

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

**Date:** Thursday 28 March 2024  
**Time:** 9:30 am  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street, Richmond  
**Zoom conference link:** <https://us02web.zoom.us/j/82606593992?>  
Meeting ID: 826 0659 3992  
Meeting Passcode: 173320

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# Tasman District Council

## Kaunihera Katoa

### AGENDA

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#### MEMBERSHIP

<b>Mayor</b>	Mayor T King	
<b>Deputy Mayor</b>	Deputy Mayor S Bryant	
<b>Councillors</b>	Councillor C Butler	Councillor M Kininmonth
	Councillor G Daikee	Councillor C Mackenzie
	Councillor B Dowler	Councillor K Maling
	Councillor J Ellis	Councillor B Maru
	Councillor M Greening	Councillor D Shallcrass
	Councillor C Hill	Councillor T Walker

(Quorum 7 members)

Contact Telephone: 03 543 8400  
Email: [Robyn.Scherer@tasman.govt.nz](mailto:Robyn.Scherer@tasman.govt.nz)  
Website: [www.tasman.govt.nz](http://www.tasman.govt.nz)



## AGENDA

- 1 **OPENING, WELCOME, KARAKIA**
- 2 **APOLOGIES AND LEAVE OF ABSENCE**

**Recommendation**

**That apologies be accepted.**

- 3 **PUBLIC FORUM**
  - 3.1 Welcoming Communities Advisory Group ..... 5
- 4 **DECLARATIONS OF INTEREST**
- 5 **LATE ITEMS**
- 6 **CONFIRMATION OF [MINUTES](#)**

**That the minutes of the Tasman District Council meeting held on Thursday, 15 February 2024, be confirmed as a true and correct record of the meeting.**

**That the confidential minutes of the Tasman District Council meeting held on Thursday, 15 February 2024, be confirmed as a true and correct record of the meeting.**

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### 3 PUBLIC FORUM

#### 3.1 WELCOMING COMMUNITIES ADVISORY GROUP

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Elaine Stephenson, Team Leader - Democracy Services
<b>Report Number:</b>	RCN24-03-4

#### 1. Public Forum / Te Matapaki Tūmatanui

Sally Carlton, on behalf of Tasman District Council Welcoming Communities Advisory Group, will speak in public forum regarding Diversity in the Tasman region.

#### 2. Attachments / Tuhinga tāpiri

Nil

## 7 REPORTS

### 7.1 WAIMEA WATER LIMITED UPDATE

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Robyn Scherer, Executive Assistant and Advisor to the Mayor
<b>Report Authorisers:</b>	Leonie Rae, Acting Chief Executive Officer
<b>Report Number:</b>	RCN24-03-5

#### 1. Presentation / Whakatakotoranga

Waimea Water Limited Board Chairman, David Wright and Chief Executive Officer, Mike Scott will provide an update on the Waimea Community Dam.

#### 2. Attachments / Tuhinga tāpiri

Nil

**7.2 WAIMEA WATER LIMITED - HALF YEAR REPORT 31 DECEMBER 2023****Information Only - No Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Mike Drummond, Group Manager - Finance
<b>Report Authorisers:</b>	Leonie Rae, Chief Executive Officer
<b>Report Number:</b>	RCN24-03-6

**1. Summary / Te Tuhinga Whakarāpoto**

- 1.1 The Waimea Water Ltd (WWL) Half Year Report ended 31 December 2023 to shareholders was delivered on 27 February 2024. The Half Year Report is attached as **Attachment 1**.
- 1.1 The Half Year Report has been published on Waimea Water Ltd's website and is available to the public.
- 1.2 Te Kurawai o Pūhanga (the dam) construction progress is set out on Section 5 (page 9) and costs and risks in Section 7 (page 18). The estimated cost to complete remains at \$198.2 million as was forecast in February 2023. As of 31 December 2023, the project spend to date was \$185.7 million.
- 1.3 The SOI notes that WWL was preparing for dam operations in early 2024, following replacement of the temporary facilities and commissioning of the permanent facilities. In the report, WWL updated that estimate and noted that it was preparing for dam operations from March 2024, following replacement of the temporary facilities and commissioning of the permanent facilities for water discharges.
- 1.4 On Sunday, January 21, 2024, the dam reached its full capacity, and the spillway started flowing. This was a milestone event for the project.
- 1.5 Since the receipt of the report, the company has commenced release of water from the dam to augment river flows. This release has resulted in the removal of the water restrictions in place at the time benefitting all water users.
- 1.6 The company will be attending this Council meeting to present an update. It is recommended that the Council take advantage of that opportunity to ask the company any questions they may have in relation to this Half Yearly report.
- 1.7 There are no new matters reported that staff need to bring to the Council's attention.

**2. Recommendation/s / Ngā Tūtohunga****That the Tasman District Council**

- 1. receives the Waimea Water Limited - Half Year Report 31 December 2023 report, RCN23-03-6; and**
- 2. notes the receipt of the Half Year Report for the period ended 31 December 2023 from Waimea Water Ltd; and**

- 3. notes the Waimea Water Ltd Half Year Report (or a link to the report) will be published on the Council’s website within seven (7) days of this meeting.**

### **3. Purpose of Report**

- 3.1 To formally receive the Waimea Water Ltd Half Year Report for the period ended 31 December 2023.

### **4. Background and Discussion**

- 4.1 The Company is required under the terms of its Statement of Intent (and Section 66 of the Local Government Act 2002) to provide half year reports to shareholders. These reports are also made available to the public via both the Council and the Waimea Water Ltd websites.
- 4.2 The report provides information regarding:
- 4.2.1 A commentary on the results for the period.
  - 4.2.2 Health, safety and wellbeing;
  - 4.2.3 Update on construction progress;
  - 4.2.4 Update on operational readiness;
  - 4.2.5 Update on the project performance;
  - 4.2.6 Update on expected cost and risk;
  - 4.2.7 Statement of comprehensive revenue and expense, disclosing actual and comparative figures;
  - 4.2.8 Statement of financial position at the end of the period; and
  - 4.2.9 Statement of cashflows.
- 4.3 The dam construction progress is set out on Section 5 (page 9) and costs and risks in Section 7 (page 18). The estimated cost to complete remains at \$198.2 million as forecast in February 2023. At December 2023, the spend to date was \$185.7 million.
- 4.3.1 Under the SOI, WWL was preparing for dam operations in early 2024, following replacement of the temporary facilities and commissioning of the permanent facilities. The report notes that WWL had updated that estimate and was prepared for dam operations from March 2024, following replacement of the temporary facilities and commissioning of the permanent facilities.
- 4.4 The report identified the key significant residual risks. Shareholders have a particular interest in these risks which due to their nature do not have a monetary estimate. These are:
- Commercial risks associated with an unexpected outcome from the Contractor-initiated arbitration and adjudication that differs from the decisions of both the engineer and adjudication. WWL continues to prepare for both arbitration and adjudication.
  - Greater embankment settlement than expected could put the dam face mechanical systems out of alignment. Greater seepage than expected may also require post construction intervention. In such eventualities, WWL would plan to lower the dam in the winter 2024 to address any issues. To date, engineering analysis and verification at the hold points has not indicated any significant issues.

**5. December Company update to the Council**

- 5.1 The Company has provided the required half year update. The information in the update is in line with the presentation made to the Council 13 December 2023.

**6. Next Step | Timeline**

- 6.1 Staff will provide a link to the report on the Council's website within seven days of this meeting.

**7. Attachments / Tuhinga tāpiri**

1. [↓](#) Waimea Water Limited - Half Year Report ended 31 December 2023

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Mid-Year Report: 1 July – 31 December 2023

# **Waimea Water Limited**

## **Mid-Year Report: 31 December 2023**

**Issued: 28 February 2024**





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## 1. CEO's summary

During this reporting period, the permanent pipework at the Waimea Community Dam (WCD) was largely completed while the reservoir, named Te Kurawai o Pūhanga by Ngāti Koata in June 2023, was filled in stages. As Te Kurawai o Pūhanga filled during the period, water was released from the dam to ensure river levels were above the required minimum flow.

After the period, on Sunday 21 January 2024, Te Kurawai o Pūhanga reached its full capacity and the spillway commenced flowing. Since the beginning of the 2023/24 summer, Waimea Water Ltd (WWL) had been prepared to release water from the dam had shareholders faced restrictions, but at the time of writing, river levels had not yet dropped to a level where the dam had been needed. WWL will release water if and when shareholders require.

Water flowing down the spillway into the river was a momentous milestone for the project, and WWL thanks all those involved in getting the project to this point.

Now that Te Kurawai o Pūhanga is full, final engineering analysis and verification of dam performance will conclude over the balance of January 2024, at which point the dam and spillway are effectively commissioned.

The temporary pipes and facilities will then be removed to complete the final hook up of the permanent pipework. WWL expects the project to be completed and commissioned in March 2024.

There has been no change to the estimated project cost of \$198.2M, and the remaining residual risk to this project cost is the dispute with the Contractor. The Contractor has elevated a number of their claims to arbitration and, after the period, the Contractor initiated adjudication.

WWL thanks the community and shareholders for their ongoing patience. The region will now be able to use water to protect the environment and to support and grow the local community and economy for many generations to come.

The project continues to achieve outstanding safety and environmental performances. As noted in section 8, WWL is progressing well against its Statement of Intent objectives.



Figure 1: Water flowing down spillway, January 2024

## 2. Performance highlights for the period

- ✓ No lost time injuries.
- ✓ 100% compliance with the resource consent conditions.
- ✓ Full compliance with the biodiversity management plan.
- ✓ Te Kurawai o Pūhanga (reservoir) ~80% full at period end.
- ✓ Completed downstream permanent pipework in the culvert.
- ✓ Completed plunge pool and defect (shear-zone) treatment.
- ✓ Majority of heavy plant and machinery de-mobilised.



*Figure 2: View of top of dam, January 2024*

### 3. Introduction

This Mid-Year Report is presented by the Directors of Waimea Water Limited (WWL), in accordance with Section 66 of the *Local Government Act 2002* (the Act). Established in December 2018, WWL is a Council Controlled Organisation under Section 6 of the Act.

This document provides shareholders with an unaudited report containing the following information relating to the six-month financial period ending 31 December 2023:

- Statement of Comprehensive Revenue and Expense disclosing actual and comparative figures.
- Statement of Financial Position at the end of the period.
- Statement of Cash Flows.
- A commentary on the results for the period.
- Health, safety and wellbeing performance.
- Compliance and audit status.
- Risk updates.
- Progress against Statement of Intent (SOI) objectives.
- An outlook for the second half-year.



*Figure 3: Downstream view from the crest, January 2024*

## 4. Background

WWL was established to manage the construction, operation and maintenance of the Waimea Community Dam. A joint venture between Tasman District Council (TDC) and Waimea Irrigators Ltd (WIL), the dam will secure the Nelson Tasman region's water supply for the next 100+ years.

WWL is committed to building and operating a safe, reliable, sustainable and efficient dam for the benefit of the region. WWL's vision is to build and operate the Waimea Community Dam to the appropriate high standards to ensure reliable, sustainable and efficient water security and service to its shareholders and the region for the expected dam life of 100 years.

The dam has been constructed for WWL through a joint venture between local companies Fulton Hogan Ltd and Taylors Contracting Ltd ('the Contractor'). Damwatch Engineering Ltd (DWE) independently reviewed the construction and provided design guidance. GHD Engineering peer reviewed design changes and designed the temporary works.

WWL is focused on having the people, policies and positive relationships that it needs to deliver a world-class water infrastructure project to support the region and its growth.

The dam is a significant infrastructure asset for the region, supporting the community and economy to thrive, ensuring healthy Lee and Waimea rivers, and helping to protect the region from the changing climate.



Figure 4: Te Kurawai o Pūhanga water level, January 2024



## 5. Areas of activity

This section outlines progress over the reporting period, any emerging issues and opportunities, and the outlook for the second half of the year for each of the key areas of operational activity:

1. Health, safety and wellbeing.
2. Construction.
3. Operational readiness.
4. Environment.
5. Biodiversity management plan.
6. Sustainability and community relationships.

### 5.1 Health, safety and wellbeing

#### **Progress**

WWL has statutory requirements (under the *Health and Safety at Work Act 2015*) and duty of care for people it influences or directs while delivering the Waimea Community Dam project. WWL's health, safety and wellbeing risks and obligations are managed through its Health, Safety and Wellbeing (H, S & W) Management System and ongoing due diligence of the Contractor's construction health and safety management and performance for the dam site.

The project continues to have a high level of safety performance. A high-potential incident was investigated during the period.

To prepare for operations WWL has:

1. Revised and is implementing its Health, Safety and Wellbeing Management System for operational risks.
2. Prepared an Emergency Action Plan (EAP).

#### **Emerging issues and opportunities**

The Contractor has continued to implement thorough reviews and investigations of accidents and near-miss incidents to maintain continual improvement in health, safety and wellbeing practices.



*Figure 5: Permanent electrical buildings constructed, January 2024*

## 5.2 Construction

During the period:

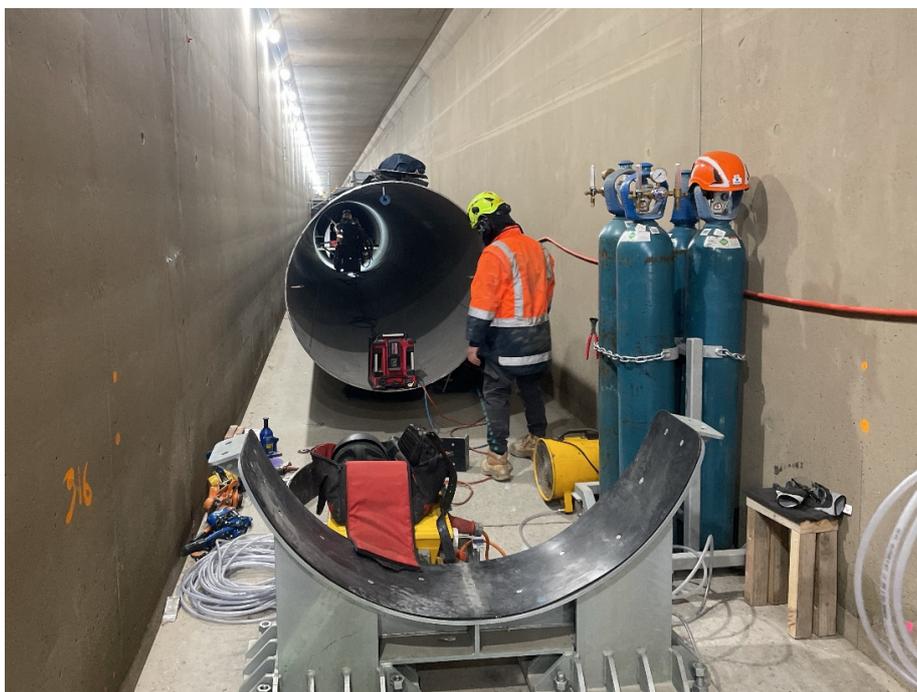
1. Installation of the downstream portion of the permanent 1.4m diameter stainless steel pipe and valves was completed.
2. Construction of the plunge pool and defect (shear zone) treatment was completed. With the majority of earthworks now finished, most heavy plant and machinery has been de-mobilised.
3. The reservoir was filled in stages. Deformation and instrumentation monitoring and analysis was completed at prescribed hold-points to verify dam performance.

With the reservoir, Te Kurawai o Pūhanga, full at the time of writing, final engineering analysis and verification of dam performance will conclude over the balance of January 2024, at which point the dam and spillway are effectively commissioned.

The temporary pipes and facilities will be removed to complete the final hook up of the permanent pipework during February 2024. WWL expects the project to be completed and commissioned in March 2024.

### ***Emerging issues and opportunities***

Commissioning in March is dependent on the Contractor completing the permanent pipework.



*Figure 6: Permanent pipework in the right-hand side culvert being installed, October 2023*

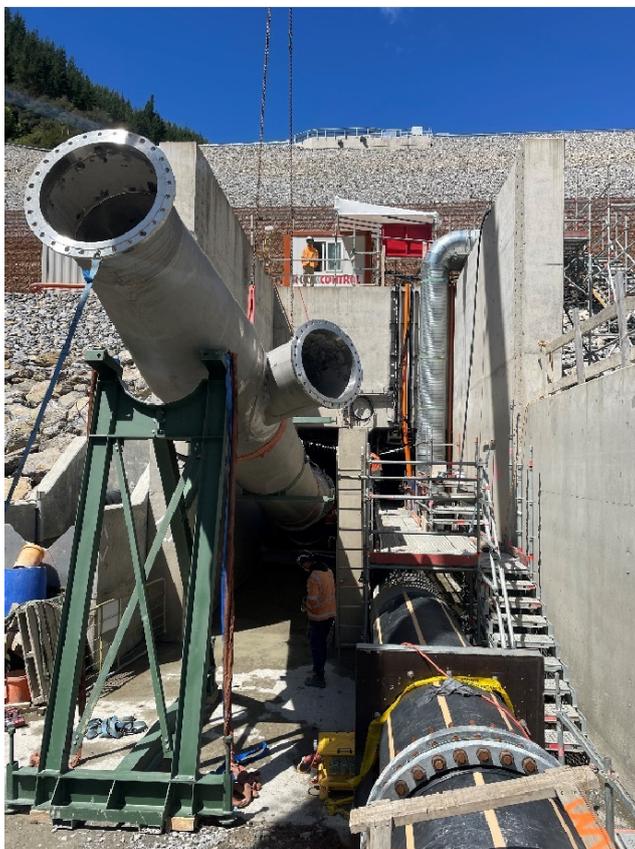


Figure 7: Downstream view of permanent pipework, October 2023



Figure 8: Permanent pipework in the right-hand side culvert being installed, December 2023



Figure 9: Plunge pool works being completed, October 2023

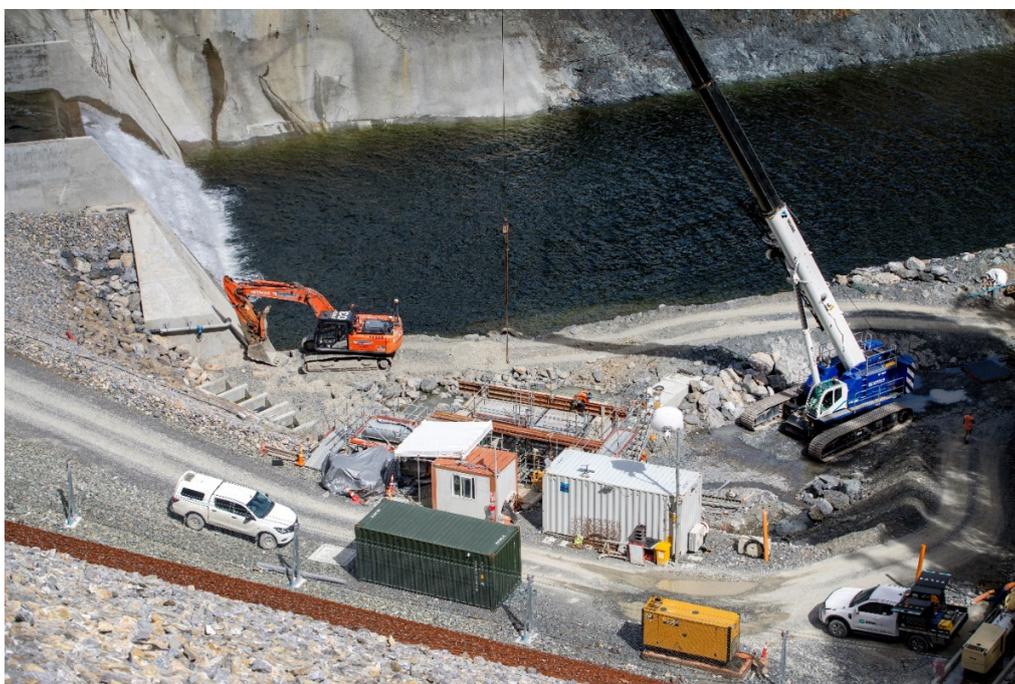


Figure 10: Water flowing from the flip bucket into the completed plunge pool, January 2024

### 5.3 Operational readiness

WWL has been operating the dam using the temporary facilities since closure in May 2023. Water has been released from the dam to both ensure minimum river flows and to hold the reservoir at engineering hold-points to verify dam performance.

WWL is now prepared for dam operations from March 2024, following replacement of the temporary facilities and commissioning of the permanent facilities.

The dam has been designed for resilience (see Figure 11). As the dam becomes operational, resilience is managed through the implementation of a Dam Safety Management System, which meets the requirements of the new *Dam Safety Regulations 2022* and international standards. There will be regular surveillance and inspection of the dam, and regular engineering reviews of the dam.

#### ***Emerging issues and opportunities***

WWL is ready for permanent operations, the timing of which is dependent on the Contractor completing the permanent pipework.

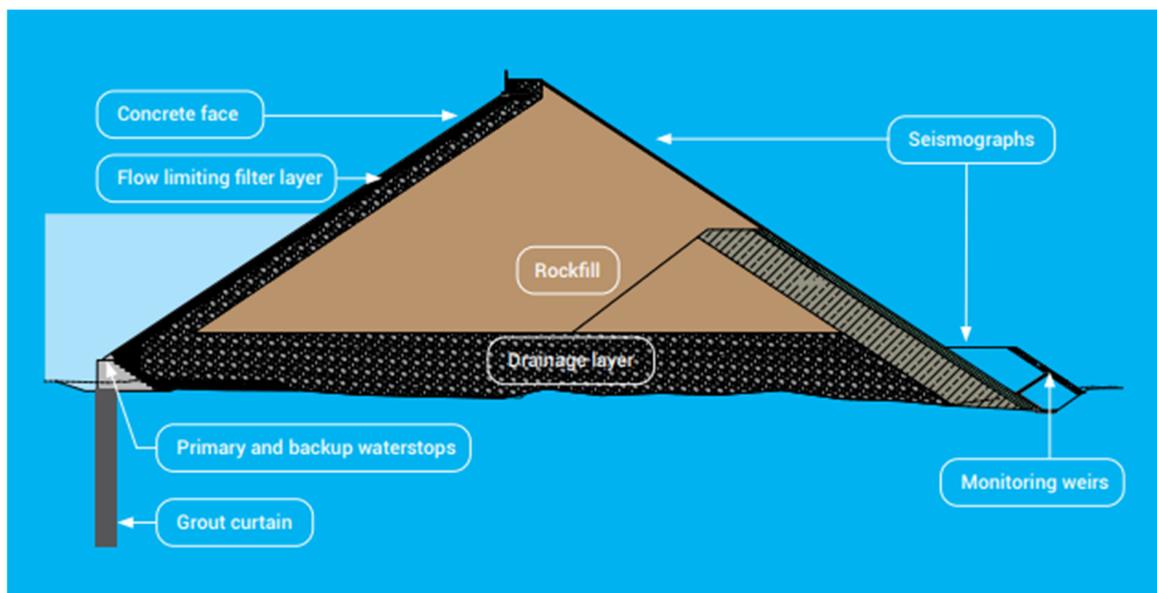


Figure 11: Cross-section of dam design



## 5.4 Environment

### Progress

WWL continued to work in compliance with its resource consents and the underlying Construction Environmental Management Plan. All environmental management plans required for the works have been reviewed and certified by TDC as compliant with the resource consent conditions.

There were no significant environmental near-misses or incidents during the period.

Fortnightly water quality monitoring has continued throughout the period, with Water Quality Results and the Quantitative Macroinvertebrate Community Index (QMCI) score continuing to demonstrate excellent ecological health in the river (Figure 11) – a significant achievement over the four years of project construction. One instance of high deposited fine sediment was investigated and attributed to discharges from a neighbour’s catchment.

Fish monitoring and bypass initiatives remain active with no reports of aquatic impact from construction.

### Emerging issues and opportunities

Environmental compliance inspections will continue to be conducted.

