subsidy for the work later in the financial year or in subsequent years. The NZTA has advised that projects with a NZTA Priority Ranking of 4 or below will require funding from Regional (R) Funds to proceed. However for Tasman District there are no Regional (R) Funds available as all have been committed to the State Highway 60 Ruby Bay Bypass project. At this stage no additional (R) funds have been committed by central</p>	<p>Government Policy Statement (GPS) addresses the challenges faced by the transport sector to 2018/19. Government is working towards releasing the final amended GPS in May. The GPS contains the following national targets:</p> <ul style="list-style-type: none"> <li>• reduce kilometers travelled by single occupancy vehicles, in major urban areas on weekdays, by 10% per capita by 2015</li> <li>• increase the mode share of transporting freight by coastal shipping and rail by 2015</li> <li>• no overall deterioration in travel times and reliability on critical routes by 2015</li> <li>• reduce fatalities and hospitalisations from road crashes by 2015</li> <li>• increase patronage on public transport by 3% per year through to 2015</li> <li>• increase the number of walking and cycling trips by 1% per year through</li> </ul>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>government to regions that have already used or committed all of their (R) funding</p> <p><b>National Cycleway – Tasman Loop</b></p> <p>The Nelson Cycle Trails Trust, in association with the Council, has put in a proposal for funding from the Government’s National Cycleway budget for construction of a cycleway loop around Richmond – Tapawera– Motueka – Coastal Highway. The Tasman project may receive around \$2 million from the Government. The funding for Council’s share, of around \$940,000 over three years, could come from funding in the transportation cycleways budget and from the parks and reserves cycleways budget.</p>	to 2015.	

**Cross Boundary Issues:**

The Nelson Regional Land Transport Strategy focuses on the transport issues for the Nelson City Council area. However, there is a need to integrate responses to these issues with the Regional Land Transport Strategies of Tasman District Council and Marlborough District Council. A major issue for Nelson is managing the flow of people and freight between Tasman District and Nelson. Richmond and its hinterland are identified as generating a significant amount of traffic into and out of Nelson (refer Diagram 1 showing projected commuter flows).

Likewise the SH6 connection to Marlborough District over the Whangamoas is another key connection. Effectively implementing the Nelson Regional Land Transport Strategy will require close cooperation with Tasman and Marlborough District Councils. For example, the implementation of

public transport improvements, parking controls and the travel demand management plan need to be done in collaboration with Tasman District Council and other relevant agencies. Input is needed on the draft Nelson Regional Transport Strategy from Tasman District Council and Marlborough District Council and the Regional Transport Committee.

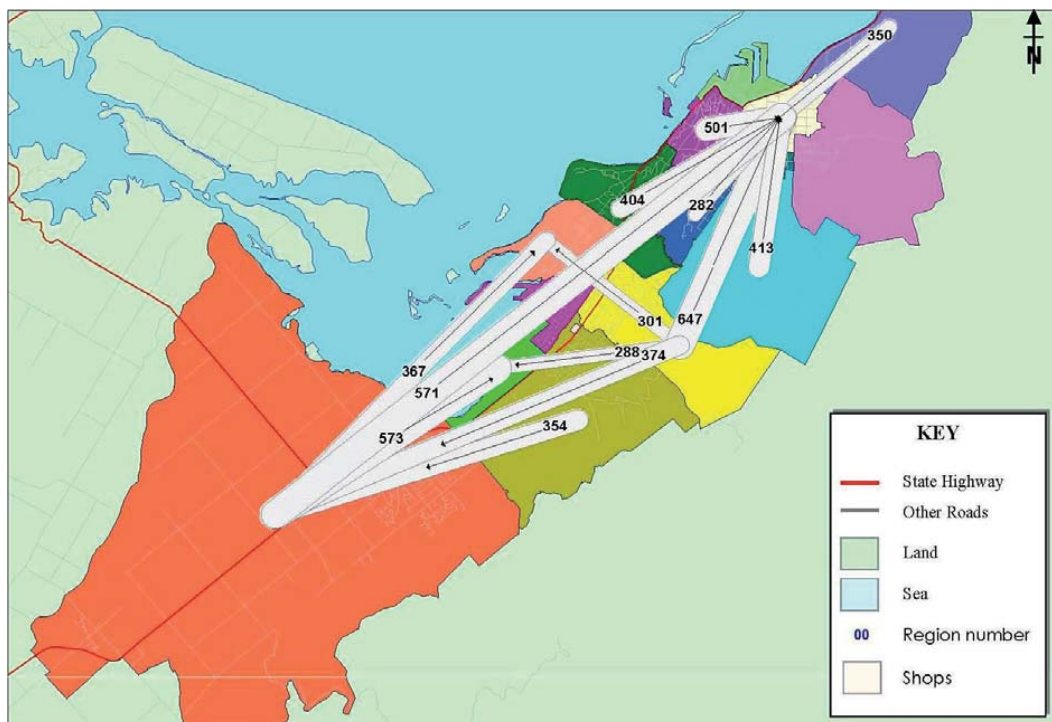
Urban centres in Tasman adjacent to Nelson City have very high growth rates: Richmond, Hope and Brightwater. The majority of households are located within the urban areas of Nelson City and Stoke.

There are approximately 1.6 vehicles per 1 household. This is similar to the national average. This has a significant impact on the Nelson transport network. Journey to work trips in the urban areas that are walking or cycling trips varies between 10% for Stoke and 16% for Nelson City. Overall in the urban areas about 57% drive to work and 4.3% are passengers.

Richmond is expected to receive considerable residential growth over the next 10 years and beyond. This coupled with an increase in 'lifestyle blocks' in the surrounding areas is expected to increase travel demand significantly between Richmond and Nelson. Residential growth is also expected between the two centres – Saxton (east), Maitlands/Enner Glynn and The Grampians/The Brook. There will also be significant growth in employment at Richmond and the surrounding area, Stoke and the Nelson CBD.

Two main passenger transport services operate in Nelson Monday to Saturday and these are not well used. Both Councils also provide the Total mobility scheme, a door to-door transport service to assist people with impairments who are unable to use public transport.

**Diagram 1: Nelson City journey to work movements: 2016 projections**



Source: Nelson City Council Regional Land Transport Strategy 0609

## 5.3 Parks and Reserves

**Table 5.3.1: Level of Service and Issues**

	<b>Tasman DC</b>	<b>Nelson CC 2008/09</b>	<b>Benefit of Union Issue and Rating (Pro/Con/Neutral)</b>
Current service standard and service level (2010 Annual Report)	<p>4ha/1000 residents as measured by Yardstick. Future target: 10ha/1000 residents.</p> <p>Customer satisfaction 89.9%</p> <p>Urban: Provide reserves &lt; 800m of each homes</p> <p>4.3 playgrounds per 1000 children under 15.</p> <p>Satisfaction target 80% Actual = 93%</p> <p>Reserves strategy in place. Target: Reserves strategy to be completed by June 2010. Actual: Strategy commenced July 2010.</p>	<p>4ha/1000 residents as measured by Yardstick</p> <p>Parks network open 95% Achieved 2008</p> <p>Satisfaction with Council overall 57%</p> <p>Urban: Provide reserves &lt;400m of each home and &lt;5km rural.</p> <p>6.91 playgrounds per 1000 children under 15</p> <p>Satisfaction target not specified. Actual = 75%</p> <p>Completion of Reserve Management Plans (RMP).</p> <p>Actual: 1 RMP (Conservation and Landscape) and AMP.</p>	<p><b>Pro.</b> Nelmac undertakes parks operations for Nelson and is also a parks contractor for Tasman. Potential exists for additional economies of scale and returns to one owner if there is a union.</p> <p><b>Pro.</b> Nelmac undertakes parks planning for Nelson and Tasman</p>
Proposed increase in service level(s) in Annual Plan or LTCCP		Manaco foreshore Tahanui Beach projects from \$30,000 Lottery grant.	
Any issues with capacity or plans to meet existing and future community need – growth, service levels			<b>Pro.</b> Concerted data collection to monitor achievement of targets and open space planning from a union.

## Summary

The joint Council Regional Facilities Plan and Regional Funding Forum sets funding levels for major regional recreational and community facilities like the Trafalgar Centre and the Theatre Royal, which are funded by both Councils.

Both Nelson City and Tasman District Councils work together on the Saxton Field Sportsfield complex. Expenditure on capital works and maintenance are on a shared basis; 65.8% from Nelson City Council and 34.2% from Tasman District Council. This proportion was agreed by both Councils; based on a population equation as outlined in the Nelson City Council and Tasman District Council deed document.

The open space networks of both areas are in good condition despite significant work being needed to manage pests. Some of the main challenges lie in protecting biodiversity and making sure provision of services is meeting the needs of changing demographics. More work is signalled around better data collection to monitor achievement of targets and open space planning and the planning work completed by Nelmac for both Councils will ensure rework is minimised through a union.

Nelmac undertakes parks operations for both Councils. Nelmac is responsible for procuring many of the products and services for parks operations and could be the main means for both Councils to influence service delivery in parks and reserves.

Nelmac is taking a proactive approach to sustainability. It is developing a sustainability policy to include sustainable work practices, waste reduction, and limiting the use of chemicals, fossil fuels and water. A union means staff could work with Nelmac on embedding sustainable practices in its operation and in developing a joint Parks and Reserves Sustainability Action Plan.

## 5.4 Water

**Table 5.4.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>Testing of water supplies confirms that water meets DWSNZ 2005.</p> <p>Actual =100% follow up of non-compliance Reticulation Zone – 646 samples pa- 6 noncompliances for E.coli and 19 in Richmond for nitrate = 96.1% Treatment Plant –</p>	<p>A good quality water supply that meets or exceeds national standards Achieved.</p> <p>Ab grading confirmed in May 2010 by Nelson Marlborough DHB</p>	<p><b>Pro. Sustainable water supply</b></p> <p>The councils and community may benefit from cost-sharing and having additional quality from more dedicated specialist management of</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>691 samples over the year. 2 non-compliances for E.coli and Richmond 10 for nitrate. = 98.3%</p> <p>A reliable water supply Water storage <i>Urban:</i> - one day at average annual demand. <i>Rural:</i> -6 hours at average annual demand. [Target: 12 / 13 schemes. Actual 11/13 All 3 rural schemes comply 24 Hour service</p> <p>Emergency Faults response 90%/4 hours Actual = 98%</p> <p>A sustainable water supply</p> <p>Peak daily demand - Achieved.</p> <p>Water restrictions (drought) apply</p> <p>Public Health Risk Management Plan being developed</p> <p>Resource consent compliance</p> <p>Achieved. Consent 88 Valley Rural Water Scheme expired 2005, legally operating under expired consent until renewal application for</p>	<p>A reliable water supply for residents and commercial use</p> <p>Achieved in 2009/10 99.87%</p> <p>24 Hour service</p> <p>Emergency Faults 95.3% /30 minute targeted response 98% of repairs completed within 8 hours</p> <p>A sustainable water supply</p> <p>Peak daily demand - Achieved.</p> <p>Water restrictions (drought) apply</p> <p>Public Health Risk Management Plan being developed</p> <p>Resource consent compliance</p> <p>Achieved. Complied with 2 major consents for Maitai and Roding Rivers other supply consents</p>	<p>water for the region.</p> <p>A union could provide the new authority to reprioritise works programmes to meet short to midterm deficits in planning, delivery and compliance, within existing budgets.</p> <p>A union means staff could work with Nelmac on embedding sustainable practices in the water supply activity through its operations and in developing a joint Water Supply AMP and Sustainability Action Plan.</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>consent is approved.</p> <p>Customer satisfaction Actual = 90%</p> <p>Urban water meets W3 standard Code of Practice for Fire Fighting Water Supplies Target: 90%. Actual = 90% 9 Of 10 urban systems comply. Richmond complies, except Cropp Place and top end of Hillplough Heights.</p> <p>Rural : Supplies don't provide fire fighting capacity. Takaka and Motueka have fire wells which provide a limited fire fighting service.</p>	<p>Customer satisfaction not surveyed. 2008 Actual =70%</p> <p>Water supply that meets residents needs Achieved 2009/10:79% 281 properties &lt;30m head but have pumps to provide enough pressure</p> <p>3812 properties have &gt;90m head</p> <p>Water flow Achieved 2009/10– 99.3% 135 properties don't have target waterflow: 10 in Citrus Lane 122 in Monaco 3 in Isel Park</p>	
Proposed increase in service level(s) in Annual Plan or LTCCP	<p>Targeted rates down due to a decrease in water rates received. Refund of \$163,000 for overcharging over a number of years Daily charge incorrectly incorporated into Motueka budget.</p> <p>Council agreed to the inclusion of \$1.2 million interest only loan being added into the Annual Plan for the planning, consenting and design work for the Lee Valley Dam project, subject to appropriate funding being agreed upon by the Waimea Water Augmentation</p>	No major changes	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	Committee. This funding would only be needed if the project timeline was brought forward.		
Any issues with capacity or plans to meet existing and future community need – growth, service levels	<p>Currently a permanent boil water advisory notice is in place at Dovedale.</p> <p>2 of 16 supplies have a PHRMP in place (Tapawera and Upper Takaka) The remainder will be approved by the specified deadlines.</p> <p>Legislation provides a 2 year compliance phase-in period requiring water suppliers to have PHRMPs for large community drinking water supplies</p> <p>TDC has a goal of 'Grading of water supplies meets DWSNZ 2005'. However, new DWSNZ 2007 means some water supplies fail.</p> <p>The list below shows the timings of the planned upgrades:</p> <p><b>Scheme Upgrades</b>  Richmond: 2011/2013  Waimea: 2011/ 2013  Mapua/Ruby Bay: 2011/2013  Wakefield: 2013/2017  Brightwater: 2015/2017  Tapawera: 2008/2009  Murchison: 2011/2013  Upper Takaka: 2008/2009  Kaiteriteri: 2012/2014  Collingwood: 2015/2017  88 Valley: 2016/2018  Dovedale: 2016/2018</p>	<p>Maitai pipeline between the Maitai Dam and the Water Treatment Plant has numerous small shrinkage cracks and is vulnerable to slips. Identified as highest risk asset and is a "Lifeline".</p> <p>Water Treatment Plant to Westbrook Terrace section was deemed lower risk and thus works deferred until 2020/21</p> <p>2007 amendments to the Health Act require that water suppliers prepare Public Health Risk Management Plans for their systems, and include the management of risk from backflow.</p>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Redwoods Valley: 2016/2018            Motueka: 2010/ 2015            Pohara Valley: 2014/ 2016            Hamama: 2014/ 2015</p> <p>Rural water supplies don't provide fire-fighting capacity. Takaka and Motueka have a network of fire wells, providing a limited fire-fighting service. Fire wells at Takaka are due for upgrade in year 1</p> <p>An operative risk management framework is in place, including planned mitigation measures.</p> <p>Hydraulic models have been constructed and are maintained for only 5 of 13 urban &amp; rural water systems, Richmond, Waimea, Mapua, Brightwater, Wakefield.</p> <p>Lifelines COP – <b>working</b> to comply</p> <p>Water loss Programme being developed</p> <p>Supply Security = 90%</p> <p>New connections restricted. New connections not accepted in Mapua /Ruby Bay. Construction Coastal Tasman Area pipeline from Motueka</p>	<p>Lifelines COP</p> <p>Water loss Programme being developed</p> <p>Supply Security 99.6% - Maitai Pipeline duplication in progress</p> <p>New connections permitted</p>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	to resolve this		

### Tasman District Council Owned Water Supplies Assessment

The Council owns 16 water supplies. Ten metered water supplies serve urban areas. Three rural water supply systems provide low flow, restricted supplies, with each customer providing their own storage tank and on property reticulation system.

There are three “Community” schemes (excluding Torrent Bay), that are schemes that do not fit within the urban classification, but which are not rural water supplies either. There are however key issues relating to drinking water quality:

- Securing adequate water to supply Waimea Basin Water Supply Schemes (Richmond, Waimea, Brightwater/ Hope and Wakefield).
- Constructing a system to meet the large unmet demand in the Coastal Tasman Area and to provide a reticulation system for Motueka.
- Meeting Rural Water Supply Schemes (Eighty-Eight Valley, Redwood Valley and Dovedale), as well as resolving reticulation limitations and water quality standards.
- Constructing a system to meet the large unmet demand in the Pohara to Tata Beach area.
- Upgrading water treatment on all schemes, but especially those with surface water takes, to meet drinking water standards.
- Improve water conservation by demand management and leakage control.
- Improvements include:
  - Construction of a new water treatment plant to treat Richmond and Waimea waters (still planned).
  - Construction of new water sources for Dovedale Rural water supply (still planned).
  - Construction of better linkage systems between the Waimea communities (may not be necessary).
  - Construction of a number of new storage reservoirs (large reservoir constructed in Brightwater, more planned for Richmond/Wakefield).
  - Upgrade trunk mains between the Waimea Basin schemes (significant upgrades planned for Richmond).
  - The development of Public Health Risk Management Plans (under way).
  - Preparation of a comprehensive Waimea Basin Water Strategy (now complete in Richmond Strategy).
  - Review of Water Source and Treatment Facilities and Identification of Gaps (complete but may need to be reviewed).
  - Preparation of a Water Demand Management and Leakage Strategy (planned for).

A number of communities in Tasman District have no Council owned water supply. Priority assessment and ranking has determined general water availability, reliability of supply, water quality and which communities most need to improve their water supplies.

Water supply reticulation in Richmond East – Hill Street North has been deferred in 2010/11 to avoid a rates increase. No commitment has been made in the current plan as to when this will be completed. However, the works are programmed to spread over the period 2010 – 2016.

The Takaka fire fighting water supply project is to proceed. The existing activity is funded by a targeted rate based on where the land is situated and set on each rating unit for capital and maintenance expenditure.

In the Ten Year Plan TDC planned to provide a reticulated water supply to Motueka township at a cost of around \$19.3 million (including an allowance for inflation). TDC decided to proceed with the project only if it received a satisfactory Government subsidy. TDC is waiting before determining the future of the Motueka water supply.