### Lee River deposited fine sediments

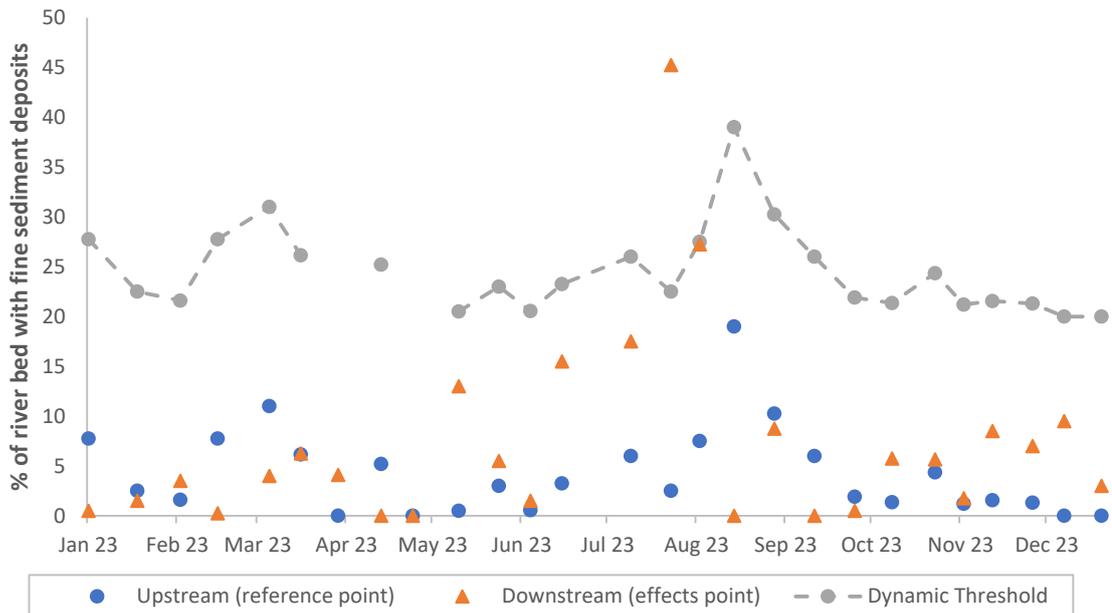


Figure 12: Lee River sediment

### Lee River Quantitative Macroinvertebrate Community Index (QMCI) scores

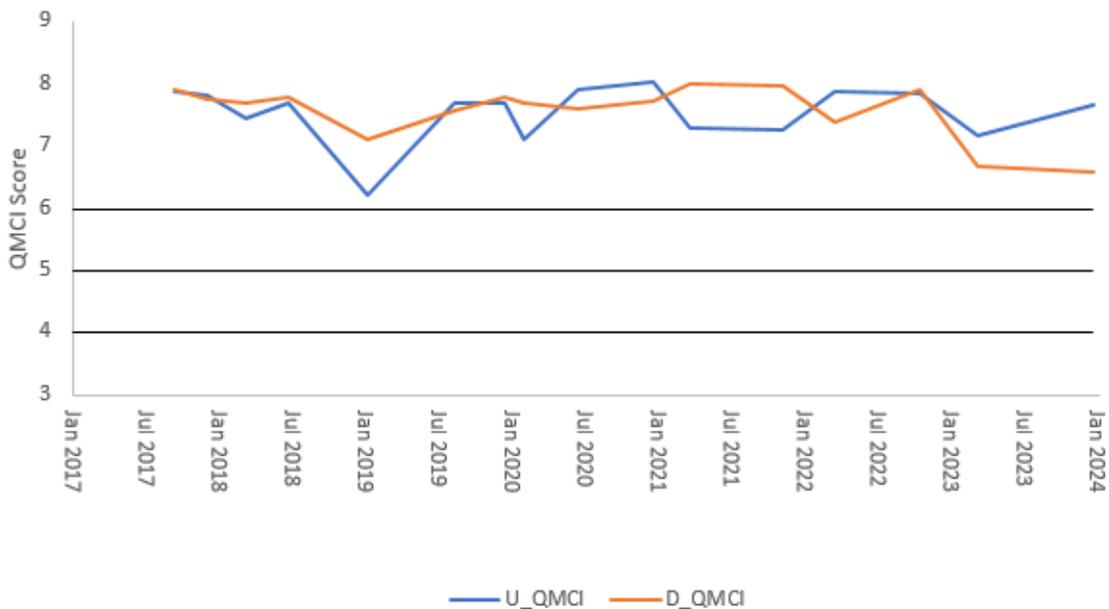


Figure 13: Lee River QMCI scores

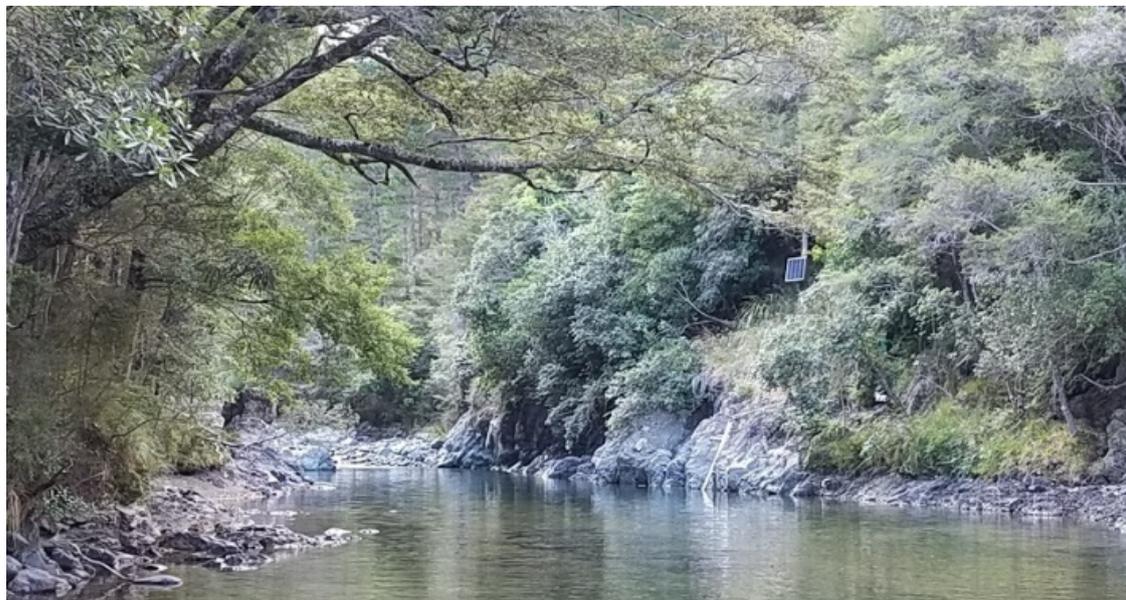


Figure 14: Upstream water quality monitoring site

## 5.5 Biodiversity management plan

### **Progress**

This year’s planting in the Waimea Bermlands finished during the period, with previous weed control efforts having been successful. A further 10,000 trees have been ordered for planting in 2024. The planting at Rough Island continues to be monitored and maintained.

On-site planting was also completed during the period.

The Annual Biodiversity Report was submitted and the Ministry for the Environment Quarterly Report was approved.

### **Emerging issues and opportunities**

WWL will continue to implement the Biodiversity Management Plan.



*Figure 15 and 16: Native planting completed at the dam site, January 2024*

## 5.6 Sustainability and community relationships

WWL organised another shop space in the Richmond Mall for the community to visit during October 2023. As with the previous drop-in shop space, this was popular with the public, who enjoyed the information displayed and the up-to-date photos and videos of the dam. Another shop space in the mall has been arranged for March 2024.

A spring update newsletter for the public was compiled and promoted via the Nelson Mail and on WWL's Facebook and website in September. A printed version was also given to the public at the Richmond Mall in October.

Signage was installed at the site early in the period, with the names of bridges and the reservoir gifted by Ngāti Koata.



Figure 17: Display at Richmond Mall, October 2023



## 6. Project performance

### 6.1 Programme schedule

Rainfall during the 2023 spring was low and well below historic averages. This contributed to project delays with Te Kurawai o Pūhanga filling slower than expected with the prolonged dry weather.

Rainfall during late December and early January led to Te Kurawai o Pūhanga filling by 21 January 2024, enabling the temporary facilities to be removed and permanent pipework to be finished during the next reported quarter.

The amended programme has completion now scheduled for March 2024, just over two years behind the original plan. As previously reported, these delays have resulted from:

- a) COVID-19, floods and design changes.
- b) The dam structures taking longer than planned to complete.
- c) An increase in time forecast to complete the river diversion and mechanical works.
- d) Dry weather during winter and spring 2023.

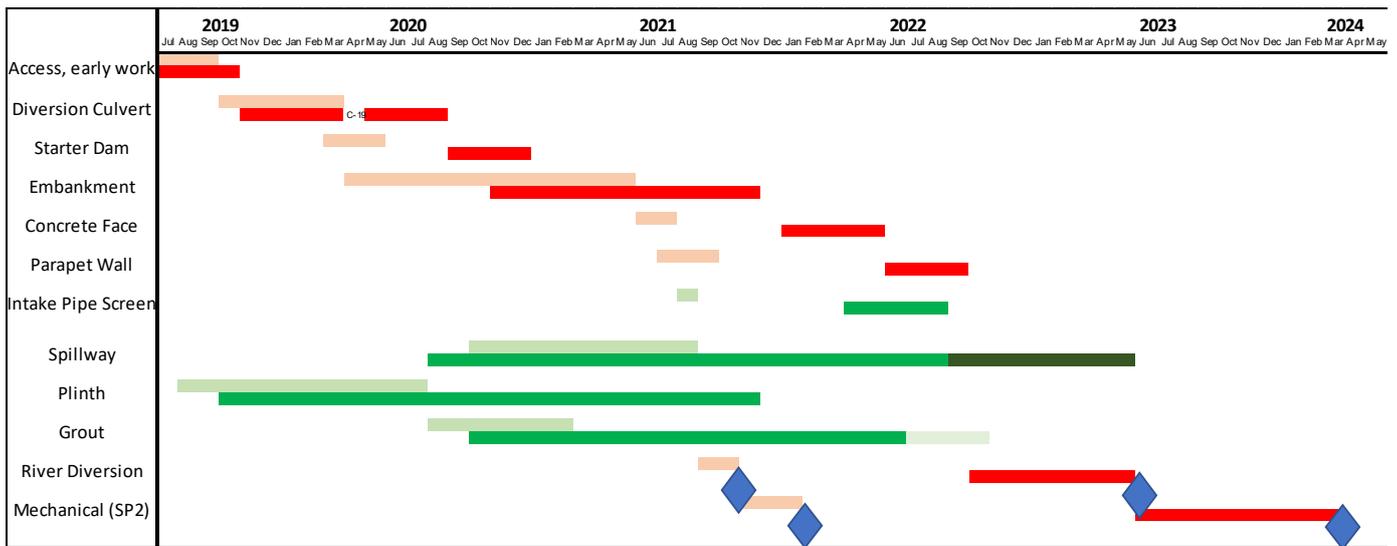


Figure 18: Progress: actual vs planned.



## 7. Project costs and risks

### 7.1 Construction cost forecast

WWL provided shareholders and the public with a revised construction cost forecast of \$198.2M in February 2023. This forecast remains. At December 2023 the spend to date was \$185.7M.

#### Residual risks

With the project almost complete, physical risks, such as the geology, have now either been realised and included in the cost forecast or dissipated. Key significant residual risks, not valued, include:

- a) Commercial risks associated with an unexpected outcome from the Contractor-initiated arbitration and adjudication that differs from the decisions of both the engineer and adjudication. WWL continues to prepare for both arbitration and adjudication.
- b) Greater embankment settlement than expected could put the dam face mechanical systems out of alignment. Greater seepage than expected may also require post-construction intervention. In such eventualities, WWL would plan to lower Te Kurawai o Pūhanga in winter 2024 and address any issues. To date, engineering analysis and verification at the hold points has not indicated any significant issues.

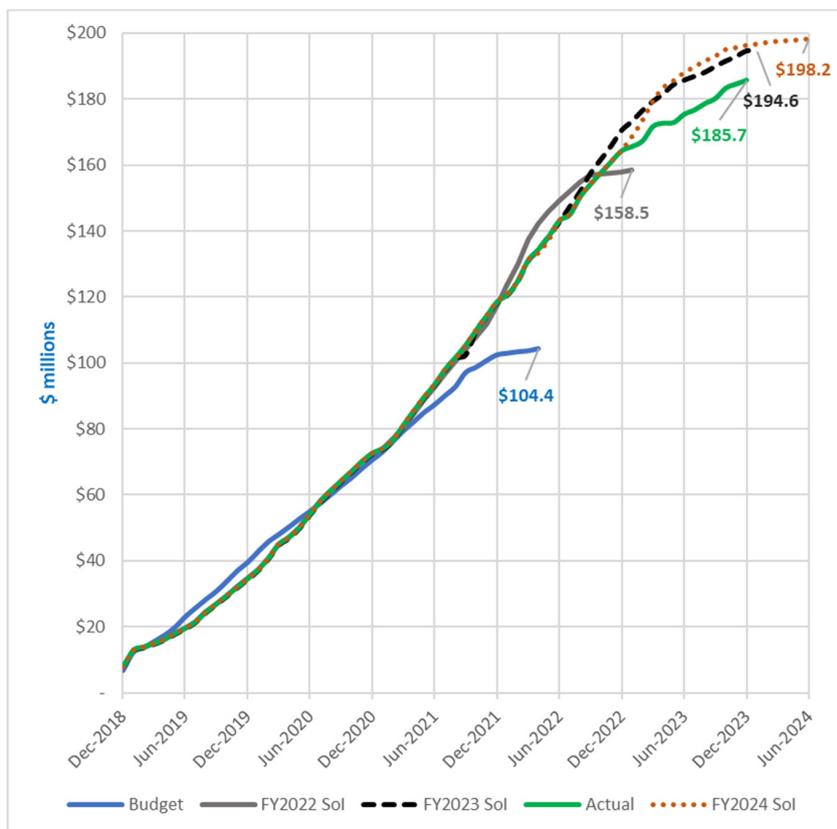


Figure 19: Project costs



### 7.2 Cost and schedule progress

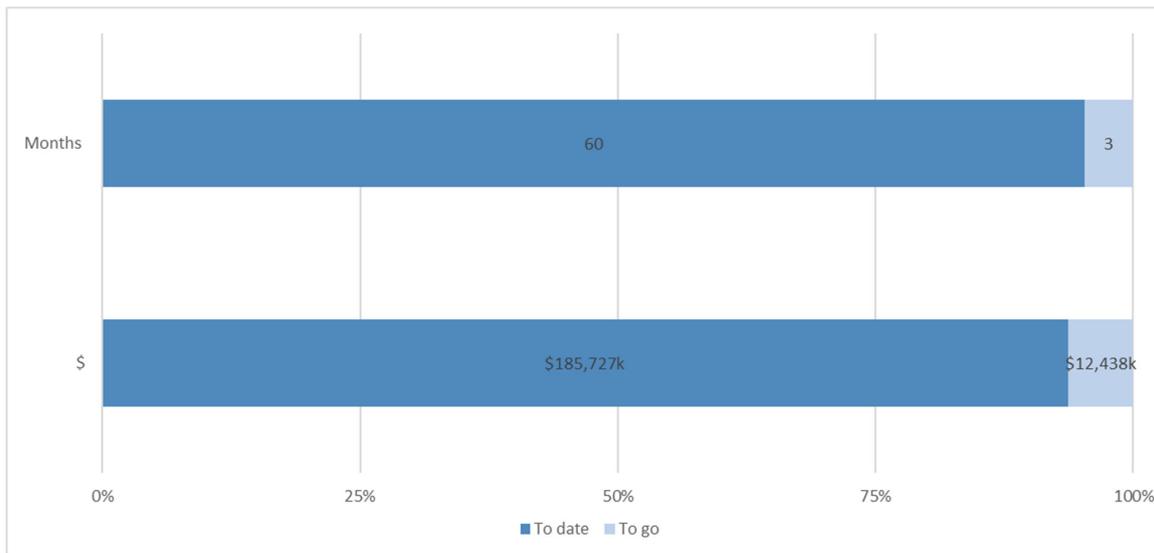


Figure 20: Cost and monthly schedule progress



## 8. Performance against Statement of Intent

### Health and Safety

WWL has a statutory and moral duty of care for people it influences or directs while delivering the WCD project.

- Meet requirements of health and safety in the workplace legislation.
  - ✓ *WWL's system migration from construction to operations period peer reviewed by independent industry qualified expert. (FY23 n/a)*
- Review and verify Contractor's H, S & W systems.
  - ✓ *Contractor's system peer reviewed and monitored by independent industry qualified expert.<sup>1</sup>*
- No fatalities or serious injuries.
  - ❖ *There have been no fatalities and one serious injury.<sup>2</sup>*
- Total recordable injury rate <5per m.
  - ✓ *0 TFIFR at 31 Dec 2023. (FY23 6.4)*

### Environmental management

WWL is committed to minimising impacts on the environment during the build and operation of the dam.

- Meet resource consent conditions.
  - ✓ *All conditions due to be met have been met.<sup>1</sup>*
- Approve and validate SCEMPs.
  - ✓ *100% of SCEMPs approved and validated during the period.<sup>1</sup>*
- Implement Biodiversity Management Plan.
  - ✓ *100% compliance.<sup>1</sup>*

### Design

Dam design will reflect the appropriate high requirements of international and NZSOLD guidelines and be in accordance with New Zealand building regulations.

- Consider any implications to NSHM (2022) and USBR (2022).
  - ✓ *On track to completion*
- Work with stakeholders on consideration into fitting gates.
  - ✓ *Approach agreed (FY23 n/a)*
- Work with stakeholders on consideration into retrofitting power generation and transmission.
  - ✓ *Approach agreed (FY23 n/a)*

### Construction

WWL will build the dam in a safe, reliable and efficient way.

- Construct dam in accordance with specification.
  - ✓ *Regulator #88b approval issued May 2023. (FY22 on track)*
- Deliver project to schedule, as adjusted for encountered conditions and uncontrolled events.
  - ❖ *SP2 now expected Mar 2024. (FY23 Dec 2023)*

### Commissioning and Operational readiness

Once constructed, WWL will operate and maintain the dam in accordance with NZSOLD guidelines, the resource consent, and business plans and budgets.

- Commission dam equipment.
  - ✓ *On track to complete. (FY23 n/a)*
- Complete operations and maintenance systems.
  - ✓ *On track to complete OMM. (FY23 n/a)*
- Deploy an operations organisation.
  - ✓ *Recruitment commenced. (FY23 n/a)*
- Contract operations / maintenance contractors.
  - ✓ *On track for completion. (FY23 n/a)*
- Refine operating model and budgets for shareholders consideration.
  - ✓ *Submitted.<sup>1</sup>*
- Operations reliability.
  - ✓ *On track to meet release demands. (FY23 n/a)*

### Sustainability and Community relationships

WWL recognises the interdependence between social, environmental and economic outcomes.

- Transparent engagement with stakeholders and community.
  - ✓ *Newsletter, shop-front and regular social media updates provided to community.<sup>1</sup>*
- Consultation with Ngāti Koata.
  - ✓ *Ongoing engagement continues.<sup>1</sup>*
- Recognise key cultural milestones.
  - ✓ *On track to host completion blessing. (FY23 milestones completed)*
- Develop Sustainability Plan.
  - ❖ *Plan delayed with project delays.<sup>1</sup>*

### Financial management

WWL has a tight focus on financial management and is doing all it can to reduce costs without compromising safety, reliability and sustainability.

- Manage Costs to Complete.
  - ❖ *A cost of \$198.2M continues to be reported.<sup>1</sup>*
- Agreed quarterly reporting deadlines met.
  - ✓ *100% compliance with deadlines.<sup>1</sup>*
- Compliance with financier expectations.
  - ✓ *100% compliance with expectations.<sup>1</sup>*
- Insurance strategy and competitive tendering of insurance needs.
  - ✓ *On track for completion. (FY23 n/a)*
- An unqualified audit opinion on annual financial statements.
  - ✓ *Expect to achieve at year end<sup>1</sup>*

<sup>1</sup> FY23 the same

<sup>2</sup> A serious injury was suffered at the dam site. WorkSafe chose not to investigate.



## 9. Unaudited accounts

### Waimea Water Limited

Financial Statements  
For the period ended 31 December 2023



draft unaudited 2024 02/24

# Maimea Water Limited

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# Statement of Comprehensive Revenue and Expense

for the period ended 31 December 2023

	Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Water charges income	1	1,394	633	1,589
<i>Operating expenses</i>				
Project costs	2	-	-	-
Employee costs		274	247	490
Depreciation and impairment	3	8	63	73
Other administrative expenses	4	341	228	551
Operating expenses		623	538	1,114
Finance income	5	119	153	494
Finance costs	5	(1,217)	(937)	(1,709)
<b>Surplus / (Deficit) for the period</b>		<b>(327)</b>	<b>(689)</b>	<b>(740)</b>

# Statement of Changes in Net Assets

for the period ended 31 December 2023

	Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Opening retained earnings		(4,838)	(4,099)	(4,099)
Total surplus (deficit) for the period		(327)	(689)	(740)
Retained earnings as at period end		(5,165)	(4,788)	(4,839)
Opening share capital		93,250	81,016	81,016
Movement for the period		-	12,234	12,234
Share capital as at period end	6	93,250	93,250	93,250
Closing equity at period end		88,085	88,462	88,411

# Statement of Financial Position

as at 31 December 2023

	Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<b>Assets</b>				
<i>Current</i>				
Cash And Cash Equivalents	7	963	22,158	10,872
Receivables From Exchange Transactions	8	6	822	623
Receivables From Non-Exchange Transactions	9	684	836	252
<b>Total Current Assets</b>		<b>1,653</b>	<b>23,816</b>	<b>11,747</b>
<i>Non-Current</i>				
Property, Plant And Equipment	10	178,655	158,194	168,719
Deferred Tax Asset	11	-	-	-
<b>Total Non-Current Assets</b>		<b>178,655</b>	<b>158,194</b>	<b>168,719</b>
<b>Total Assets</b>		<b>180,308</b>	<b>182,010</b>	<b>180,466</b>
<b>Liabilities</b>				
<i>Current</i>				
Payables Under Exchange Transactions	12	1,288	4,838	3,493
Employee Entitlements	13	113	125	108
<b>Total Current Liabilities</b>		<b>1,401</b>	<b>4,963</b>	<b>3,601</b>
<i>Non-Current</i>				
Loans And Borrowings	14	90,822	88,583	88,454
<b>Total Non-Current Liabilities</b>		<b>90,822</b>	<b>88,583</b>	<b>88,454</b>
<b>Total Liabilities</b>		<b>92,223</b>	<b>93,546</b>	<b>92,055</b>
<b>Net Assets</b>		<b>88,085</b>	<b>88,464</b>	<b>88,411</b>
<b>Equity</b>				
Equity Contributions	6	93,250	93,250	93,250
Accumulated Funds		(5,165)	(4,787)	(4,839)
<b>Total Equity</b>		<b>88,085</b>	<b>88,463</b>	<b>88,411</b>

# Statement of Cash Flows

for the period ended 31 December 2023

Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<i>Cash flow from operating activities</i>			
Water charges income	1,244	508	1,897
Payments to suppliers	(968)	(251)	(126)
Payments to employees	(240)	(223)	(423)
Net cash from/(used in) operating activities	36	34	1,348
<i>Cash flow from investing activities</i>			
Purchase of property, plant and equipment	(11,215)	(23,316)	(34,393)
Purchase of financial assets	-	11,969	-
Net cash from/(used in) investing activities	(11,215)	(11,347)	(34,393)
<i>Cash flow from financing activities</i>			
Proceeds from equity	-	12,234	12,234
Proceeds from sale of financial assets	-	(12,000)	-
Proceeds from borrowings	2,368	24,235	24,106
Interest received	119	169	495
Interest paid on borrowings	(1,217)	(505)	(2,255)
Net cash from/(used in) financing activities	1,269	24,133	34,579
Net increase/(decrease) in cash and cash equivalents	(9,909)	12,821	1,535
Cash and cash equivalents, beginning of the year	10,872	9,337	9,337
<b>Cash and cash equivalents at end of the year</b>	<b>963</b>	<b>22,158</b>	<b>10,872</b>

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# Notes to the financial statements

## Reporting entity

Waimea Water Limited ("WWL") is a Council Controlled Organisation under Section 6 of the Local Government Act 2002. WWL is registered under the Companies Act 1993. WWL has been established to manage the construction, operation and maintenance of the Waimea Community Dam.

These financial statements were authorised for issue by the Board of Directors on 27 February 2024.

## Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993. WWL has a balance date of 30th June.

The financial statements have been prepared in recognition of WWL being a public benefit entity, in accordance and to comply with PBE Standards RDR. Disclosure concessions have been applied. WWL is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large.

### (b) Basis of measurement

The financial statements are prepared on the basis of historical cost, and on the going concern basis.

### (c) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ("000s"). The functional currency of WWL is New Zealand dollars (NZ\$).

### (d) Comparatives

Comparative financial periods are the same period in the prior financial year or the last financial year end. Comparatives may have been reclassified from that reported in earlier financial statements where appropriate to ensure consistency with the expanded presentation of the current year's position and performance.

### (e) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year. Any impact of new and amended standards and interpretations applied in the year is limited to additional note disclosures.

## Summary of significant accounting policies

The preparation of financial statements requires WWL to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. Areas of judgement in preparing financial statements are set out below. These are assessed by Management as part of the reporting process and included within the accounts. The principal area of judgement in financial statements for the period are described in sections (i) and (k) below.

### (f) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

## Notes to the financial statements

### (g) Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less any allowance for impairment measured using the simplified expected credit losses method.

### (h) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### (i) Property, plant and equipment

Property, Plant & Equipment (PPE) is recognised in accordance with PBE IPSAS 17, at historical cost less accumulated depreciation and any accumulated impairment losses. Historical Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 'Directly attributable' includes; all costs directly associated with the dam build including professional fees, all staff costs where a majority of the person's time is directly associated with the dam build, and a reasonable allocation of other costs incurred for staff identified above. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Uncompleted capital works are not depreciated until ready for service.

Subsequent expenditure is capitalised and added to the carrying amount of an item of Property, Plant and Equipment when the cost is incurred if it is probable that the future economic benefits embodied in the specific asset will flow to WWL and the cost of the item can be measured reliably. The costs of day-to-day servicing of Property, Plant and Equipment are recognised in the surplus or deficit as incurred.

The cost of an item of Property, Plant and Equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WWL and the cost of the item can be measured reliably. Individual or groups of assets are capitalised if their cost is greater than \$500. Where an asset is acquired at no or for a nominal cost it is recognised at fair value as at the date of acquisition.

The majority of capital expenditure will remain as work in progress for the duration of the project and is not depreciated until ready for service.

### Disposals

Gains and losses are determined by comparing the proceeds with the carrying amount and are recognised in the surplus or deficit. Net gains and losses are only recognised when the significant risks and rewards or ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

### Depreciation

The depreciable amount of an asset is determined based on its useful life. Rates and methods of depreciation reflect the pattern in which the assets' future economic benefits are expected to be consumed by WWL.

Buildings	not applicable
Leasehold improvements	10%
Furniture and equipment	16% - 50%
Vehicles	20% - 30%
Dam (Capital WiP)	not applicable

## Notes to the financial statements

After completion, depreciation of dam project components (including costs directly attributable to bringing them to the location and condition necessary to be capable of operating in the manner intended by management) will be provided on a straight line basis to write off the cost (or valuation) to estimated residual values, over their useful lives.

Land	not depreciated
Buildings (including fit out)	2-100 years
Bridges	100 years
Culverts, structures and fill (concrete, rock)	80-120 years
Earthworks and river stop banks	not depreciated
Rock and slope protection	80-120 years
Water pipes/valves/meters (manual)	15-80 years
Water pipes/valves/meters (automatic)	15-80 years

### (j) Intangible assets

#### Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

### (k) Impairment of non-current assets

The carrying amounts of WWL's assets are reviewed at each annual balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated.

If the estimated recoverable value amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the surplus or deficit.

The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and discounting these to their present value using a pre-tax discount rate that reflects the current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised to the extent that an impairment loss for that asset was previously recognised in the surplus or deficit immediately.

### (l) Other Financial Assets

Term investments over 90 days are classified as "other financial assets". They are initially measured at fair value, net of transaction costs. After initial recognition, financial assets in this category are measured at amortised cost using the effective investment method, less impairment. Gains and losses when the asset is impaired are recognised in the profit or loss.

### (m) Share Capital

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue. At balance date some shares may have been issued but not called up.

### (n) Interest Bearing Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of an asset that takes a period of greater than one year to get ready for its intended use, but not recoverable as revenue, are capitalised as part of the cost of the asset.

## Notes to the financial statements

### (o) Employee Entitlements

A liability for annual leave is accrued and recognised in the Statement of Financial Position. The liability is calculated on an actual entitlements basis at current rates of pay. These include salaries and wages accrued up to balance date, alternate days earned but not yet taken, and annual leave earned but not yet taken up to balance date.

### (p) Revenue

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of WWL's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to WWL and the revenue can be reliably measured.

Revenue includes the recovery of both financing and operating costs.

Interest income is recognised on an accrual basis using the effective interest method.

### (q) Expenses

#### Financing Costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method. They exclude qualifying costs that are capitalised.

#### Dividends

WWL operates on a cost recovery basis. Therefore no dividends are payable.

### (r) Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to the income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity and other comprehensive revenue and expenses.

### (s) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified within operating cash flow in the Statement of Cash Flows.

## 1 Water charges income

		6 months Dec 2023	6 months Dec 2022	12 months Jun 2023
Note		\$000	\$000	\$000
	Water charges income - TDC	490	217	797
	Water charges income - WIL	904	416	792
	<b>Total</b>	<b>1,394</b>	<b>633</b>	<b>1,589</b>

*Water charges recover finance costs of loans (refer Note 14) and operating costs. Finance costs to CILL are recovered from WIL only. Other finance costs and all operating costs are shared between TDC and WIL.*

## 2 Project construction costs

		6 months Dec 2023	6 months Dec 2022	12 months Jun 2023
		\$000	\$000	\$000
<i>The following amounts attributable to the build were passed through operational accounts:</i>				
	Dam construction costs	6,236	16,042	21,513
	Project services	2,079	2,846	6,197
	Borrowing costs capitalised	-	128	128
	WWL operations	1,639	1,636	3,305
	Transfer costs attributable to build to Capital WIP	(9,955)	(20,652)	(31,143)
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 3 Depreciation, amortisation and impairment expenses

		6 months Dec 2023	6 months Dec 2022	12 months Jun 2023
Note		\$000	\$000	\$000
	Depreciation of property, plant and equipment	8	7	17
	Impairment *	-	56	56
	<b>Total</b>	<b>8</b>	<b>63</b>	<b>73</b>

*\* Primarily of pre-incorporation costs and other costs incurred to investigate solutions not later adopted.*

## 4 Other overhead and administrative expenses

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
WCD rates	154	1	1
Professional fees	77	79	174
Office costs	40	52	114
Dam operations	46	18	44
Insurance	13	48	104
Auditor remuneration	-	-	52
Accounting fees	7	6	15
Legal fees	4	26	46
<b>Total</b>	<b>341</b>	<b>228</b>	<b>551</b>

## 5 Finance income and costs

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<i>Finance income</i>			
Interest income on bank deposits	119	153	494
<i>Finance costs</i>			
Interest expense *	(1,217)	(937)	(1,709)
Bank fees	-	-	-
<b>Total Finance costs</b>	<b>(1,217)</b>	<b>(937)</b>	<b>(1,709)</b>

\* Interest expense on loans, recoverable within water charges.

## 6 Share Capital

9,999 shares were authorised and issued on 21 Dec 2018.

2,607 shares have been issued since.

Ordinary shares - TDC

Ordinary shares - WIL

Non-voting shares - TDC

Non-voting shares - WIL

Shares at the end of the period

	6 months Dec 2023	6 months Dec 2022	12 months Jun 2023
	7,545	7,075	7,545
	2,978	2,978	2,978
	172	172	172
	1,911	1,911	1,911
	<b>12,606</b>	<b>12,136</b>	<b>12,606</b>
<i>Ordinary shares have rights to vote, receive dividends, and participate in distribution on liquidation. Non-voting shares have no equivalent rights.</i>			
<i>TDC ordinary shares have a par value of \$8,718.20.</i>			
<i>TDC ordinary shares contribution*</i>	\$65,783k	\$65,783k	\$65,783k
TDC contribution per ordinary share.	\$8,718.75	\$9,297.95	\$8,718.75
TDC ordinary shares issued and fully paid	7,545	7,075	7,545
TDC ordinary shares issued and not fully paid	-	-	-
<i>TDC non-voting shares have a par value of \$8719.91.</i>	\$1,500k	\$1,500k	\$1,500k
<i>WIL ordinary shares have a par value of \$8,719.51.</i>			
<i>WIL ordinary shares contribution*</i>	\$25,967k	\$25,967k	\$25,967k
WIL contribution per ordinary share.	\$8,719.51	\$8,719.51	\$8,719.51
WIL ordinary shares issued and fully paid	2,978	2,978	2,978
WIL ordinary shares issued and not fully paid	-	-	-
<i>WIL non-voting shares have a par value of \$0.01.</i>	-	-	-
<b>Total shares contribution</b>	<b>\$93,250k</b>	<b>\$93,250k</b>	<b>\$93,250k</b>

\* Contributions represent the total dollar value of shares paid up. Contribution movements are shown in Note 19. TDC contributions were primarily made to provide working capital to WWL. WIL contributions were made on agreed instalments.

TDC has committed to fund additional project costs. Shareholders have agreed part of the additional funding will be way of subscription for further shares with a par value of \$8,719.91. At Balance Date WWL has authorised the issue of 742 additional ordinary shares with a par value of \$8,719.91. WWL will not authorise or issue further ordinary shares if it results in WIL holding less than 25% of total ordinary shares. Any additional project costs not funded by capital will be funded by loan, refer Note 14.

## 7 Cash and cash equivalents

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Cash at bank and in hand	963	22,158	10,872
<b>Total</b>	<b>963</b>	<b>22,158</b>	<b>10,872</b>

## 8 Receivables from exchange transactions

	Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Related party receivables	19	6	822	623
<b>Total</b>		<b>6</b>	<b>822</b>	<b>623</b>

## 9 Receivables from non-exchange transactions

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
GST receivable	675	836	252
Other prepayments / receivables	9	-	-
<b>Total</b>	<b>684</b>	<b>836</b>	<b>252</b>

## 10 Property, plant and equipment

	Note	Capital WiP \$000	Leasehold improvements \$000	Furniture and office equip \$000	Vehicles and site equip \$000	Total \$000
<i>Movements for each class of property, plant and equipment are as follows:</i>						
<b>6 months</b>						
<b>Dec 2023</b>						
		<u>Gross carrying amount</u>				
		168,458	28	108	393	168,987
		9,955	0	3	7	9,965
				(6)	-	(6)
		<u>178,413</u>	<u>28</u>	<u>105</u>	<u>400</u>	<u>178,946</u>
		<u>Accumulated depreciation and impairment</u>				
		-	(10)	(72)	(186)	(268)
		-			(21)	(21)
	3	-	(1)	(6)	(1)	(8)
				6	-	6
		<u>-</u>	<u>(11)</u>	<u>(72)</u>	<u>(208)</u>	<u>(291)</u>
		<u>178,413</u>	<u>17</u>	<u>33</u>	<u>192</u>	<u>178,655</u>
<hr/>						
<b>12 months</b>						
<b>Jun 2023</b>						
		<u>Gross carrying amount</u>				
		137,315	28	87	278	137,708
		31,199		21	115	31,335
		(56)				(56)
		<u>168,458</u>	<u>28</u>	<u>108</u>	<u>393</u>	<u>168,987</u>
		<u>Accumulated depreciation and impairment</u>				
		-	(8)	(57)	(145)	(210)
					(41)	(41)
	3	-	(2)	(15)	-	(17)
		<u>-</u>	<u>(10)</u>	<u>(72)</u>	<u>(186)</u>	<u>(268)</u>
		<u>168,458</u>	<u>18</u>	<u>36</u>	<u>207</u>	<u>168,719</u>

## 11 Deferred tax

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<i>Deferred tax assets are only recognised when management consider it probable that future tax profits will be available against which these assets will be utilised.</i>			
Recognised deferred tax assets:	-	-	-
<i>Unrecognised deferred tax assets are based on:</i>			
Statement of Comprehensive Revenue and Expense	(327)	(689)	(740)
Temporary differences *	19	80	95
Temporary differences **	(113)	(64)	439
Taxable income (deficit)	(421)	(673)	(206)
<i>Unrecognised deferred tax assets consist of:</i>			
Opening balance	1,084	1,026	1,026
Tax on taxable position above, at 28%	118	189	58
Total unrecognised deferred tax asset	1,202	1,215	1,084
Taxable loss carried forward	4,292	4,338	3,872
* Primarily related to the deductibility of annual leave			
** Primarily related to the deductibility of capitalised finance costs			

## 12 Payables under exchange transactions

Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Trade creditors	1,265	3,619	2,762
Related party payables ***	19	535	717
Non trade payables and accrued expenses	9	684	14
Total	1,288	4,838	3,493
*** Primarily finance costs on shareholder advances.			

## 13 Employee entitlements

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Annual leave entitlements	113	125	108
<b>Total</b>	<b>113</b>	<b>125</b>	<b>108</b>

## 14 Loans and borrowings

Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
Non-current - Secured loans - CIIL	25,108	25,369	25,240
Non-current - Secured loans - TDC	19 65,714	63,214	63,214
<b>Total</b>	<b>90,822</b>	<b>88,583</b>	<b>88,454</b>

WWL has financing arrangements with Crown Irrigation Investments Limited up to \$25,000,000 plus interest. Facilities were drawn down to fund project costs, and are secured by a general security over present and future assets. Facilities are provided subject to credit support from Tasman District Council ("TDC") plus guarantees from Waimea Irrigators Limited, and are repayable by 2034.

TDC has committed to fund additional project costs. WWL has financing arrangements with TDC up to \$76,052,856, secured by a second ranking general security over present and future assets. WWL finance costs will be recovered from both shareholders.

At Balance Date \$65,714,447 has been drawn against those facilities. Remaining funds can be drawn quarterly to fund project costs. Facilities are repayable by 2058 or may be converted to equity.

## .5 Financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

	Held-to-maturity investments	Loans and receivables	Financial Liabilities at amortised cost	Total
	\$000	\$000	\$000	\$000
<b>6 months Dec 2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	963	-	963
Trade debtors and other receivables	-	6	-	6
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>969</b>	<b>-</b>	<b>969</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	1,189	1,189
Loans and borrowings *	-	-	90,822	90,822
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>92,011</b>	<b>92,011</b>
<hr/>				
<b>12 months Jun 2023</b>				
<u>Financial assets</u>				
Cash and cash equivalents	-	10,872	-	10,872
Trade debtors and other receivables	-	382	-	382
Other financial assets	-	-	-	-
<b>Total Financial assets</b>	<b>-</b>	<b>11,254</b>	<b>-</b>	<b>11,254</b>
<u>Financial liabilities</u>				
Trade creditors and other payables	-	-	2,565	2,565
Loans and borrowings *	-	-	88,454	88,454
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>	<b>91,019</b>	<b>91,019</b>
<hr/>				
			<u>6 months Dec</u>	<u>12 months</u>
* Loans and borrowings			2023	Jun 2023
Crown Irrigation Investments Limited			25,108	25,240
Tasman District Council			65,714	63,214
			<b>90,822</b>	<b>88,454</b>

## 16 Commitments

	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<i>Expenditure contracted for at the end of the reporting period but not yet incurred comprises unpaid contract values, and unpaid determined variations or unpaid purchase orders, for the Contractor and/or Damwatch.</i>			
Property, plant and equipment	6,806	11,603	#VALUE!
<b>Total</b>	<b>6,806</b>	<b>11,603</b>	<b>#VALUE!</b>

## 17 Contingent assets and contingent liabilities

*The entity has no contingent assets or contingent liabilities.*

## 18 Events after the reporting period

*There were no significant events after the balance date that would require amounts recognised in these financial statements to be adjusted.*

draft unaudited 2024 02 27

## 19 Related party transactions

WWL is jointly owned by Tasman District Council ("TDC" - 61.2% of issued shares) and Waimea Irrigators Limited ("WIL" - 38.8%). TDC and WIL are Joint Operators. WWL also has a related party relationship with its Directors and other management personnel. Key management personnel include the Board of Directors and members of Senior Management.

Note	6 months Dec 2023 \$000	6 months Dec 2022 \$000	12 months Jun 2023 \$000
<u>Purchase / reimbursement of services</u>			
Directors	-	-	14
Shareholder services *	157	1	30
<b>Total purchase</b>	<b>157</b>	<b>1</b>	<b>44</b>
<u>Sale / reimbursement of services</u>			
Water charges **	1,394	633	1,589
<b>Total sale</b>	<b>1,394</b>	<b>633</b>	<b>1,589</b>
<u>Share Capital contributions from Joint Operators</u>			
Tasman District Council Share Capital	-	8,136	22,733
Waimea Irrigators Limited Share Capital	-	-	-
<b>Total contributions</b>	<b>-</b>	<b>8,136</b>	<b>22,733</b>
<u>Loans and borrowings</u>			
<i>TDC has committed to fund additional project costs.</i>			
Non-current - Secured loans - TDC	65,314	62,878	62,814
Borrowing costs capitalised	400	336	400
<b>Total loans</b>	<b>65,714</b>	<b>63,214</b>	<b>63,214</b>
<u>Period end payable to related parties:</u>			
Directors	14	68	28
Shareholders	-	467	689
<b>Total payables</b>	<b>14</b>	<b>535</b>	<b>717</b>
<u>Period end receivable from related parties:</u>			
Shareholders **	6	822	623
<b>Total receivables</b>	<b>6</b>	<b>822</b>	<b>623</b>
* TDC provides multiple services to WWL in the normal course of operating activities (e.g. resource consent fees).			
** In FY2022 Water charges commenced.			
<u>Key management compensation</u>			
Salaries and other short-term employee benefits	197	374	627
Directors fees	130	113	239
<b>Total</b>	<b>327</b>	<b>487</b>	<b>866</b>
Persons recognised as key management personnel	8	9	9

# Company Directory

## Directors

David Wright (Chair)  
Bruno Simpson (Deputy Chair)  
Doug Hattersley  
Julian Raine  
Andrew Spittal  
Margaret Devlin  
Graeme Christie

## Registered Office

20 Oxford Street  
Richmond 7020  
New Zealand

Telephone: 027 544 0030  
Email: info@waimeawater.nz

## Chief Executive

Mike Scott

## Management

Chief Financial Officer:  
Operations Manager:

Dave Ashcroft  
Alasdair Mawdsley

## Auditor

Audit New Zealand on behalf of the Auditor-General

## Accountant

Findex Ltd

## Banker

ANZ Corporation

## Lawyers

Anderson Lloyd  
Duncan Cotterill  
Pitt & Moore

draft unaudited 2024 02 27

### 7.3 WAIMEA WATER LTD - DRAFT STATEMENT OF INTENT 2024/25

**Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Mike Drummond, Group Manager - Finance
<b>Report Authorisers:</b>	Leonie Rae, Acting Chief Executive Officer
<b>Report Number:</b>	RCN24-03-7

#### 1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 To present to the Council the Waimea Water Ltd (WWL) draft Statement of Intent 2024-2025 and to provide shareholder comment (if any) on the draft SOI to the Company.

#### 2. Summary / Te Tuhinga Whakarāpotō

- 2.1 The Waimea Water Ltd initial draft Statement of Intent was provided to shareholders on 27 February 2024 (**Attachment 1**).
- 2.2 The statement of Intent is a shareholder matter that requires agreement between both Tasman District Council and Waimea Irrigators Ltd as shareholders. The draft Statement of Intent (SOI) remains sensitive while the Council undertakes any negotiations with Waimea Irrigators Ltd (WIL) and ultimately with Waimea Water Ltd (WWL) in the case any material changes are requested either by the Council or by WIL.
- 2.3 The SOI has been reviewed by staff for compliance with the Local Government Act (LGA).
- 2.4 The Council takes the lead on responding to the draft SOI. Feedback to the company on the draft SOI is required from both shareholders as this is a shareholder matter. Staff have approached the Board of Waimea Irrigators Ltd to confirm it has considered the draft SOI and has obtained the following feedback “*WIL are comfortable with the draft SOI and would encourage the re-evaluation of retrofitting hydro generation capability to the Dam.*”
- 2.5 If the Council wishes to make material changes to the draft SOI that will require negotiations with WIL and WWL. For any discussion of these material changes and the Council’s negotiating position, the meeting should move into a public excluded session.
- 2.6 Following the staff review of the draft SOI there are no specific matters outside of the forecast increase in water charges that staff need to bring to the Council’s attention. The estimated cost to complete the project has not changed from the \$198.2 million previously. The company has provided draft financial estimates as of February 2024. These estimates will be updated for the final SOI. These estimates include increases in the operating and financing costs consistent with the current business environment. The Council’s share of financing and operating costs is forecast to be c\$3,429,000 for the 2024/25 year. This is an increase of \$502,000 on the \$2,927,000 forecast for 2024/25 in last year’s SOI.
- 2.7 The SOI assumes that there will be no change to the company ownership structure arising from the Local Water Done Well reforms. This is the correct approach given the uncertainty

surrounding the reforms and if the Council's interest, rights, and responsibilities will transfer and, if so, in what form to a Water Services CCO.

- 2.8 Waimea Water Ltd staff will attend the meeting to present their regular update. This is the opportunity for the Council to engage the company over any matters or ask any questions on the draft SOI.
- 2.9 It is recommended that the Council consider the draft SOI as a whole and provide commentary (if any) to WWL for consideration in its drafting the final 2024-2025 SOI.

### 3. Recommendation/s / Ngā Tūtohunga

**That the Tasman District Council**

1. receives the Waimea Water Ltd - Draft Statement of Intent 2024/25 report, RCN24-03-7; and
2. notes that the final 2024-34 Long Term Plan will be updated to reflect the increased Council water charges (financing and operating costs) from Waimea Water Ltd; and
3. provides the following comments and feedback to the Waimea Water Ltd Board –
  - 3.1 that the Statement of Intent (Attachment 1 to the agenda report) meets Tasman District Council's shareholder expectations; or
  - 3.2 requests the Board considers the following matters before providing shareholders with the final Statement of Intent;

... (to be determined at the meeting)

### 4. Background / Horopaki

- 4.1 Waimea Water Ltd (WWL), along with other Council Controlled Organisations (CCOs), is required to complete an SOI by 30 June each year. The draft SOIs are required to be delivered to shareholders by 1 March each year. The WWL draft SOI was received by the Council within the statutory timeframe. This draft SOI covers the period from 1 July 2024 to 30 June 2025. It also includes prospective financial information for the three years out to June 2027.
- 4.2 Shareholders issued a Statement of Expectation (SoE) to the company in December 2023. (**Attachment 2**) The SoE sets out the shareholders expectation on the matters to be included in the draft SOI. The general matters in the SoE are consistent across all the Councils CCO's. The draft SOI addresses the matters raised in the SoE.
- 4.3 The purpose of an SOI is set out in the Local Government Act 2002 Schedule 8. This purpose is repeated here as a background for the Council's discussion on the draft SOI presented by WWL.

#### **Purpose of statement of intent**

- 4.4 The purpose of the Statement of Intent is to:
  - (a) *state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*
  - (b) *provide an opportunity for shareholders to influence the direction of the organisation; and*

(c) *provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.*

- 4.5 The SOI has been checked for compliance with the statutory requirements and there are no matters to bring to the Council's attention.
- 4.6 The company will continue to provide quarterly, mid-year and annual results on the same timeline as in the past.

## **5. Analysis and Advice / Tātaritanga me ngā tohutohu**

- 5.1 Prior to the commencement of the period covered by this SOI the construction of the project will be completed and the with dam provisions in the TRMP will be in force. The contractor will still be in the defects period where they are responsible for necessary repairs related to teething issues.
- 5.2 WWL will during the first year continue to develop and implement is operating systems and processes. It is expected that these processes will evolve over time.
- 5.3 While the draft SOI includes estimates for operating costs post dam completion, these matters are still being finalised between the company and its shareholders, due to 2024/25 being a final transitional year. This is a shareholder reserved matter requiring a shareholder resolution supported by both Waimea Irrigators Ltd (WIL) and the Council. These matters are expected to be settled by 30 June 2024.
- 5.4 Waimea Water Ltd have advised that the proposed operating costs will evolve before they submit their final SOI as they procure operating services and insurances. Also, the financing costs will also evolve before they submit their final SOI as they agree the new terms and lock in the refinanced shareholder advance loan rates.
- 5.5 Operating costs and project costs are defined within the project funding agreements. The two biggest operational items are Council rates and Insurance.
- 5.6 The Council is undertaking its three yearly rating re-valuations. These are undertaken by Quotable Value (QV) and audited by the Office of the Valuer-General (OVG). The valuations will be as of September 2023. The updated valuations will be issued late March 2024 and will establish the updated rating valuation for the dam. The new valuation will impact rates from the 2024/25 rating year which commences on 1 July 2024.
- 5.7 As with the Council, the company has seen a dramatic increase in its insurance costs. The company is undertaking a risk and insurance strategy to understand options around risk and insurance mitigation. In the draft SOI it has reduced its estimated insurance costs by \$329,000 on the 2025 estimate in last year's SOI. To meet this reduction, it is likely that shareholders will be asked to approve a reduced insurance cover.
- 5.8 The company operates on a cost recovery basis. The company recovers its financing costs and operating costs through the water charges to the Council and Waimea Irrigators Ltd. Waimea Irrigators will be using the \$3 million shareholder advance facility C to smooth their water charges.
- 5.9 The forecast finance and operating costs have increased 14.3% from previous estimates. This increase sees the Council's share of financing and operating costs increase to c\$3,429,000 for the 2024/25 year. This is an increase of \$502,000 on the \$2,927,000 forecast for 2024/25 in last year's final SOI.

- 5.10 There are increases in operating costs across most categories compared to last year's SOI estimates including a significant increase in the cost of dam operations. A direct analysis is difficult due to changes in the overview provided and the classification of expenses.
- 5.11 These updated estimates of WWL water charges (financing and operating costs) detailed in the draft SOI will be incorporated in to the final 2024-34 Long Term Plan.
- 5.12 Waimea Irrigators Ltd, as the other shareholder, have been approached for any feedback or comments on the draft SOI. The company has advised that the draft SOI has been briefly reviewed and *“WIL are comfortable with the draft SOI and would encourage the re-evaluation of retrofitting hydro generation capability to the Dam.”*
- 5.13 While the further increase in WWL water charges over last year's forecast for 2024/25 is challenging, the Council has a limited ability to influence those charges. It is recommended that the draft SOI be accepted.

## 6. Options / Kōwhiringa

- 6.1 The options are outlined in the following table:

Option	Advantage	Disadvantage
1. <b>Option 1</b> - To formally refer the SOI back to the WWL Board with comments on the areas of the SOI that need attention prior to reconsideration of the final SOI by the shareholders.	Allows shareholder concerns in relation to the SOI to be considered by the WWL Board.	None
2. <b>Option 2</b> – to accept the draft SOI and advise the company that the Council has no specific changes it wishes them to consider in drafting the final SOI.	If there are no material changes required, this is the appropriate response.	If there are material shareholder concerns, then this does not allow for those concerns in relation to the SOI to be considered by the WWL Board.

- 6.2 **Option 2 is recommended.**

## 7. Legal / Ngā ture

- 7.1 A Council Controlled Organisation (CCO) must have an SOI that complies with clauses 7 to 10 of schedule 8 of the Local Government Act 2002 (LGA).
- 7.2 The principal objective of a CCO is set out in Section 59 (1) of the LGA.
- 7.3 SOIs must not be inconsistent with the CCO's Constitution.
- 7.4 Draft SOIs must be delivered to the Council on or before 1 March each year. Shareholders may extend the deadline for a period or periods not exceeding one calendar month.

- 7.5 The LGA Schedule 8(2) requires the Board to consider any comments on the draft SOI that are made to it by the first of May and deliver a completed SOI to Shareholders on or before 30 June each year.
- 7.6 Section 65 (2) of the LGA requires the Council, as soon as practicable after receiving a statement of intent for a CCO, to agree to the SOI or, if it does not agree, to take all practicable steps under clause 6 of schedule 8 of the LGA to require the SOI to be modified.
- 7.7 If an agreement with the Board of WWL on the SOI is not reached, the shareholders will need to consider imposing a modification of the SOI by resolution of the shareholders using their powers under the LGA schedule 8 (6). This would be a last resort approach as it would signal a breakdown in the relationship between the shareholders and the WWL Board.

**8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori**

- 8.1 No engagement with wider iwi has taken place on this routine matter. However, Ngāti Koata are involved in the SOI process by virtue of their seat on the Waimea Water Ltd Board.

**9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui**

- 9.1 The adoption of the SOI for Waimea Water Ltd is considered of low significance to ratepayers. The SOI is consistent with arrangements entered into at financial close in December 2018. The project and the formation of WWL have been consulted on through formal engagement and consultation processes. The Council has been updated on the progress of the project at this Council meeting. The public has also been provided with an update on the project through the presentation to the Council and the issue of the company's mid-year report. Further engagement, other than with WIL, on the draft SOI is not required.

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low	The project is of a moderate to high public interest, but the completion of the SOI is largely an administrative matter.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	No	
3.	Is there a significant impact arising from duration of the effects from the decision?	No	
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Yes, the investment in the Waimea Community Dam.	

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
5.	Does the decision create a substantial change in the level of service provided by Council?	No	
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	No	

#### **10. Communication / Whakawhitiwhiti Kōrero**

10.1 Following feedback to WWL and WIL, the draft SOI will be made available on the Council's website. This decision is considered routine and of low public interest.

#### **11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

11.1 There are no financial or budgetary implications arising from this decision.

11.2 Any changes to projected operating costs (from previous estimates) have not been provided for in the draft LTP 2024-2034. These will be updated in the final Long Term Plan 2024-34 prior to adoption by the Council.

11.3 The costs of the review of the draft SOI and engagement with WWL and WIL are met from within the Finance Group's existing budgets.

#### **12. Risks / Ngā Tūraru**

12.1 There is no identified change in risks associated with the WWL operations and this draft SOI.

12.2 The company will provide a six-monthly update presentation at today's Council meeting. This will cover financial, administration and project activity, and provide an opportunity to

cover off the issues arising with the construction project and the transition into operations. In addition, the briefing will also cover the revised estimate of the cost to complete the project and the completion and commissioning dates.

12.3 There is a risk that the relationship between the shareholders and WWL could be significantly damaged if there is a failure of WWL and both shareholders to agree on the 2024-2025 SOI.

12.4 As WWL is a joint venture partnership with WIL, the Council will need to consider the views and preferences of WIL in providing feedback to the company.

### **13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

13.1 There are no climate change considerations relevant to this decision.

### **14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru**

14.1 Decisions on CCO Statements of Intent are a Council matter.

### **15. Conclusion / Kupu Whakatepe**

15.1 The draft WWL SOI was received in accordance with the statutory timeframe. The draft SOI meets statutory requirements. The Council should turn its mind to the matters included in the SOI and determine what, if any, comment needs to be provided to the WWL and the WIL Boards.

### **16. Next Steps and Timeline / Ngā Mahi Whai Ake**

16.1 Staff will communicate the Council's decision and comments to Waimea Irrigators Limited and to the Waimea Water Ltd Board.