### **Nelson City Council's water supply assessment**

The Nelson City territorial area is served by several water systems:

- The piped supply takes water from the Maitai and Roding Rivers and treats it at the Tantragee Saddle ultrafiltration treatment plant. This serves most of Nelson city.
- The Tasman District Council piped supply takes water from the Waimea Aquifer and serves some Nelson city properties, most of which are industrial, to the south and west of Saxton Field.
- Six private supplies in the Nelson North (Glen/Hira) area serve between 25 and 180 people each. These use water from a variety of sources and treatment ranges from none to filtration with UV treatment.
- Six subdivisions take Council supplied water, but operate a private pumping and storage system to accommodate properties located at elevations too high for the Council system to service.

### **Capacity to Meet Quality and Demand – Tasman and Nelson**

NCC has an A-b (A at source and b at point of supply) rating from the Ministry of Health.

TDC is experiencing a number of compliance deficits in meeting DWSNZ: 2007 standards. It has a goal of 'Grading of water supplies meets DWSNZ 2005'. The Council is not meeting the DWSNZ 2007 associated with the Health (Drinking Water) Amendment Act 2007 in delivering some water supplies. The Council has some leeway given new compliance dates for meeting the Act were announced by Government in June 2009, setting a range of dates from July 2012 to July 2014 depending on the scale of water reticulation scheme<sup>4</sup>. It is assumed here that gaining consents and building of water treatment/reticulation plant will take around two years. This suggests that TDC should be budgeting to fund its planned upgrades in the next two financial years (i.e. 2012/13 and 2013/14). We note that the TDC Draft 2011/12 Annual Plan

---

<sup>4</sup> <http://www.moh.govt.nz/moh.nsf/indexmh/drinking-water-proposed-legislation#Summary>

indicates the Council intends to deal with both the Murchison and Motueka water schemes as part of the 2012/22 Long Term Plan process.

NCC’s supply is designed to provide for a 1 in 60-year drought until at least the year 2030. It plans to investigate options to address the main trunk line supplying water to the city from the Maitai Dam, which is expected to reach capacity in 2020. The Council will continue meeting urban zoned water demand but does not intend to become involved in private supplies, other than meeting its statutory obligations with respect to resource management and public health.

TDC reticulation supply is deficient in a number of areas and there are restrictions on new connections in some new developments.

### Summary

Comparison of TDC and NCC water supply activity demonstrate some areas of compatibility across a range of performance measures derived from the Councils’ LTCCPs and Annual Plans. Quality and capacity of water supply in Nelson City is reported as meeting the Council’s goals, LOS and community needs. This is not being achieved at a similar level by Tasman District Council.

The councils and community may benefit from cost-sharing and having additional quality arising from more dedicated specialist technical and contract staff involved in the management of water for the region. A union could result in a reprioritisation of the works programmes to meet short to midterm deficits in planning, delivery and compliance, within existing budgets.

A union could make it easier to embed sustainable practices in the water supply activity through its operations and in developing a joint Water Supply AMP and Sustainability Action Plan. (Nelmac is carrying out such work). Economies of scale and reallocation of resources to meet sustainable long-term water supply needs could also be achieved.

## 5.5 Wastewater

**Table 5.5.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	To sustainably manage infrastructural assets relating to Tasman District.  All associated facilities are connected to community wastewater systems where available. Target :100%	Provide cost-effective and sustainable wastewater systems in a manner that meets environmental standards and agreed levels of service.  A fully operational waste water treatment plant and network reticulation/pipes	<b>Pro</b> More straight-forward decision-making with a single owner for the Councils current shared investment in NRS BU facility at Bells Island (which is subject to upgrading of the trunk main from Rabbit Island to Bell Island).

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>&lt; 30 odour or noise complaints pa relating to wastewater systems. Actual:47 (Christmas 2009 at Pohara) .</p> <p>All wastewater treatment plants (WWTP"s) hold all necessary resource consents. [Target: 100%] <b>Actual = 100%</b></p> <p>Resource consents 75% minimum. Compliance. Actual : 91% 80%Customer satisfaction Actual: 93%</p> <p>90% Faults response compliance. Actual: 99.5%</p> <p>100% pump stations have standby pumps Actual 100%</p> <p>55% pump stations have telemetry. Actual: 59% -44 of 75</p> <p>Pipeline replacements across all schemes where pipes are failing.</p>	<p>No odour events for the Nelson North Waste Water Plant. Achieved</p> <p>&lt;4 odour event complaints re any individual pump station Actual: 10</p> <p>Resource Consents 100% compliance. Actual: 1 condition breached due to 2009 odour event.</p> <p>80% Customer Satisfaction. Actual: 51%</p> <p>95.3% compliance with targeted response within 30 minutes and 98% of repairs completed within eight hours</p> <p>Programmed pump upgrades</p>	<p>Potential exists for consolidation of contracts and additional economies of scale and returns to one owner if there is a union.</p>
Proposed increase in service level(s) in Annual Plan or LTCCP	<p>Some funding from Richmond budget has been transferred to Motueka.</p> <p>Included in capital works are costs for budgeted projects carried forward from 2008/2009. There</p>		

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>was \$4,668,000 spent against these carried forward budgets totalling \$8.275m in the current year. Projects undertaken include the Motueka Wastewater Treatment Plant upgrade, the Pohara Delaney pumpstation, and the Mapua reticulation upgrade.</p>		
<p>Any issues with capacity or plans to meet existing and future community need – growth, service levels</p>	<p>Upgrade trunk main from Rabbit Island to Bell Island. Expected project completion date is late August 2010. \$989,644 spent to 30 June 2010.</p> <p>Wastewater treatment plant upgrade in Takaka. Wastewater reticulation upgrade of mains in central Motueka.</p> <p>TDC has made provision for a reticulation system for Marahau in its AMP, but beyond the 10 Year Plan period of the LTCCP. It also considered Tasman/Kina but did not think it was affordable.</p> <p>TDC decided that septic tanks are no longer appropriate for areas of high growth.</p> <p>The rising costs of treatment through the NRSBU (the costs are</p>	<p>Upgrade trunk main from Rabbit Island to Bell Island.</p> <p>A significant increase in trade waste and waste water charges this year is attributable to the cost of the Nelson North treatment facility upgrade and associated operating costs and an increase in Nelson’s share of the Nelson Regional Sewerage Business Unit (NRS BU) facility at Bells Island. The value of the NRS BU’s asset was reassessed and because Council funds depreciation, the costs of Council’s share in the facility have also risen. These costs are passed on to consumers through the waste water charges.</p> <p>Reduced volumes of waste water discharged means the unit cost goes up. This effect is most likely due to the combined effects of waste minimisation practices and the economic recession. Also, Trade waste effluent is more concentrated than waste water treatment thus costs increase.</p>	

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>expected to increase by 93% from 2009/10 to the end of the plan 2018/19).</p> <p>The high wet weather flows in Richmond especially, which are causing sewage overflows during very intense rainfall.</p> <p>The high growth in all schemes which is taking the sewage flows beyond the system's trunk main capacities (notably Richmond South and West, Mapua/Ruby Bay).</p> <p>Failure of on-site wastewater systems in rural residential areas adjacent to existing reticulation networks.</p> <p>A future issue is the cost for TDC to continue to discharge its sewage to the Bell Island treatment plant. The costs are projected to increase due to a new user's contribution formula, plus the requirement for the NRSBU to carry out some significant capital upgrades.</p> <p>An ongoing issue is the need to limit the loading impacts of infiltration of storm and ground water.</p>		

## **TDC Wastewater**

TDC sets a targeted rate based on the number of water closets or urinals (set at 1 per household) connected either directly or through a private drain, to a public wastewater drain.

The Council provides wastewater treatment facilities and wastewater collection systems to the residents of 14 Urban Drainage Areas (UDAs) within the Tasman District. It has seven wastewater treatment plants (WWTPs) and is a joint owner of the Nelson Regional Sewerage Business Unit (NRSBU) which includes Bells Island WWTP.

Adequacy of wastewater services can be assessed on the basis of the wastewater system's ability to remove wastewater from each property; and the system's ability to treat and dispose of wastewater into the environment in a manner that meets environmental compliance criteria, minimises risk to public health, and minimises the impact on the environment.

The assessment of the Council systems concluded that while the Council owned systems cover many communities in the District, there are some inherent problems that require addressing right across the District. These include:

- High wet weather flows.
- Insufficient capacity to convey future flows.
- Pumping system deficiencies in some systems.
- Wastewater treatment and disposal performance at some treatment plants.

A planned series of upgrades addresses the main inadequacies that the assessments have identified.

There are no privately owned wastewater systems in the District that serve multiple properties. The success of the on-site disposal systems is variable across the District. There is however, a developing understanding within the Council that an unacceptably high number of on-site disposal systems are performing poorly.

## **NCC Wastewater**

A performance based Design, Build and Operations (DBO) Contract that includes the operation and maintenance of the WW treatment plant was instigated in October 2005. The maintenance portion of this contract commenced in July 2008 for a period running up to 2012, with the Maintenance Contractor being United Group but with maintenance sub contracted to Nelmac.

United Group as part of their performance based DBO contract accepts the risk of complying with the resource consent conditions with penalties applied for all non compliance. However NCC is still responsible for the overall resource consents. The operations and maintenance of the reticulation network is operated under an agreement with Nelmac.

Sewage from Stoke and Tahunanui is treated at the Nelson Regional Sewerage Business Unit (NRSBU) Treatment Plant on Bells Island. Fish processing water from Sealord Group Ltd is screened and discharged beyond the Boulder Bank into Tasman Bay. Effluent from the remainder of the city is treated at the Nelson North Wastewater Treatment Plant (WWTP) at Wakapuaka.

Residential areas of Nelson are served by a reticulated system. Wastewater from the north of the city is treated at the Nelson North Treatment Plant and wastewater from Stoke and Tahunanui is

treated at the regional Bells Island Treatment Plant. A few residential properties and most rural properties have no reticulated wastewater system - these properties use on-site disposal systems, typically septic tanks.

New pumps have been installed in the smaller pump stations at Atawhai and Monaco and a new high capacity pump was installed at the central city's main pump station at Neale Park. A new sewer trunk main was installed in Marsden Valley and designing has begun for future projects in the Stoke area. Reticulation upgrades are required as a result of residential growth in the Ngawhatu and Marsden Valleys.

Part of the dewatering facility was deferred until it could be established whether the volume of biosolids produced would exceed the absorption capacity of the Rabbit and Bells Island radiata pine plantations, based on physical trials at the upgraded facility. Once this volume is known, the upgrade work required to prepare the biosolids for disposal to landfill will be reconsidered.

NCC intends to continue to manage the reticulated system. Any new systems that become necessary due to development would be built to Council's requirements but funded entirely by the developers.

## **Summary**

In summary overflows, stormwater inflows/infiltration, blockages and odours are the main challenges for managing the waste water system. Other disposal issues include waste water disposal to forests and parks and biosolids disposal to landfill.

TDC WW operations are undertaken by DownerEDi Works and MWH New Zealand Ltd administer the contract. United Group subcontract Nelmac to operate the Bells Island WWTP. Nelmac undertakes the reticulation operations and maintenance.

The NRSBU is proposing a comprehensive upgrade of plant on Bells Island together with the duplication of the rising main to the treatment facility. Costs associated with this work are apportioned to the various contributors (TDC, NCC, Alliance Group Ltd, ENZA Group Services Ltd, and Nelson Pine Industries Ltd) to the scheme. A decision on the upgrade works affects some significant council wastewater works. Pump stations at Songer Street, Quarantine Road, and Parkers Road are all affected by the proposal as is the proposed catchment reticulation alterations in Upper Stoke.

The Councils both employ the same contractor for their waste water design work, MWH. Duplication of effort associated with contract administration could be minimised through a union. There exists a level of risk arising from fragmentation in waste water management should MWH lose their administration contract with either one of the parties. An holistic approach has already been demonstrated in the 50:50 shareholding in Nelson Regional Sewerage Business Unit at Bells Island.

The success of the on-site disposal systems is variable across the region and will require a range of responses involving both regulatory action and enhanced service provision.

## 5.6 Stormwater

**Table 5.6.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>Stormwater systems do not adversely pollute or degrade but sustain and nurture the receiving environment.</p> <p>Plan to install upstream and downstream pollution interception measures</p> <p>No resource consents in place – expect requirement by Year 3</p> <p>Stormwater systems collect and convey stormwater safely through urban environments, reducing the adverse effects of flooding on people and property.</p> <p>All urban drainage areas have stormwater facilities. Achieved: All 15 urban drainage areas have stormwater facilities</p> <p>Response Requirement - one working day of receiving notice, 90% of the time. # Achieved 100%</p> <p>Community satisfaction 85%. Report 80%</p> <p>&lt;10 complaints per year re</p>	<p>All customers will be provided with an appropriate stormwater disposal method based on priority criteria</p> <p>Partly achieved</p> <p>Discharge to freshwater consent granted February 2009 and monitored in 2009/10 - Monitoring shows some degradation of habitats.</p> <p>Comply with all resource consent conditions and Stormwater Bylaw compliance. Partly achieved</p> <p>Discharge to freshwater consent granted in February 2009 and monitored in 2009/10</p> <p>River and stream monitoring shows some degradation of habitats.</p> <p>Majority achieved Some properties near rivers and streams are at risk. Flood analysis will quantify number affected</p> <p>Reduction of Greenhouse gas emissions from electricity consumption</p> <p>Managing stream floods.</p>	<p><b>Pro.</b></p> <p>Short and long term benefits to a Union. Developing cross boundary asset management plans, catchment management plans may enhance environmental quality outcomes at a faster rate.</p> <p>Capital and operations works programmes could be synergised to create economies of scale, reduce costs and meet community needs in a more timely manner.</p> <p>Waimea Inlet Forum: A prime example of Councils and stakeholders working together.</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>health nuisance: noise, smells, mosquitoes, etc. Actual =0</p> <p>System is capable of draining 1-in-20 year storm events. Achieved: All new primary stormwater systems designed to TDC Engineering Standards</p> <p>Monitoring programme in Richmond, other UDAs and remainder of UDAs from Year 1 to Year 4. Complete quality catchment management plans as monitoring is completed.</p> <p>Measures in place to prevent flood damage to property and risk to the community.</p> <p>24/7 emergency service. Repair/reinstate open flood damaged watercourses within 24 hours 90% of the time. Achieved</p>	<p>Managing the Maitai river</p> <p>Overland flow paths clearly identified and communicated</p> <p>≥ 70% of customers are satisfied . Actual: 49%</p> <p>Minimise reticulation blockages &lt; 25</p> <p>Reliable and timely response to service requests and system failures</p>	
Proposed increase in service level(s) in Annual Plan or LTCCP	Capital expenditure is \$1.1M down due to works postponement from economic climate	Capital expenditure was \$1.4 million under budget due to the Council's decision in 2009 to postpone capital expenditure taking account of the economic climate.	
Any issues with capacity or plans to meet existing and future community need – growth, service levels		A works programme is in place to extend stormwater reticulation to streets where complaints have shown the need, or to areas of new developments that would require a	.

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
		constructed stormwater system. New subdivisions required to address appropriate stormwater disposal.	

**Nelson City Council**

NCC notes that the community faces some hard choices around the Maitai river in looking at how much it is prepared to pay to protect property while allowing natural processes to continue unimpeded.

Constrained and constructed channels are a current challenge. An integrated inflow and infiltration reduction strategy must be developed along with stormwater upgrades within existing reticulation to assist in the reduction in the ingress of stormwater into the wastewater system.

The flood flows that Nelson would experience from a Q50 event (2% probability of occurrence in any year) has been adopted as the optimum flow for design and construction works. There is a special focus along Maitai River with all streams meeting Q50 standard by 2018.

Known problem areas with flooding or inundation issues

- New growth areas
- Primary flow conduits – rivers and streams
- Secondary flow paths
- Criticality of proposed works
- Multiple network project (e.g. incorporating road work, sewer, water assets)

To ensure future LOS targets will be achievable, additional data gathering and analysis of stormwater flows and quality are to be carried out over the next three years. Targets for the long term will then be considered and consulted on in conjunction with the 2012 – 2022 LTCCP process.

Interim priorities include:

- Identify all areas lacking adequate stormwater disposal and review prioritisation program
- Ongoing development of catchment management plans with city completed by 2013/14.
- Comply with all resource consent conditions.
- All industries with elevated pollution risk must have approved pollution prevention plan.
- No physical restrictions to fish passage from new works

## Tasman District Council

TDC has no discharge consents in place to control stormwater quality discharges from urban areas and anticipates stormwater discharge consents and compliance will be in place by 2012 onwards.

Development contributions are down on budget. This is a timing issue dependent on when new subdivisions and building development are liable for development contributions.

Included in capital works are costs for projects which had budget which were carried forward from the 2008/2009 financial year. There was \$1,839,000 spent against these carried forward budgets totalling \$1.936m in the current year, of which \$1,749,000 was loan funded. These carried forward projects included the Bird/Elizabeth Street reticulation upgrade, causeway and stream improvements in Mapua/Ruby Bay, and the Salisbury Road stormwater upgrade.

Included in capital were works undertaken as part of a Wensley Road subdivision. These works were undertaken now as it was more efficient and cost-effective to undertake the work now than to dig up the development to undertake the work as budgeted in 2014/2015 as part of the Middlebank Drive project.

Depreciation is up on budget due to the utilities revaluation last year, additions this year and the reallocation of fixed asset depreciation across the activities.

## Waimea Inlet

The inlet extends across both the Tasman District and Nelson City coastal marine areas and contributing catchments. The 22 rivers and streams draining into the inlet once passed through freshwater wetlands fringed by indigenous forest. They now drain residential, industrial and rural catchments, and are modified to varying degrees with channel realignments and loss of original vegetation and habitats. They carry nutrients, sediment and contaminants to the inlet and the ocean beyond, without the filtering benefit of the former wetlands in the lower catchment.

During recent years the Tasman and Nelson communities have raised concerns about the state of the inlet and conflicting values in and around it. They have asked their Councils to provide for active management of the inlet, particularly for protection and enhancement of its natural values, and for opportunities for the community to participate its management. The Waimea Inlet Forum has been established to achieve this and is a prime example of Councils and stakeholders working together.