16.2 A link to the draft SOI will be placed on the Council's website within seven days.

16.3 On receipt of a revised (final) SOI, it will be presented to the shareholders for formal review and adoption.

### **17. Attachments / Tuhinga tāpiri**

1. <a href="#">↓</a>	Waimea Water Limited Draft Statement of Intent 2024-2025	57
2. <a href="#">↓</a>	Letter of Expectations - Waimea Water Limited	86

# STATEMENT OF INTENT

1 July 2024 – 30 June 2025

VERSION: v3 Shareholder draft due 28<sup>th</sup> Feb



*Figure 1 First week after reservoir filled and spillway in use – end of Jan 2024*

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## 1. Summary

This Statement of Intent (SOI) is presented by the Directors of Waimea Water Limited (WWL, the Company) in accordance with Section 64 of the Local Government Act 2002 (LGA), for adoption by shareholders Tasman District Council (TDC) and Waimea Irrigators Limited (WIL).

This SOI provides a clear and succinct understanding of the Company's purpose, the services it delivers, and what success looks like (Part 1 – The performance story).

It also addresses general and specific shareholder expectations (Part 2 – General expectations, Part 3 – Specific expectations).

It is more than a strict compliance document, covering more than the statutory minimum requirements, though strict compliance matters are also captured (Part 4 – Compliance requirements).

This document also provides additional background information that might assist a first-time reader, or to refresh information for readers with familiarity of recent history. (Part 5 – Other background information).

Overall the key themes of this Sol reflect that the Sol required drafting by February 2024 when the Waimea Community Dam (WCD, the dam) was still in 'the construction phase', with the reservoir only recently filled, and the spillway only recently in use. However, by the time this Sol takes effect in July 2024 WWL will have fully 'transitioned to operations'.<sup>1</sup>

1. The first set of core objectives for the Jul 2024 – Jun 2025 period of this Sol relate to post-construction activities; completing construction and as-built reporting, completing the defects period, completing ancillary works, managing the dispute process with the Contractor, and demobilising the project team as required.
2. The second set of core objectives relate to the ongoing development and implementation of operations functions for the first three important years of operations<sup>2</sup>, including managing; dam safety compliance, dam operating plans, water management plans, and business as usual.

In addition;

3. Closing out the construction period<sup>3</sup> is still expected to be achieved within existing \$198.2m funding, within the period of this Sol.
4. Water charges to shareholders are expected to be ~\$7.7m<sup>4</sup> during the period of this Sol, comprising ~\$4.0m OpEx and ~\$3.7m finance costs. Key uncertainties [at the time of submitting the draft Sol] include; interest rates, insurance premiums in a hardening insurance market (currently 25% of the ~\$4.0m OpEx budget), and general operating cost uncertainties in principle before all operations, maintenance and dam safety processes are bedded in.

<sup>1</sup> Under the TRMP, when water is stored and capable of release such that WWL can modify flows to the Wairoa River, the dam will have achieved operational status and the TRMP transitional framework will have switched to the "with dam" framework. In addition, under the construction contract, Practical Completion will have been achieved.

<sup>2</sup> Needs will be reviewed for the long term after fundamental operations are well established.

<sup>3</sup> Refer section 7.

<sup>4</sup> Estimate at time of preparing draft, subject to review before final Sol is submitted.



## Part 1 – The performance story

*This section tells WWL's 'performance story', providing a clear and succinct understanding of the Company's purpose, the goods and services it delivers and what success looks like. The 'performance story' links together; strategic context, an outcomes framework, and the main objectives, outcomes, targets and measures.*

### 2.Purpose

WWL is committed to operating<sup>5</sup> a safe, reliable, sustainable and efficient dam for the benefit of the Tasman region. WWL's vision is to operate the WCD to appropriate high standards to ensure reliable, sustainable and efficient water security and service to shareholders for the expected dam life of 100 years.

### 3.Services

WWL will provide dam operations for its shareholders consistent with its resource consent. In principle, WWL will capture and store water when there is plenty and release it during dry summer months.

### 4.Success

WWL will have the people, systems and positive relationships it needs to effectively deliver and operate the dam, subject to prudent financial management.

### 5.Strategic context

*This section summarises the key strategic context for this Sol, as WWL transitions to operations.*

#### 5.1. Closing out the construction project

When this Sol takes effect in July 2024 the reservoir will have filled, and the spillway will be in use. Practical Completion (PC) will have been granted. 'With dam' provisions of the Tasman Resource Management Plan (TRMP) will be in force.

i.e. The 'construction phase' will have been completed and WWL will have 'commenced operations'.

Remaining post-construction activities include 'the defects period' where the Contractor has responsibility to complete necessary repairs for teething issues identified after start-up, contract close out<sup>6</sup>, the internal completion of construction and as-built reporting, completing ancillary works (such as the micro-hydro turbine and access solutions), managing dispute proceedings, and demobilising the project team where appropriate.

#### 5.2. Managing operations

WWL will continue to develop and implement operations systems and processes.

A number of processes will be new and evolving, including dam safety compliance, dam management operations, and water management operations. Other 'corporate' processes will be little changed from those in place since WWL was formed, including consent and Biodiversity Management Plan

<sup>5</sup> Prior Sol referred to the vision as '*building and* operating' and that vision now moves forward.

<sup>6</sup> 2 months after PC to issue final claims.



(BMP) compliance, finance, governance / secretarial, and fulfilling obligations to shareholders, regulators, financiers, and other stakeholders.

## 6. Outcomes framework

*This section summarises WWL's 'outcomes framework' for this Sol.*

WWL will continue to work to an outcomes framework with the following key features;

- Objectives will be clearly articulated to a strategic context (i.e. 'why').
- WWL will commit to achieving key outcomes (i.e. 'what').
- WWL will measure and review progress towards objectives / outcomes (i.e. 'how' and 'when').

*The following sections describe objectives, outcomes, targets and measures as a consequence of using that framework above.*

## 7. Closing out the construction project

*This section describes objectives for the context above, and outcomes, targets and measures for each objective.*

### 7.1. Complete construction and as-built reporting

*After Practical Completion, the construction contract must be "complete", and all internal documentation updated to an appropriate standard for handover to operations staff.*

#### **Objective**

Complete the Contract and all documentation.

#### **Outcomes - WWL will;**

- 7.1.1. Work with the Contractor on final claims to 'close out the contract'.
- 7.1.2. Finalise all as-builts, construction reports and QA processes.

#### **Targets and measures**

- 7.1.3. Construction contract closed out.
- 7.1.4. Construction reports and as-builts completed.

### 7.2. Complete the defects period

*Some teething issues are likely to be identified during full operations and the Contractor has some responsibilities to complete necessary repairs. The period to ID and implement fixes is referred to as 'the defects period'.*

#### **Objective**

Work through the first year of the defects period.

#### **Outcomes - WWL will;**

- 7.2.1. Ensure construction defects are appropriately identified and captured in a Defects Register.
- 7.2.2. Work with the Contractor to address all defects.

#### **Targets and measures**



7.2.3. Asset surveillance plan (defects) implemented.

7.2.4. Defects identified and addressed (register).

### 7.3. Complete ancillary works

*Some activities within the \$198.2m project cost will be undertaken after Practical Completion.*

#### **Objective**

Complete ancillary works.

#### **Outcomes - WWL will;**

7.3.1. Commission micro-hydro systems.

7.3.2. Implement access solutions (e.g. stairs, platforms, bridges).

#### **Targets and measures**

7.3.3. Micro-hydro systems commissioned.

7.3.4. Access solutions implemented.

### 7.4. Manage dispute proceedings

*WWL and the Fulton Hogan Taylor Joint Venture Contractor are in dispute, however, the nature of items that could be claimed in arbitration are not yet clear.*

#### **Objective**

Resolve the dispute.

#### **Outcomes - WWL will;**

7.4.1. Continue to prepare for and manage dispute proceedings.

7.4.2. Ensure it has all the resources in place to appropriately defend arbitration.

#### **Targets and measures**

7.4.3. Contract dispute resolved.

### 7.5. Demobilise as required

*WWL has operated since its inception with a small team essentially comprising engineering / project management staff plus support staff. As the four objectives above are completed the expertise required across the engineering / project management team can progressively reduce.*

#### **Objective**

Retain expertise to see through; completion of construction and as-built reporting, working through the defects period, completing ancillary works, and managing the dispute process.

#### **Outcomes - WWL will;**

7.5.1. Ensure it has all the resources in place to successfully complete all post-construction activities.

7.5.2. Demobilise project / engineering staff as required.

#### **Targets and measures**

7.5.3. Staff demobilised in line with post-construction activities.

## 8. Managing operations

*This section describes objectives for the context above, and outcomes, targets and measures for each objective.*

### 8.1. Dam safety compliance

*WWL must operate and maintain the dam in accordance with dam safety regulations (2022) and New Zealand Society of Large Dams (NZSOLD) guidelines.*

#### **Objective**

Safely operate the dam in compliance with regulations and guidelines.

#### **Outcomes - WWL will;**

- 8.1.1. Comply with regulations requiring a Dam Safety Assurance Programme, including audit and certification by a Recognised Engineer every 12-months, and submission of an annual dam safety certificate to TDC as the regulator.
- 8.1.2. Comply with its own Dam Safety Management System (DSMS), that meets the requirements of NZSOLD guidelines, including surveillance and asset management.

#### **Targets and measures**

- 8.1.3. DSMS approved and complied with.
- 8.1.4. Intermediate (annual) Dam Safety Review completed.
- 8.1.5. Annual Dam Compliance Certificate submitted.
- 8.1.6. Annual test and review of Emergency Action Plan (EAP) completed.

### 8.2. Dam operations plans

*Beyond dam safety, WWL must have systems in place to operate and maintain the dam in general, and to respond to unusual events, including in accordance with NZSOLD guidelines. WWL must operate and maintain the dam in accordance with the resource consent.*

#### **Objective**

WWL will have systems in place to operate and maintain the dam to appropriate standards, and to respond to unusual events.

#### **Outcomes - WWL will;**

- 8.2.1. Operate a Health, Safety and Wellbeing Management System (HSWMS) that protects the safety and wellbeing of employees and contractors and meets requirements of health and safety legislation. (Refer section 18.)
- 8.2.2. Verify compliance with the HSWMS.
- 8.2.3. Ensure a robust Business Continuity Plan (BCP) is in place.
- 8.2.4. Ensure a robust Crisis Management Plan (CMP) is in place.
- 8.2.5. Follow plans and procedures described in the Operations and Maintenance Manual (OMM).
- 8.2.6. Maintain compliance with the resource consent.

#### **Targets and measures**

- 8.2.7. HSWMS reviewed.
- 8.2.8. HSWMS compliance verified



- 8.2.9. BCP tested.
- 8.2.10. CMP tested.
- 8.2.11. OMM complied with.
- 8.2.12. BMP complied with.

### 8.3. Water management

*WWL is committed to working with shareholders on water augmentation, minimising its impact on the environment, taking steps to improve river water quality, and complying with resource consents.*

#### **Objective**

Augment water supplies as appropriate and manage water quality in accordance with the resource consent.

#### **Outcomes - WWL will;**

- 8.3.1. Manage water releases from the reservoir in accordance with the Reservoir Release Water Management Plan (RRWMP).
- 8.3.2. Monitor reservoir water quality.
- 8.3.3. Monitor river water quality.

#### **Targets and measures**

- 8.3.4. RRWMP complied with.
- 8.3.5. Reservoir WQP complied with.
- 8.3.6. River WQP complied with.

### 8.4. Corporate activities

#### **Objective**

Continue to maintain a tight focus on financial management and minimising cost, and to operate all 'corporate' functions to best practice proportionate to organisation scale, without compromising safety, reliability, sustainability, and efficiency.

#### **Outcomes - WWL will;**

- 8.4.1. Manage costs and funding in accordance with the Company Constitution, best practice, and Generally Accepted Accounting Principles.
- 8.4.2. Regularly report to shareholders TDC and WIL, and to financier Crown Irrigation Investments Ltd (CIIL).
- 8.4.3. Receive an unqualified audit opinion from Audit NZ on behalf of the Auditor General.
- 8.4.4. Maintain a Corporate Risk Management System (CRMS).

#### **Targets and measures**

- 8.4.5. Funding agreements being complied with.
- 8.4.6. Shareholder reporting 100% on time
- 8.4.7. Water charges invoicing 100% accurate and on time.
- 8.4.8. Unqualified audit opinion received.
- 8.4.9. CRMS being complied with.

## 9. Performance targets

*This section summarises the targets described above.*

Objective / outcomes	KPI to 30 June 2025	KPI to 30 June 2026
<b>Complete construction and as-built reporting</b>		
Construction Contract	Closed out	n/a
Construction reports and as-builts	Completed	n/a
<b>Complete the defects period</b>		
Asset surveillance plan (defects)	100% implemented	100% implemented
Defects identified and addressed (register)	Progress tracked	Completed
<b>Complete ancillary works</b>		
Micro-hydro systems commissioned	Commissioned	n/a
Access solutions	Implemented	n/a
<b>Manage dispute proceedings</b>		
Contract dispute	Resolved	Completed / outcome
<b>Demobilise as required</b>		
Staff demobilised in line with post-construction activities	On track	Completed
<b>Dam safety compliance</b>		
DSMS	100% compliance	100% compliance
Intermediate (annual) Dam Safety Review	Completed	Completed
Annual Dam Compliance Certificate	Submitted	Submitted
Annual test and review of EAP	Completed	Completed
<b>Dam operations plans</b>		
HSWMS review and verification	Complete	Complete
Annual BCP and CMP tests	Complete	Complete
OMM	100% compliance	100% compliance
BMP	100% compliance	100% compliance
<b>Water management plans</b>		
Reservoir release plans	100% compliance	100% compliance
Reservoir and River WQPs	100% compliance	100% compliance
<b>Corporate activities</b>		
Water charges invoicing	100% accurate and on time	100% accurate and on time
Funding agreements	100% compliance	100% compliance
Shareholder reporting	100% on time	100% on time
Audit	Unqualified opinion	Unqualified opinion
CRMS	100% compliance	100% compliance

## Part 2 – General expectations

*This section lists general expectations set by Tasman District Council for all Council Controlled Organisations.*

### 10. Include financial statements and measures

Summaries of profit and loss, cash flow, and balance sheet forecasts are shown below. [These are drafts based on information available in February 2024 and will change before the final Sol submission.]

#### 10.1. Profit and Loss Overview

<u>Profit and loss (\$000s)</u>	<u>Jun 2025</u>	<u>Jun 2026</u>	<u>Jun 2027</u>
<b>Income</b>			
Water charges	7,680	7,426	6,927
<b>Total income</b>	<b>7,680</b>	<b>7,426</b>	<b>6,927</b>
<b>Expenses</b>			
Interest expense	3,636	3,198	2,594
Insurance	1,000	1,050	1,076
Staff	541	568	582
Environmental	555	583	597
Rates etc	408	428	439
Dam Operations	664	678	695
Directors	317	333	341
Dam Safety	238	250	256
Professional fees	85	89	91
Facilities / Admin etc	174	182	187
Vehicles	32	33	34
Land costs	31	33	33
Depreciation	1,895	1,895	1,895
<b>Total expenses</b>	<b>9,575</b>	<b>9,320</b>	<b>8,820</b>
<b>Profit (Loss)</b>	<b>(1,895)</b>	<b>(1,894)</b>	<b>(1,893)</b>

<u>Analysis of water charges</u>	<u>Jun 2025</u>	<u>Jun 2026</u>	<u>Jun 2027</u>
Interest expense	3,636	3,198	2,594
Financing repayments	-	-	-
Operating expenses	4,044	4,228	4,333
<b>Total</b>	<b>7,680</b>	<b>7,426</b>	<b>6,927</b>
WIL share	4,251	4,136	3,867
TDC share	3,429	3,290	3,060
<b>Total</b>	<b>7,680</b>	<b>7,426</b>	<b>6,927</b>



## 10.2. Cash Flow Overview

<u>Cash flows (\$000s)</u>	<u>Jun 2025</u>	<u>Jun 2026</u>	<u>Jun 2027</u>
<b>Opening cash balance</b>	30	30	30
Income from operations	7,680	7,426	6,927
Paid to suppliers/employees	(7,680)	(7,425)	(6,925)
<b>Operating in (out) flows</b>	<b>0</b>	<b>1</b>	<b>2</b>
Capital (payments)/receipts	(0)	(1)	(2)
Equity contributions (TDC)	-	-	-
Shareholder advances	289	314	322
Loans	(289)	(314)	(322)
<b>Cash balance</b>	<b>30</b>	<b>30</b>	<b>30</b>

## 10.3. Balance Sheet Overview

<u>Balance Sheet (\$000s)</u>	<u>Jun 2025</u>	<u>Jun 2026</u>	<u>Jun 2027</u>
Cash balance	30	30	30
Fixed assets	189,718	187,823	185,928
Non-current liabilities	(24,686)	(24,371)	(24,049)
<b>Total net assets</b>	<b>165,062</b>	<b>163,482</b>	<b>161,909</b>
Shareholder equity	98,229	98,229	98,229
Shareholder advances	73,641	73,956	74,278
Retained (accounting) losses	(6,808)	(8,703)	(10,598)
<b>Net equity</b>	<b>165,062</b>	<b>163,482</b>	<b>161,909</b>

## 11. Comply with LGA, Public Records Act and H&S legislation

*This expectation is covered in Part 4 of this document, in sections 24, 25, and 26.*

## 12. Dividend policy

WWL is operated on a cost recovery basis only and no dividend is payable.

## 13. Capital expenditure and asset management

*This section summarises capital expenditure and asset management intentions.*

WWL will maintain a tight focus on financial management with respect to any ongoing CapEx and will maintain the dam and other assets within budget constraints and without compromising safety, reliability, sustainability, and efficiency.



## 14. Reporting

*This section summarises how WWL uses the same information for both managing the business and reporting through to Shareholders, and for setting targets and reporting against them.*

WWL will provide shareholders with reports in accordance with the LGA. In addition, WWL will provide quarterly and other reports in accordance with shareholder expectations.

### Statement of Intent

No later than 1 March each year WWL will deliver to shareholders a draft SOI that fulfils the requirements of Section 64 of the LGA. Following shareholder review a final SOI shall be published before 1 July each year.

### Quarterly Reports

No later than two months after the end of the March and September quarters WWL will deliver to shareholders a brief unaudited report containing information and commentary on results for that quarter.

### Mid-Year Report

No later than 28 February each year WWL will deliver to shareholders an unaudited report containing information for the six-month period ending the preceding 31 December:

- Commentary on operations and results for the period including progress against SOI objectives.
- Statement of Comprehensive Revenue and Expense, disclosing actual and comparative figures, Statement of Financial Position at the end of the period, and Statement of Cash Flows.

### Annual Report

No later than the date required by the LGA, currently 30 September, WWL will deliver to shareholders an annual report that fulfils the statutory requirements of Section 67 of the LGA, including audited financial statements that comply with the appropriate reporting standards and contain at least the following information:

- Commentary on operations and results for the year including progress against Sol objectives.
- Statement of Comprehensive Revenue and Expenses disclosing actual and comparative figures, Statement of Financial position at the end of the year, and Statement of Cash Flows.
- Auditor's report.

The Annual Report will be made publicly available on the WWL website [www.waimeawater.nz](http://www.waimeawater.nz).

## 15. Performance Story

*This expectation is covered in Part 1 of this document.*

## 16. Risk management and natural hazards

*This section summarises how the Board is managing risks, including natural hazards.*

WWL will manage risk under three frameworks; the HSWMS concerned with personal health, safety and wellbeing, the DSMS concerned with dam safety, and a CRMS concerned with 'corporate' functions and processes. (A fourth framework for project / construction risk is progressively 'sunsetting out'.)

All frameworks use a consistent best practice methodology to clearly define risks, identify likelihood, consequence and adequacy of controls, determine target ratings, describe controls to be implemented, and manage / monitor the residual risk.

Natural hazards with a risk consequence to employees, contractors, and visitors in day-to-day operations are managed under the HSWMS. Natural hazards with a risk consequence from dam failure, including to life downstream, are managed under the DSMS. Long range sustainability impacts from climate change are described in the following section 17.

#### Personal health and safety

The comprehensive HSWMS process is described in section 26.

#### Dam safety

The DSMS process is described in section 8.1.

#### Corporate risk

The CRMS outlines the system and processes for managing the risk WWL does not have appropriate 'corporate' practices and protocols in place, that could result in; breaking the law, not meeting shareholder requirements, not meeting financier requirements, or a failure to manage other 'corporate' functions.

For each of those risk themes the CRMS outlines expectations and risks and controls.

#### Project / construction risk

Risks related to geology and weather largely dissipated with closure of the diversion culvert in May 2023 and the subsequent filling of the reservoir in January 2024.

## 17. Sustainability

*This section describes measures and targets in place to address environmental and climate change concerns, including measures to; support the transition of WWL to net zero carbon emissions by 2050, prepare for impacts of climate change - including assessing key organisational climate change risks, and minimise waste and support the shift to a circular economy.*

#### **Net zero carbon**

WWL has installed its own micro-hydro power generation with a battery bank to provide renewable hydropower to power controls (valves), amenities, and instrumentation at the dam site.

WWL can work with stakeholders to investigate the feasibility of further hydro power generation and transmission, to help mitigate other activities that require diesel or other sources of carbon. These include powering winches to raise/lower intake screens between reservoir and crest, and emergency back-up power. Utilising unused energy from reservoir head to generate power via hydro-turbine could generate 1.5 – 3 MW. Solutions will be investigated by 2035.

Without additional hydro generation, diesel generators could be replaced with mains power, or fuelled with biodiesel when available. Solutions will be confirmed by 2035.

Vehicles and boats powered from carbon sources will be replaced with electric, hydrogen or bio-diesel power concurrent with industry / NZ development. Solutions will be confirmed by 2030.

WWL will consider expanding carbon credit offset planting at Rough Island and the Lee Valley. New plans will be confirmed every five years.

### ***Climate change impacts***

The entire ethos of the WCD is to secure the region's water supply for the next 100+ years and improve water quality to provide a better environment for people, plants, fish, and animals.

In particular, climate changes studies<sup>7</sup> show expected increases in water demand (increases in the persisting dewpoint that will lead to drier soils and transit losses), and an increased frequency of extraordinary rainfall events (increased peak rainfall intensity but less antecedent precipitation / wetness). These impacts are specifically contemplated in dam design.

- The ~12m m<sup>3</sup> reservoir capacity is expected to support a 1:70 year drought. A 20% increase in demand would halve the frequency to a 1:35 year drought, and capacity would still be appropriate.
- The current estimated 1:10,000 year peak inflow is 616 m<sup>3</sup>/s. A 20% increase through climate change would increase this to 741 m<sup>3</sup>/s. Spillway capacity based on computational fluid dynamic modelling is 1200 m<sup>3</sup>/s.

### ***Shift to circular economy***

*The circular economy is based on principles driven by design, to; eliminate waste and pollution, circulate products and materials at their highest value, and regenerate nature.*

As noted above, the entire ethos of the WCD is to secure the region's water supply for the next 100+ years and improve water quality to provide a better environment for people, plants, fish, and animals. The theme to store water that would otherwise 'go to waste' during wet periods so it can instead be used productively during dry periods directly supports a core circular economy principle. In addition, the theme to be able manage / maintain river flows year-round through wet and dry periods directly supports the core principle to regenerate nature.

## **18. Health and safety**

*Legislators and shareholders expect the Board to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed, and review Health and Safety systems and performance.*

This expectation is covered in section 26.

## **19. Governance Performance**

*This section summarises WWL's governance performance themes*

The Board undertakes regular evaluations of its own performance at least once every eighteen months, to aid shareholders when making decisions on Director remuneration and appointments.

The Chair of the Board references evaluations when making recommendations on the re-appointment or recruitment of Board Directors, to ensure skills, knowledge and experience required of directors is identified, including knowledge of tikanga Māori.

<sup>7</sup> Including University of Melbourne reports to the Australian National Committee on Large Dams (ANCOLD) conference 28 October 2022.



The Board evaluation of its performance is a matter for all shareholders to consider, though WWL acknowledges TDC, WIL, and Ngāti Koata each have their own appointment process.

## 20. Other matters

*This section summarises WWL's approach to other shareholder expectations*

WWL ensures effective performance reporting by the inclusion of quantifiable measures and SMART targets, including enhanced measures on Health and Safety. Refer section 8.2.1.

WWL, before making a decision that may significantly affect land or a body of water, considers the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga.

WWL ensures there is 'no surprises' communication with the Shareholders on matters which are in the shareholders' or public interest and are not highly commercially sensitive.

## Part 3 – Specific expectations

*This section describes how WWL plans to address specific expectations advised in the Shareholders' Statement of Expectation.*

### 21. Addressing key staff risk

*WWL has plans to address key staff risk as the construction phase of the project ends in early 2024 and the transition through to routine ongoing operations is completed in the 2024/25 year.*

WWL will have the resources in place to both:

1. Close out the construction project (refer section 7).
2. Operate and maintain the dam to appropriate standards and in line with business plans and budgets.

### 22. Future operating budgets and operating model

*The operating budget and operating model described below are based on prudent and efficient management post dam completion.*

#### 22.1. Operating cash flows

In general, project costs are the capital cost of the dam (\$198.2m financed by debt, advances and equity), and water charges recover both capital and operating costs (finance repayments, interest, and WWL overheads). Water charges are invoiced to water users each quarter in advance to support appropriate cash flow management.

Any cash surplus after the year end is either carried by WWL to reduce the following year's cash needs or used to repay loans. Any cash shortfall would be charged to water users after year end.

#### 22.2. Operating costs

Forecast operating costs have increased 12% from those forecast in the previous SOI primarily due to inflation and a clearer understanding of probable operations needs. Finance costs have increased with interest rate increases. The table below illustrates the budget for this SOI period and indicative estimates for FY26 and FY27 subject to review in future Statements of Intent.

No allowance is made in operating budgets for any costs that may be incurred to defend arbitration or adjudication initiated by the Contractor.



<u>Cost category</u>	<u>\$000s</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Interest on project cost		\$3,636	\$3,198	\$2,594
Project cost loan repayments		\$-	\$-	\$-
Insurance		\$1,000	\$1,050	\$1,076
Staff Costs		\$541	\$568	\$582
Consent Compliance		\$555	\$583	\$597
Rates		\$408	\$428	\$439
R&M		\$664	\$678	\$695
Directors Fees/D&O insurance		\$317	\$333	\$341
Dam Safety		\$238	\$250	\$256
Admin, lease, other		\$321	\$337	\$345
<b>Total water charges</b>		<b>\$7,680</b>	<b>\$7,426</b>	<b>\$6,927</b>
Financing		\$3,636	\$3,198	\$2,594
Operating		\$4,044	\$4,228	\$4,333

### 23. Future estimated water charges

Estimated costs above would be recovered as water charges from both TDC and WIL.

<u>Cost Recovery</u>	<u>\$000s</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>
Water charges TDC		\$4,251	\$4,136	\$3,867
Water charges WIL		\$3,429	\$3,290	\$3,060
<b>Water charges TOTAL</b>		<b>\$7,680</b>	<b>\$7,426</b>	<b>\$6,927</b>

## Part 4 – Compliance requirements

*The section describes how key pieces of legislation will be complied with.*

### 24. Compliance with Schedule 8 of the LGA

#### 24.1. Objectives

WWL will operate the dam safely, reliably, sustainably, and efficiently.

##### **Personnel safety**

24.1.1. WWL will continue to use an appropriate and robust risk based HSWMS to mitigate the risk of serious injuries to staff, contractors and the public during operation of the dam.

##### **Dam safety**

24.1.2. WWL will operate the dam to the appropriate high standards described in NZSOLD guidelines<sup>8</sup> and Dam Safety Regulations (2022).

##### **Reliability**

24.1.3. WWL will operate and maintain the dam in a manner that allows it to reliably operate over its planned 100-year life to meet the requirements of the resource consent and maintain asset integrity to meet requirements of NZSOLD guidelines.

##### **Sustainability**

24.1.4. WWL will ascribe to a sustainability-based management regime that considers and balances:

24.1.4.1. Economic sustainability by providing shareholders with a safe, reliable and efficient asset.

24.1.4.2. Environmental sustainability by understanding consumption and waste, emissions and implementing its environmental and biodiversity management plans.

24.1.4.3. Transition to net zero carbon emissions by 2050.

24.1.4.4. Social sustainability by engaging and nurturing positive relationships with the community it works within, contributing to its community and its prosperity, and being a good employer

##### **Efficiency**

24.1.5. WWL will operate the dam within approved budgets while always bearing in mind the priority objectives to provide a safe, reliable and sustainable asset. WWL will efficiently and proactively manage operating risks.

<sup>8</sup> [https://nzsold.org.nz/wp-content/uploads/2017/08/nzsold\\_dam\\_safety\\_guidelines-may-2015.pdf](https://nzsold.org.nz/wp-content/uploads/2017/08/nzsold_dam_safety_guidelines-may-2015.pdf)



**24.2. Approach to Governance**

The WWL Board is committed to a high standard of corporate governance and regulatory compliance in guiding and monitoring WWL’s activities.

The Board carries out its decision-making responsibilities in accordance with legislation, and directors comply with their obligations under the Companies Act 1993, the LGA and other relevant legislation.

The WWL Board currently has seven highly experienced directors, all reappointed for four years in November 2022. TDC may appoint four directors, WIL appoints two, and Ngāti Koata appoints one.

The WWL Board is supported by an audit and risk committee. The Board and the committee review their effectiveness every year. Management governance and assurance is prescribed in WWL’s Corporate Risk Management System, which is reviewed and updated annually by the Board.



**24.3. Nature and scope of activities**

The scope of WWL’s activities for 2024-25 are described in Part 1 – The performance story.

**24.4. Non-financial performance targets**

Non financial performance targets for 2024-25 are described in Part 1 – The performance story.

**24.5. Accounting policies**

*This section captures WWL’s accounting policies, included in audited financial statements*

**Reporting entity**

Waimea Water Limited (WWL) is a Council Controlled Organisation under Section 6 of the Local Government Act 2002 (LGA). WWL is registered under the Companies Act 1993. WWL has been established to manage the construction, operation and maintenance of the Waimea Community Dam.



### ***Basis of preparation***

#### **(a) Statement of compliance**

Financial statements are prepared in accordance with the LGA, which includes the requirement to comply with Generally Accepted Accounting Practice in New Zealand as required by the Companies Act 1993. WWL has a balance date of 30 June.

Financial statements are prepared in recognition of WWL being a public benefit entity, in accordance and to comply with PBE Standards RDR. Disclosure concessions have been applied. WWL is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large.

#### **(b) Basis of measurement**

Financial statements are prepared on the basis of historical cost, and on the going concern basis.

#### **(c) Functional and presentation currency**

Financial statements are presented in the functional currency of WWL, which is New Zealand dollars (NZ\$), and all values are rounded to the nearest thousand dollars (000s).

#### **(d) Comparatives**

Statements report comparative figures.

#### **(e) Changes in accounting policies**

Accounting policies are adopted consistently.

#### ***Summary of significant accounting policies***

The preparation of financial statements requires WWL to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing financial statements are set out below. These will be assessed by management as part of the annual reporting process and included within the final annual accounts.

#### **(f) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly-liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

#### **(g) Trade and other receivables**

Trade and other receivables are initially stated at fair value and subsequently stated at their amortised cost using the effective interest method less impairment losses. A provision for impairment of receivables is established when there is objective evidence that WWL will not be able to collect all the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the present value of the expected future cash flows discounted using the effective interest method.

#### **(h) Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### (i) Property, plant and equipment

Property, Plant & Equipment (PPE) will be recognised in accordance with PBE IPSAS 17, at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 'Directly attributable' includes all costs directly associated with the dam build, including professional fees, all staff costs, where a majority of the person's time is directly associated with the dam build, and a reasonable allocation of other costs incurred for staff identified above. Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Uncompleted capital works are not depreciated until ready for service.

Subsequent expenditure is capitalised and the cost incurred added to the carrying amount of an item of Property, Plant and Equipment if it is probable that the future economic benefits embodied in the specific asset will flow to WWL and the cost of the item can be measured reliably. The costs of day-to-day servicing of Property, Plant and Equipment are recognised in the surplus or deficit as incurred.

Individual assets, or groups of assets, are capitalised if their cost is greater than \$500. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition. The majority of capital expenditure will remain as work in progress for the duration of the project and is not depreciated until ready for service.

#### **Disposals**

Gains and losses are determined by comparing the proceeds with the carrying amount and are recognised in the surplus or deficit. Net gains and losses are only recognised when the significant risks and rewards or ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, and there is no continuing involvement.

#### **Depreciation**

The depreciable amount of an asset is determined based on its useful life. Rates and methods of depreciation reflect the pattern in which the asset's future economic benefits are expected to be consumed by WWL.

Buildings	not applicable
Leasehold improvements	10%
Furniture and equipment	16% - 50%
Vehicles	20% - 30%
Dam (Capital WiP)	not applicable

After completion, depreciation of dam project components (including costs directly attributable to bringing them to the location and condition necessary to be capable of operating in the manner intended by management) will be provided on a straight line basis to write off the cost (or valuation) to estimated residual values, over their useful lives.

Land	not depreciated
Buildings (including fit out)	2-100 years
Bridges	100 years

Culverts, structures and fill (concrete, rock)	80-120 years
Earthworks and river stop banks	not depreciated
Rock and slope protection	80-120 years
Water pipes/valves/meters (manual)	15-80 years
Water pipes/valves/meters (automatic)	15-80 years

#### **(j) Intangible assets**

Software acquisition and development. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

#### **(k) Impairment of non-current assets**

The carrying amounts of WWL's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated. If the estimated recoverable value amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount, and an impairment loss is recognised in the surplus or deficit.

The recoverable amount of an asset is the higher of the fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and discounting these to their present value using a pre-tax discount rate that reflects the current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised to the extent that an impairment loss for that asset was previously recognised in the surplus or deficit immediately.

#### **(l) Other financial assets**

Term investments over 90 days are classified as 'other financial assets.' They are initially measured at fair value, net of transaction costs. After initial recognition, financial assets in this category are measured at amortised cost using the effective investment method, less impairment. Gains and losses when the asset is impaired are recognised in the surplus or deficit.

#### **(m) Share capital**

Ordinary shares are classified as equity. Direct costs of issuing shares are shown as a deduction from the proceeds of issue.

#### **(n) Interest bearing borrowings**

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset, which is determined to be an asset that takes a period of greater than one year to get ready for its intended use, are capitalised as part of the cost of the asset.

#### **(o) Employee entitlements**

A liability for annual leave is accrued and recognised in the Statement of Financial Position. The liability is calculated on an actual entitlements basis at current rates of pay. These include salaries and wages accrued up to balance date, alternate days earned but not yet taken, and annual leave earned but not yet taken up to balance date.

**(p) Revenue**

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of WWL's activities, net of discounts, rebates and taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised on an accrual basis using the effective interest method.

**(q) Expenses**

***Financing costs***

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

***Dividends***

WWL operates on a cost recovery basis therefore no dividends are payable.

**(r) Income tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to the income tax payable in respect to prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax are charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity and other comprehensive revenue and expenses.

**(s) Goods and Services Tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to or received from Inland Revenue, including the GST relating to investing and financing activities, is classified within operating cash flow in the Statement of Cash Flows.

## 24.6. Forecast financial information

Refer section 10.

## 25. Compliance with Public Records Act 2005

WWL ensures management, retention, and disposal of records in line with the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016

## 26. Compliance with Health and Safety legislation

*This section summarises WWL's HSWMS framework, structured using the following sections.*

### 26.1. Legal requirements

Businesses operating within New Zealand are required to meet certain legislative requirements to support and improve work health and safety, primarily the Health and Safety at Work Act 2015, Health and Safety Regulations, and the Accident Compensation Act 2001.

### 26.2. Leadership, culture and reporting

Fundamental to the success of WWL's HSWMS is leadership and ensuring a safety focussed culture within the organisation.

### 26.3. Hazard and risk management

The purpose of hazard and risk management is to proactively identify and manage hazards / risks across the business to reduce risk and actual or potential harm to people, equipment and the environment.

### 26.4. Incident reporting, management and investigation

The purpose of Incident reporting, management and investigation is to accurately report, record and investigate incidents to prevent future harm and identify continuous improvement opportunities.

### 26.5. Training and competency

The purpose of training and ensuring competency is to ensure processes are established to provide the requisite training, competency and awareness to effectively manage HSW risks.

**26.6. Emergency preparedness**

The purpose of emergency preparedness is to ensure that the appropriate resources and incident response plans are prepared, practiced, and available.

**26.7. Injury management**

The purpose of injury management is to support and encourage a safe and early return to work.

**26.8. Health and wellbeing**

The purpose of monitoring and supporting health and wellbeing is to ensure employees and contractors are both fit for work and not adversely affected by hazards exposed during their employment.

**26.9. Contractor management**

The purpose of ensuring a contractor's HSW system meets WWL's requirements is to ensure HSW risks associated with procured materials, equipment, services, and labour are effectively managed and effective communication processes are in place.

**26.10. Audit and verification**

The application and effectiveness of the HSWMS shall be tested and verified.



## Part 5 – Other background information

*The section describes other information that might assist a first-time reader, or to refresh information for readers with familiarity of recent history.*

### 27. Waimea Water Ltd

WWL is a joint venture between TDC and WIL. WWL is a Council-Controlled Organisation under Section 6 of the LGA. WWL is a limited liability company, incorporated under the Companies Act 1993.

WWL represents the shared interests of TDC and WIL. When fully funded to \$198.2m TDC will be the majority shareholder with 74% of the issued shares and WIL will hold the remaining 26%.

CIIL provides a \$25M loan to WWL, and further loans to TDC.

TDC contributions are supported by a Ministry for the Environment grant of \$7M.

WWL does not undertake any activities for which the Board seeks compensation from any local authority. This is prohibited by WWL's constitution.

### 28. The Waimea Community Dam

The dam is a significant infrastructure project for the Tasman region, to secure water supply for the next 100 or more years. Approval to proceed with the dam was reached in December 2018.

The project began in March 2019, site works commenced in August 2019, the embankment culvert was closed in May 2023, and the reservoir filled for the first time in January 2024.

The dam is a concrete-face rockfill dam, 53 metres high, 220 metres long, and six metres wide at the crest. The spillway is 165 metres long, 40 metres wide at the top, 20 metres wide at the bottom, and descends 50 vertical metres.

The dam was designed to contemporary international design standards under New Zealand and international Dam Safety Guidelines. The dam was built by a joint venture between Fulton Hogan Ltd and Taylors Contracting Ltd (the Contractor). Compliance with design standards was regularly peer reviewed by technical dam experts as the build progressed. Damwatch Engineering Ltd independently reviewed the construction and provided design guidance. GHD Engineering peer reviewed design changes.

### 29. Benefits to the region

The reservoir created by the dam will contain approximately 12 billion litres of water. The benefits of the dam for the region are:

- Providing the shareholders, being the community and Waimea irrigators, with water security and supporting a growing population, particularly in the face of climate change. The dam is designed and expected to provide coverage for a drought greater than a 1-in-50 year event.
- Healthy Lee and Waimea rivers for swimming, fishing and other recreational activities.
- Healthier rivers for aquatic life to thrive by maintaining minimum river flows.
- A robust and more resilient economy strengthened by the success of horticulture and farming industries and the subsequent growth of associated secondary and tertiary industries.



- Enabling residential (housing), commercial and industrial investment and development, which brings jobs, more housing and associated economic activity.
- Greater potential to develop, maintain and grow businesses for future generations.

### 30. Professional support information

Dam advisory Engineer:	Damwatch Engineering Ltd
Legal Support:	Anderson Lloyd, Duncan Cotterill, Pitt & Moore
Auditor:	Audit New Zealand on behalf of the Auditor-General
Banker:	ANZ Corporation

### 31. Project cost

The original budget in December 2018 was \$104.4m comprising a \$99.8m project cost and \$4.6m contingency. The project cost increased \$98.4m by completion to \$198.2m, driven by;

- Encountered Geology: +\$43m. Issues included; poor quality indigenous rock-fill requiring the import of drainage material and sand, shear zones bisecting the spillway requiring an impermeable apron on the approach channel and enlarged cut-off wall beneath the spillway, greater stabilisation on the left abutment, increased foundation treatment to the embankment and spillway, and greater sub-surface grout curtain requiring ~17,000m of drilling rather than originally planned 5,000m of drilling
- Mechanical and Electrical Costs: +\$22m. Issues arose because mechanical and electrical systems were not designed or procured at project funding. Design was completed during FY2021 for procurement from FY2022. Versus the contract provisional sum, there were higher costs for design, significant inflation as a result of the economic environment during the construction period, greater cost than expected to install some components and for temporary river diversion works, and greater time-related costs to the Contractor for the prolongation of works.
- Other project Costs: +\$33m. Issues arose because costs were underbudgeted or not contemplated, and included; additional dam engineering and construction supervision costs (including to address encountered geological conditions), additional project services and legal support to assist contractual management and defending disputes, and office costs increased to support design and construction activities over a longer period - that included COVID-19 lockdowns and impacts.

## 32. Glossary

*This section summarises abbreviations used in this document.*

<b>Abbreviation</b>	<b>Definition</b>
BCP	Business Continuity Plan
BMP	Biodiversity Management Plan
CMP	Crisis Management Plan
CIIL	Crown Irrigation Investments Ltd
CRMS	Corporate Risk Management System
DSMS	Dam Safety Management System
EAP	Emergency Action Plan
HSWMS	Health, Safety and Wellbeing Management System
KPI	Key Performance Indicator
LGA	Local Government Act 2002
NZSOLD	New Society of Large Dams
OMM	Operations and Maintenance Manual
PC	Practical Completion
RRWMP	Reservoir Release Water Management Plan
SOI	Statement of Intent
TDC	Tasman District Council
TRMP	Tasman Resource Management Plan
WCD	Waimea Community Dam
WIL	Waimea Irrigators Limited
WWL	Waimea Water Ltd



mike.drummond@tasman.govt.nz  
Phone 543 8499

18 December 2023

David Wright  
Chair  
Waimea Water Limited  
14 Oxford Street  
RICHMOND 7020

Dear David

### Statement of Expectation

This Statement of Expectation is intended to inform Waimea Water Limited's Board of the Shareholders' high level strategic direction and performance expectations in advance of your preparation of the Statement of Intent (SOI) 2024/25. In clarifying our expectations early, we expect that the passage through to acceptance by both Shareholders will be more efficient and effective. Under the Local Government Act this Statement of Expectation will be made available to the public, on the Councils' website. The Council has determined that will occur 30 days after delivery to the Company.

### Statement of Intent 2024/25

Shareholders expect that CCOs will treat the SOI as more than a strict compliance document and will aim for best practice. This will entail a SOI covering more than the statutory minimum requirements. To be effective, your SOI should tell the performance story of the Company, providing a clear and succinct understanding of the Company's purpose, the goods and services it delivers and what success looks like. As shareholders, the Council and WIL are particularly interested in delivery of the project on revised timeline and within the revised cost to complete estimate.

The SOI must meet the requirements set out in the Local Government Act 2002. Your staff are likely to now be familiar with the CCO provisions of this Act. The SOI should also cover the additional requirements being imposed on the company by the Water Services Entities Act 2022.

Both Shareholders wish to support the company in delivering a good SOI. The Council has assigned a senior manager to each CCO to assist. In your case the person assigned is Mike Drummond. Mike is available to your team throughout the process.

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Email [info@tasman.govt.nz](mailto:info@tasman.govt.nz)  
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**Takaka**  
78 Commercial Street  
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Takaka 7142  
New Zealand  
Phone 03 525 0020  
Fax 03 525 9972

The general expectations set by Tasman District Council for all CCOs are as follows:

- 1.1 SOIs must include a complete set of summary prospective financial statements for at least three years (preferably five years) ie Statement of Comprehensive Income, Statement of Financial Position and Cash Flow Statement.
- 1.2 SOIs should disclose key financial measures like earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) and balance sheet ratios where applicable.
- 1.3 SOIs must fully comply with Schedule 8 of the Local Government Act.
- 1.4 In the Public Records Act 2005, a local authority includes a Council Controlled Organisation and a Council-Controlled Trading Organisation. As such, the requirements of this Act and its related mandatory Information and Records Management Standard - July 2016 applies for the management, retention, and disposal of records.
- 1.5 Compliance with legislation and reporting on Health and Safety matters must be given due emphasis.
- 1.6 Dividends are to be disclosed along with the dividend payout policies, where applicable. (For WWL, this will be that no dividend is payable as the Company is operated on a cost recovery basis only.)
- 1.7 Capital Expenditure and Asset Management intentions should be included.
- 1.8 CCOs should use the same information for both managing the business and reporting through to the Shareholders ie, the information used for setting targets and reporting against them for the SOI should overlap and be a subset of the information used for internal reporting.
- 1.9 SOIs and other CCO reports should be in a plain style, concise, relevant, and accessible. They should be focused on meeting the needs of the Shareholding Councils and the public they represent. The use of graphs, tables and charts is expected to convey both financial and non-financial information along with trends (past, current and future numbers).
- 1.10 To be effective, the SOI must disclose the performance story for the CCO providing a clear and succinct understanding of the CCO purpose, the goods, and services it delivers and what success looks like. Providing a clear message to the Boards on these requirements and other expectations will assist in ongoing improvements in the SOI and reporting.
- 1.11 The main aspects of the SOI performance story are:
  - 1.11.1 strategic context; and
  - 1.11.2 specifying and presentation of the outcomes framework; and
  - 1.11.3 main measures and targets, outcomes and objectives; and
  - 1.11.4 linking the strategy outputs performance together.

- 1.12 **Risk management and Climate Change** - Shareholders would like to see documented in the SOI how the Board is managing risks, including natural hazards and climate change.
- 1.13 **Sustainability** - Shareholders would like to understand what measures and targets are in place to address environmental and climate change concerns, including measures to:
- 1.13.1 support the transition of the company to net zero carbon emissions by 2050;
  - 1.13.2 prepare for the impacts of climate change, including assessing key organisational climate change risks;
  - 1.13.3 minimise waste and support the shift to a circular economy.
- 1.14 **Health and Safety** - Given the requirements of the Health and Safety at Work Act 2015, it is appropriate for the Council to set out its expectations in relation to Health and Safety in the CCOs/CCTOs.
- 1.14.1 Under Section 44 (3) of the Act, elected members do not have a duty to exercise due diligence to ensure that any Council-controlled organisation complies with its duties or obligations under the Act unless that member is also an Officer of that Council-controlled organisation.
  - 1.14.2 However, as Shareholders being a key funder, it is still appropriate to set out expectations of Health and Safety management in CCOs/CCTOs.
  - 1.14.3 The Councils/shareholders expect the Boards of CCTOs/CCOs to set appropriate Health and Safety strategy and policy, understand the nature of risks/hazards within the business, monitor performance and activities to ensure risk is being managed and review Health and Safety systems and performance.
- 1.15 **Governance Performance** – In order to aid the Council and WIL when making decisions on Director/Trustee remuneration and appointments, the Board should undertake regular evaluations of its own performance. The Council expects these reviews to be carried out at least once every eighteen months.
- 1.16 The Chair of the Board should reference this evaluation when making recommendations on the re-appointment or recruitment of Board Directors. In addition, future director recruitment must consider the requirements in the LGA 2002, to ensure that when identifying the skills, knowledge and experience required of directors, consideration is given to whether knowledge of tikanga Māori may be relevant to the governance of that Council-controlled organisation.
- 1.17 In the case of WWL, the decisions on appointments relate only to the Council appointed directors. Ngāti Koata and WIL have their own appointment process. The Board evaluation of its performance is, however, a matter for all shareholders to consider.

### **Other Matters**

- 1.18 Ensure effective performance reporting by the inclusion of quantifiable measures and SMART targets, including enhanced measures on Health and Safety.

- 1.19 Shareholders require that the Council Controlled Organisations, before making a decision that may significantly affect land or a body of water, must consider the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga.
- 1.20 **No Surprises** – The Board should ensure that there is ‘no surprises’ communication with the Shareholders on matters which are in the shareholders’ or public interest and are not highly commercially sensitive.

**Specific expectations to be included in the WWL SOI**

- 1.21 Shareholders would like to understand what measures the Company has in place to address key staff risk and the actions they are taking as the construction phase of the project ends in early 2024 and the transition through to routine ongoing operations is completed in the 2024/25 year.
- 1.22 In addition, updated future operating budgets and an operating model based on prudent and efficient management (post dam completion) are to be prepared and presented to the shareholders for consideration.
- 1.23 The SOI should also disclose future estimated water charges (operational and funding components) for the Council and Waimea Irrigators Limited.

If you have any queries, please contact Mike Drummond, Group Manager – Finance, Tasman District Council on telephone (03) 543 8499 or email [mike.drummond@tasman.govt.nz](mailto:mike.drummond@tasman.govt.nz) or contact John Wright, General Manager, Waimea Irrigators Limited on telephone 0274362358 or email [john@melius.nz](mailto:john@melius.nz)

Yours sincerely



Tim King  
Mayor of Tasman District



Murray King on behalf of  
Waimea Irrigators Limited

cc Waimea Irrigators Ltd

## 7.4 REFERRAL FROM MOTUEKA COMMUNITY BOARD - INCREASE TO EIGHT-WEEK TASMAN RESOURCE MANAGEMENT PLAN RULE FOR TEMPORARY HOUSING

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Jeremy Butler, Team Leader - Urban and Rural Policy; Mary Honey, Senior Policy Planner; Barry Johnson, Environmental Policy Manager
<b>Report Authorisers:</b>	Dwayne Fletcher, Strategic Policy Manager; John Ridd, Group Manager - Service and Strategy
<b>Report Number:</b>	RCN24-03-8

### 1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 To provide a recommendation to the Council from the 20 February 2024 Motueka Community Board meeting regarding increasing the TRMP 8-week rule to 108 weeks relating to temporary housing.

### 2. Summary / Te Tuhinga Whakarāpototo

- 2.1 At its 20 February 2024 meeting, the Motueka Community Board made a recommendation to the Council:
- That the Motueka Community Board*
- recommends that the Council increases the TRMP 8-week rule to 108 weeks for the benefit of inhabitants in temporary housing which refers to anything that is lived in for more than 8-weeks is deemed a dwelling and therefore requires resource consent.*
- 2.2 This recommendation was an item (7) in the Chair’s report (**Attachment 1**) from Board Member Hughes and was not supported by an agenda report to satisfy the decision-making requirements in [Section 6, clause 76](#) of the Local Government Act 2002.

#### Context and clarification

- 2.3 It is important to clarify the “8-week rule” as this, as stated in the recommendation above, is a misnomer. The reference to eight weeks – or more correctly “two calendar months” – appears in the definition of a Building.
- 2.4 The TRMP provides a definition of a Building as:
- Building – means any structure (as defined in the Act) or part of a structure whether temporary or permanent, movable, or immovable, including accessory buildings but does not include:*
- coastal protection structures*
  - any scaffolding or falsework erected temporarily for maintenance or construction purposes;*
  - fences, walls or retaining walls of up to 1.8 metres in height, not used for advertising or for any purpose other than as a fence or wall;*

- (d) *structures that are both less than five square metres in area and less than 1.2 metres in height, except where such structures are for the purposes of damming, diverting, taking, or using water;*
- (e) *free-standing masts, towers, pylons, poles, radio and television aerials (excluding dish antennae for receiving satellite television), less than 10 metres above mean ground level;*
- (f) *fan blades of any tower-mounted frost protection device;*
- (g) *any vehicle, trailer, tent, caravan or boat whether fixed or movable, unless it is used as a place of long term accommodation (for two calendar months or more in any year), business or storage;***
- (h) *overhead lines;*
- (i) *in relation to any building setback requirement, any eaves, spouting, or bay windows projecting 1 metre or less from any exterior wall.*

2.5 Therefore, this discussion only relates to vehicles, trailers, tents, caravans, and boats. Any structure that is not one of those (and not excluded by another condition in the definition) is a building. For any of those specified structures, if it is lived in for more than two months, then it is defined as a building and therefore a dwelling and therefore triggers the building and construction rules in the TRMP.

2.6 As a dwelling it may trigger the need for a resource consent and reserve financial contributions under the TRMP.

### **Workshops**

- 2.7 Council staff will provide background on the origins and implications of the two-calendar month trigger at a future workshop. This will enable discussion of the request and help to clearly identify the problem the request is seeking to address, prior to any decision-making on the matter.
- 2.8 For staff to provide more specific and helpful advice, it is recommended that clarification is sought from the Motueka Community Board as to the nature of the problem that the request is trying to solve.
- 2.9 Staff propose two workshops to work through the request. The first, currently scheduled for 18 April 2024, will focus on the background to the “8 week rule” and working with the Council and Community Board members to clearly define the problem and the outcomes that they are seeking to achieve. The second workshop (not yet scheduled) can then provide advice on options and any recommended interventions to achieve those outcomes.
- 2.10 The Motueka Community Board and Golden Bay Community Board will be invited to attend the workshops alongside the Council.
- 2.11 Under the Resource Management Act (RMA), rules in a plan such as the TRMP are considered regulations. Any change to rules regardless of size must follow the process set out in the RMA. In summary, that process requires:
  - 1..1 Public notification of a proposed change and call for submissions (at least 20 working days).
  - 1..2 Release of a summary of submission and call for further submissions (10 working days).