## 5.7 Waste Management

Table 5.7.1: Level of Service and Issues

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	Sustainably recover increasing amounts of waste.	Encourage reduction in waste through 'reduce, reuse' programmes. Zero waste to landfill	<b>Pro</b> There may be both short and long term benefits to a union. . It would be easier to

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Customer satisfaction Target 70% Actual: 84%</p> <p>Resource consent conditions compliance. Target: 100% Actual: 94% average</p> <p>Waste education delivery. Target: 100% Actual: 100%</p>	<p>Customer satisfaction Nothing stated</p> <p>Divert 2000t greenwaste from landfill each year.</p> <p>Resource consent conditions compliance. Target 100% Actual: All except for total suspended solids following heavy rain</p> <p>Waste education delivery. Target: 100% Actual: 100%</p>	<p>develop and utilise a targeted mix of regulatory, policy and commercial strategies which is essential to ensure ownership of the waste stream, availability of landfill airspace and to maximise revenue to fund aftercare, mitigation and public health mandates.</p>
Proposed increase in service level(s) in Annual Plan or LTCCP	<p>Capital works are down on budget due to some works not being undertaken due to the reduction in waste volumes (and subsequent loss of income).</p> <p><b>NCC Annual Plan Changes to LTCCP</b> Council has decided to develop a joint waste management and minimisation plan with Tasman District.</p>	Nil	
Any issues with capacity or plans to meet existing and future community need – growth, service levels	Long term funding of sunk waste resource (public health, mitigation and landfill aftercare).	Long term funding of sunk waste resource (public health, mitigation and landfill aftercare).	

The Councils in the Nelson-Tasman region, whether or not a union proceeds, need to consider whether they have adequate ownership or control of all the waste streams in the region through to disposal at the Council-owned landfills or by sale of recyclable products in order to optimise the returns on landfill space and for product prices received. It is important to have ownership or control of the waste streams because of the on-going need to fund waste management services and long-

term liabilities associated with landfilling and aftercare. There is currently a risk of the two councils being put at a relative disadvantage by external waste collection and recycling firms.

Such steps could be completed on a joint basis by the two separate councils for example, through developing a comprehensive joint waste management strategy and then implementing it through revised contracts (as is currently in progress). We consider a more optimal result would be achieved if there was a single Council that owned all the landfills in the region and managed all the waste collection contracts. Otherwise there is a risk of individual Councils seeking to maximise local returns (e.g. at their own landfills) but achieving sub-optimal results for the region in the long-term.

We consider developing and utilising a targeted mix of regulatory, policy and commercial strategies is essential. At this stage applying user pays charges places the activity in a commercially competitive environment thus careful consideration should be given to future funding options where the Councils may be left with unsalable waste (avoided by commercial collectors) and exposed further to market forces. Contracts may need revision to externalise, rationalise (smooth market peaks and troughs) or more accurately and fairly share the risk of changes in prices offered for recyclables.

## 5.8 Recreation and Cultural Facilities and Services

Table 5.8.1: Level of Service and Issues

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>The current redevelopment of Richmond library will see TDC achieve 100% of LIANZA standard for library space by 2010.</p> <p>Takaka and Murchison Libraries floor areas are maintained to 100% LIANZA standard.</p> <p>The Motueka Library floor area is retained at its current size.</p> <p>Target 90% of residents who have seen at least one of the recreation publications satisfied. Actual: 95%</p>	<p>Nelson Public Libraries are well used and offer a range of services that satisfy the needs of the community. Achieved: Library membership 84% of population (national average 50.2%). 84% satisfied.</p> <p>Delivery of a range of arts events and festivals that provide entertainment and education for the community. Satisfaction target 80%. Actual 93%</p>	<p><b>Pro</b></p> <p>Consolidation of collections may result in less expenditure on purchase of books and greater turn around/exchanges of collections to ensure new material is available to readers</p> <p>IT/e-collections may require just one license through a union to operate instead of duplication and resulting</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>Information to support communities is accessible and relevant. Target 70% Actual: not measured.</p> <p>Provide rental accommodation for elderly and disabled persons.</p> <p>New Community Development Fund has been instigated as a new initiative in the 2009/2010 financial year with funds being targeted towards smaller communities across the District. The first round to take place closed in February 2010. There were two successful applications, with eight declined.</p> <p>Access to special collections, and other media as well as professional help to find regional and heritage information.</p> <p>Our community understands regional history, heritage and culture. Not measured</p>	<p>Nature land established as a high quality visitor attraction. Achieved 36,555 visitors in 2009/10</p> <p>Trafalgar Centre as a venue that continues to meet needs of the community and attract visitors. Achieved: Visitor numbers increasing.</p> <p>Well-managed facilities with appropriate services for a variety of uses by the community. Achieved: Well-patronised range of community facilities.</p> <p>Provide low cost, self funding community housing for elderly. Achieved: All units Grade 3 level or higher. Rents do not cover maintenance and operations.</p> <p>Support for arts access, participation, visibility and facilitation of the arts as a major economic driver for Nelson. Achieved: Regional Arts policy adopted.</p> <p>Heritage assets that are managed to ensure their protection and ongoing financial sustainability to Level 3 average. Achieved.</p> <p>64% satisfaction in leisure services</p>	<p>inefficiencies.</p> <p>Specialist staff may be available for specific services and this could be linked into staff recruitment/training strategies to ensure resources are optimised. This would also provide career pathways within the overall library service ( i.e. Council archiving, research support, national collections etc.)</p>

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	Overall Leisure programmes satisfaction target 75%. Actual: 75%.		
Proposed increase in service level(s) in Annual Plan or LTCCP	<p>Fees and Recoveries are higher than budgeted as TDC managed to successfully apply for increased government and community funding for specific projects.</p> <p>New Library services years 1–3 to include: postal delivery service, increased digital editions of newspapers, digital downloadable audio books, premium lending collection).</p> <p>Community Advisory Services operating costs higher than budgeted as activity now absorbing 100% of costs relating to Councils publications such as Mudcakes and Roses, Boredom Busters and Hummin in Tasman.</p> <p>ASB Fitness Centre - TDC is adding \$325,000 funding into the Annual Plan for the project from the District Facilities Rate.</p> <p>Funding of \$125,000 was allocated in the Annual Plan for construction of a public toilet at Port Motueka.</p> <p>Advance to community organisations budget \$120,000 relates to Motueka Community Hospital. Advance has yet to be requested, therefore, the corresponding loan to be</p>		

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
	<p>raised has not be drawn down.</p> <p>Community facilities income \$340,000 higher than expected due to community contributions towards the Murchison Sport Recreation and Cultural Centre and Motueka Recreation Centre.</p>		
Any issues with capacity or plans to meet existing and future community need – growth, service levels	<p>Future demands for library services will be influenced by:</p> <ul style="list-style-type: none"> <li>• Population growth and demographics</li> <li>• Technological change</li> <li>• Changes in community expectations.</li> </ul> <p>TDC is not planning to provide funding for the Performing Arts and Conference Centre in Nelson.</p> <p>Collingwood camping ground will not be put on a long term commercial lease footing until after 2010/2011. This delay is to enable land ownership issues to be resolved prior to leasing the camping ground.</p>	Capital expenditure was \$448,000 under budget, mainly in the Trafalgar Centre, and as a result the loans raised were also well down.	

### Nelson City Council

There is considerable overlap between the Parks activity and Community Facilities and Recreation and Leisure activities.

A number of collaborative programmes between Nelson City and Tasman District Councils are being undertaken.

The Regional Physical Activity Strategy and Nelson Tasman Physical Activity Plan are collaborations between Council and other interested organisations. They were funded by Sport and Recreation NZ (SPARC). The regional strategy covers high level collaboration strategies for Buller, Tasman, Nelson, Marlborough and Kaikoura.

Way2Go is a collaborative programme between Nelson City and Tasman District Councils, Nelson Marlborough District Health Board, Tasman Regional Sports Trust and Nelson Bays Primary Health. Its aim is to increase physical activity levels by funding and supporting community recreation providers in the region. Nelson and Tasman Councils also work together through the joint NCC/ TDC Regional Funding Forum to coordinate the funding and development of regional community recreation and leisure facilities, including Saxton Field.

The Trafalgar Centre is the region's largest indoor events venue catering for major arts, cultural, sporting and recreation events that attract large numbers of attendees.

The Nelson Tasman Physical Activity Plan has a local focus and lists specific goals and initiatives for this area. The local plan covers issues such as health, active transport, inclusiveness and access, information sharing, open space, facility planning, education, volunteer support and links to related policies.

A recent addition in 2009/10 to Council's responsibilities was the establishment of The Bishop Suter Art Gallery as a Council controlled organisation. The Nelson Provincial Museum is jointly owned by Nelson and Tasman Councils and managed by the Tasman Bays Heritage Trust. Other Regional community facilities include Trafalgar Centre and Saxton Field. Heritage items include a diverse range of public- and privately-owned object, buildings and places around Nelson. Broadgreen gardens, the central city Boulder Bank kerbstones, Albion Square military magazine building, Newman's building, Harley House, School of Music and Rocks Rd chain fence are all heritage items.

New heritage trails and walks, were launched at the first ever 2010 Nelson Heritage Week – a celebration of all things heritage that engaged the whole community, starting on World Heritage Day and culminating in the ANZAC day commemorations.

### **Tasman District Council**

Community grants include: School Swimming Pool Subsidy (\$55,874), Community Grants (\$170,726), Tasman \$200 Ships (\$3,104), Mature Person Scholarships (\$5,174), Creative Communities (\$31,041) on behalf of Creative NZ and the SPARC Rural Travel Fund (\$17,590) on behalf of SPARC. These are inflation-adjusted each year.

Annual funding of \$76,542 was paid to the Suter Art Gallery. Tasman Bays Heritage Trust received \$748,700. And local museum funding included \$37,500 to Golden Bay.

Way2Go is a Nelson Tasman Active Communities project supported by Tasman District Council. The aim of the Way2Go programme is to break down barriers to physical activity by providing programmes and information about achievable physical activity and/or active recreation opportunities in local communities.

The Council facilitates the Youth Council with regional Recreation Coordinators and also supports regional recreation programmes and Nelson Tasman Regional Arts Strategy.. A draft Youth Strategy was scheduled for completion in December 2010 (final strategy due to be adopted in July 2011)

## 5.9 Community Development

**Table 5.9.1: Level of Service and Issues**

	Tasman DC	Nelson CC	Benefit of Union Issue and Rating (Pro/Con/Neutral)
Current service standard and service level (2010 Annual Report)	<p>Provide grants to community groups to deliver services and facilities that enhance community well-being. Target 100% allocation. Actual: 83%</p> <p>Provide grants to community groups to deliver services and facilities that enhance community well-being Target 100% allocated. Actual: 83% 90% of accountability forms are returned completed.</p> <p>Community development is supported with staff advice and funding support. Community satisfaction Target 70%</p>	<p>NCC grants and fixed-term contracts to community organisations that provide recreation and leisure services for residents.</p> <p>Council policy framework that supports the social wellbeing of residents. Not yet achieved</p> <p>Social Wellbeing policy was reviewed and is due for completion in 2010/11 and then implementation</p>	<p>Neutral to Pro – most of the funding in this activity is allocated to other organisations to spend. There could be some minor savings in administration costs from a union.</p> <p>Development of criteria for Community funding could create strategic partnerships for achieving agreed outcomes.</p> <p>Amalgamation of community groups delivering the same thing could avoid duplication and add economies of scale</p>
Proposed increase in service level(s) in Annual Plan or LTCCP	None noted	None noted	
Any issues with capacity or plans to meet existing and future community need – growth, service levels	Key changes from the Ten Year Plan - there has been a reduction in the Council community grants of \$12,000 from the amount proposed for 2010/2011 in the Ten Year Plan. The new amount is \$164,035.		

## **Tasman District Council**

This activity strengthens communities by providing resources for community initiatives and community organisations to enable them to achieve their objectives by way of grants. Grants are predominately for 'not for profit' community and voluntary groups working for the benefit of Tasman District communities.

TDC provided various contestable funding streams in 2010/2011: eg. School Swimming Pool Subsidy (\$50,612), Community Grants (\$164,035), Tasman \$200 Ships (\$3,201), Mature Person Scholarships (\$5,334), Creative Communities (\$32,006) on behalf of Creative NZ, Council's Community Development Fund (\$20,000) and the SPARC Rural Travel Fund (\$18,137) on behalf of SPARC.

In addition to the contestable funds the Council allocates annual grants to various cultural services including: The Provincial Museum, Motueka and Golden Bay Museums and The Suter art gallery.

The Council also supports the work of the International Safe Communities "Safe at the Top" group and provides it with in-kind support.

## **Nelson City Council**

Over \$416,000 of community assistance funding was allocated during 2009/10 to more than 100 different projects. NCC worked with and/or provided funding for a number of community organisations including House 44 in Stoke, Tahunanui Community Centre and Victory Community Centre.

Council continued hosting the Settlement Support service, offering assistance and local information to new migrants and refugees. The issue of crimes against ethnic minorities was highlighted and staff supported the Safer Community Council's project to develop a race based crime reporting system in collaboration with the Multicultural Council.

NCC worked with the Nelson Tasman Housing Trust on their development of the Brook Street Housing project which accessed funding from Housing New Zealand to provide new affordable housing for the city. The Council subsequently gifted land known as the OK Corral to the Trust for the development of nine residential units.

NCC joined with the Nelson Youth Council to celebrate the completion of development of the Tahunanui Beach Reserve barbecue area, 'The Big Tahuna' event attracted around 1500 people and was the culmination of three years work.

NCC gained funding from the Ministry of Youth Development's Youth Partnership Fund. The project focused on developing young peoples' leadership potential through a series of training workshops on a variety of topics including media training, youth rights and participation and communication skills. 225 young people attended the various sessions.

The Nelson Youth Council contributed to the festivities of the Arts Festival by organising both the 'Afterglow' dance party and a special movie screening of 'Year One'. Youth Councillors played an active role in organising The Youth Volunteer Awards and also organised the Youth Week Tree Planting event, planting 3000 trees in under two hours at the Tahunanui Reserve.

The Social Wellbeing Policy review continued over the year, with its scope expanding to include affordable housing and accessibility, in addition to youth and positive ageing. The Gambling Policy was also reviewed.

## 6 Financial Management

Under the Local Government Act 2002, councils are required to have:

- (a) a revenue and financing policy; and
- (b) a liability management policy; and
- (c) an investment policy; and
- (d) a policy on development contributions or financial contributions; and
- (e) a policy on the remission and postponement of rates on Maori freehold land

A summary of edited extracts from the TDC and NCC LTCCPs for these policy areas is included in Appendix 9. In this section our objective was to identify:

- Any areas of inconsistency or issues with respect to the policies or their application that could need to be addressed if an amalgamation of the two councils was to occur
- Issues that could cause problems for the individual councils or a combined council in *“...maintaining and enhancing levels of service for key infrastructure activities to meet existing and future community needs...”*

### 6.1 Council Borrowing Policy

The primary policy that affects council’s capacity to “...maintain and enhance levels of service for key infrastructure activities to meet existing and future community need...” is its borrowing policy. Both NCC and TDC debt and interest cost projections to 2019 are within their stated borrowing limits, and similarly in the instance of a combined council. These borrowing limits are fair and reasonable and in-line with benchmark councils (e.g. for a combined council Dunedin, Palmerston North, Tauranga – see section 7).

In the 2009-19 LTCCP the NCC borrowing policy limits for total interest payable on net external debt that is funded from rates was increased to 25% from 20%. The limit for net external public that is funded from rates was increased to 3 times from 2 times and the debt per capita ratio was increased to \$3,500 per capita (adjusted for inflation from 1 July 2009) from \$1500 (adjusted for inflation from 1 July 2003). The Nelson CC Annual Plan reflects a lower debt level than projected in the LTCCP. The table below however utilises the LTCCP figures for analysis purposes as NCC is nowhere near its borrowing limit in the LTCCP, and in fact has sufficient borrowing headroom to increase capital expenditure significantly (including the proposed regional events/conference/performing arts centre).

The tables on the following pages show the current projected borrowing and debt servicing levels against policy limits for each of TDC and NCC, and the total of the two councils combined.

The tables highlight that each council “is living within its means”, i.e. borrowing less than it could. We have calculated the additional borrowing capacity for each council that would take it to each of its individual policy limits across the ten year planning period, as well as for a combined council.

The maximum borrowing “headroom” (which corresponds to the *least amount of additional debt in any one of the ten years that would otherwise breach any single one of the council policy limits*)

shows that TDC has the least additional borrowing capacity at \$16.3 million, NCC has additional borrowing capacity of \$71.8 million (including budget for the proposed arts and convention centre), and the combined council has capacity in the order of \$177 million

The policy limit that constrains the additional funding capacity for NCC is debt per capita. If this ratio was ignored in favour of other more useful ratios such as a finance cost to revenue ratio or debt to assets/equity, NCC's additional funding capacity would be much higher. For the combined council we have used conventional policy limits related to ability to repay (debt servicing cost to rates/revenue ratios, and debt to equity/assets ratios). We have not used the debt per capita ratio for combined council calculations as we do not consider it to be a particularly helpful ratio (we note that TDC exceeds for most of the LTCCP period the \$3500 debt per capita ratio used by NCC as one of its policy limits). This is a simplistic analysis (as it doesn't for instance reschedule the timings of expenditure to optimise the position) but nonetheless reinforces the conclusion that the councils are not limited by borrowing capacity to "...maintain and enhance levels of service for key infrastructure activities to meet existing and future community need..."

A review of TDC and NCC AMPs and the LTCCPs highlight several issues in Tasman District concerning shortfall of service standards where the proposed project timing or the decision to proceed may be primarily related to funding capacity:

- The estimated cost of water supply reticulation in Richmond East – Hill Street North that was deferred in 2010/11 to avoid a rates increase. The works are now programmed to be spread over the period 2010 – 2016.
- The decision to shelve or postpone reticulated water supply to Motueka township (at a cost of around \$19.3 million). The reason given was that Council decided to proceed with the project only if it received a satisfactory Government subsidy.
- A long list of projects to achieve satisfactory drinking water quality in several areas of the district scheduled across the whole LTCCP planning period

TDC has other funding available that would support borrowing (investment and other income) to proceed with these projects, but this would increase rates.

While both Councils have capacity to fund further capital expenditure on infrastructure, additional to that incorporated in current AMPs (and LTCCPs), through borrowing it is apparent that:

- TDC has much more limited capacity than NCC to fund significant infrastructure projects over and above the current AMP profiles, and if the council faced an extraordinary event or there was deemed to be a major issue with service levels that needed to be changed (e.g. coastal erosion, flood protection, local supply and reticulation for water quality/public health reasons) TDC may need to call on its other income sources to fund extra borrowing (or change its policy)
- TDC is close to its policy limits near the end of the planning period
- An amalgamated balance sheet of two councils provides greater funding capacity for the combined region, and the ability to complete more infrastructure projects earlier, and would be more resilient in the face of emergencies or disasters
- An amalgamated balance sheet of 2 councils would have greater capacity to fund more expensive and fit for purpose regional facilities than an alternative of smaller localised facilities

It also needs to be considered when looking at these policy limits based on rates income (and water charges) that councils receive considerable other income from fees and charges, and in addition

both councils have considerable on-going income from other investment and trading sources such as Port of Nelson, Nelmac, and forestry assets and income. This would enable the councils to absorb emergency or abnormal spending (e.g. from storm damage) or a decision to fund significant new infrastructure by utilising these other income streams to support additional borrowing (this would require the council(s) to justify and approve a change to its policy limits). This approach would tend to increase rates levels though, as these other income sources are generally used to offset the contribution of rates to fund operating costs.

The following table shows the composition sources of the combined \$12.5 million of investment income, dividend income, and forestry income for the two councils in the 2009/10 financial year:

**Table 6.1.1: Investment, dividend and forestry income - 2009/10**

<i>\$ (000)</i>	Rental income	Interest income	Dividend income	Forestry harvesting income
TDC	115	489	2236	1755
NCC	4878	300	2757	-

Source: Annual reports

**Table 6.1.2: Tasman District Council – Borrowing Projections & Capacity vs. Policy Limits**

	1	2	3	4	5	6	7	8	9	10
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Current portion of public debt	8.1	10.3	11.4	12.1	13.3	14.9	16.4	17.4	18.6	19.1
Public Debt (term)	116.0	132.7	150.5	172.6	189.1	203.3	216.7	231.7	241.3	250.4
Public Debt	124.1	142.9	161.9	184.7	202.3	218.3	233.1	249.2	259.9	269.5
Ratepayer's Equity	1,042.1	1,074.9	1,109.6	1,152.8	1,196.8	1,241.3	1,287.7	1,333.2	1,381.0	1,431.1
Rates revenue	49.3	53.7	59.8	64.8	68.6	71.8	76.5	80.4	85.2	88.2
TOTAL OPERATING INCOME	83.5	89.7	98.7	106.2	111.0	115.5	121.5	126.7	132.9	138.9
Bank interest (income)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Finance Costs	8.0	9.4	10.7	12.3	13.7	14.9	16.0	17.1	18.1	18.8
Net Finance Costs	7.6	9.0	10.4	11.9	13.3	14.5	15.6	16.7	17.7	18.3
<b>Net External Debt not to exceed 20% of Equity</b>	<b>12%</b>	<b>13%</b>	<b>15%</b>	<b>16%</b>	<b>17%</b>	<b>18%</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>	<b>19%</b>
<b>Max Possible Debt for Ratio</b>	<b>208.4</b>	<b>215.0</b>	<b>221.9</b>	<b>230.6</b>	<b>239.4</b>	<b>248.3</b>	<b>257.5</b>	<b>266.6</b>	<b>276.2</b>	<b>286.2</b>
<b>Borrowing Capacity</b>	<b>84.3</b>	<b>72.0</b>	<b>60.0</b>	<b>45.8</b>	<b>37.0</b>	<b>30.0</b>	<b>24.5</b>	<b>17.5</b>	<b>16.3</b>	<b>16.7</b>
<b>Net External Debt not to exceed 250% of Total Operating Revenues</b>	<b>149%</b>	<b>159%</b>	<b>164%</b>	<b>174%</b>	<b>182%</b>	<b>189%</b>	<b>192%</b>	<b>197%</b>	<b>196%</b>	<b>194%</b>
<b>Max Possible Debt for Ratio</b>	<b>208.8</b>	<b>224.1</b>	<b>246.8</b>	<b>265.5</b>	<b>277.6</b>	<b>288.8</b>	<b>303.8</b>	<b>316.8</b>	<b>332.3</b>	<b>347.2</b>
<b>Borrowing Capacity</b>	<b>84.6</b>	<b>81.2</b>	<b>84.9</b>	<b>80.8</b>	<b>75.2</b>	<b>70.5</b>	<b>70.8</b>	<b>67.7</b>	<b>72.4</b>	<b>77.6</b>
<b>Max Borrowing Capacity both ratios</b>	<b>84.3</b>	<b>72.0</b>	<b>60.0</b>	<b>45.8</b>	<b>37.0</b>	<b>30.0</b>	<b>24.5</b>	<b>17.5</b>	<b>16.3</b>	<b>16.7</b>

Net interest expense on external debt as a percentage of total revenue (debt secured) to be less than 20%	9%	10%	11%	11%	12%	13%	13%	13%	13%	13%
Net interest expense on external debt as a percentage of total revenue if max Borrowing Capacity used	16%	16%	15%	14%	14%	14%	14%	14%	14%	14%

Net interest expense on external debt as a percentage of total annual rates income (debt secured) to be less than 25%	15%	17%	17%	18%	19%	20%	20%	21%	21%	21%
Net interest expense on external debt as a percentage of total annual rates income (debt secured) if max Borrowing Capacity used	28%	26%	25%	23%	23%	23%	23%	22%	22%	22%

Maximum Borrowing Capacity - least of all years	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
---	------	------	------	------	------	------	------	------	------	------

**Table 6.1.3: Nelson City Council – Borrowing Projections & Capacity vs. Policy Limits**

	1	2	3	4	5	6	7	8	9	10
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Interest rates	6%	5.50%	5.50%	5.75%	6%	6.25%	6.50%	6.75%	6.75%	6.75%
Population ( for per capita)	45511	45812	46113	46414	46715	47016	47317	47618	47919	48220
Borrowings (current liabilities)	10.5	10.6	10.6	10.2	10.3	10.3	12.3	20.3	17.3	17.0
Term liabilities	77.0	111.5	143.2	154.8	159.4	156.7	148.2	132.0	115.3	98.3
Borrowings	87.5	122.1	153.8	165.0	169.7	167.0	160.5	152.3	132.6	115.3
Rates revenue	48.6	52.1	57.9	63.4	67.9	72.1	75.9	78.8	80.4	82.4
Income from activities (= water & other charges)	38.6	35.6	40.3	42.4	40.8	43.2	43.2	46.5	47.7	50.7
	87.2	87.7	98.2	105.8	108.7	115.3	119.1	125.3	128.1	133.1
Finance Costs	3.1	4.4	6.7	7.7	8.0	9.4	10.0	10.4	9.5	8.2
<b>Interest Cost is not greater than 25% of Rates Revenue + Water &amp; Other charges</b>	<b>4%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>6%</b>
<b>Max Possible Debt for Ratio</b>	<b>363.4</b>	<b>398.9</b>	<b>446.2</b>	<b>460.0</b>	<b>453.1</b>	<b>461.1</b>	<b>458.0</b>	<b>464.0</b>	<b>474.4</b>	<b>493.0</b>
<b>Borrowing Capacity</b>	<b>276.0</b>	<b>276.8</b>	<b>292.4</b>	<b>295.0</b>	<b>283.4</b>	<b>294.1</b>	<b>297.5</b>	<b>311.7</b>	<b>341.8</b>	<b>377.6</b>
<b>LOWER of:</b>										
<b>1) Borrowing is no more than 3.0 x Annual Rates + Water &amp; Other Charges</b>	<b>1.00</b>	<b>1.39</b>	<b>1.57</b>	<b>1.56</b>	<b>1.56</b>	<b>1.45</b>	<b>1.35</b>	<b>1.22</b>	<b>1.04</b>	<b>0.87</b>
<i>Note this is approximate as total revenue used since not clear from LTCCP what 'other charges' are intended to be included in calculating the ratio</i>										
<b>Max Possible Debt for Ratio</b>	<b>261.7</b>	<b>263.3</b>	<b>294.5</b>	<b>317.4</b>	<b>326.3</b>	<b>345.8</b>	<b>357.2</b>	<b>375.8</b>	<b>384.2</b>	<b>399.3</b>

**2) Borrowing is no greater than \$3,500 per capita (Borrowing per capita is)**

1922	2666	3335	3555	3633	3551	3392	3198	2767	2392
------	------	------	------	------	------	------	------	------	------

*Note this is approximate as net debt funded by rates, nor exactly which charges are included in revenue for the ratio*

**Max Possible Debt for Ratio (\$3500/capita)**

159.3	160.3	161.4	162.4	163.5	164.6	165.6	166.7	167.7	168.8
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Lowest Possible Debt for Ratio**

159.3	160.3	161.4	162.4	163.5	164.6	165.6	166.7	167.7	168.8
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Borrowing Capacity**

71.8	160.3	161.4	162.4	163.5	164.6	165.6	166.7	167.7	168.8
------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Overall Maximum Remaining Borrowing Capacity - lowest borrowing over all ratios**

71.8	160.3	161.4	162.4	163.5	164.6	165.6	166.7	167.7	168.8
------	-------	-------	-------	-------	-------	-------	-------	-------	-------

**Maximum Borrowing Capacity - least of all years**

71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8	71.8
------	------	------	------	------	------	------	------	------	------

**Remove NCC \$32.4m Performing Arts and Conference Centre from LTCCP**

Increase / (Reduction) in Term liabilities

(5.0)	(11.2)	(32.4)	(30.8)	(29.2)	(27.8)	(26.4)	(25.1)	(23.8)	(22.6)
-------	--------	--------	--------	--------	--------	--------	--------	--------	--------

Revised Maximum Borrowing Capacity

76.8	83.0	104.2	102.6	101.1	99.6	98.2	96.9	95.6	94.5
------	------	-------	-------	-------	------	------	------	------	------

Revised Maximum Borrowing Capacity - least of all years

76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8	76.8
------	------	------	------	------	------	------	------	------	------

**Table 6.1.4: Combined Councils – Borrowing Projections & Capacity vs. Policy Limits**

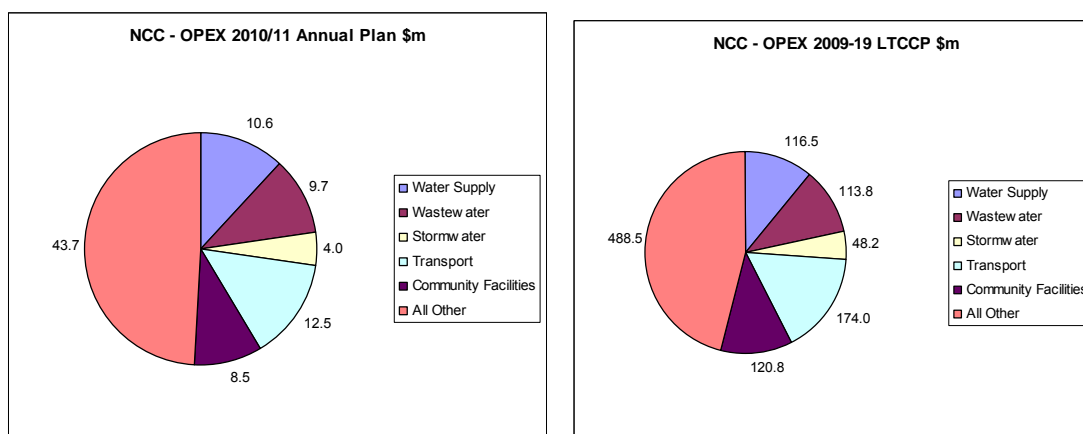
	1	2	3	4	5	6	7	8	9	10
	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
Current portion of public debt	18.6	20.8	22.1	22.3	23.6	25.3	28.7	37.7	35.9	36.1
Public Debt (term)	193.0	244.2	293.6	327.4	348.4	360.0	364.9	363.7	356.6	348.8
Public Debt	211.6	265.1	315.7	349.7	372.0	385.2	393.6	401.5	392.5	384.9
Ratepayer's Equity	2,147.2	2,212.6	2,286.3	2,370.2	2,456.7	2,547.4	2,640.3	2,735.7	2,835.3	2,941.1
Total operating revenue	171.1	178.0	197.5	212.2	219.8	230.8	240.6	252.0	261.0	272.0
Finance Costs	11.1	13.8	17.5	19.9	21.7	24.3	26.0	27.5	27.6	27.0
Interest rates (conservative)	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%	7.2%
<b>External Debt not to exceed 25% of Equity</b>	<b>10%</b>	<b>12%</b>	<b>14%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>
<b>Max Possible Debt for Ratio</b>	<b>536.8</b>	<b>553.1</b>	<b>571.6</b>	<b>592.6</b>	<b>614.2</b>	<b>636.8</b>	<b>660.1</b>	<b>683.9</b>	<b>708.8</b>	<b>735.3</b>
<b>Borrowing Capacity</b>	<b>325.2</b>	<b>288.1</b>	<b>255.9</b>	<b>242.8</b>	<b>242.1</b>	<b>251.6</b>	<b>266.5</b>	<b>282.5</b>	<b>316.3</b>	<b>350.4</b>
<b>Net External Debt not to exceed 250% of Total Operating Revenue</b>	<b>124%</b>	<b>149%</b>	<b>160%</b>	<b>165%</b>	<b>169%</b>	<b>167%</b>	<b>164%</b>	<b>159%</b>	<b>150%</b>	<b>142%</b>
<b>Max Possible Debt for Ratio</b>	<b>427.7</b>	<b>444.9</b>	<b>493.6</b>	<b>530.4</b>	<b>549.4</b>	<b>577.0</b>	<b>601.5</b>	<b>630.0</b>	<b>652.5</b>	<b>679.9</b>
<b>Borrowing Capacity</b>	<b>216.1</b>	<b>179.9</b>	<b>177.9</b>	<b>180.6</b>	<b>177.4</b>	<b>191.7</b>	<b>208.0</b>	<b>228.6</b>	<b>260.0</b>	<b>295.1</b>
<b>Overall Maximum Remaining Borrowing Capacity - lowest borrowing over all ratios</b>	<b>216.1</b>	<b>179.9</b>	<b>177.9</b>	<b>180.6</b>	<b>177.4</b>	<b>191.7</b>	<b>208.0</b>	<b>228.6</b>	<b>260.0</b>	<b>295.1</b>
<b>Maximum Borrowing Capacity - least of all years</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>	<b>177.4</b>

## 6.2 Council Expenditure Profiles

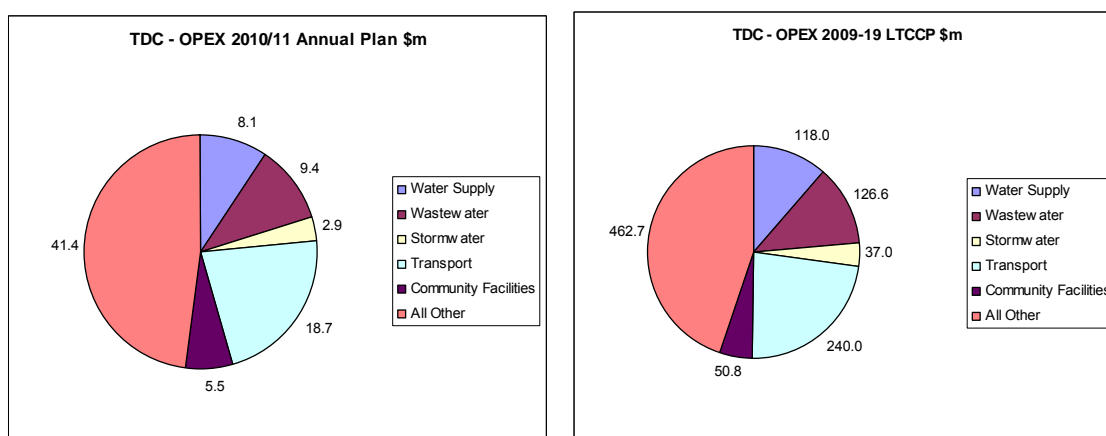
This section summarises the operating and capital expenditure by major activity area of each council for the 2010/11 Annual Plan year and over the period 2009-19. The purpose of this analysis was to compare the proportions of expenditure carried out or planned between each council now and over the period of the LTCCP to identify potential areas of “under-investment in infrastructure” that could be shown up in the capital expenditure by activity area, or differentials in service levels that might be shown up in operating expenditure breakdowns.

### 6.2.1 Operating Expenditure

Graph 6.2.1a: Nelson City Council Opex



Graph 6.2.1b: Tasman District Council Opex

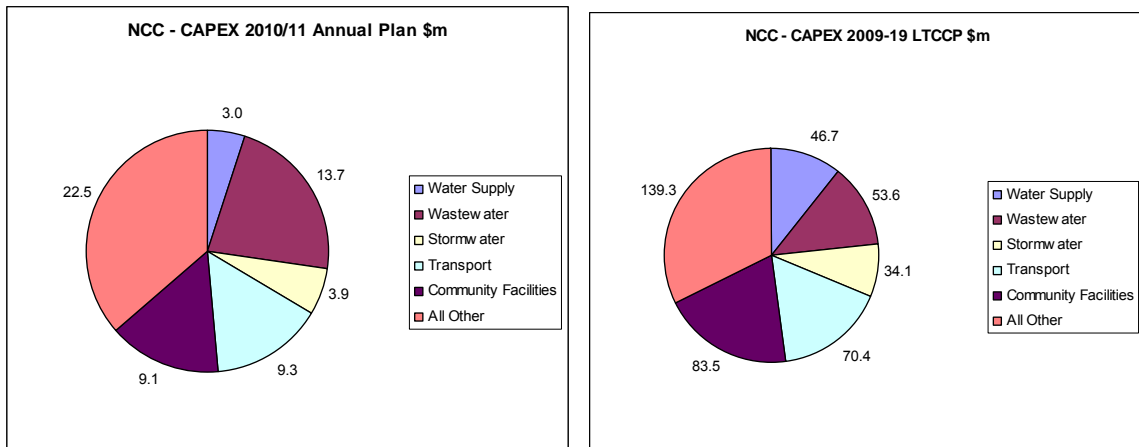


The above graphs highlight that there is a relatively similar profile of operating expenditure for the main activity areas of the two councils, and consequently this analysis does not highlight areas of potential shortfall of service levels that warrant further investigation. This is not to say that there are

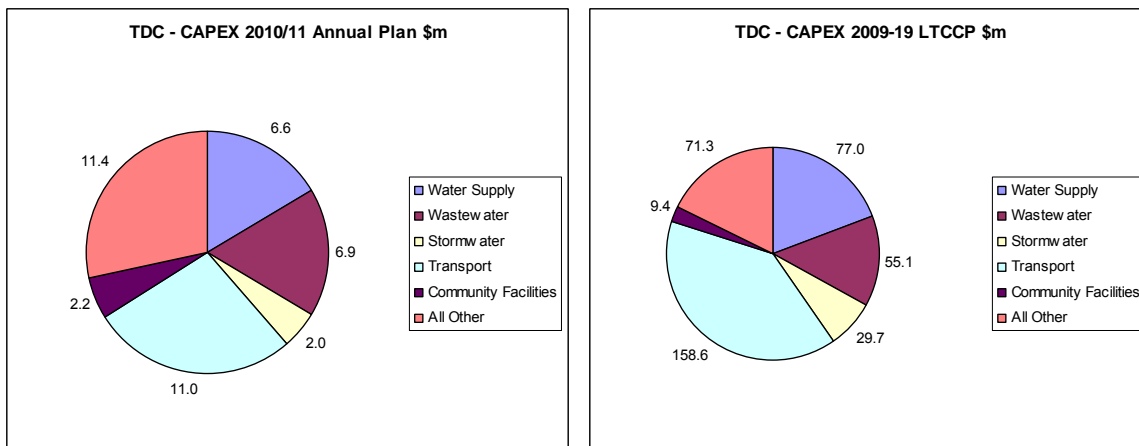
no service level issues in any of the activity areas, as while the expenditure per ratepayer may be similar there may be a gap or “step difference” in service level that exists now that is perpetuated across the planning period.