- 1..3 Usually, a hearing so submitters can present and hearing panel can consider the change and submissions.
  - 1..4 Hearing panel's decision has to be adopted by the Council.
  - 1..5 Decision is publicly notified and open to appeals to the Environment Court if any submitter doesn't agree with the decision (30 working days).
  - 1..6 If no appeals, the change becomes legally operative.
- 2.12 The process up to release of a decision takes between six months and two years. If there are environment court appeals, then the process can take considerably longer.

### 3. Recommendation/s / Ngā Tūhunga

#### That the Tasman District Council

1. **receives the Referral from Motueka Community Board - increase to eight-week Tasman Resource Management Plan rule for temporary housing report RCN24-03-8; and**
2. **notes that two Council workshops are proposed to clearly define the problem and the outcomes that the request is seeking to achieve and to provide advice on options and any recommended interventions to achieve those outcomes.**

### 4. Attachments / Tuhinga tāpiri

1. [↓](#) Motueka Community Board Chair's Report 20 February 2024

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## 8.2 CHAIRS REPORT

**Information Only - No Decision Required**

<b>Report To:</b>	Motueka Community Board
<b>Meeting Date:</b>	20 February 2024
<b>Report Author:</b>	Emma Gee, Team Leader - Customer Services (Motueka)
<b>Report Authorisers:</b>	
<b>Report Number:</b>	RMCB24-02-1

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 This is the Motueka Community Board Chairperson's regular monthly report.
- 1.2 *Mā te kimi ka kite, mā te kite ka mōhio, mā te mohio ka mārama: Seek and discover, discover and know, know and become enlightened.*

### 2. Recommendation/s / Ngā Tūtohunga

**That the Motueka Community Board receives the Chairs Report RMCB24-02-2**

### 3. Welcome back – watch our wellbeing

- 3.1 Warm welcome back to all. As the third Chair, and with less than two years to service our community I have opted for a detailed report to provide reflection and intended direction.
- 3.2 The elected Board Members work around personal commitments in a casual capacity as advocates for the community attending monthly Board meetings, 6-weekly Council meetings and community organisation meetings (when able). Granted a modest monthly allowance with option to claim travel expenses, fees are determined on the population size of the Motueka Ward not on the amount of work done.
- 3.3 I acknowledge all the work the Motueka Councillors do who cover the whole district, as well as being members contributing to the Motueka Community Board.
- 3.4 As passionate representatives, realistically there is only so much each member can personally take on and achieve around other commitments and the limits of the role as Community Board Member's.
- 3.5 We have had a very busy first year. I am excited about what we may achieve during the rest of our tenure but ask each member to be mindful of your own and each other's wellbeing. I am told this is the most diverse and active Community Board Motueka has had which comes with all sorts of opportunities and challenges, so it is important we maintain respect and support for a productive two years ahead.

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**CHAIRS REPORT**

**4. Reflection 2023 – look back to see how far we have come.**

4.1 **Significant Community Engagement** - significant increase in attendees to Board meetings and speakers at public forum from previous years.

- Est. 55 public speakers during 2023.
- Attendance at several public driven meetings including Public Emergency Meeting in August.
- Attendance at several events, including Skatepark opening and ANZAC Day memorials.
- Unknown how many individual calls, emails, and one-on-one meetings with residents (a lot).
- Board representation on appointed community organisations:
  - Deputy Chair Hutt: Keep Motueka Beautiful
  - Deputy Chair Hutt: Motueka District Museum Trust Board
  - Board Member Hughes: Our Town Motueka
  - Board Member Hughes: Motueka Port Users Committee
  - Board Member Armstrong: Accessibility for All
  - Board Member Armstrong: Te Awhina Marae
  - Board Member Armstrong: Motueka Aerodrome Advisory Group
  - Councillor Walker / Board Member Armstrong: Marahau Sandy Bay Ratepayers & Residents Association
  - Chair Graham: Motueka Arts Council
  - Councillor Walker / Chair Graham: Motueka Youth Council
  - Councillor Walker: Tasman Area Community Association, Tasman Bay Promotions Association, Special Olympics Committee
  - Councillor Maru: Riwaka Hall, Lower Moutere Hall, Lower Moutere Recreation Reserve
  - Councillor Dowler: Motueka Valley Association

Note: Councillors have various additional commitments.

4.2 **Staff Engagement** Apparently 2022 was the first time Council provided elected members with a more comprehensive induction, this alongside LGNZ sessions, workshops and staff support has helped the Board get up to speed. Thank you to all staff that have liaised, advised, met with, and supported members. We rely on your continued cooperation with all Board members.

4.3 **Consultation** The Board were strong advocates for comprehensive and transparent community consultation. The necessity became especially apparent during the contentious cycleway project.

## CHAIRS REPORT

4.4 **LTP Consultation Preparation** In collaboration with staff hosted a drop-in session for community feedback, a meeting with Te Awhina Marae representatives, and an invitational workshop with representatives of the community.

### 4.5 Special Projects and Discretionary Funds:

- **\$6,400 in Discretionary funding granted across:**  
 Motueka Events, Oceanian Medical, Community House, Crafty Tarts, Riding for the Disabled, Blue Penguin Trust, Pony Club, Seed Hunter Tribe, Motueka Riding for the Disabled, Motueka Art Group
- **Over \$85,000 in Special Projects contributions:**  
 Contribute to a walkway upgrade of Little Kaiteriteri to Stephens Bay. Contribute to improvements of the Saltwater Baths, including landscaping, contribute to reinstating picnic tables, seating and general landscaping that was removed to build Te Noninga Kumu Motueka Library. Install additional security cameras in the CBD. Skate Park contribution. Our Town Motueka Historical plaques and contribution to Our Town Motueka Flag Trax.

## 5. Looking Forward

5.1 Local Government Act 2002: Part 4 s 51. As at 23 December 2023 [Local Government Act 2002 No 84 \(as at 23 December 2023\), Public Act Contents – New Zealand Legislation](#)

5.2 52 Role of Community Boards - the role of a Community Board is to:

- *represent, and act as an advocate for, the interests of its community; and*
- *consider and report on all matters referred to it by the territorial authority, or any matter of interest or concern to the Board; and*
- *maintain an overview of services provided by the territorial authority within the community; and*
- *prepare an annual submission to the territorial authority for expenditure within the community; and*
- *communicate with community organisations and special interest groups within the community; and*
- *undertake any other responsibilities that are delegated to it by the territorial authority.*

5.3 The Board's role is to advocate as a voice for community. This requires us to listen to our constituents, either via public forum, direct correspondence (email, letters), meetings or general conversation. Regardless of what is within our capacity to act on, it is important we freely receive information to aid in our roles as representatives.

5.4 I requested if any member of our community is listed as an unreasonable complainant (by Tasman District Council's Chief Executive Officer), that the Board be excluded so we may still directly receive and send emails to all members of our community without delay.

5.5 Like staff, Board Member's should not be subjected to dealing with derogatory communication or harassment and have the right to raise concerns and/or request to also not receive named emails.

**CHAIRS REPORT**

5.6 **Revisit Board Values and Strategic Planning session**, tentatively set for afternoon of 23 February. Values as agreed by the elected Board Members on 11/11/2022.

- *Operate with integrity, honesty, and respect for each other and our role as community representatives.*
- *Provide clear, positive communications to and for the community.*
- *Empower ourselves and others to support wellbeing.*

5.7 **Code of Code of Conduct Review** with external facilitator morning of 23 February. The Motueka Community Board have not reviewed the Code of Conduct or adopted a new Code of Conduct since starting. This session will give Member's the opportunity to better understand and decide if we formally adopt a new code of conduct and if so, what it will entail.

5.8 **Training** I have enquired about the Board doing a highly praised communication workshop with an external provider. I encourage Board Members to let me know if there are any other training opportunities that would be beneficial in supporting their role.

5.9 **Input / Submissions** It is important to have your say.

TDC encourage community feedback via [Home | Shape Tasman](#)

You can email [info@tasman.govt.nz](mailto:info@tasman.govt.nz) or post to Tasman District Council, Private Bag 4, Richmond, 7050

- Draft Nelson-Tasman Regional Land Transport Plan and Public Transport Plan – submissions close 25 February 2024
- Speed management [safespeeds@tasman.govt.nz](mailto:safespeeds@tasman.govt.nz) - submissions close 29 February 2024
- Long Term Plan [LTP@tasman.govt.nz](mailto:LTP@tasman.govt.nz)
- Dog Bylaw review (coming soon)
- Proposed Cat Bylaw (tbc)

**6. Aerodrome Noise Complaints**

6.1 In May 2023 the Board were addressed at public forum with a complaint regarding aerodrome noise.

6.2 Since then, others have directly raised concerns with Board Member's.

6.3 When Councillor Maru was Chair he attempted to work through initial concerns. Recently I requested Council provide a record of the number of aerodrome noise complaints that have been logged through the Council call centre.

6.4 On 26 January I spoke with Civil Aviation Authority (CAA) who were understanding having also received complaints from Motueka residents. They confirm what Council highlight, under the RMA section 326, aircrafts are exempt from excessive noise (during, before or after flight), however there is the option for the landowner (Tasman District Council) to request time conditions for operation, this can be enforceable by applying to the Director of CAA to issue abatement notice to the operators.

**CHAIRS REPORT**

- 6.5 Thank you to Senior Enterprise Portfolio Officer, Stephen Batt, who has indicated that noise has been added to the Motueka Aerodrome meeting agendas and they are working with the operator to try and reduce noise. Council staff are also discussing if the option to introduce an air noise corridor will help address resident's concerns.

**7. Items from Board Members**

- 7.1 Board Member Hughes – Revisit earlier Board discussion seeking support to propose to Council to increase TRMP 8-week rule for the benefit of inhabitants in temporary housing, which refers to anything that is lived in for more than 8-weeks is deemed a building and therefor requires resource consent.
- 7.2 Deputy Chair Hutt – Special Projects input.

**8. Items from Public Forum**

- 8.1 Discussion on items from today's Public Forum session (if necessary).

**9. Action List**

- 9.1 The Action List is attached for review, Attachment 1.

**10. Correspondence**

- 10.1 Correspondence list:

Date	From	Subject
11/12/23	J Westbury (TDC)	Motueka Wastewater Treatment Plant - Overflow
11/12/23	R Hellyer	Letter of regret
13/12/23	N Hughes	Ongoing Fantasy
17/12/23	N Hughes	The mystery of the wrecked car in a Hawke's Bay stream for four years   Stuff.co.nz
18/12/23	N Hughes	Double standards
23/01/24	L Jenkins	Thank you from the Motueka Community Christmas Get Together Team
05/02/24	I Moynan	Faeces in reserves

**11. Attachments / Tuhinga tāpiri**

1. Action List

**7.5 2023/24 FINANCIAL YEAR END FORECAST****Information Only - No Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Mike Drummond, Group Manager - Finance; Paul Egan, Management Accounting Manager
<b>Report Authorisers:</b>	Leonie Rae, Chief Executive Officer
<b>Report Number:</b>	RCN24-03-9

**1. Summary / Te Tuhinga Whakarāpoto**

- 1.1 This report provides a forecast of the Council's Financial Performance and Position to 30 June 2024. It is based on the seven months actual results to 31 January 2024, and forecasts the remaining five months through to 30 June 2024.
- 1.2 The Council's projected financial position raises several concerns as financial pressures and unbudgeted expenditure impact on the Council. The Council, when considering requests for additional unbudgeted expenditure, will need to carefully consider the financial impacts this will have on the Council.
- 1.3 The Council's borrowing position, compliance with covenants and projected debt levels are covered at a summary level in this report.
- 1.4 Capital expenditure and forecast carry forwards to the 2024/25 year are included at a summary level.
- 1.5 Additional capital expenditure budget authorised during the year by the Council is described.
- 1.6 Joint ventures and certain other items whose value can only be confirmed at year end are included at budget.
- 1.7 The report includes some additional definition and descriptive detail to make it more accessible for readers with less familiarity with local government finances.
- 1.8 The results of this forecast will be used to inform the opening position for the final 2024-34 Long Term (LTP) financials, including incorporating the forecast capital projects carried into year 1 of the LTP.
- 1.9 This will necessitate some re prioritisation and timing changes for the current draft LTP capital works programme and revising the opening debt and activity balances.
- 1.10 The first reference point when making decisions should be the Council's Financial Strategy.
- 1.11 The Executive Leadership Teams further commitment to transparency, fiscal prudence, and strategic leadership will pave the way forward and help the Council respond to these financial challenges.
- 1.12 The Council, as community guardians, will need to play a pivotal role during these tough financial times. Your active engagement with the Executive Leadership Team is crucial for steering through these fiscal challenges. Constructive debate on fiscal matters, critical

assessment of funding proposals, and a shift toward sustainable solutions are essential. Supporting the Executive Leadership Team’s focus on efforts to enhance income and control spending is vital.

## 2. Summary of Forecast Results / Te Tuhinga Whakarāpotō

- 2.1 The forecast Accounting Surplus in the Statement of Comprehensive Revenue and Expense of the Council for the year ended 30 June 2024 is behind budget. This includes “controllable” and “non-controllable” elements.
- 2.2 The forecast Accounting Surplus after tax is \$14.4 million compared to \$31.6 million full year budget, with the controllable Surplus/Deficit **being \$5.9 million unfavourable to budget.**
- 2.3 The Forecast Net Debt position is \$250.5 million compared to the budget of \$249.9 million against the Treasury policy net debt cap of \$250 million. Careful management will be required to prevent a breach of the cap.
- 2.4 The Council is forecast to remain within its external Local Government Funding Agency (LGFA) debt compliance requirements.
- 2.5 Forecast capital expenditure is at a high for recent years, at \$95.7 million.
- 2.6 Capital expenditure of \$9.4 million has been forecast to be carried forward to future years and will need to be incorporated into the final 2024-34 Long Term Plan.
- 2.7 Additional capital expenditure to the Annual Plan approved to date by the Council this financial year is \$15.9 million. This has been included in the capital expenditure budget amounts.

## 3. Recommendation/s / Ngā Tūtohunga

**That the Tasman District Council**

1. **receives the 2023/24 Financial Year End Forecast report, RCN23-03-9; and**
2. **notes the forecast net debt position when considering decisions proposing un-forecast additional expenditure in the remainder of the financial year**

## 4. Purpose of the Report

- 4.1 The purpose of this report is to inform the Council on the forecast financial results for the financial year ended 30 June 2024, providing a further update to the half year financial report presented at the Council meeting on 15 February 2024.

## 5. Statement Of Comprehensive Income

- 5.1 The Statement of Financial Performance follows.

<b>Statement of Comprehensive Revenue and Expense, \$(000)'s</b>			
<b>Forecast for the year ended 30 June 2024</b>			
	Forecast	Budget	Forecast
	2023/24	2023/24	Variance to Budget
<b>REVENUE</b>			
General rates	53,406	52,713	693
Targeted rates	45,056	45,117	(61)
Development and financial contributions	12,970	13,742	(772)
Operating subsidies and grants	14,259	12,825	1,433
Capital subsidies and grants	22,453	31,786	(9,332)
Fees and charges	18,033	21,863	(3,830)
Other revenue	30,090	32,365	(2,275)
Fair value gain on revaluation	282	1,555	(1,273)
Other gains	1,083	62	1,021
Finance income	4,094	67	4,027
Revenue of joint operations	11,982	11,982	-
Revenue of joint ventures	-	(0)	0
Share of associates surplus/deficit	-	-	-
<b>Total revenue</b>	<b>213,708</b>	<b>224,077</b>	<b>(10,369)</b>
<b>EXPENSE</b>			
Finance expense	14,000	11,325	(2,674)
Employee related expense	37,657	38,966	1,309
Other expenses	64,678	67,045	2,367
Maintenance	33,676	27,410	(6,266)
Depreciation and amortisation	40,575	38,937	(1,638)
Expenditure of joint operations	8,806	8,806	-
<b>Total expense</b>	<b>199,392</b>	<b>192,489</b>	<b>(6,902)</b>
<b>Surplus/(deficit)</b>	<b>14,316</b>	<b>31,588</b>	<b>(17,271)</b>
<b>Total comprehensive revenue and expense</b>	<b>14,316</b>	<b>31,588</b>	<b>(17,271)</b>
<b>TOTAL ACCOUNTING SURPLUS (as above)</b>	<b>14,316</b>	<b>31,588</b>	<b>(17,271)</b>
Less Non-Controllable Activities			
Development and financial contributions	12,970	13,742	(772)
Capital subsidies	22,453	31,786	(9,333)
Vested assets	7,959	7,959	-
Fair value movement on revaluation	282	1,555	(1,273)
Share of JV & associates surplus/deficit	3,176	3,176	-
<b>Total Non-Controllable Activities</b>	<b>46,840</b>	<b>58,218</b>	<b>(11,378)</b>
<b>Total controllable surplus/deficit</b>	<b>(32,524)</b>	<b>(26,630)</b>	<b>(5,894)</b>
<b>Explained by</b>			
Income	158,062	157,053	1,009
Expenditure	(190,586)	(183,683)	(6,903)
<b>Total</b>	<b>(32,524)</b>	<b>(26,630)</b>	<b>(5,894)</b>

5.2 The forecast Accounting Surplus for the year is \$14.3 million vs a budget of \$31.6 million, creating an **unfavourable variance of \$17.3 million** – this can be broken into “controllable” and “non-controllable” portions.

5.3 Major variance items in the Statement of Comprehensive Revenue and Expense include:

5.3.1 Capital subsidies and grants – impacted by cuts to Government externally funded capital projects.

- 5.3.2 Fees and charges – impacted by lower economic activity, especially in the building and industrial sectors.
- 5.3.3 Fair value gain on revaluation – impacted by lower than budgeted unrealised gains on interest rate swaps used to hedge interest rate costs.
- 5.3.4 Finance income and expense – higher interest rates have led to higher interest on both deposits for prefunding loan renewals, and on borrowings.
- 5.3.5 Employee related expense – forecast is lower than budget, as several budgeted roles have not been hired, providing a partial offset to cost overruns elsewhere.

#### Controllable and Non-controllable Surplus/Deficit

	Forecast 2024 \$000	Budget 2024 \$000	Variance \$000
Accounting Surplus	14,316	31,588	(17,271)
Non-controllable Surplus	46,840	58,218	11,377
<b>Controllable Deficit</b>	<b>(32,524)</b>	<b>(26,630)</b>	<b>(5,894)</b>

- 5.4 The forecast controllable deficit is \$5.9 million, due largely to increased maintenance costs, and reduced fees and charges.
- 5.5 Non-controllable items are certain types of transaction which the Council has little influence over due to their dependency on the market, or decisions of other parties. These include development contributions, and market revaluations.
- 5.6 Controllable items are everything else, most of which the Council can at least strongly influence, and include, rates, fees and charges, and most operating expenditure including reactive maintenance.
- 5.7 Though the forecast Controllable Deficit is less than budget or last year, it firmly illustrates that the surplus in forecast and recent years is **dependent on income from non-controllable items**, which tend to be either:
  - 5.7.1 Non-cash items (eg revaluations, movement in swap values, vested assets)
  - 5.7.2 For capital expenditure.
  - 5.7.3 Maintenance has been impacted by ongoing roading maintenance costs to repair damage from weather related events in previous years, higher costs. This includes items such as landslips where damage was done by a past weather event, and a small trigger event later releases the landslip. Water supply was the other area where there were many breakages and much reactive work required.

## 6. Statement of Financial Position

- 6.1 The Statement of Financial Position follows.

<b>Statement of Financial Position</b>			
<b>Forecast as at 30 June 2024, \$000's</b>			
	<b>Forecast 2023/24</b>	<b>Budget 2023/24</b>	<b>Forecast Variance to Budget</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	31,107	17,218	13,889
Trade and other receivables	19,370	14,697	4,673
Other financial assets	15,313	602	14,711
Non current assets held for resale	-	-	-
<b>Total current assets</b>	<b>65,790</b>	<b>32,517</b>	<b>33,273</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	32,323	27,560	(4,763)
Employee benefit liabilities	4,352	3,342	(1,010)
Current portion of borrowings	88,303	34,003	(54,300)
Current portion of derivative financial instruments	-	540	540
<b>Total current liabilities</b>	<b>124,978</b>	<b>65,445</b>	<b>(59,533)</b>
<b>Working capital</b>	<b>(59,188)</b>	<b>(32,928)</b>	<b>(26,260)</b>
<b>NON CURRENT ASSETS</b>			
Investments in associates	205,576	203,157	2,419
Other financial assets	106,846	45,456	61,390
Intangible assets	2,551	4,384	(1,833)
Trade & other receivables	-	-	-
Forestry assets	31,290	47,579	(16,289)
Investment property	6,687	5,862	825
Property, plant and equipment	2,261,246	2,203,377	57,869
<b>Total non current assets</b>	<b>2,614,195</b>	<b>2,509,815</b>	<b>104,380</b>
<b>NON CURRENT LIABILITIES</b>			
Term borrowings	261,379	231,036	(30,343)
Derivative financial instruments	-	778	778
Employee benefit liabilities	-	391	391
Provisions	3,692	3,692	-
<b>Total non current liabilities</b>	<b>265,071</b>	<b>235,897</b>	<b>(29,174)</b>
<b>Total net assets</b>	<b>2,289,936</b>	<b>2,240,990</b>	<b>48,946</b>
<b>EQUITY</b>			
Accumulated equity	854,373	1,176,283	(321,910)
Restricted reserves	25,291	29,659	(4,368)
Revaluation reserves	1,410,272	1,035,048	375,224
<b>Total equity</b>	<b>2,289,936</b>	<b>2,240,990</b>	<b>48,946</b>

## 7. Net Debt and Funding

7.1 This section describes the forecast net debt position of the Council, the role of treasury management, and Activity Balances/Reserve funds.

- 7.2 The focus of the commentary in relation to the Council's debt position is net debt, the range of facilities that the Council uses in its treasury management and funding.
- 7.3 The Council undertakes treasury management, the accepted approach to minimise the overall financing costs associated with operating a local authority. This includes:
- 7.3.1 Income received from all sources is kept in/applied to deposit, and debt facilities.
- 7.3.2 While the income and expenses are tracked, and are reportable, if it is often of a special nature to specific purpose funds, the cash itself is received into and paid out of the central bank facilities.
- 7.3.2.1 This means that Development Contributions, closed account balances, past profits from forestry, and other activity balances, while accounted for, are not held in separate cash reserves.
- 7.3.2.2 When received the cash is absorbed into the treasury facilities and is used for operating expenditure, capital expenditure, and debt repayments.
- 7.3.2.3 The overall cash and net debt position of the Council is budgeted, including expenditure drawing on the reserves mentioned above.
- 7.3.2.4 This means that when unbudgeted expenditure drawing on these funds is made it means additional unbudgeted borrowing is required (other things being equal).**
- 7.3.2.5 If the abovementioned reserves were to be pulled out of the centralised treasury facility and held in ring-fenced cash accounts, this would require additional borrowing to provide the cash to set up the ring-fenced accounts, and higher borrowing costs overall for ratepayers.
- 7.3.3 The facilities available to the Council are reviewed when budgets are approved, and a mix of different facilities are put in place to balance availability of cash with minimising net borrowing costs in line with that budget.
- 7.3.4 Unbudgeted capital expenditure of \$15.9 million has been approved year to date. Though not all of this has/will be spent this financial year, this unbudgeted expenditure has at times resulted in pressure on borrowing facilities, causing higher cost short-term borrowing to have to be used at times.
- 7.4 Net Debt is forecast to be \$250.5 million at 30 June 2024, compared to a full-year budget of \$249.9 million. Based on forecast, a breach of the self-imposed net debt cap of \$250 million is expected, though whether this occurs, and the actual amount will depend on factors such as transaction timing and whether there are further unplanned expenditures.
- Opening Net Debt July 2023 \$201.4 million
  - Net Debt 30 September 2023 \$207.4 million
  - Net Debt 31 December 2023 \$225.4 million
  - Budgeted Net Debt June 2024 per 2023/24 Annual Plan \$249.9 million
  - Forecast Net Debt 30 June 2024 \$250.5 million
- 7.4.1 The forecast net debt has been impacted by unbudgeted capital and additional operating expenditure (particularly maintenance), and reduced income year to date.
- 7.5 A breach of the net debt cap would draw Standard and Poors (S&P) attention to the Council which has recently had its credit outlook reduced from stable to negative. S&P has raised its

concerns over the sector as a whole that includes current and projected debt levels in relation to rates income.

- 7.6 A breach of the net debt cap would need to be explained in the 2023/24 Annual Report. It may also draw further discussion with our auditor over the Councils view on financial prudence and sustainability.

**8. Capital Expenditure**

- 8.1 Capital expenditure is presented in the tables below. Analysis of the capital expenditure is provided, both including and excluding joint ventures.
- 8.2 Due to the multi-year nature of some projects, carry forwards and budget movements between years, and the Council’s ability to approve additional capital expenditure (including budget) a reconciliation between the annual plan capital budget and the updated capital budget is provided.
- 8.3 Analysis of the capital expenditure is provided, both including and excluding joint ventures.

Department	YTD Actuals	Total Forecast	Carry Forward	Total AP 2023/24	Total Budget 2023/24
Environmental Assurance	15,686	25,020	0	16,362	16,362
Community Infrastructure	39,877,714	76,259,352	3,826,876	80,141,310	91,943,350
Service and Strategy	221,132	464,809	0	554,406	554,407
Information, Science & Technology	203,185	550,630	72,500	321,338	740,338
Enterprise Portfolio	8,807,027	13,907,154	5,155,801	1,859,293	18,559,595
Property, IT Equipment & Other	1,956,962	4,469,794	345,876	3,142,537	3,864,951
<b>Total</b>	<b>51,081,706</b>	<b>95,676,759</b>	<b>9,401,053</b>	<b>86,035,246</b>	<b>115,679,003</b>
Joint Ventures	8,251,900	14,324,211	0	11,896,811	11,896,811
<b>Total Excluding Joint Ventures</b>	<b>42,829,806</b>	<b>81,352,548</b>	<b>9,401,053</b>	<b>74,138,435</b>	<b>103,782,192</b>

- 8.4 The forecast expenditure is less than previously expected due to the reduction in scope of the Transport Choices programmes for Richmond and Motueka, as the Government funding for this was reduced by \$9 million post-election.
- 8.5 The amount forecast to be carried forward is \$9.4 million.
- 8.5.1 This amount is less than actual gross carry forwards of \$27.4 million in 2022/23, and \$21.7 million in the 2021/22 year.
- 8.5.2 While capital expenditure year to date is ahead of the three-year average, the budget is higher this year. It must be noted that the higher expenditure is partially due to additional items including property approved and purchased in the current year.
- 8.6 The additional capital expenditure approved year to date is summarised below.