## 6.2.2 Capital Expenditure (Capex)

Graph 6.2.2a: Nelson City Council Capex



Graph 6.2.2b: Tasman District Council Capex



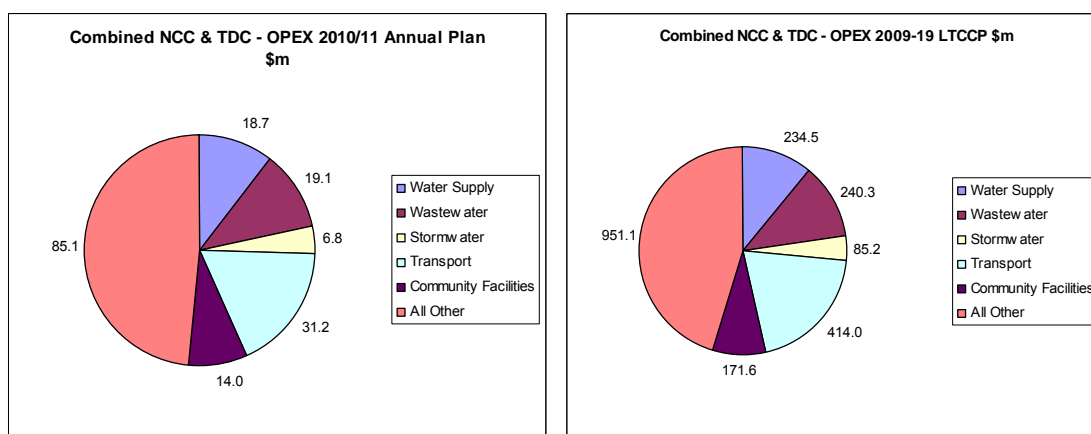
The above graphs highlight the following differences in infrastructure capital expenditure:

- That TDC is spending significantly less than NCC on community facilities
- That TDC spending on transport over the planning period is double that of NCC; not surprisingly given the length of the road network in Tasman relative to Nelson
- That TDC budget spending for water systems is approximately double that of NCC

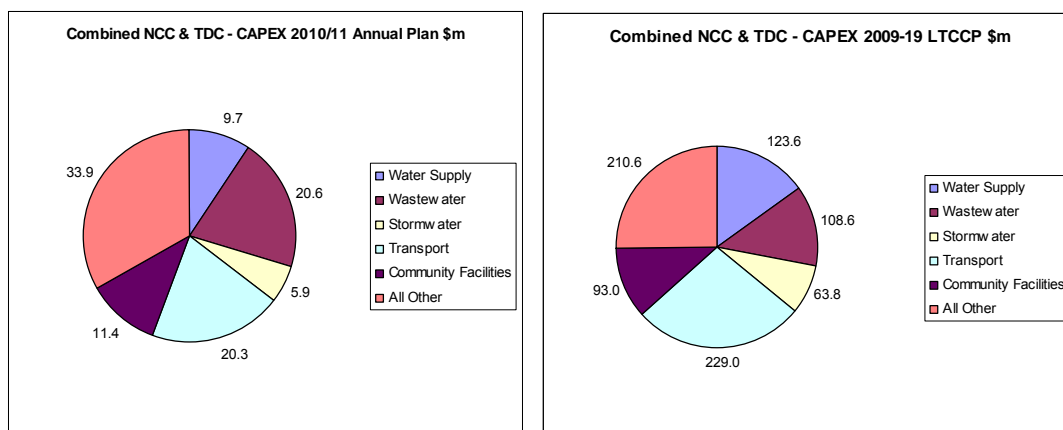
### 6.2.3 Operating and Capital Expenditure for a Combined Council

The following graphs have been incorporated as they provide a useful summary of what the approximate level of overall expenditure would be in a combined council by activity area, based on a simple addition of the two individual council Annual Plans and LTCCPs.

Graph 6.2.3a: Combined Council Opex



Graph 6.2.3b: Combined Council Capex



### 6.3 Summary

A review of the various financial management policies shows that the two councils have in general consistent policies and also in relation to their application. There are three areas of inconsistency or issues with respect to the policies or their application that could need to be addressed if an amalgamation of the two councils was to occur:

- Review and alignment of development contribution charges, and completion of network modelling to calculate infrastructure capacity in contiguous urban or catchment areas

- Land value versus capital value rating
- Application of differentials or targeted rates to non-residential properties

Review of the current projected borrowing and debt servicing levels against policy limits for each of TDC and NCC highlights that each council “is living within its means”, i.e. borrowing less than it could.

Calculation of the additional borrowing capacity for each council that would take it to each of its individual policy limits across the ten year planning period highlights that each council could spend more or accelerate spending on infrastructure projects. A combined council would have even greater capacity to do this.

A review of TDC and NCC AMPs and LTCCPs highlight several issues in Tasman District concerning shortfall of service standards where the proposed project timing or the decision to proceed may be primarily related to funding capacity:

- The estimated cost of water supply reticulation in Richmond East – Hill Street North that was deferred in 2010/11 to avoid a rates increase. The works are now programmed to be spread over the period 2010 – 2016.
- The decision to shelve or postpone reticulated water supply to Motueka township (at a cost of around \$19.3 million). The reason given was that Council decided to proceed with the project only if it received a satisfactory Government subsidy.
- A long list of projects to achieve satisfactory drinking water quality in several areas of the district scheduled across the whole LTCCP planning period

TDC has other funding available that would support borrowing (investment and other income) to proceed with these projects on an accelerated timeframe, but this would increase rates.

## 7 Implications of a union

### 7.1 Nelmac

The NCC owned company Nelmac Limited<sup>5</sup> carries out maintenance and construction services for utility infrastructure, parks, reserves and sports fields in the Nelson and Marlborough area for both Councils and local organisations. It also carries out some parks contract work in the TDC area. If a union of the Councils occurred there would be an opportunity for Nelmac to expand its operations and bid for work in the previous TDC area, which would provide a net gain to the council from the profit margin on the work (about \$40,000 per million of contract income). It is assumed that the cost of contracts would remain the same as currently because the amount would be based on a contestable process.

Nelmac currently carries out collection for the NCC of recyclable waste. If Nelmac was awarded a contract in future to collect recyclable waste in the TDC area as well, then the council(s) would also gain a strategic and potential commercial benefit of better control of the recyclable component of the waste stream in the Nelson-Tasman region. This doesn't necessarily mean additional revenue from sale of recyclables as dumping it in the landfill may be a cheaper option if revenues fall.

Nelmac is a collector and currently isn't vertically integrated. We see potential for the Councils to achieve better economies and strategic control of the waste stream by combining their activities in this area, and that this would be more efficient and effective in the case of a union.

### 7.2 Democracy Costs

The Remuneration Authority would establish indicative remuneration for the Mayor, Councillors, and Community Board members. The authority would take into account the combined population of 91,770 (2009 estimates), number of ratepayers (43,195), assets (\$2.5 billion) and revenue of about \$176 million.

The combined population would be just short of Tauranga City (TCC) so we have assumed in the absence of a decision or guidance by the Remuneration Authority that remuneration would be in line with TCC for the Mayor and Councillors (using 2010 Remuneration decision figures). The remuneration has not been adjusted on a population pro-rata basis compared to the two-benchmark council. Given there are no community boards in TCC we have assumed as a pro-rata of population using Dunedin City Council (DCC) community board remuneration as the nearest Council of similar population size that has community boards, i.e. 91770/124800:

---

<sup>5</sup> Nelmac Limited was formed in 1995 and is 100% owned by the Nelson City Council. The company has about 120 staff. The turnover of the company in 2010 was \$14.4 million, and returned a dividend to NCC in 2010 of \$539,000.

- Mayor \$116,806 (vs. current 91655-92393)
- Deputy Mayor \$83,931 (vs. incorporated in normal fees)
- Councillor \$68,678 (vs. current 26869-30055)
- Community Board chair \$12,000 (vs. current 10012-10748)
- Community Board member \$6004 (vs. current 5005-5384)

It is assumed that Committee chair additional remuneration, and other member expenses would remain the same.

It is assumed there would be 16 Councillors and 1 Mayor. It is also assumed that there would be a Deputy Mayor who is a ward Councillor appointed by councillor vote and paid more than other councillors.

It is assumed there would be 5 community boards with 1 Chair and 5 members each (total 6 members each). It is estimated that democracy costs would increase by close to \$93,000 per annum to reflect allowance for three additional community boards to provide local representation across the combined Tasman-Nelson region. Based on a review of TDC information and submissions, a further community board option for the existing TDC area could be considered regardless of whether there is an amalgamation of the two councils or not.

**Table 7.2.1: Number and Remuneration for Elected Members**

	TDC		NCC		Total TDC + NCC		New council		Change	
	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$
Mayor	1	92,393	1	91,655	2	184,048	1	116,806	-1	-67,242
Deputy Mayor <sup>6</sup>							1	83,931	1	83,931
Councillors	13	385,125	12	395,634	25	780,759	15	1,030,170	-10	249,411
Community Board Chairs	2	20,760	0	0	2	20,760	5	60,000	3	39,240
Community Board members	11	57,334	0	0	11	57,334	25	150,100	14	92,766
TOTAL	27	555,612	13	487,289	40	1,042,901	47	1,441,007	7	398,106

The total remuneration for a new amalgamated council, based on the assumptions above, would increase by approximately \$398,000 p.a. from the total of the combined cost of the current councils. This is due to:

- The increased remuneration level for the mayor, Deputy Mayor (with a specific nominated remuneration level), councillors, community board chairs and community board members given the larger size of the amalgamated council. It is arguable that community board

<sup>6</sup> The Deputy Mayor for TDC and NCC is included in the current total for member numbers and remuneration, but is separated as a specific remuneration item and position for a combined council.

remuneration could remain at current levels as the size of each board's representation and area may be similar as current

- An increase in the number of councillors from 12/13 to 16
- Three additional community boards for the region as a whole

### 7.3 Staff Costs

Significant cost savings would occur in salaries and wages in merging the two councils into a new council.

Positions were tallied based on full organisation charts supplied by each council, and approximate salaries were assigned based on 2010 Annual Report salaries disclosed for each council CEO, salary bands for senior management disclosed for NCC in its 2010 Annual report, and for other tiers based on recent job advertisements on the NCC website. These positions and salaries were added together for the two councils and compared to an indicative organisation structure we consider would be reasonable for a new council.

We have not requested details of individual salaries or benefits, or job descriptions, from either Council and therefore our estimates and analysis are indicative and approximate.

The total estimated salary cost for TDC based on the December 2010 council organisation chart (208 FTEs vs. current FTEs of 202) and salary estimates for each position, was \$13.5 million. This is close to the TDC 2010 Annual Report salary figure of \$13.1 million suggesting aggregate salary estimates are reasonable.

The NCC position count from the organisation chart on the Council website was much higher (254 FTEs) than the FTE figure in the 2010 Annual report (227 FTEs including 11 vacancies in approved positions), and consequently the estimated current salary cost of \$16.7 million was much higher than the 2010 Annual Report figure of \$13.7 million but in line with a total including 27 additional positions if it is assumed that a number of these were at salaries higher than the staff average. The focus of the analysis in this section is on the potential change of numbers and costs, rather than on the base level costs.

The CEO salary was increased to an indicative estimate of \$329,500, based on the average of the 2010 CEO salaries for Dunedin City Council and Palmerston North City Council. The salary levels for senior and middle management in an "indicative" organisation chart for a new council were grossed up by 15% to reflect the possible increased salary, as a conservative assumption in deriving potential salary cost savings. However, it may be that current salary levels are maintained.

Significant cost savings would occur in removing duplication particularly in the senior and middle management tiers. The Manager of the Mayor's and/or CEO's office was also incorporated in this management tier (refer Table 7.3.1).

The \$1.73 million saving in salary costs for senior and middle management would equate to an average cost saving per rateable property of approximately \$40.

**Table 7.3.1: Staff numbers and salary cost for current councils and a new council - management**

	TDC	TDC	NCC	NCC	Total	Total	New council	New council	Savings	Savings
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
CEO	1	287400	1	273662	2	561062	1	329500	1	231562
Senior management	5	775000	7	1035000	12	1810000	7	1190250	5	619750
Middle management	17	1507500	24	2136100	41	3643600	27	2766325	14	877275
<b>Total</b>	<b>23</b>	<b>2569900</b>	<b>32</b>	<b>3444762</b>	<b>55</b>	<b>6014662</b>	<b>35</b>	<b>4286075</b>	<b>20</b>	<b>1728587</b>

Further savings would occur in the balance of the organisation, primarily in strategic and policy functions, communications, and support service areas such as IT and accounting and for duplicate team leader or equivalent positions in operating and service departments. We have assumed that all front-line service staff such as in customer service, application processing etc., would be retained, along with specialist functions performed at one council but not at the other (e.g. biosecurity, harbourmaster).

**Table 7.3.2: Staff numbers and salary cost for current councils and a new council – balance of organisation**

	TDC		NCC		Total		New council		Savings	
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	FTE	\$
Strategic Development & Communications	7	446900	24	1632800	31	2079700	16	1019200	15	1060500
Accounting, HR & IT	27	1524500	35	1961900	62	3486400	44	2528800	18	957600
Engineering, network utilities	15	1012500	28	1979600	43	2992100	43	2992100	0	0
Planning, environmental, regulatory, biosecurity, hydrology, env. health	81	4910500	44	2636000	125	7546500	118	7067600	7	478900
Recreation, reserves, customer service, libraries, festivals, social devpt.	55	3118150	91	5054800	146	8172950	138	7692400	8	480550
<b>Total</b>	<b>185</b>	<b>11012550</b>	<b>222</b>	<b>13265100</b>	<b>407</b>	<b>24277650</b>	<b>359</b>	<b>21300100</b>	<b>48</b>	<b>2977550</b>
<b>Overall Total</b>	<b>208</b>	<b>13,582,450</b>	<b>254</b>	<b>16,709,862</b>	<b>462</b>	<b>30,292,312</b>	<b>394</b>	<b>25,586,175</b>	<b>68</b>	<b>4,706,137</b>

The table above illustrates that a further \$2.98 million saving in salary costs is potentially achievable for strategy and communications staff, support staff, and removal of duplicate supervisory/team-leader positions in service delivery departments etc.

The total salary and wage savings for senior management, middle management, and other staff in support and service delivery areas is therefore of the order of \$4.7 million. This would equate to an average cost saving per rateable property of approximately \$109.

However, the level of savings actually achieved would depend on the relative priority placed by a new council on its various activity areas, and consequently what the design of a new organisation structure would look like.

While cost savings in senior and middle management and support service areas would likely remain, it may be that a new council could decide to maintain current staff numbers in main service areas such as planning, environmental, regulatory, recreation and libraries, etc. This would imply a total staff reduction of 15 less than allowed for in Table 7.3.2. We note elsewhere in this report that regional planning could be improved and in some regulatory activities performance has been affected by staff shortages. If this decision was taken, potential cost-savings would reduce from \$4.7 million to about \$3.7 million.

Following a union there would be redundancy costs. The quantum of redundancy cost would depend on the terms and conditions in individual employment contracts and tenure as an employee for those made redundant. This could be ameliorated through normal staff turnover. We have not requested or inspected such information and therefore are not able to provide an estimate of the amount involved. It would be typical in such a situation that year one cost-savings would be foregone, but following that the benefit would be perpetual.

## 7.4 Benchmark Comparison

On a population basis TDC and NCC are each similar to other unitary councils such as Gisborne and Marlborough. However there are no existing unitary councils in New Zealand comparable to a combined TDC and NCC based on standard attributes of population, annual revenue, or staff levels.

For the purposes of this report comparisons have been made with councils in Dunedin, Tauranga and Palmerston North as they each have attributes in reasonable proximity to a combined TDC and NCC.

With a total residential population of around 92,000 a combined Tasman-Nelson area would be in-between Palmerston North's population of 80,000 and Tauranga's 111,000. With rates revenue of around \$97 million a combined Tasman-Nelson council would be close to Dunedin's \$99 million but would exceed both Palmerston North (\$64 million) and Tauranga City (\$82 million) – refer Table 7.4.1.

**Table 7.4.1 : Comparison with benchmark councils – 2009/10**

	Tasman	Nelson	TDC+NCC	New (Indicative)	Dunedin	Tauranga	Palmerston North
Rates (\$mn)	48.9	48.0	96.9	96.9	98.6	82	63.6
NZTA subsidy (\$mn)	7.6	2.9	10.5	10.5 <sup>7</sup>	23.5	3	5.4
Other revenue (\$mn)	30.9	40.0	70.9	70.9	127.9	49	31.0
Total revenue (\$mn)	87.4	90.9	178	178	250 <sup>8</sup>	134	100
Debt 2009/10 (\$mn)	48	41	89	89	240	310	143
Interest % of rates 2009/10	13.5%	9.2%	11.4%	11.4%	15.3%	20.5%	12.6%
Debt to total assets (%)	4.5%	3.5%	4.0%	4.0%	8.3%	9.1%	10.9%
External term debt per rateable property (\$)	2,116	1,999	2,060	2,060	3,983	6,197	5,318
Net interest expense to operating revenue (%)	7.6%	4.9%	6.2%	6.2%	6.0%	13.9% (vs. limit 20%)	8.0%
Total assets (mn)	1,075	1,170	2,245	2,245	2,875	3,421	1,308
Staff numbers (FTE)	208	254	462	394	687	450	565
Population (approx. estimate)	46,259	45,511	91,770	91,770	122,000	111,000	80,300
Ratepayers/ rateable properties	22,684 <sup>9</sup>	20,511	43,195	43,195	60,263 <sup>10</sup>	50,026	26,912 <sup>11</sup>
Population divided by FTE ratio	222	179	199	233	179	246	142
Staff salaries & wages (\$ mn)	13.6	16.7	30.3	25.6	44.5	27.3	32.3
Number of	14	13	27	16	15	11	16

<sup>7</sup> The NZTA subsidy level may reduce. Initial indications are that the subsidy rate would reduce from 49% to 47%, for local roads but this is subject to the final decision of NZTA and whether there are ameliorating factors they may be prepared to take into account in a transition period following a union of the two councils and the period involved; particularly when NZTA are understood to be evaluating an alternative regime that incorporates performance incentives to achieve desired outcomes

<sup>8</sup> Includes \$28.5 million of receipts from the Government for the new stadium, and \$13.6 mn for vesting of the Chinese garden

<sup>9</sup> TDC and NCC rateable properties source: TDC information on amalgamation impacts on rates (newsletter No.2).

<sup>10</sup> Estimate based on 1.14 staff to 100 ratepayers

<sup>11</sup> As at 21/10/2009 media release

	Tasman	Nelson	TDC+NCC	New (Indicative)	Dunedin	Tauranga	Palmerston North
councillors + Mayor							
# community boards	2	0	2	3	6	0	0
Number of community board members + chair	13	0	13	18	42	0	0
Councillors & community board remuneration 2010 Annual Report (\$000)	556	487	1043	1288	1236	884	636

Tauranga is perhaps a better comparator to a combined TDC and NCC than the other councils in Table 7.4.1 given it is an urban area experiencing growth surrounded by Western Bay of Plenty District (with a population of 45,000 spread between rural areas and several small townships such as Te Puke, Katikati, and Waihi Beach). Tauranga is also currently closest to a combined TDC and NCC in terms of total number of rateable properties and total staff levels.

In financial terms, both existing councils have relatively low levels of debt to total assets and debt per rateable property. It follows that a combined Tasman-Nelson council would compare favourably with the other councils shown above.

The combined staffing level of 462 is close to Tauranga City's 450. On the basis of staff FTEs per capita, Nelson City Council is currently the same as Dunedin City Council (179) and Tasman District Council is closer to Tauranga City Council than the others (222 compared to 246) implying relatively low levels of staff per capita. A combined council that retained all existing FTEs would imply a ratio of 1 FTE per 199 residents. The assumptions made in section 7.3 about staffing levels for a combined council would imply a figure of 1 FTE per 233 residents, making it close to but below Tauranga City Council's 1 FTE to 246 residents. As services will need to continue to be provided over an extensive rural area and to dispersed and growing settlements, it would be unreasonable to anticipate further significant savings in staff numbers from a union.

## 7.5 Development Contributions Policy

The development contributions charges in the table below are from the respective council LTCCPs. Charges are indexed annually against price increases, e.g. construction cost index.

The table highlights cost differences between the two council areas. These would need to be addressed in an amalgamation, particularly in the boundary area between Richmond and Nelson if

the charges do not fairly reflect differences in infrastructure costs between the Nelson City and Richmond urban area boundaries.

**Table 7.5.1: Comparison of Development Contributions Charge per Single Household Unit of Demand (HUD)**

	<b>TDC</b>	<b>NCC</b>
Water	\$6922	\$2436
Wastewater	5518	3822
Roads and transport	5034	2414
Stormwater	2919	3843
Total	\$20,393	\$12,525

Source: 2009/19 LTCCPs

Following an amalgamation some changes to network models would be required to identify system capacity and baseline infrastructure costs in order to determine costs attributable to growth. Nelson City uses a one-catchment model given the nature of the form of the city, whereas Tasman has a large rural area and a number of separate urban areas.

The current Nelson City model could logically be extended to incorporate the Richmond area, and for certain infrastructure assets may also incorporate Motueka. This would not be complicated, but may require a transition arrangement until the calculations were completed. The reasons would also need to be outlined to maintain a differential charge (e.g. higher unit costs for stand-alone systems for infrastructure rather than incorporation at marginal cost in a larger urban system) for other urban areas within the current Tasman District in the case of an amalgamation.

The councils currently do not incorporate a contribution for Community Facilities and this could be considered in development of a new policy.

## 7.6 Rating Policies

Nelson City Council (NCC) and Tasman District Council (TDC) currently use different methods to charge rates with TDC using capital values and NCC using land values. Any union of the two councils would give rise to the need to consider options of:

1. continuing with the status quo rating systems, or
2. standardising the rating system across the combined area to either capital or land value, or
3. modifying only selected elements of current rates policies in each area.

There would be administrative advantages to standardising the rating system for a combined region. The impacts of a shift in rating systems have not been modelled for this report. Whilst a shift from capital to land value (or vice versa) would generate significant changes in the incidence of rates for individual ratepayers, a new council could choose to transition to this option over a period of years.

A shift from land value to capital value rating would tend to reduce the amount of general rates charged to properties where the land value component of total rateable value is above the average

for the region as a whole (which will usually imply decreased rates on larger site areas relative to the quantum of building floorspace or the number of separately rated units on the site). Conversely such a shift will tend to increase the amount of rates charged to properties where the land value component of total rateable value is below the average for the region as a whole.

TDC published a comparison of the two council's rates suggesting that as Tasman has higher total land value and capital value than the Nelson area, any amalgamated council would have a tendency to cause higher rates for current Tasman ratepayers. Current average rates per rateable property are shown as \$2,319 in Tasman and \$2,494 in Nelson (refer Table 1).

The TDC analysis suggests that if rates were based on land value across a combined Tasman-Nelson region, then average rates could increase by 23% in the Tasman area and decrease by 24% in the Nelson area. Conversely, if rates were based on capital value, average rates could increase by 13% in the Tasman area and decrease by 14% in the Nelson area (refer Table 7.6.1 below).

As Tasman's total land value is indicated to be in the order of 65% more than Nelson's, compared to total capital value being 35% more than Nelson's, the analysis suggests that a standardised rating system based on capital value would have a lower magnitude of impact on overall average rates levels than using land values.

**Table 7.6.1: Tasman District Council comparison of rates**

<b>Comparison of Councils</b>				
	<b>Land Value</b>	<b>Capital Value</b>	<b>Total Rates</b>	<b>No. of Rateable Properties</b>
<b>Tasman District</b>	\$7,169,453,200	\$11,683,355,838	\$52,605,000	22,684
<b>Nelson City</b>	\$4,339,232,700	\$8,632,554,200	\$51,150,000	20,511
<b>Total</b>	\$11,508,685,900	\$20,315,910,038	\$103,755,000	43,195
<b>Current Average Rates per Average Property</b>				
<b>Tasman District</b>		\$2,319.04		
<b>Nelson City</b>		\$2,493.78		
<b>Post Amalgamation Average Rates using Land Values</b>				
			<b>Movement</b>	
<b>Tasman District</b>		\$2,849.38	\$530.34	23%
<b>Nelson City</b>		\$1,907.26	-\$586.53	(24%)
<b>Post Amalgamation Average Rates using Capital Values</b>				
			<b>Movement</b>	
<b>Tasman District</b>		\$2,630.39	\$311.36	13%
<b>Nelson City</b>		\$2,149.44	-\$344.34	(14%)

Note; These calculations are indicative only, and do not take into account decisions that an amalgamated Council may make on the use of other rating tools, such as Targeted Rates or Differentials, which could vary actual rates charged.

In considering the impact of any union of the two Councils on rates, it is also important to consider the effects of targeted rates and differentials (as the TDC footnote to Table 1 states) applying to different categories of rating units.

TDC currently operates a wide range of targeted rates. NCC has only a few. On the other hand, NCC applies several differential rates which serve to increase the incidence of rates on commercial properties and decrease the incidence on rural properties. TDC does not apply differentials and relies more on targeted rates to recognise differences in the spatial provision of services between rural and urban land-uses.

Rural properties make up 41% of total rateable assessments in TDC (refer Table 7.6.2) and there is a wide variability in the allocation of targeted rates, particularly for water and wastewater services, based on the location of rateable units in the district.

**Table 7.6.2: Tasman District – Total Rateable Assessments by Ward/Zone 2010**

Ward	Residential	Rural	Recreational	Multi	Industrial	Commercial	Total
Golden Bay	1469	1818	2	123	8	108	<b>3528</b>
Lakes/Murchison	649	1250	2	51	13	40	<b>2005</b>
Moutere/Waimea	1998	3558	1	105	55	73	<b>5790</b>
Motueka	3391	1711	4	102	78	152	<b>5438</b>
Richmond	4584	1103	2	57	62	297	<b>6105</b>
Utilities	0	0	0	9	0	0	<b>9</b>
<b>Total</b>	<b>12091</b>	<b>9440</b>	<b>11</b>	<b>447</b>	<b>216</b>	<b>670</b>	<b>22875</b>

Source: TDC

Both TDC and NCC also apply a Uniform Annual General Charge (UAGC) as part of the general rate. Both the UAGC and targeted rates act as a proxy for a user charge. Targeted rates and the UAGC serve to reduce the proportion of total rates revenue collected on the basis of property value as they are applied on the basis of a range of different factors (eg. on a per unit basis, usage levels, existence of a service).

It is therefore misleading to include targeted rates and the UAGC in a calculation of average rates based on total rates revenue and total rateable value.

Based on comparable information in the respective councils 2009/19 LTCCPs, TDC has a greater share of targeted rates, at 47% of total rates, compared to NCC's 40%. Thus significant proportions of rates revenue are collected outside the general rate levied on a property value basis. General rates (including the Uniform Annual General Charge) account for 53% of total rates in TDC and 60% in NCC (refer Table 7.6.3).

**Table 7.6.3: Summary of rates revenue budget 2009/10 (from 2009/19 LTCCPs)**

	Nelson (\$000)	Nelson percentage share of total rates	Tasman (\$000)	Tasman percentage share of total rates
General rates (including differentials)	23,305	47.9%	26,300	53.4%
UAGC <sup>1</sup>	5,776	11.9%	na	na
<i>Sub-total general rates</i>	<i>29,081</i>	<i>59.8%</i>	<i>26,300</i>	<i>53.4%</i>
'Three waters' targeted rates <sup>3</sup>	19,537	40.2%	18,790	38.1%
Other targeted rates <sup>2</sup>	na		4,163	8.5%
<i>Sub-total targeted rates</i>	<i>19,537</i>	<i>40.2%</i>	<i>22,953</i>	<i>46.6%</i>
Grand total rates	48,618		49,253	

Notes:

1) Tasman District's UAGC revenue not shown separately in LTCCP

2) calculated as total targeted rates less three waters rates; Nelson City's targeted rates for 'warm homes' and 'solar hot water' not shown separately in LTCCP

3) Three waters include Water, Wastewater and Stormwater rates

Further detail on the main components of the rates funding policies of each Council (as presented in their respective 2009/19 LTCCPs) is provided in Appendix 9.

A new council would have the option of mitigating any swings in rates caused by standardising the rating system, by changing the UAGC, targeted rates, or differentials. For instance a change to capital values in Nelson would tend to have a significant impact on commercial rates if differentials remained at current levels. On the other hand if differentials were removed completely, the impact of higher rates would be shifted more to residential properties.

Regardless of the differences in current rating policies, both councils currently mute the incidence of their respective general rate on higher valued rateable units through the operation of the UAGC and particularly their targeted rates for the 'three waters'. As the latter account for close to 38% (TDC) or 40% (NCC) of total rates revenue, the 'three waters' rates have a significant blunting effect on the relationship between the general rate and individual property values.

It is also noted that a new Council would have ample capacity to adjust the UAGC within the statutory constraint of 30% of total rates (excluding water charges). For instance, NCC currently sets the UAGC at 15% of general rates (excluding water and trade waste charges), and the UAGC was \$302 in 2009/10. TDC's was \$240. Standardising the rate at \$240 would ameliorate some of the potential impact on residential and commercial ratepayers in Nelson City if the general rate were to be based on capital value.

Similarly, the impacts on individual ratepayers of a shift from capital value to land value in Tasman District (which would tend to penalise larger landholdings), could be ameliorated by increasing the UAGC, so as to reduce the proportion of rates revenue contributed through the general rate.

A new council would need to undertake detailed modelling to properly examine the magnitude and range of impacts on different categories of rateable properties of any proposed changes in rating policies within all or part of the region. It would need to address the general rate in conjunction with differential and targeted rates policies. Some issues in common relating to targeted rates would need to be considered by a new council. For instance, whether to:

- standardise water volumetric charges for metered supplies between main residential areas within the region
- standardise targeted rates for wastewater services in main residential areas,
- apply a fixed stormwater targeted rate in Tasman (as NCC currently does) or a rate in the dollar in Nelson (as TDC currently does)
- continue with TDC's targeted rates for major recreation and community facilities or absorb them into the general rate
- apply a Community Board rate to any new Community Boards in the Nelson area
- extend the TDC tourism targeted rate to include the Nelson area

## 8.0 Summary and Conclusions

The Local Government Commission is considering a proposed union of Tasman District Council (TDC) and Nelson City Council (NCC).

Several proponents of a union suggest the effectiveness of regional planning (including land-use zoning, transport infrastructure and economic development issues) is a major weakness of the current two-unitary council structure.

The Tasman-Nelson area is experiencing similar challenges as other growing regions in New Zealand. The region has significant additions to zoned land for urban development in the pipeline, in the Nelson-Richmond corridor, as well as other main settlements, and experiences traffic congestion on main roads. Both TDC and NCC anticipate future growth in population and have identified the need for significant future expenditure on water and wastewater plant, roads and other transport facilities, and open space and community facilities.

The TDC and NCC 2009/2019 LTCCPs' indicate that both councils currently undertake a wide range of joint activities through shared ownership of service delivery organisations and mixed membership of officer working parties and committees of elected members. Future growth in both districts will intensify the need for collaborative planning and co-ordinated decision-making over time. We consider that a union would tend to reduce the risk of the regional interest being treated as secondary to diverse local interests.

The communities of Tasman and Nelson are mutually dependent on network infrastructure located in both districts, the integration of transport and land-use zoning decisions, and the respective efforts of each council to protect natural environmental qualities and provide for major social and community services.

A union would be expected to generate savings in staff costs at the management and supervisory levels in the order of \$3.7 million assuming no reduction in front-line staff and planning and policy staff. There would be an off-setting increase in the cost of democracy services estimated at \$0.4 million. This includes allowance for higher remuneration of councillors and costs for three additional community boards.

There would also be potential for efficiencies to be achieved in infrastructure network services through consolidation of contracts and co-ordinated programming of capital expenditure. Although the management of each district's water, wastewater, and transport services does involve a degree of joint activity, a union could also reasonably be expected to generate improvements in the quality of management; if for instance, it leads to an increase in specialist staff overseeing any service. The value of such efficiencies and quality improvements has not been estimated, but they would be additional to the above estimate of staff savings.

There are no apparent issues in relation to the financial management policies that could cause problems for the individual councils or a combined council in "...maintaining and enhancing levels of service for key infrastructure activities to meet existing and future community needs." The issue

that is more likely to affect whether or not councils meet community needs is not a financial one, it is whether regional policy and strategy for economic development, land use planning and provision of regional infrastructure and community facilities is being adequately co-ordinated.

As they stand, both Tasman District Council and Nelson City Council are in a sound financial position and have capacity to incur greater debt within their own prudential limits. It is estimated that TDC has additional borrowing capacity of at least \$16.3 million, and NCC has additional borrowing capacity of at least \$71.8 million, as assessed against individual current policy limits. They could therefore accelerate planned capital expenditure and fund some of the projects identified as not currently within the horizon of their Long-Term Plans (subject of course to both Councils willingness to increase rates revenue to fund higher debt servicing costs). A combined council would have significantly greater financial strength than the councils separately, with capacity to fund an extra \$177.4 million of expenditure.

## 9.0 Appendices

### 9.1 About the Authors

Kelvin Norgrove -

**Kelvin Norgrove** is the owner and principal of Strateg.Ease Ltd. which provides consulting services to central and local government agencies and private sector organisations in governance, strategic planning, and public policy analysis. In local government Kelvin has provided advice on a wide range of policy and planning projects including regional and local growth strategies, economic development strategies, legislative and regulatory reviews, performance measurement, governance structures, and departmental business plans.

Contact: [Kelvin.norgrove@win.co.nz](mailto:Kelvin.norgrove@win.co.nz)

John McCardle -

**John McCardle** is currently a freelance consultant providing consulting services to central and local government agencies and private sector organisations in governance, strategic planning, and public policy analysis. In addition he provides international trade and marketing advice and information in relation to the Emirate of Abu Dhabi. He has recently returned from a contract in Abu Dhabi providing advice to the Abu Dhabi Municipality on international best practice in the municipal sector. Prior to this John provided consulting services to central and local government through his firm Capital Strategy Limited, including completion for the Local Government Commission of an operational and financial study on the incorporation of Banks Peninsula in Christchurch City, and a peer review of a report on the proposed amalgamation of Otorohanga and Waitomo Districts.