Material Additional Capital Expenditure	Amount Authorised
Port Tarakohe Phase 2 funded by Kanoa Loan (Part 2024/25)	\$ 6,000,000
Strategic Land Purchase – Motueka	\$ 5,100,000
Commercial Property Development on Existing Enterprise Land	\$ 1,043,726
Land Purchases for Roading	\$ 850,000
Port Tarakohe Phase 1 Additional Scope	\$ 836,000
Port Tarakohe Temporary Toilet block	\$ 210,000

Waimea Water Strategy items	\$	500,000
Murchison Road Maintenance Depot Improvements	\$	464,000
Other	\$	926,031
<b>TOTAL ADDITIONAL CAPITAL EXPENDITURE AUTHORISED*</b>	<b>\$</b>	<b>15,929,757</b>

- 8.7 Of the \$6 million Port Tarakohe Phase 2 capital expenditure approved, approximately \$3 million was planned from the outset to be spent in the 2024/25 financial year.

## **9. Management response**

- 9.1 The Executive Leadership Team are regularly working to remain within the current fiscal envelope. This involves robust discussions with the whole organisation as some past practices cannot be sustained in this more challenging fiscal environment.
- 9.2 We will be running a larger than budgeted deficit, which must be cash funded. This places even greater pressure on our net debt cap and on the long term plan opening position for the LTP. Management is focused on where we may be able to increase income streams, improve debt collection and trim non-essential expenditure.
- 9.3 The recent re-structuring of the Finance department is assisting staff focus on improving our forecasting and budgeting systems including improved cash flow management. Despite the limitations posed by an outdated FMIS, we believe that with additional training and focus, our teams can achieve ongoing improvements.
- 9.5 We are working to improve current practices that are creating a lack of transparency in our funding and over our financial standards. Historically, operating in departmental silos has obscured the complete financial landscape. These improvements are focused on each Leader (ELT/SLT) running their unit more efficiently and effectively. This approach will assist in making more informed decisions on how we can be more financially effective as an organisation.

## **10. Councillor support**

- 10.1 As the Mayor and Councillors are guardians of our community's wellbeing, your role is pivotal during these increasingly challenging financial times. The organisation looks to you for leadership and support. By actively engaging with the Executive Leadership Team, you can help steer us through these turbulent financial waters.
- 10.2 In our perspective our Council meetings should see more attention to and constructive debate on financial matters. These discussions are not just formalities; they are the lifeblood of effective governance. We are looking for a renewed focus on fiscal matters including budgets, additional funding requests and exploring innovative solutions.
- 10.3 Our financial decisions should be framed by the Financial Strategy including maintaining our operations within the fiscal envelope and balancing current and future demands on ratepayers.
- 10.4 We will continue to see numerous Council funding proposals in these more difficult times. For every good idea, there's a scarcity of available funds. As a Council your critical assessment of these requests is essential. That involves regular and robust discussions. We need to move away from past practices and toward financially sustainable solutions.
- 10.5 The Council needs to critically assess requests for funding or additional expenditure. You will receive many more good ideas for funding than we have funds available. Regular and

robust discussions on these requests are pivotal as we navigate through this challenging fiscal environment, where adherence to past practices and approaches is no longer viable.

- 10.6 The Executive Leadership Team's attention is directed toward identifying opportunities to augment income, enhance debt collection, and curtail non-essential spending. These efforts will impact various groups within our communities. Your support will be crucial when the resultant lobbying begins.

## **11. Assumptions and Forecasting Limitations**

- 11.1 The reforecasting process relies on many assumptions and inputs, some of the more material ones are listed below:
- 11.1.1 Interest rates stay close to levels disclosed in the last Treasury report.
  - 11.1.2 There is no material additional expenditure not previously budgeted.
  - 11.1.3 Open staff vacancies remain around current levels.
  - 11.1.4 Operating subsidy rates from NZTA / Waka Kotahi remain at the same levels, despite higher than budgeted maintenance expenditure.
  - 11.1.5 Capital budgets are expended in line with forecast.
  - 11.1.6 Timing of receipt of capital subsidies is not materially mismatched with the related capital expenditure.
  - 11.1.7 Joint venture related revenue and expenditure has been included at budget.
  - 11.1.8 Share of JV and Associates Surplus / Deficit has not been included.
  - 11.1.9 There is no significant weather related or emergency events in the remainder of the forecast period.
  - 11.1.10 There are no significant legislative changes not already signalled that impact the Council operations or funding in the remainder of the forecast period.
  - 11.1.11 These forecast financial statements have not been subject to audit or external review.

## **12. Year End Reporting**

- 12.1 There are two reports that are normally completed after financial year end, the Carry Forwards report, and the Activity Balances report. These reports identify two main things:
- 12.1.1 Budget items that need to be moved between years – for example a capital project that is not yet complete, and needs its remaining budget moved to the next financial year where it will be competed. The Council resolving to do this is necessary to add these to the annual plan budget.
  - 12.1.2 Activity balances for different activities the Council undertakes. Legislation requires the Council to track equity relating to certain activities, especially when they have targeted funding.
- 12.2 These reports can only be done definitively when the financial year is complete, so are usually reported to the Council in September.

12.3 It is proposed to prepare an initial report for a Council decision on the Capital Carry Forwards, and some Activity Balances items in July 2024. This will allow key decisions to be included in the Annual Report financials.

<b>13. Attachments / Tuhinga tāpiri</b>
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Nil

**7.6 RICHMOND ATHLETIC ASSOCIATION FOOTBALL CLUB - REQUEST FOR FUNDING****Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Grant Reburn, Reserves and Facilities Manager
<b>Report Authorisers:</b>	Leonie Rae, Chief Executive Officer
<b>Report Number:</b>	RCN24-03-10

**1. Purpose of the Report / Te Take mō te Pūrongo**

- 1.1 This purpose of this report is to request funding for the Richmond Athletic Association Football Club (RAAFC) for new changing rooms and clubrooms upgrade of \$650,000 with the Council's contribution being two-thirds or \$435,000.

**2. Summary / Te Tuhinga Whakarāpototo**

- 2.1 The Richmond Athletic Association Football Club has a ground lease on an area of Jubilee Park, Richmond for their existing Clubrooms. This is a community lease at a nominal rental.
- 2.2 The club has approached the Council requesting funding for new changing rooms, toilets, and a clubroom upgrade. The current facilities are poorly located within the clubrooms, inadequate for the number of teams and in need of upgrading. The clubrooms and any upgraded facilities would be owned by the club.
- 2.3 The Council currently has \$12.6 million in its Richmond Ward Reserves Financial Contributions account. It is proposed that this funding comes from that fund.
- 2.4 The current Annual Plan included \$1.062 million for the Joint Cemetery property purchases. While this fund was earmarked for the Joint Cemetery that is not likely to occur in this financial year. It is proposed that this funds the \$435,000 Council contribution.
- 2.5 The Council can only use RFC funds for capital projects linked to growth. Councillors need to satisfy themselves that there is sufficient nexus between this project and population growth in Richmond.

**3. Recommendation/s / Ngā Tūhunga****That the Tasman District Council**

- receives the Richmond Athletic Association Football Club - Request for Funding report RCN24-03-10; and**
- approves grant funding from the Richmond Reserves Financial Contributions budget of \$435,000, towards the cost of new changing rooms and a clubroom upgrade at the Richmond Athletic Association Football Club facilities at Jubilee Park, Richmond,**

- subject to the Richmond Athletic Association Football Club raising the balance of \$215,000 for the upgraded facility prior to any release of Council funding; and
3. requests staff to draft and authorise the Chief Executive Officer to enter into a formal written funding agreement with the club that covers the approved Council funding and also provides the terms and conditions including undertakings, reporting and conditions precedent to any funding payments prior to any release of Council funding; and
  4. authorises the payment of the Council funding over time and commensurate with the agreed stages of the new changing rooms and a clubroom upgrade at Jubilee Park being completed; and
  5. notes that this project funding was not included in the 2023/24 Annual plan and further notes that additional capital expenditure will need to be included in the 2024-34 Long Term Plan to accommodate the Joint Cemetery property purchases if this grant proceeds; and
  6. notes the term of the intended ground lease renewal referred to in this report could be from currently offered standard five (5) years to the maximum term of 33 years permitted under the Reserves Act 1977.

#### 4. Background / Horopaki

- 4.1 The Richmond Athletic Association Football Club (RAAFC) shares its Jubilee Park clubrooms with Waimea Toi Toi United Cricket Club.
- 4.2 The football club was established in 1964 and the existing clubrooms, an old timber farmhouse, was moved to Jubilee Park around the same time.
- 4.3 The RAAFC currently has a membership of over 570 comprising 270 senior and 300 junior players.
- 4.4 There is now a new women's league with 85 members as well as walking football with 60 playing. In terms of the cricket club membership there are six teams comprising 150 players.
- 4.5 Based on demographic projections, the club has ascertained that there could be an increase of 308 people who play football in the next decade. This is potentially an increase of 20 new teams.
- 4.6 Because of the current and future projected growth of the football club it has started preparing plans in the past few years for additional changing rooms, toilets and an upgrade of the clubrooms building.
- 4.7 The club presented their proposal for clubrooms and changing room facilities at the Operations Committee meeting on 7 December 2023. It was well received by elected members and since then Council's the Chief Executive Officer sent a letter of support for the club to use for its external funding applications.
- 4.8 The club advised in January 2024 that it has since been successful with an application and has received confirmation of \$50,000 in funding from Pub Charity Ltd that needs to be spent on the build and within three months. We understand this is being used to fund the detailed design drawings which are almost completed.
- 4.9 So that the club does not lose the funding already secured, it has requested that the Council confirm whether it will contribute to the project. In considering that request, the Council must

balance this request against the other requests for funding received from other community and sports groups that have been either approved or turned down.

- 4.10 The club has confirmed that it currently has two additional external funding applications being considered.
- 4.11 The club leases reserve land from the Council that the building is located on and if a building extension was to occur the lease area would also need to be extended.
- 4.12 The current lease which expired in December 2023 has been rolled over on a month-to-month basis while a new lease is being negotiated. As part of the new lease, it is proposed that the 'footprint' of the lease be extended to accommodate the proposed building extension. Staff have written to the club offering the standard a 5-year lease term. This term is not likely to be acceptable to the club given the investment proposed and we expect they will respond with a request for a longer term.

## **5. Analysis and Advice / Tātaritanga me ngā tohutohu**

- 5.1 The Council has been approached by the RAAFC and requested a two third funding contribution toward the cost of the clubrooms upgrade. The contribution would need to be in line with the Council's Community Funding Policy. The Policy currently has clubs or community groups contributing one third cost and the Council two thirds towards new developments.
- 5.2 The club had the total cost of the extension including scope risk recently assessed at \$650,000.
- 5.3 Based on this project costing, the Council maximum two-thirds contribution would be \$435,000 on condition that the club has raised the \$215,000 balance before the Council advances any funds. It is proposed that the Council contribution is funded from Richmond Reserves Financial Contributions.
- 5.4 There is the potential to create a community 'hub' at Jubilee Park and encourage the sports clubs to appeal to wider audiences and allow their facilities to be used more frequently by many diverse community groups. At the same time this will enable the clubs to be more financially resilient and enterprising. This 'community hub' could be a cost-effective opportunity for the Council to meet the growing needs of the community and complement existing Council facilities such as the Richmond Town Hall and Library.
- 5.5 Jubilee Park has several ageing facilities and given the residential development occurring in the adjacent Berryfields and Meadows subdivisions, it would make sense to ensure that these facilities are future-proofed and meet the needs of the community.
- 5.6 Should the building extension proceed, the facilities would be available for club members and visiting teams and the club would be responsible for future maintenance and cleaning.
- 5.7 The club has advised that it has members with strong project management and construction experience who would be responsible for project management of the proposed build.
- 5.8 The existing public toilets will remain at Jubilee Park and are reasonably well used by the public.
- 5.9 There is currently a new Richmond Ward Reserves Management Plan being prepared, however the Jubilee Park section has not yet been drafted.
- 5.10 The existing Reserves Management Plan allows for the RAAFC clubrooms but does not specifically address expansion of buildings on the reserve.

- 5.11 This application aligns with Council's Parks and Facilities Activity Management Plan, the Richmond Ward Reserves Management Plan, and the Reserves General Policies for the use of reserves.

## 6. Options / Kōwhiringa

- 6.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Approve the funding	<p>Would provide for a future-proofed clubrooms with changing rooms, toilets, and storage for two clubs that already provide good community benefits.</p> <p>The reserve is an appropriate location for new changing rooms and a clubrooms upgrade on a reserve that is a hub for other recreational activities.</p>	Adds additional building area to the reserve. Additional maintenance and operating costs must be met.
2.	Decline the funding	Allows the available RFC funds to be utilised for other projects.	The club will potentially struggle to grow membership and become more established without adequate facilities. Risks players leaving with the inadequate clubroom facilities. Less opportunity for the wider community for meeting/community space

- 6.2 **Option 1 is recommended.**

## 7. Legal / Ngā ture

- 7.1 There are no specific legislative requirements associated with this decision. The Council has the delegated authority to approve the contribution from the Reserves Financial Contributions provided it is satisfied that the funding request is capital in nature and has a sufficient nexus to population growth.
- 7.2 The Council should not advance funding without drafting and entering into a formal written agreement with the club that covers the approved funding and also provides the terms and conditions including undertakings, reporting and conditions precedent to any funding payments.

**8. Iwi Engagement / Whakawhitwhit ā-Hapori Māori**

8.1 Given there is currently a clubroom building on site and any building extension would be considered a relatively minor change, no wider consultation has taken place.

**9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui**

9.1 The overall significance is considered low to moderate.

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
1.	Is there a high level of public interest, or is decision likely to be controversial?	Moderate	There could be a moderate level of public interest due to the proposed level of funding of the clubroom extension and a new lease being granted.
2.	Are there impacts on the social, economic, environmental, or cultural aspects of well-being of the community in the present or future?	Low	The activities of the club provide recreational and social benefits to participants
3.	Is there a significant impact arising from duration of the effects from the decision?	Low to moderate	The lease could be for a term of up to 33-years. A longer-term lease >5 years may be offset by community benefits generated by the activity.
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	No	The Council's Reserves and Facilities as a whole are a strategic asset, but this proposal only involves a lease of a small area of reserve for a community use.
5.	Does the decision create a substantial change in the level of service provided by Council?	No	No change to level of service provided by this activity.
6.	Does the proposal, activity or decision substantially affect debt, rates, or Council finances in any one year or more of the LTP?	No	No real impact on rates, the renewed lease will be subject to a community lease rental.  This decision will require the deferred funding for the Regional Cemetery land purchase to be approved in the 2024-34 LTP
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	

	Issue	Level of Significance	Explanation of Assessment
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
10.	Does the proposal require consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	No	The facility would require connection to existing water and wastewater services which already consider TMOTW.

#### 10. Communication / Whakawhitiwhiti Kōrero

10.1 No formal communication within the community has been undertaken, however staff have met and consulted with the club.

#### 11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea

##### Where are we at?

- 11.1 The Council is not in a strong position to fund unbudgeted expenditure. In the current 2023/24 Annual Plan Council debt was budgeted to peak just under the \$250 million net debt cap. We are still forecasting to be just within the Net Debt cap. The Council is also forecasting to have an operating deficit i.e., an unbalanced budget in 2023/2024. The funding for this unbudgeted expenditure is being met by deferring the budgeted land purchase for the Regional Cemetery project.
- 11.2 As we fund the balance sheet as a whole the Reserve Financial Contributions are not held in cash and any **unbudgeted** expenditure will directly increase our debt unless there is budgeted expenditure that is deferred into a future year. The Council has already authorised unbudgeted capital expenditure of c\$15 million this year (2023/24) including strategic land in Motueka \$5.5 million, Port Tarkohe \$6 million and Motueka aerodrome developments \$1 million. These additional purchases have put considerable pressure on our net debt cap and are reliant on offsetting reductions within the wider capital works programme.
- 11.3 However, because there are delays with the creation of a Joint Cemetery, the Council will be able to prioritise this expenditure and likely remain within the \$250 million net debt cap.
- 11.4 By reprioritising the 2023/2024 spend there will be flow on impacts to the LTP. These will be managed, along with other expected carryovers, while the LTP is out for consultation.
- 11.5 It is proposed to fund this unbudgeted grant from Reserve Financial Contributions.
- 11.6 The Richmond RFC account currently has a \$126 million balance as at March 2024. The draft LTP expects it to have a balance of \$18 million at the end of the ten years. The reprioritisation will reduce this closing balance and will be reported back when the LTP is adopted.

**What does it mean?**

- 11.7 Given current pressures on the Council including the operational deficit, the Council could still breach its Net Debt cap of \$250 million. Financial caution is paramount.
- 11.8 A breach of the net debt cap will draw Standard and Poors (S&P) attention to the Council which has recently had its credit outlook reduced from stable to negative. S&P has raised its concerns over the sector as a whole that includes current and projected debt levels in relation to rates.
- 11.9 A breach of the net debt cap will need to be explained in the 2023/24 Annual Report. It may also draw further discussion with our auditor over the Council's view on financial prudence, given their engagement on this in the preparation of the 2024-34 Long Term Plan Consultation Document.

**What do you want to do?**

- 11.10 If the decision to proceed with a grant is one for the Mayor and Councillors, additional consideration should be given to the financial implications inherent in providing the grant at this time. While some risks can be mitigated others could manifest at a future cost to the Council.

**12. Risks / Ngā Tūraru**

- 12.1 This is a low-moderate risk decision that considers the use of an existing reserve by a club that has occupied the site for many years and continues to grow its membership which has wider recreational and other benefits to the community.
- 12.2 The risks inherent in the club meeting its obligations over the proposed funding can be mitigated by ensuring there is an appropriate funding agreement in place covering the approved Council funding and also providing the terms and conditions including undertakings, reporting and conditions precedent to any funding payments prior to any release of Council funding.

**13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

- 13.1 This decision will potentially result in an increase in greenhouse gas emissions through building materials used in construction. The club will be encouraged to discuss waste minimisation and try and select building materials that minimise emissions.
- 13.2 Providing small local facilities for community recreation is preferable to people travelling further afield. The nearest alternative in terms of football and cricket clubs is at Saxton Field. There is a potentially a small reduction in vehicle emissions from this proposal.

**14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru**

- 14.1 The application aligns with the Council's Parks and Facilities Activity Management Plan, the Richmond Ward Reserves Management Plan, and the Reserves General Policies for the use of reserves.

**15. Conclusion / Kupu Whakatepe**

- 15.1 The RAAFC are seeking funding to extend their clubrooms building at Jubilee Park. The extension is required to meet increasing demands from a growing club located close to a large and expanding residential area.
- 15.2 The proposed extension is appropriate at the park and is considered good use of reserve land.

**16. Next Steps and Timeline / Ngā Mahi Whai Ake**

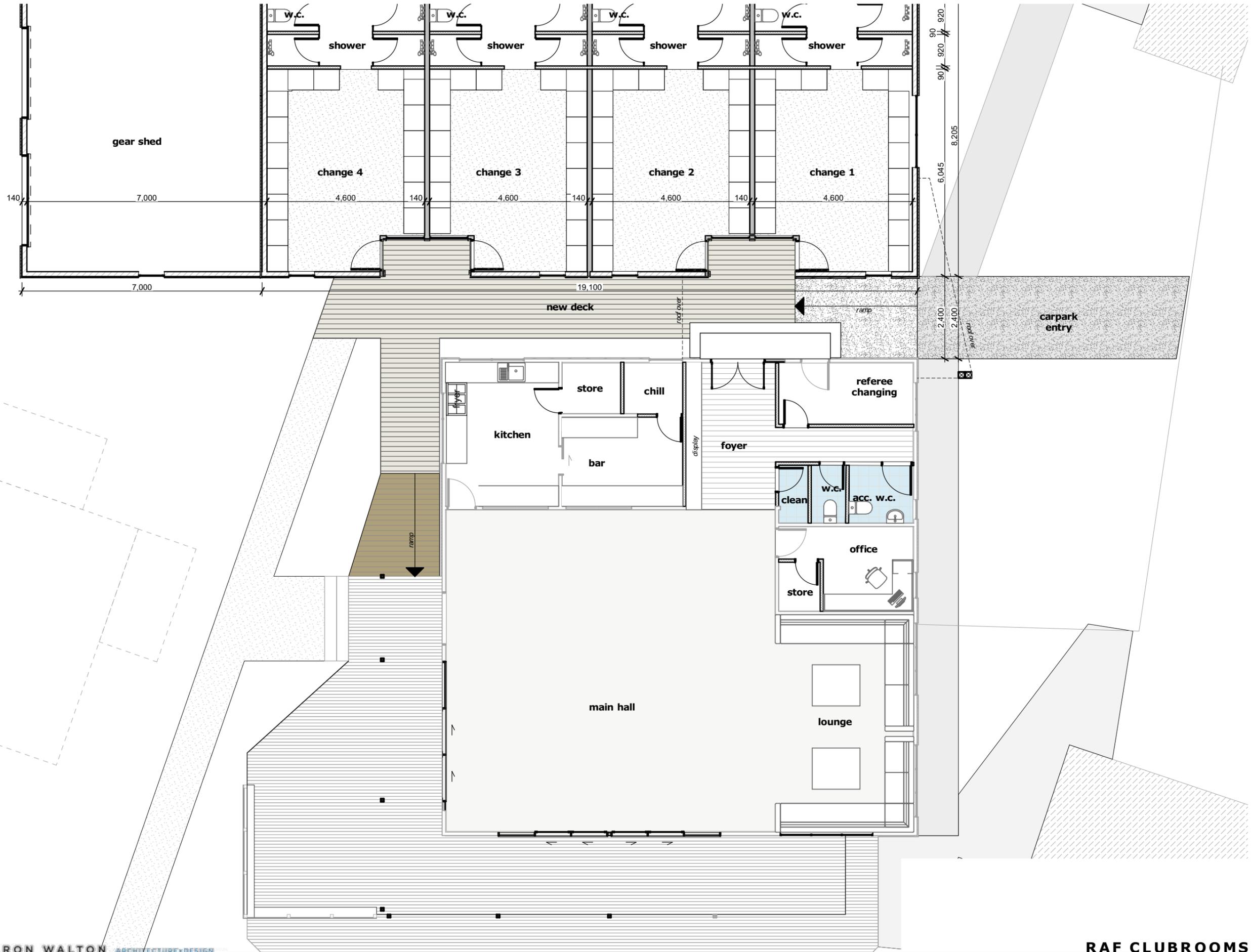
- 16.1 The RAAFC will continue to raise funds for their proposed building work, complete any detailed design and obtain any necessary consents. Once the club has reached the funding target it will schedule the build. Commencement of this work is likely to be within the 2024 calendar year dependant on funding from the Council and other sources.

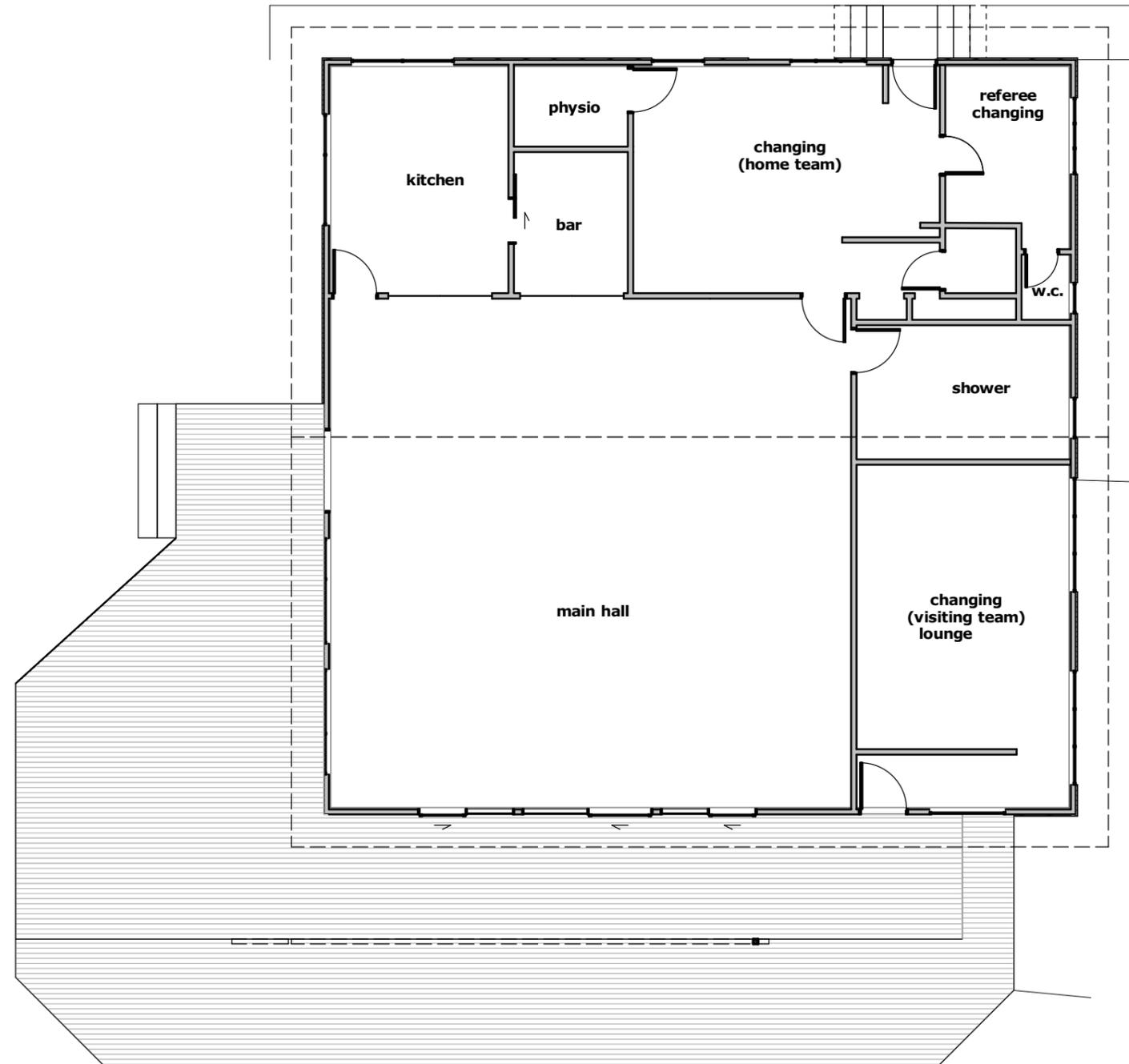
**17. Attachments / Tuhinga tāpiri**

1. [Richmond RFC Design](#)

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**Existing Plan** 1:100

## 7.7 COASTAL EROSION PROTECTION STRUCTURES ON COUNCIL RESERVE LAND POLICY

**Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Marie Callander, Corporate Counsel; Anna Gerraty, Senior Community & Reserves Policy Advisor
<b>Report Authorisers:</b>	Leonie Rae, Chief Executive Officer
<b>Report Number:</b>	RCN24-03-11

### 1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 This report has been prepared to:
- 1.1.1 provide a summary of, and enable the Council to undertake deliberations on, all submissions received on the draft Coastal Erosion Protection Structures on Council Reserve Land Policy (the **Draft Policy**) that was publicly notified in late October 2021; and
  - 1.1.2 seek the Council's agreement to adopt a revised version of the Coastal Erosion Protection Structures on Council Reserve Land Policy (the **Revised Policy**), included as **Attachment 1** to this report. A marked-up version showing the changes from the Draft Policy is included as **Attachment 2** of this report.