Contact: [john@abudhabibusiness.co](mailto:john@abudhabibusiness.co)

**Alexandra Holley** –

**Alexandra Holley** is a waste management specialist who has extensive experience as both an environmental practitioner and in business management. Alex has run businesses, and has also worked in a variety of roles for Councils in the Auckland region. Her other technical skills include: project management, sustainability reporting, operations, change management and business excellence assessment. Alex has completed work for Capital Strategy Limited on a range of projects including affordable housing in the Bay of Plenty, on the community housing sector in NZ, a review of the implementation of the Holidays Act, and business rating options in Waitakere City.

Contact: [alexholley@xtra.co.nz](mailto:alexholley@xtra.co.nz)

**Hugh Gouldstone –**

Hugh has previously completed financial analysis and modelling work for Capital Strategy Limited on a number of assignments including the proposed incorporation of Banks Peninsula in Christchurch City. Over the past thirteen years, Hugh has performed various assignments for both private and public sector clients, in particular for Auckland City Council, and now Auckland Council, covering Treasury functions, Systems Implementation, Financial Reporting, Capex Modelling and Evaluation, and Asset Management Planning.

## 9.2 Financial Management Policies and Tables – TDC, NCC, Combined

**Table: Comparison of Financial Management Policies**

	<b>TDC</b>	<b>NCC</b>
Revenue and financing policy	<p>Where it is practical, identifiable beneficiaries of Council activities pay for the costs by targeted rates, direct charges or fees. The balance of Council activities is funded through the general rate which is levied on a mix of rates charged on a capital value basis, together with a Uniform Annual General Charge.</p> <p>Capital expenses that need to be funded relate predominantly to the purchase of new assets and the replacement of existing assets.</p> <p>Capital works which are required due to growth in the District are funded by development contributions which are met by developers.</p> <p>Capital works which provide for an increased level of service to all ratepayers are funded by a mixture of loans, rates, financial contributions and subsidies with loans being the predominant source of funds.</p> <p>Capital works which were deferred in previous years but are now required to be undertaken are funded by a mixture of loans, rates, financial contributions and subsidies with loans being the predominant source of funds.</p> <p>Renewal work which relates to upgrades of existing assets are funded by a mixture of loans, rates, financial contributions and subsidies with loans being the predominant source of funds.</p> <p>Council applies the inter-generational equity principle where if it provides a new asset for the community such as a new water reservoir or new library, the cost of providing that asset is spread over time so that all those who benefit from it pay for part of the cost.</p> <p>Development contributions calculated are based on the number of new</p>	<p>Both TDC and NCC follow the prescribed process in the Act which is to consider appropriate funding sources based on:</p> <p>(i) the Community Outcomes to which the activity primarily contributes; and</p> <p>(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and</p> <p>(iii) the period in or over which those benefits are expected to occur; and</p> <p>(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and</p> <p>(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and</p> <p>(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community</p> <p>General rates are used where there is general benefit or no other appropriate funding source. The general rate is used to fund all Council activities other than water supply, sewage disposal and stormwater and flood protection, which are targeted rates. NCC considers that all ratepayers should bear the cost of these non-targeted activities based on their land values because they benefit the community as a whole.</p> <p>NCC explains the reasons for its decision to use land value rather than capital value as:</p> <ul style="list-style-type: none"> <li>• it encourages more intensive development</li> <li>• it alleviates the shortage of home sites as it discourages the holding of empty sections</li> </ul>

	<b>TDC</b>	<b>NCC</b>
	<p>lots expected in the next 20 years divided into the expenditure for 10 years that relates to growth. If for any reason the new growth works are undertaken but the new lots are less than calculated a corresponding loan will be drawn down for the shortfall with the debt servicing costs of that loan passed onto developers at the next review of the Ten Year Plan.</p> <p>TDC funds operating expenditure from the following sources:</p> <ul style="list-style-type: none"> <li>• General rates</li> <li>• Targeted rates</li> <li>• Fees and charges</li> <li>• Grants and subsidies</li> <li>• Sundry income</li> <li>• Other operating revenue</li> </ul> <p>Council may choose to not fully fund operating expenditure in any particular year if the deficit can be funded by operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted where it would be beneficial to avoid significant fluctuations in rates, fees or charges</p>	<ul style="list-style-type: none"> <li>• it equalises charges between dwellings of different value that use equal services provided by Council.</li> </ul> <p>NCC has compared the public and private benefit of each activity in order to decide what percentage of the costs should be recovered through user charges.</p> <p>A Uniform annual general charge is levied by NCC. The reasons are:</p> <ul style="list-style-type: none"> <li>• it is a charge for services that have an equal element of benefit irrespective of property value</li> <li>• to ensure a minimum charge on all properties</li> <li>• to reduce the extremes of rates paid by the highest and lowest valued rating units</li> <li>• in recognition that land valuation-based rating does not necessarily reflect a ratepayer’s ability to pay.</li> </ul> <p>By law, the UAGC must not exceed 30% of the total rates (excluding water charges). NCC considers 15% a fair level taking account the ratepayers’ ability to pay.</p> <p><b>Stormwater rate</b> - is a targeted rate collected as a uniform charge per separately occupied portion of a rating unit. It is not collected from rural and smallholding properties, or from residential properties east of Gentle Annie saddle or in Hill Street, as these properties are not covered by the stormwater system and they maintain the streams in their area. NCC considered that a uniform charge was appropriate because there is no correlation between the amount of water coming off a property and the value of the section.</p> <p><b>Wastewater rate</b> - the wastewater rate is also a targeted rate collected as a uniform charge per separately occupied portion of a rating unit to which the Council’s wastewater disposal service is provided. NCC considered that a uniform charge was most appropriate as there is no link between the volume of waste water coming from a property and</p>

	<b>TDC</b>	<b>NCC</b>
	<p><b>Depreciation</b></p> <p>TDC has resolved in previous years not to fund depreciation at activity levels. The rationale behind this is to acknowledge that the creation of new capital works will generate additional depreciation charges.</p> <p>This depreciation charge would be likely to have a significant financial impact on Council’s smaller communities and place unfair financial burden on those communities. Therefore it was decided that the sole responsibility for funding depreciation expenditure should not necessarily be levied on these communities.</p> <p>TDC is of the view that the depreciation charge is more equitably apportioned across the total ratepayers of the District. Accordingly, in activity financial statements TDC has denoted the value of depreciation to be funded at income statement level.</p> <p>While depreciation is not funded, it is expected that beneficiaries of Council services will fund interest and principal payments on new capital works.</p>	<p>the value of that property.</p> <p><b>Water charges</b> - water charges are based on a low minimum annual charge and then a charge per cubic metre for all water used. NCC introduced this system to encourage water conservation, and because it was felt that a user charge was a fairer basis for recovering the water supply costs.</p> <p>Capital expenditure is expenditure on assets such as property, plant and equipment. Council funds capital expenditure in the following priority order:</p> <ul style="list-style-type: none"> <li>• Financial contributions and development contributions</li> <li>• Depreciation</li> <li>• Loans, to be repaid over 40 years</li> </ul> <p><b>Depreciation</b></p> <p>Depreciation is, in the first instance, used to fund renewals. Any excess is then used to fund new capital expenditure, and if there is still an excess it is used to repay loans.</p> <p>The depreciation funds used to fund these items is shown as source of funds, ‘Non-cash expenses (Depreciation)’ in the activity summaries.</p> <p>In some activities there has been in the past, or is still, surplus depreciation after funding all the renewals, new capital expenditure and loans. In these cases the excess is held in reserve for future years.</p> <p>NCC has decided not to fund Depreciation on the following assets:</p> <ul style="list-style-type: none"> <li>• Founders Park</li> <li>• Wakapuaka Hall</li> </ul>

	<b>TDC</b>	<b>NCC</b>
		<ul style="list-style-type: none"> <li>• Stoke Community Centre</li> <li>• Natureland</li> <li>• Motor Camps.</li> </ul>
Liability management policy	<p>The Council's primary objective behind its borrowing activity is:</p> <ul style="list-style-type: none"> <li>• To ensure that appropriate funding is in place to meet current and on-going commitments of the Council.</li> <li>• That borrowing provides a basis to achieve intergenerational equity by aligning long-term assets with long-term funding sources.</li> <li>• To ensure that borrowing is undertaken efficiently and in accordance with the Council's Liability Management Policy.</li> </ul> <p>Borrowing limits are:</p> <ul style="list-style-type: none"> <li>• Net External Debt<sup>12</sup> not to exceed 20% of Equity</li> <li>• Net External Debt not to exceed 250% of Total Operating Revenues<sup>13</sup></li> <li>• Net interest expense on external debt as a percentage of total revenue (debt secured) to be less than 20%</li> <li>• Net interest expense on external debt as a percentage of total annual rates income (debt secured) to be less than 25%</li> <li>• Liquidity (Term debt + committed loan facilities + cash or cash equivalents) over projected peak net debt levels over the next 12 months, to be at least 110%</li> </ul>	<p>The Council's general liability management policy for borrowing is to:</p> <ul style="list-style-type: none"> <li>• Use long-term debt to fund major expenditure on infrastructural assets and strategic investments.</li> <li>• Raise short-term debts to fund capital developments, the costs of which are expected to be recovered in the short to medium-term.</li> <li>• Fund social objectives and responsibilities mainly from revenue rather than from borrowing.</li> <li>• Use borrowing to help achieve intergenerational equity, spreading costs over generations of people so that the costs fall during the years the benefits are enjoyed.</li> </ul> <p>The Council's policy for borrowing limits is to adhere to the following targets:</p> <ul style="list-style-type: none"> <li>• Total interest payable on net external debt that is funded from rates is not to exceed 25% of total annual rates plus water by meter (and similar) charges</li> <li>• Net external public debt including the Regional Sewerage and intermediary debt is not to exceed 3.0 times the total annual rates plus water by meter (and similar) charges, or \$3,500 per capita (adjusted for inflation from 1 July 2009), whichever applies first.</li> </ul>
Investment policy	<p>The Council's primary purpose in retaining an investment portfolio is:</p> <ul style="list-style-type: none"> <li>• Strategic assets are to be held by the Council, for public good.</li> <li>• To earn from strategic investments a cash flow for investment in</li> </ul>	<p>The Council's general policy on investments is that Council may hold property, forestry, and equity investments if there are strategic, economic or other valid reasons such as when an investment is the most appropriate way to administer a Council function.</p>

<sup>12</sup> Net External Debt = Gross External Debt (aggregate borrowings of the Council, including any capitalised finance leases, and financial guarantees provided to third parties) less any cash or near cash treasury investments held from time to time. Net external debt is defined as loan funds raised to meet Council activities, but does not include debt of Council's associate organisations or equity investments.

<sup>13</sup> Operating revenue is defined as earnings from rates, government grants and subsidies, user charges, levies, interest, dividends, financial and other revenue

	<b>TDC</b>	<b>NCC</b>
	<p>community wellbeing.</p> <ul style="list-style-type: none"> <li>• Prudently manage cash flows within annual budget parameters.</li> <li>• To support short-term cash requirements.</li> </ul> <p>The Council’s philosophy is to ensure that the return on investments in cash, realisable capital growth and/or public good over time is equal to or greater than the average cost of the Council’s borrowings.</p> <p>The Council will not hold cash investments other than those involving special funds and cash management investments. In its cash investment activity, the Council’s primary objective when investing is the protection of its investment.</p> <p>Accordingly, any credit-worthy counterparties will be acceptable. Council’s policy is to invest into banks with short term rating minimum of A-1+ and long-term AA-, by Standard and Poor’s Rating (or equivalent rating)</p>	<p>The Council will not be involved in investments for purely income earning purposes, except for short-term investment of surplus funds. In this case, it will aim for maximum return with minimum risk.</p> <p>The Council will keep under review its approach to all major investments, the visibility of equities and the credit rating of approved financial institutions.</p>
Policy on development or financial contributions	<p>The purpose of the Development Contributions Policy is to ensure that growth, and the cost of infrastructure to meet that growth, is funded by those who cause the need for and benefit from the new or additional infrastructure, or infrastructure of increased capacity.</p> <p>Development contributions are not a tool to fund the cost of maintaining infrastructure or improving levels of service for existing users. This cost will be met from other funding sources.</p> <p>A development contribution can be required in relation to a development when:</p> <ul style="list-style-type: none"> <li>• The effect of that development is to require new or additional assets or assets of increased capacity in terms of network infrastructure, reserves and community infrastructure; and</li> <li>• The Council incurs, or is likely to incur, capital expenditure to provide appropriately for those assets, i.e. network infrastructure, reserves and community infrastructure.</li> </ul>	<p>The purpose of development contributions is to, as much as possible have those who create the need for and who benefit from the additional infrastructure fund the costs of development.</p> <p>Development contributions are not used to fund the cost of maintaining infrastructure or improve levels of service for existing users.</p> <p>One purpose of the Policy is to provide a fair basis for the sharing of costs of growth. The funding framework in Nelson City has long been based on a one-catchment approach to reflect the compact nature of the city. A strict adherence to a multiple catchment approach for planning and funding services has the potential to create significant imbalances in the costs associated with development in any catchment. This Policy has adopted a one-catchment approach to spreading costs of development.</p> <p>The effect of this is that it is less important where in a catchment a development occurs; most developments to lesser or greater</p>

	<b>TDC</b>	<b>NCC</b>
	<p>The effect of a development in terms of impact on assets includes the cumulative effect that a development may have in combination with another development.</p> <p>Where a development will benefit from existing or future Council water, wastewater or stormwater services within the 10 year period of the plan, a development contribution for that particular infrastructure item will be required. The road network is of benefit to the whole District and development contributions for roading will be payable on development throughout the District.</p> <p>Connection fees will continue to apply in addition to the requirements to pay development contributions except where a development contribution for water supply in the Coastal Tasman Area was paid prior to 1 July 2009, in which case the development contribution included a component for a connection fee.</p> <p>Council will require a development contribution for capital expenditure to meet the increased demand for the following network infrastructure resulting from growth:</p> <ul style="list-style-type: none"> <li>(a) Water supply;</li> <li>(b) Wastewater reticulation <i>(based on pan numbers)</i></li> <li>(c) Roading and other transport</li> <li>(d) Stormwater collection and management</li> </ul>	<p>degrees will and do benefit from works carried out elsewhere. If this approach is not taken then significant costs will be incurred in calculating specific benefits or consequences of each and every development.</p> <p>In considering this Policy the Council has considered the impact on the current and future social, economic, environmental and cultural wellbeing of the community and has kept the contributions as low as possible for the term of the Nelson Community Plan. For simplicity, the Policy spreads the cost of each new growth project over 20 years</p> <p>The cost of financing each project is accumulated and added to the project cost. This minimises the interest cost to developments that are undertaken during the ten year period of this Community Plan. The Council has used an interest rate of 6.5% for the loans required to fund the capital expenditure required for growth. The Council considers this to be appropriate based on recent past and current interest rates and the interest rate that is likely to be paid for the medium term.</p> <p>The Council requires development contributions under the Development Contributions Policy only for costs associated with the water supply, waste water (sewage) disposal, stormwater and transport activities arising from population growth.</p> <p>The Council collects financial contributions primarily for reserves and community facilities under Chapter 6 of the Nelson Resource Management Plan (NRMP). Financial contributions for reserves are based on 5.5% of the allotment land value, which is payable at the section 224 stage plus 0.5% of the estimated building value (less \$82,777), which is payable on uplifting the building consent.</p> <p>The Council also imposes conditions on resource consents under section 108(1) of the RMA and in accordance with Chapter 6 of the NRMP for works, services or financial contributions to avoid, remedy and mitigate</p>

	<b>TDC</b>	<b>NCC</b>
		<p>the environmental effects of proposed developments</p> <p>The one catchment approach has created an averaging method for establishing costs of development based on HUDs to place a deemed cost for the provision of new or additional capacity for network infrastructure that is independent of the specific site location within any catchment or the city. If the characteristics of the development or other specific factors require a specific calculation of costs then applicants must use the Extraordinary Circumstances provision of the Policy and apply to the Council.</p>
Policy on the remission and postponement of rates on Maori freehold land	The Council's policy is to not postpone the requirement to pay all or part of the rates on Maori freehold land, thereby treating Maori freehold land the same as other rating units in the Tasman District.	There is currently no Maori freehold <sup>14</sup> land in Nelson city.

Source: Summarised and edited extracts from Council Annual Reports and LTCCPs

<sup>14</sup> Maori freehold land' is a specific type of freehold title, and is distinguished from ordinary freehold title that is owned by Maori authorities or entities.

## 9.3 Financial tables – TDC, NCC, Combined

### 9.3.1 Income Statement – Revenue

Combined NCC & TDC Income Statement	Forecast 2008/09 \$m	1	2	3	4	5	6	7	8	9	10	TOTAL 10 Yrs \$m
		Budget 2009/10 \$m	Budget 2010/11 \$m	Budget 2011/12 \$m	Budget 2012/13 \$m	Budget 2013/14 \$m	Budget 2014/15 \$m	Budget 2015/16 \$m	Budget 2016/17 \$m	Budget 2017/18 \$m	Budget 2018/19 \$m	
<b>Revenue</b>												
Rates revenue	90.6	97.9	105.8	117.7	128.2	136.6	143.9	152.4	159.2	165.6	170.6	1,377.7
Income from activities	68.4	70.3	68.6	76.0	80.5	79.8	83.4	84.6	89.2	91.6	97.5	821.6
Other revenue	2.9	2.9	3.6	3.8	3.5	3.4	3.5	3.6	3.7	3.8	3.9	35.6
<b>Total operating revenue</b>	<b>162.0</b>	<b>171.1</b>	<b>178.0</b>	<b>197.5</b>	<b>212.2</b>	<b>219.8</b>	<b>230.8</b>	<b>240.6</b>	<b>252.0</b>	<b>261.0</b>	<b>272.0</b>	<b>2,234.8</b>
<b>Expenditure</b>												
Employee benefit expenses	23.3	26.7	28.2	29.3	30.3	31.3	32.3	33.3	34.6	35.7	36.8	318.5
Finance costs	10.2	11.1	13.8	17.5	19.9	21.7	24.3	26.0	27.5	27.6	27.0	216.4
Depreciation and amortisation	26.7	31.6	32.9	35.1	37.6	39.7	41.9	44.8	47.5	50.0	52.5	413.7
Other expenses	78.8	85.3	91.9	97.9	97.8	100.4	102.8	106.8	111.8	115.4	118.7	1,029.1
<b>Total operating expenses</b>	<b>139.0</b>	<b>154.8</b>	<b>166.7</b>	<b>179.8</b>	<b>185.6</b>	<b>193.1</b>	<b>201.3</b>	<b>211.0</b>	<b>221.5</b>	<b>228.7</b>	<b>235.1</b>	<b>1,977.7</b>
<b>Operating surplus before taxation</b>	<b>23.0</b>	<b>16.3</b>	<b>11.2</b>	<b>17.7</b>	<b>26.5</b>	<b>26.6</b>	<b>29.5</b>	<b>29.6</b>	<b>30.5</b>	<b>32.3</b>	<b>36.9</b>	<b>257.1</b>
Taxation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Surplus</b>	<b>23.0</b>	<b>16.3</b>	<b>11.2</b>	<b>17.7</b>	<b>26.5</b>	<b>26.6</b>	<b>29.5</b>	<b>29.6</b>	<b>30.5</b>	<b>32.3</b>	<b>36.9</b>	<b>257.1</b>
Gains/(Losses) on property revaluation (NCC)	26.2	23.6	24.4	25.2	26.0	26.9	27.8	28.7	29.6	30.6	31.6	274.4
<b>Total Comprehensive Income for Year</b>	<b>49.2</b>	<b>39.9</b>	<b>35.6</b>	<b>42.9</b>	<b>52.6</b>	<b>53.5</b>	<b>57.2</b>	<b>58.3</b>	<b>60.2</b>	<b>62.9</b>	<b>68.5</b>	<b>531.5</b>
Total operating revenue		171.1	178.0	197.5	212.2	219.8	230.8	240.6	252.0	261.0	272.0	2,234.8
Income per CoS		174.3	181.8	202.2	218.9	227.1	238.6	248.0	259.1	267.3	277.3	2,294.6
Difference		(3.2)	(3.8)	(4.8)	(6.8)	(7.3)	(7.8)	(7.4)	(7.1)	(6.3)	(5.3)	(59.8)
Total operating expenses		154.8	166.7	179.8	185.6	193.1	201.3	211.0	221.5	228.7	235.1	1,977.7
Opex per CoS		163.3	176.1	190.1	198.4	206.5	215.3	224.7	234.7	241.2	246.6	2,096.8
Difference		(8.5)	(9.4)	(10.3)	(12.7)	(13.3)	(14.0)	(13.6)	(13.2)	(12.5)	(11.5)	(119.1)

### 9.3.2 Operating Expenditure by Activity Area

**Combined NCC & TDC 2009-19 10 Yr Plan  
Operating Expenditure by Activity Area**

Group	Activity	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	TOTAL	
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Years
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Engineering</b>	Water Supply	17.6	18.8	19.8	21.3	22.7	24.7	26.4	27.2	27.8	28.2	<b>234.5</b>
	Wastewater	17.5	19.4	21.5	22.8	23.5	24.4	26.1	27.5	28.4	29.2	<b>240.3</b>
	Stormwater	6.3	6.8	7.3	7.8	8.3	8.8	9.1	9.7	10.3	10.8	<b>85.2</b>
	Solid Waste	10.1	10.5	11.1	11.9	12.1	12.5	13.2	14.1	14.6	14.8	<b>125.0</b>
	Transport	31.7	32.9	34.5	38.4	40.7	42.2	44.8	47.3	49.8	51.7	<b>414.0</b>
	Coastal Structures	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.4	1.5	<b>13.1</b>
	Aerodromes	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	<b>2.2</b>
<b>Environment</b>	Environmental Education	1.8	1.9	2.0	2.0	2.0	2.1	2.1	2.2	2.2	2.3	<b>20.8</b>
	Environmental Information	2.5	2.6	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2	<b>28.2</b>
	Environmental Management	3.7	4.4	4.7	4.7	4.0	3.7	3.6	3.6	3.6	3.5	<b>39.6</b>
	Resource Consents	3.1	3.3	3.6	3.7	3.8	3.9	4.0	4.2	4.3	4.4	<b>38.4</b>
	Resource Policy	1.1	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.7	1.8	<b>14.5</b>
	Rivers	2.0	2.1	2.3	2.3	2.5	2.7	2.8	3.1	3.3	3.5	<b>26.6</b>
<b>Parks</b>	Parks	12.8	13.8	14.7	15.3	15.7	16.2	16.8	17.6	18.0	18.4	<b>159.3</b>
	Camp Grounds	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	<b>3.1</b>
<b>Community</b>	Recreation & Leisure	4.0	4.2	4.4	4.5	4.8	4.8	5.0	5.2	5.3	5.6	<b>47.8</b>
	Community Facilities	12.9	15.2	18.5	16.5	17.2	17.6	18.0	18.4	18.6	18.6	<b>171.6</b>
	Community Housing	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	<b>5.5</b>
	Libraries	2.1	2.3	2.4	2.6	2.7	2.8	2.9	3.1	3.2	3.3	<b>27.2</b>
	Social Development	1.2	1.0	0.9	0.8	0.9	0.9	1.0	1.0	0.9	1.1	<b>9.6</b>
	Culture Heritage & Arts	4.4	4.8	4.7	4.7	4.9	5.0	5.1	5.3	5.4	5.6	<b>50.0</b>
<b>Governance &amp; Investment</b>	Democracy & Admin	13.9	15.5	17.1	19.0	19.9	21.2	21.7	22.2	21.6	21.0	<b>193.2</b>
	Regulatory Compliance	8.5	8.9	9.2	9.5	9.7	10.1	10.5	10.8	11.1	11.4	<b>99.9</b>
	Financial Reserves	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	<b>1.8</b>
	Property	1.1	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	<b>14.0</b>
	Forests	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.8	0.8	0.8	<b>6.5</b>
	Central City	0.2	0.1	0.2	0.3	0.4	0.5	0.5	0.6	0.7	0.7	<b>4.3</b>
	Economy	1.3	1.6	2.4	1.3	1.3	1.4	1.4	1.5	1.5	1.5	<b>15.3</b>
	Emergency Management	0.4	0.5	0.5	0.5	0.5	0.6	0.5	0.6	0.6	0.6	<b>5.2</b>
	<b>TOTAL</b>	<b>163.3</b>	<b>176.1</b>	<b>190.1</b>	<b>198.4</b>	<b>206.5</b>	<b>215.3</b>	<b>224.7</b>	<b>234.7</b>	<b>241.2</b>	<b>246.6</b>	<b>2,096.8</b>

### 9.3.3 Capital Expenditure by Activity Area

#### Combined NCC & TDC 2009-19 10 Yr Plan Capital Expenditure by Activity Area

Group	Activity	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	TOTAL	
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	10 Years
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
<b>Engineering</b>	Water Supply	7.3	9.3	15.8	17.6	18.8	17.5	13.5	9.9	7.4	6.5	<b>123.6</b>
	Wastewater	13.6	19.2	7.2	10.0	11.2	12.1	8.6	9.5	8.8	8.5	<b>108.6</b>
	Stormwater	4.7	6.0	5.6	6.4	7.6	6.2	6.0	8.2	6.8	6.1	<b>63.8</b>
	Solid Waste	2.3	2.0	5.2	0.7	0.5	0.8	2.6	2.4	0.4	0.6	<b>17.6</b>
	Transport	16.1	20.6	22.3	23.7	21.2	23.0	25.7	27.8	25.0	23.7	<b>229.0</b>
	Coastal Structures	1.8	0.7	0.6	0.7	1.2	0.6	0.7	0.7	0.7	0.7	<b>8.5</b>
	Aerodromes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.1</b>
<b>Environment</b>	Environmental Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	<b>0.1</b>
	Environmental Information	0.0	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	<b>1.2</b>
	Environmental Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Resource Consents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Resource Policy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Rivers	0.9	0.9	0.9	3.4	0.9	4.1	0.9	4.4	1.1	5.0	<b>22.3</b>
<b>Parks</b>	Parks	8.0	11.3	4.9	3.9	3.6	4.2	3.7	4.1	4.7	4.6	<b>52.9</b>
	Camp Grounds	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	<b>0.3</b>
<b>Community</b>	Recreation & Leisure	1.0	0.7	1.1	1.5	0.5	0.5	0.5	0.6	0.7	4.2	<b>11.3</b>
	Community Facilities	23.2	10.9	22.6	9.2	9.2	2.7	6.2	1.7	3.5	3.7	<b>93.0</b>
	Community Housing	0.4	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.7</b>
	Libraries	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	<b>4.0</b>
	Social Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Culture Heritage & Arts	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	<b>0.8</b>
<b>Governance &amp; Investment</b>	Democracy & Admin	2.2	2.1	2.2	2.2	2.2	1.1	1.1	1.2	1.2	1.3	<b>16.9</b>
	Regulatory Compliance	0.1	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.1	<b>0.5</b>
	Financial Reserves	5.0	5.1	5.3	5.4	5.6	5.7	5.9	6.1	6.2	6.4	<b>56.9</b>
	Property	3.1	0.1	0.0	0.4	0.2	0.0	0.0	0.0	0.0	0.7	<b>4.6</b>
	Forests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Central City	0.9	2.5	1.6	1.6	1.1	0.4	0.1	3.4	0.2	0.1	<b>11.8</b>
	Economy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
	Emergency Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>TOTAL</b>	<b>91.6</b>	<b>92.0</b>	<b>95.9</b>	<b>87.8</b>	<b>84.4</b>	<b>79.7</b>	<b>76.1</b>	<b>80.8</b>	<b>67.5</b>	<b>72.7</b>	<b>828.6</b>	

### 9.3.4 Balance Sheet

#### Combined NCC & TDC Balance Sheet

		1	2	3	4	5	6	7	8	9	10
	Forecast 2008/09	Budget 2009/10	Budget 2010/11	Budget 2011/12	Budget 2012/13	Budget 2013/14	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Current Assets</b>											
Cash and cash equivalents	10.3	15.4	12.3	14.2	17.9	17.6	17.8	19.7	21.0	21.6	25.8
Inventories	0.4	0.4	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Trade and other receivables	21.2	17.8	18.4	19.3	20.1	20.7	21.3	21.9	22.6	23.3	24.2
Other financial assets	5.4	5.6	6.9	5.9	6.0	6.2	6.4	6.5	6.7	6.8	7.0
Taxation	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	<b>37.4</b>	<b>39.4</b>	<b>38.1</b>	<b>39.7</b>	<b>44.4</b>	<b>44.8</b>	<b>45.8</b>	<b>48.5</b>	<b>50.6</b>	<b>52.1</b>	<b>57.4</b>
<b>Current Liabilities</b>											
Trade and other payables	21.4	23.7	24.1	26.0	27.7	27.8	28.3	28.9	30.4	30.4	31.1
Employee benefit liabilities	2.1	2.7	2.9	2.4	2.5	2.7	2.8	3.0	3.1	3.3	3.5
Taxation Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Borrowings	18.9	18.6	20.8	22.1	22.3	23.6	25.3	28.7	37.7	35.9	36.1
	<b>42.4</b>	<b>45.0</b>	<b>47.9</b>	<b>50.5</b>	<b>52.5</b>	<b>54.1</b>	<b>56.4</b>	<b>60.6</b>	<b>71.2</b>	<b>69.6</b>	<b>70.7</b>
<b>Working Capital</b>	<b>(5.0)</b>	<b>(5.6)</b>	<b>(9.8)</b>	<b>(10.8)</b>	<b>(8.2)</b>	<b>(9.3)</b>	<b>(10.6)</b>	<b>(12.1)</b>	<b>(20.6)</b>	<b>(17.5)</b>	<b>(13.3)</b>
<b>Non Current Assets</b>											
Trade and other receivables	4.0	8.1	11.8	14.6	16.8	15.0	13.4	11.8	10.2	8.5	6.8
Investments	89.5	90.3	91.1	91.9	92.7	93.5	94.3	95.1	95.9	96.7	97.5
Investment properties	2.7	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6
Other financial assets	2.0	2.1	1.0	1.1	0.6	0.5	0.5	0.5	0.5	0.4	0.4
Intangible assets	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Forestry assets	22.9	22.2	22.9	23.5	24.1	24.8	25.5	26.2	26.9	27.6	28.2
Property, plant and equipment	2,057.0	2,221.6	2,338.2	2,458.1	2,569.8	2,678.8	2,782.3	2,881.6	2,984.5	3,074.0	3,168.1
	<b>2,179.4</b>	<b>2,348.4</b>	<b>2,469.2</b>	<b>2,593.4</b>	<b>2,708.5</b>	<b>2,817.1</b>	<b>2,920.6</b>	<b>3,019.9</b>	<b>3,122.8</b>	<b>3,212.1</b>	<b>3,305.9</b>
<b>Non Current Liabilities</b>											
Provisions	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8
Employee benefit liabilities	0.8	1.2	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	1.0
Term liabilities	146.4	193.0	244.2	293.6	327.4	348.4	360.0	364.9	363.7	356.6	348.8
	<b>148.5</b>	<b>195.6</b>	<b>246.9</b>	<b>296.3</b>	<b>330.1</b>	<b>351.1</b>	<b>362.7</b>	<b>367.6</b>	<b>366.5</b>	<b>359.3</b>	<b>351.6</b>
<b>Net Assets</b>	<b>2,025.9</b>	<b>2,147.2</b>	<b>2,212.6</b>	<b>2,286.3</b>	<b>2,370.2</b>	<b>2,456.7</b>	<b>2,547.4</b>	<b>2,640.3</b>	<b>2,735.7</b>	<b>2,835.3</b>	<b>2,941.1</b>
<b>Ratepayer's Equity</b>											
Accumulated balances	763.7	781.3	795.0	813.1	838.1	865.1	895.4	924.4	955.9	988.4	1,024.5
Other reserves	1,262.2	1,366.0	1,417.6	1,473.3	1,532.1	1,591.6	1,652.0	1,715.9	1,779.8	1,846.9	1,916.5
	<b>2,025.9</b>	<b>2,147.2</b>	<b>2,212.6</b>	<b>2,286.3</b>	<b>2,370.2</b>	<b>2,456.7</b>	<b>2,547.4</b>	<b>2,640.3</b>	<b>2,735.7</b>	<b>2,835.3</b>	<b>2,941.1</b>

## 9.4 Summary of rates charges in Nelson City Council and Tasman District Council

	Rating base	General rate	Differentials	Targeted rates	Water charges (targeted rate plus volumetric charge)
Nelson	Land value	<p>The <b>general</b> rate is 0.49983 cents in the land value dollar (including GST) for the 2009/10 rating year.</p> <p><b>UAGC</b> \$302.00 (incl GST). Set by Council policy as 15% of rates (excluding water and trade waste charges) per separately occupied portion of a property</p>	<p>Categories applied:</p> <ul style="list-style-type: none"> <li>Residential single unit</li> <li>Multi Residential rating units containing more than one residential unit</li> <li>Commercial rating units used for commercial purposes</li> <li>Rural rating units defined in the Rating Information Database as rural with a land area greater than 15Ha</li> <li>Small Holding rating units defined in the Rating Information Database as small holding with a land area greater than 0.5Ha</li> <li>Urban Farmland rating units currently being used solely for farming within the urban rating area (this category now deleted in 2011/12)</li> </ul> <p>Council has adopted a policy that Commercial rates are set to collect 25% of the total rates.</p>	<p><b>Stormwater</b> charge \$220.40 per unit (incl GST). Payable by all ratepayers other than rural, small holding rating categories and residential properties east of Gentle Annie saddle.</p> <p><b>Wastewater</b> charge \$329.10 per unit (including GST) Levied to all units to which the Council's wastewater and sewerage disposal service is provided.</p> <p>Commercial properties are also levied wastewater charges based on Council's tradewaste bylaw.</p> <ul style="list-style-type: none"> <li>Trade Waste A Conveying Charge \$371.25/litre/minute</li> <li>Trade Waste A Treatment Charge \$897.75/kg BOD/day</li> <li>Trade Waste B Combined Charge \$1.26 per m3</li> </ul> <p>The <b>Clean Heat-Warm</b> Homes rate is a targeted rate collected per separately occupied portion of a rating unit that has been provided with insulation and a heater to replace a non-complying solid fuel burner.</p>	<p>Minimum annual charge of 48.9c/day or \$173.46 pa, plus the cost per cubic metre which declines with total amount of water used (0-10,000 m3 per year = \$1.748 per m3; 10,001 – 100,000 m3 per year = \$1.589 per m3; Over 100,000 m3 per year = \$1.254 per m3.</p> <p>Summer irrigation \$1.668 per m3</p> <p>Shipping companies \$4.370 per m3</p>

	Rating base	General rate	Differentials	Targeted rates	Water charges (targeted rate plus volumetric charge)
				The <b>Solar Hot Water</b> Systems rate is a targeted rate collected per separately occupied portion of a rating unit that has been provided with loan assistance to install a Solar Hot Water System.	
<b>Tasman</b>	<b>Capital value</b>	The general rate is 0.2134 cents in the dollar  <b>UAGC</b> \$240 per rating unit	None	<p><b>Stormwater</b> rate: generally 0.0365 cents in the dollar</p> <p><b>Wastewater</b> charge of \$604 per residential unit applies to main areas, but varies on a per water closet basis for other properties (from \$303 to \$604 depending on number of water closets).</p> <p>Targeted rates per rateable unit also apply to community drainage schemes which vary differentially based on several factors: provision of service, where the land is situated and its type of use.</p> <p>Several other targeted rates apply such as a <b>Tourism</b> rate applied to retail and commercial and some residential properties; <b>Refuse/recycling</b> rate; <b>Community Board</b> rate; <b>District facilities</b> rate, <b>Shared facilities</b> rate, <b>Business area</b> rate; <b>Museums</b> rate; <b>River</b>; and</p>	<p>For metered properties: flat 41.4c per day (urban users) and volumetric rates (excl major industrial users) = \$1.17m3.</p> <p>Targeted rates per rateable unit and per unit of water supplied (measured in 1,000s of litres)) also apply to non-metered community water supply schemes which vary differentially based on provision of service.</p>

	<b>Rating base</b>	<b>General rate</b>	<b>Differentials</b>	<b>Targeted rates</b>	<b>Water charges (targeted rate plus volumetric charge)</b>
				Road seal rate.	

Source: Summarised and edited extracts from Council Annual Plans and LTCCPs