### 2. Summary / Te Tuhinga Whakarāpotō

- 2.1 A report on the Draft Policy was discussed at the Council meeting on 23 September 2021 (RCN21-09-4).
- 2.2 The Draft Policy was publicly notified on the Council's website in late October 2021 and an article advertising the consultation opportunity was published in Newsline on 12 November 2021. Submissions were open between 29 October and 26 November 2021.
- 2.3 Five written submissions were received by the closing date. A copy of all submissions is included as **Attachment 3** to this report.
- 2.4 Although the Council had resolved to form a Hearings Panel at its meeting in 2021 (RCN21-09-4), no hearing was held following receipt of the submissions.
- 2.5 This report provides a summary of the submissions received on the Draft Policy and discusses the few matters raised.
- 2.6 Matters raised by submitters included:
  - 2.6.1 Recognition of the need for, and value of, adoption and implementation of a policy addressing the issue.
  - 2.6.2 Opposition to the Council's preferred approach of soft engineering solutions and suggestions that Council land is protected by hard structures such as rock walls.

- 2.6.3 Opposition to the inference that approval is unlikely to be granted if the sole purpose of a coastal erosion structure is to protect property.
- 2.6.4 A request for an explanation of how the proposed policy would apply to specific situations at Pakawau and Awaroa where the esplanade reserve has eroded away.
- 2.6.5 A suggestion that landowners be required to pay a bond to cover the costs of removing any structures that fail, and that the size of the bond reflects the likely costs over time.
- 2.6.6 A request that Appendix 1 contains “as much as practicable to satisfy most applications” (i.e. clearly specify all matters that applicants need to address) and an indication of likely processing time.
- 2.6.7 A request that, if the Council is at any time considering coastal erosion protection work, the safety of little penguins/Korora is ensured and that the protection works be notified for public consultation.
- 2.7 The Draft Policy has now been amended to include a requirement for a bond (or other security arrangement) and generally updated to:
- 2.7.1 reflect changes to some of the reserve management plans referred to in the Appendices; and
- 2.7.2 more clearly distinguish the Council’s landowner role (as owner or administrator of Council reserves) from its regulatory role; and
- 2.7.3 recommend that applicants seeking to construct a coastal erosion protection structure on reserve land seek the Council’s landowner approval before incurring the costs of seeking any necessary resource consent.
- 2.8 The Revised Policy (see **Attachment 1**) clarifies the wording of the document and incorporates the request from a submitter to require landowners to provide a bond.
- 2.9 Given that:
- 2.9.1 no hearing was held after submissions were received;
- 2.9.2 one member of the Hearings Panel appointed in September 2021 is no longer an elected member;
- 2.9.3 Tasman District’s extensive coastline is subject to coastal erosion and rising sea levels, causing concerns for seaside communities; and
- 2.9.4 the consequent need for the Council to have a Coastal Erosion Protection Structures on Council Reserve Land policy in place to guide:
- potential applicants seeking to construct coastal erosion protection structures on Council reserve land; and
  - Council decision making when processing these applications,
- staff recommend that the Council as a whole takes on the role of the Hearing Panel to consider and deliberate on all submissions received on the Draft Policy, and the amended wording proposed by staff in response, before adopting the Revised Policy.

### 3. Recommendation/s / Ngā Tūtohunga

#### That the Tasman District Council

1. receives the Coastal Erosion Protection Structures on Council Reserve Land Policy report, RCN24-03-11; and
2. notes that, under resolutions 4 to 6 of agenda item RCN21-09-4, a Hearing Panel was delegated the task of considering and deliberating on submissions received on the Draft Policy and reporting recommended changes to the Draft Policy back to Council; and
3. notes that this Hearing Panel was never convened, no submitters requested to be heard, and no hearing has been held on the Draft Policy; and
4. agrees the Council as a whole will now take on the role of the Hearing Panel; and
5. considers all submissions received on the Draft Policy, included as Attachment 3 to this report; and
6. notes the summary of all submissions received on the Draft Policy and recommended response to these matters outlined in sections 4 and 5 of this report; and
7. deliberates on the submissions received and the amended wording that has been incorporated into the Revised Policy presented in Attachment 1 of this report; and
8. agrees to adopt the Revised Policy [as presented in Attachment 1 of this report] OR [subject to staff revising the policy wording as follows ....]  
as the final Coastal Erosion Protection Structures on Council Reserve Land Policy; and
9. requests staff to publish the final Policy on the Council's website.

#### 4. Background / Horopaki

##### Development a draft Coastal Erosion Protection Structures on Council Reserve Land Policy

- 4.1 A report on this topic, with the Draft Policy appended, was discussed at the Council meeting on 23 September 2021 (RCN21-09-4). That report is available to view online at: [https://tasman.infocouncil.biz/Open/2021/09/CN\\_20210923\\_AGN\\_4005\\_AT\\_WEB.htm](https://tasman.infocouncil.biz/Open/2021/09/CN_20210923_AGN_4005_AT_WEB.htm).
- 4.2 The report, authored by Mr Hollier (the Council's former Reserves & Facilities Manager), noted that:
  - i. The Council has, for several years, been grappling with the issue of whether, from a landowners' perspective, coastal erosion protection structures can be established on reserve land.
  - ii. This is an incredibly complicated area for the Council, with many competing factors to be considered.
  - iii. There have been requests from many landowners to build structures on Council reserves, to protect these reserves from further coastal erosion – thereby protecting adjacent private property from coastal erosion.
  - iv. A draft Coastal Erosion Protection Structures on Council Reserve Land Policy (the **Draft Policy**) was developed to provide some clarity for both the Council, in its role as decision maker, and for applicants on how to apply (and the information required as part of an application so that applicants may put their best foot forward).
  - v. The landowner approval process needs to consider several factors – some of these are matters of law and fact and others are matters of policy. Not all these matters are aligned

and so a hierarchy of factors that need to be considered has been developed so that legalities can be considered before considering matters of policy.

- 4.3 The complexity identified by Mr Hollier, and the varying situations of the applicants for landowner approval, mean that it is essential that the Council has an appropriate policy in place and that the policy is followed by those making decisions on applications, to reduce the risk for the Council of its decisions being challenged in the courts.
- 4.4 The minutes of the Council meeting held on 23 September 2021 (RCN21-09-4) state:

**Moved Cr Hill/Cr Butler**

**CN21-09-7**

**That the Full Council**

1. receives the draft Coastal erosion protection structures on Council Reserve Land Policy RCN21-09-4 report; and
2. adopts the draft Coastal Erosion Protection Structures on Council Reserve Land Policy contained in Attachment 1 to this report dated March 2021 as a draft for community consultation; and
3. agrees to publicly notify the draft policy for a period of four (4) weeks; and
4. delegates the task of hearing and considering submissions on the draft policy to a Hearings Panel; and
5. appoints a Hearings Panel consisting of Councilors Maling (Chair), Hill and, Mackenzie and Ogilvie plus a mātauranga Māori representative appointed by the Mayor, with the Chair having the ability to appoint another Councilor should a member of the panel be unavailable; and
6. agrees that the Hearing Panel will report back to the Council with recommendations on changes to the draft policy, for a decision around its adoption.

**CARRIED**

- 4.5 The Draft Policy was publicly notified on the Council's website in late October 2021 and an article advertising the consultation opportunity was published in Newsline on 12 November 2021. Submissions were open between 29 October and 26 November 2021.
- 4.6 Although the Council had resolved to form a Hearings Panel at its meeting in 2021 (RCN21-09-4), no hearing was held following receipt of the submissions.

**Summary of submissions**

- 4.7 Five written submissions were received by the closing date. A copy of all submissions received is included as **Attachment 3** to this report.
- 4.8 Matters raised by submitters included:
- 4.8.1 Recognition of the need for, and value of, adoption and implementation of a policy addressing the issue.
  - 4.8.2 Opposition to the Council's preferred approach of soft engineering solutions and suggestions that Council land is protected by hard structures such as rock walls.
  - 4.8.3 Opposition to the inference that approval is unlikely to be granted if the sole purpose of a coastal erosion structure is to protect property.

- 4.8.4 A request for an explanation of how the proposed policy would apply to specific situations at Pakawau and Awaroa where the esplanade reserve has eroded away.
  - 4.8.5 A suggestion that landowners be required to pay a bond to cover the costs of removing any structures that fail, and that the size of the bond reflects the likely costs over time.
  - 4.8.6 A request that the relevant appendix to the policy contains “as much as practicable to satisfy most applications” (i.e. clearly specify all matters that applicants need to address) and an indication of likely processing time.
  - 4.8.7 A request that, if the Council is at any time considering coastal erosion protection work, the safety of little penguins/Korora is ensured and that the protection works be notified for public consultation.
- 4.9 Staff have analysed these submission points and prepared recommended responses to these for the the Council's consideration in section 5 of this report.

## **5. Analysis and Advice / Tātaritanga me ngā tohutohu**

- 5.1 One submitter opposed the Council's preferred approach of soft engineering solutions and requested this wording be deleted from the policy, as they believe such an approach is unlikely to be effective. Staff do not recommend that this change be made, as it would be inconsistent with the New Zealand Coastal Policy Statement and other plans and policies of Council relating to coastal erosion which specify that soft engineering solutions are preferred.
- 5.2 The same submitter also requested that the policy include examples of how the policy would be applied to specific situations such as at Pakawau and Awaroa. Given the variation, complexity and constant changing nature of our coastline, staff do not recommend that this change be made as each application for landowner consent must be treated individually on its own merits and in its own context. The Revised Policy cannot anticipate all possibilities, so it would be unsafe to set out examples that may apply in one context but set an inappropriate precedent for how the Revised Policy would be applied in another context.
- 5.3 The submitter suggestion that a bond requirement be added into the Draft Policy has been actioned (see Step 6 Liability and Risk on page 16 of the Revised Policy in Attachment 1). Staff recommend adopting this suggestion to ensure that there is a fund available to cover any maintenance and or claims made against the Council due to end wall effects that may arise as a result of the construction of a coastal erosion protection structure being constructed or failing. The Draft Policy provided for the landowners constructing a coastal erosion protection structure to be liable for any damage caused by such a structure and to indemnify Council against any such claims. However, the Draft Policy did not provide for any security to support that indemnity. Where the landowners cannot or will not pay, the Council/ratepayers could be exposed to significant costs in the future if a coastal erosion protection structure failed or caused harm to other properties (especially if those properties are high value properties).
- 5.4 Another submitter emphasised the importance of the Appendix (by which we take the submitter to be referring to Appendix 2 which contains the application form) containing as much as practicable to satisfy most applications, hence avoid the need for requests for further information. As part of updating the Revised Policy, we have reviewed Appendix 2 and made some changes to improve clarity, but the uniqueness of each application is likely to mean that there will be requests for further information as we cannot anticipate the

level/standard of information that will be provided by each applicant or all of the unique issues that each particular location and context may raise.

- 5.5 That submitter also requested an indication of how long it would take for Council staff to process an application be included in the policy. Given the complexity of information that may be required, and the limited number of landowner consent applications for coastal erosion protection structures that are received, it is not possible to predict a likely/reasonable processing time. Accordingly, staff recommend that such an indication not be included.
- 5.6 Two submitters requested that the policy ensures protection of Korora/little blue penguins, and one requested that any application for landowner consent be notified for public consultation. Step 4 on page 12 of the Revised Policy (see Attachment 1) sets out the requirement to consider potential adverse effects, which may include any impacts on penguins. The Local Government Act 2002 (**LGA**) principles govern whether the Council should undertake a consultation process (see Step 8 of the Revised Policy in Attachment 1). Any decision to undertake consultation will need be taken on a case-by-case basis in accordance with those LGA principles. Accordingly, staff do not recommend that the policy include a requirement to consult on every application for landowner consent as that may not be consistent with the LGA principles.
- 5.7 Based on the analysis of submissions, staff have amended the Draft Policy to include a requirement for a bond (or other security arrangement). The document text has also been updated to:
- 5.7.1 reflect changes to some of the reserve management plans referred to in the Appendices;
- 5.7.2 more clearly distinguish Council’s landowner role (as owner or administrator of Council reserves) from its regulatory role; and
- 5.7.3 recommend that applicants seeking to construct a coastal erosion protection structure on reserve land seek the Council’s landowner approval before incurring the costs of seeking any necessary resource consent.
- 5.8 To summarise, the Revised Policy (see **Attachment 1**) clarifies the wording of the document and incorporates the request from a submitter to require landowners to provide a bond.

## 6. Options / Kōwhiringa

- 6.1 Given that:
- 6.1.1 no hearing was held after submissions were received;
- 6.1.2 one member of the Hearings Panel appointed in September 2021 is no longer an elected member;
- 6.1.3 Tasman District’s extensive coastline is subject to coastal erosion and rising sea levels, causing concerns for seaside communities; and
- 6.1.4 the consequent need for the Council to have a Coastal Erosion Protection Structures on Council Reserve Land policy in place to guide:
- potential applicants seeking to construct coastal erosion protection structures on Council reserve land; and
  - Council decision making when processing these applications,

staff recommend that the Council as a whole takes on the role of the Hearing Panel to consider and deliberate on all submissions received on the Draft Policy, and the amended wording proposed by staff in response, before adopting the Revised Policy.

6.2 The options are outlined in the following table:

Option	Advantage	Disadvantage	
1.	That the Council as a whole takes on the role of the Hearing Panel to consider and deliberate on all submissions received on the Draft Policy, and the amended wording proposed by staff in response, before adopting the Revised Policy. Note that the Revised Policy contains amended wording recommended by staff based on submissions, and to deal with the changes in reserve management plans and to provide greater clarity around Council's role as landowner.	A policy will be adopted and implemented, providing much-needed guidance to both applicants and Council staff responsible for processing and decision-making on applications for construction of coastal erosion protection structures on Council reserve land.	None. Given the few submissions received on the Draft Policy, adoption of the Revised Policy which incorporates submitter feedback and updates and clarifies content, providing consistency with relevant reserve management plans, is necessary and appropriate.
2.	That the Council delegates the task of considering and deliberating on submissions received on the Draft Policy and reporting recommended changes to the Draft Policy back to Council to a Hearing Panel. Note that one member of the original Hearing Panel is no longer an elected member, hence a new panel would need to be appointed.	This would align with the resolutions of the Council made in September 2021.	This would delay adoption of a final policy and increase the risk of challenge to the Council decision making around coastal erosion protection structures on Council reserve land.

Option		Advantage	Disadvantage
3.	Not adopt the Draft Policy	None	Increased risk of challenge to the Council decision making around coastal erosion protection structures on Council reserve land.

### 6.3 Option 1 is recommended.

## 7. Legal / Ngā ture

- 7.1 The Reserves Act 1977 governs activities on Council owned/administered reserves and the LGA sets out requirements for Council decision making.
- 7.2 The Revised Policy has been prepared to reflect the requirements of the Reserves Act and the LGA.

## 8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori

- 8.1 Iwi were contacted around the time of the public notification of the Draft Policy and those who responded were supportive of the Draft Policy since it specifically provides for their active involvement in relation to each application for Council's landowner consent.

## 9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui

- 9.1 The significance of engagement is generally low but may be greater for some coastal communities.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	low	Only five submissions were received. There will be greater interest in coastal communities (e.g. some residents of Pakawau and Awaroa).
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	low	
3.	Is there a significant impact arising from duration of the effects from the decision?	No	
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	No	

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
5.	Does the decision create a substantial change in the level of service provided by Council?	No	
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	No	

#### **10. Communication / Whakawhitiwhiti Kōrero**

10.1 Once the Revised Policy is adopted, staff will add details into the document about the process used to create and adopt the policy as contemplated on page 23 of the Revised Policy. It will then be published on the Council's website and have immediate effect.

#### **11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

11.1 The costs associated with public notification and receiving submissions were absorbed within the Reserves & Facilities budget.

11.2 There are no financial or budgetary implications of adopting the Revised Policy.

#### **12. Risks / Ngā Tūraru**

12.1 Adopting the Revised Policy is a low-risk decision which will assist in mitigating the risks posed for the Council due to sea level rise.

12.2 Tasman District's extensive coastline means that, without a policy in place around coastal erosion protection structures on Council reserve land:

12.2.1 if the Council makes any decision not to give its landowner consent to construct coastal erosion protection structures or to impose conditions on such consent that

the applicants find unacceptable, the Council is more likely to be exposed to challenges from landowners; and

- 12.2.2 if any landowner challenge to a Council involved judicial review proceedings, the Council would be in a much safer position if it has a policy in place and it can show that it has followed that policy in its decision-making.

### 13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi

- 13.1 The Revised Policy is a direct response to the need to deal with the implications of climate change on sea levels and inundation and erosion of coastal reserves.

### 14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru

- 14.1 The Revised Policy is consistent with the TRMP and takes account of relevant reserve management plans.
- 14.2 The process of approving the Draft Policy for consultation, and public consultation on that Draft Policy, was undertaken in accordance with the Reserves Act 1977 and the Local Government Act 2002.

### 15. Conclusion / Kupu Whakatepe

- 15.1 Staff recommend that the Council as a whole takes on the role of the Hearing Panel to consider and deliberate on all submissions received on the Draft Policy, and the amended wording proposed by staff in response, before adopting the Revised Policy.

### 16. Next Steps and Timeline / Ngā Mahi Whai Ake

- 16.1 Once the Revised Policy is adopted, staff will finalise the Revised Policy document in accordance with the resolutions of this meeting and publish it on the Council's website.

### 17. Attachments / Tuhinga tāpiri

1. <a href="#">↓</a>	Revised Policy	129
2. <a href="#">↓</a>	Revised Policy (marked up version)	168
3. <a href="#">↓</a>	Submissions received on draft Coastal Erosion Protection Structures on Council Reserve Land Policy (2021)	209



# TASMAN DISTRICT COUNCIL

Coastal erosion protection structures on Council Reserve Land

March 2024



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# The Policy

## Purpose

The issue of whether coastal erosion protection structures can be established on Reserve Land<sup>1</sup> involves a number of complex legal and policy issues. It is important to ensure all relevant matters are considered consistently and transparently by the Council and that those seeking approval for such structures are aware of the issues involved and matters that need addressing.

The purpose of this Policy is to provide guidance on the process and considerations involved when a private landowner wishes to establish a coastal erosion protection structure on Reserve Land. It:

- Sets out what private landowners need to do to be able to seek landowner approval from the Council to allow use of Reserve Land for such a structure, and
- Details the matters Council will consider, including the requirements of the Reserves Act 1977 (**Reserves Act**) and other relevant matters, that Council has to apply when making landowner approval decisions.

It also touches on other consents likely to be required (such as resource consent and building consent) but only to identify the need for them, rather than providing detailed guidance on those processes. It also addresses Council likely response to unlawful structures built on Reserve Land.

## Who does it apply to?

This Policy applies to landowners who wish to consider coastal erosion protection structures on Reserve Land adjacent to their property. It aims to provide an understanding of what is required to seek approval from the Council for use of the Reserve Land, including:

- the processes that need to be followed and how to navigate them;
- the matters the Council is likely to take into account;
- Council's expectations of what is required from landowners to use Reserve Land for this purpose; and
- what landowners will need to do if they wish to pursue this option.

This Policy is also for Council, when processing requests for landowner approval for use of Reserve Land - providing a guide to the processes to be followed and the matters the Council is likely to

<sup>1</sup> **Reserve Land** is all land in the Tasman District declared and classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act, which is on the coast, above MHWS, potentially subject to erosion by the sea and where Council is the owner of the land (or it maintains it as the administering body and has delegated authority to deal with landowner approvals).



consider, to ensure consistent and robust decision making in relation to hard coastal erosion protection structures on Reserve Land.

This Policy only applies to coastal erosion protection structures proposed on local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act, which is on the coast, above MHWS, potentially subject to erosion by the sea and where Council is the owner of the land (or it maintains it as the administering body and has delegated authority to deal with landowner approvals). It does not apply to any other type of reserve, including road reserve or to unformed legal road. Separate decision-making processes apply to these other types of reserve.

## Outline of landowner approval process for Reserve Land

The flowchart below provides a summary of the landowner approval process under the Reserves Act:

**Steps 1 - 3:** Set out the key steps which must be considered before landowner approval for a coastal erosion protection structure can be obtained. In the event that a proposal for a coastal protection structure does not meet one of those requirements, the Council cannot provide landowner consent as a matter of law.

**Steps 4 - 7:** Set out the other matters the Council will consider when deciding whether to approve the proposal for the coastal erosion protection structure on Reserve Land. While at this stage the Council can grant landowner approval as a matter of law, it still needs to decide if it is desirable to do so and these considerations will be part of that assessment.

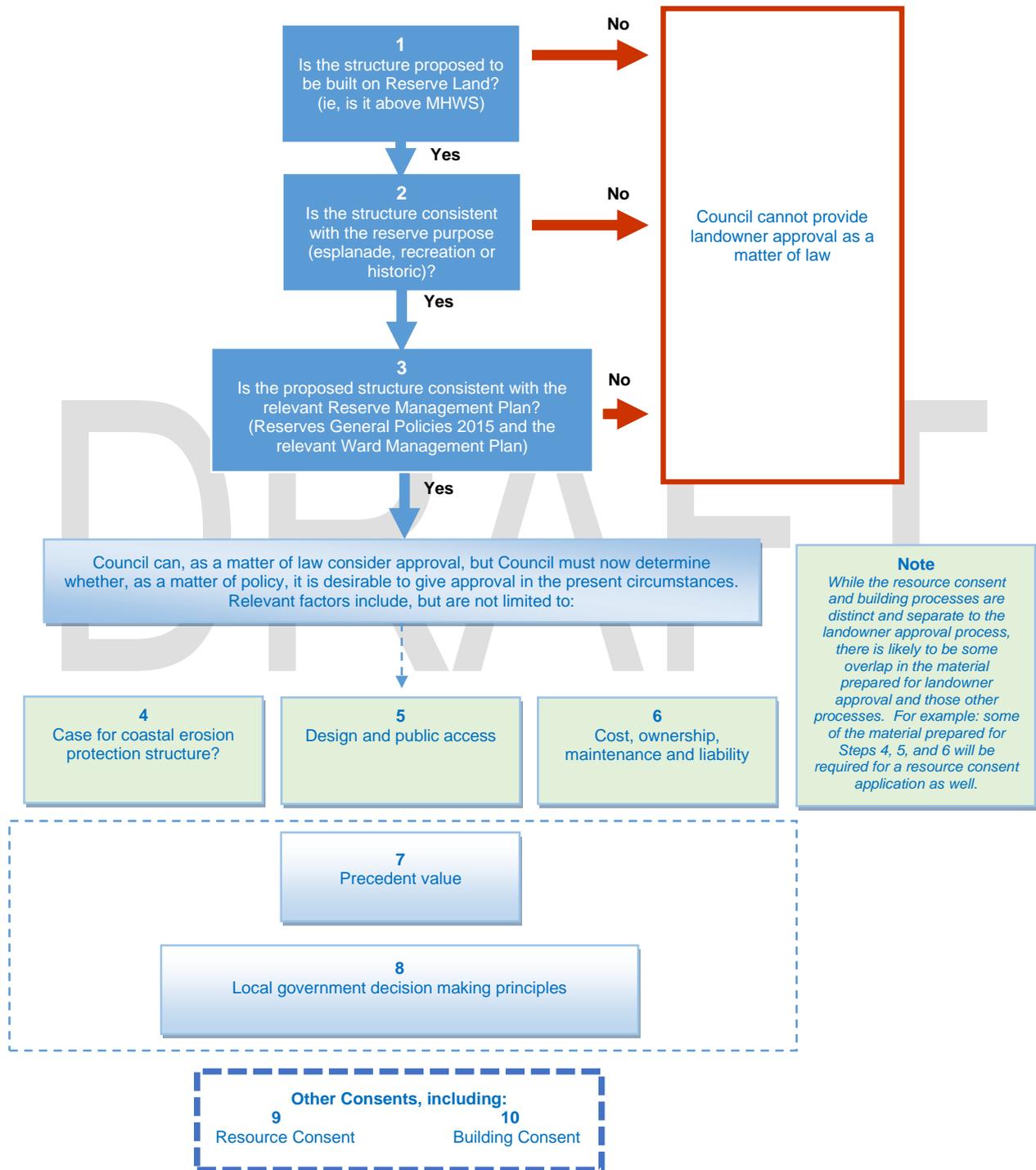
**Step 8:** Considers the Local Government Act 2002 (**LGA02**) decision making principles. These must be considered when making a decision in relation to landowner approval under the Reserves Act.

**Steps 9 and 10:** Address the requirements for resource consent and/or building consent, which sit outside the Reserves Act process. If a proposal for a coastal erosion protection structure successfully obtains landowner approval under the Reserves Act, there is no guarantee that any other necessary consents will be approved. They will follow their separate regulatory processes as determined by the relevant legislation. They are very important as no coastal erosion protection structure will be able to proceed until *all* necessary approvals are obtained and these decisions are made subject to different criteria and under different processes. The granting of Landowner Consent under the Reserves Act does not provide any indication of success in any subsequent/parallel processes. The Council as landowner seeks that its approval is obtained before an application is made for a resource consent under the Resource Management Act 1991(RMA) (or any replacement legislation).<sup>2</sup> Council as the landowner of any land subject to a resource consent will be considered an affected party and Council reserves the right to require its approval as landowner to any structure on the reserve before providing its approval as part of the resource consenting process.

<sup>2</sup> At the time of writing, Central Government has indicated an intention to reform the RMA.



## Flowchart - landowner approval process - Reserve Land





## Application of this Policy

### Applies to 'Reserve Land' in the Tasman District

This Policy covers all land in the Tasman District that is:

- declared and classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act;
- on the coast;
- above Mean High Water Springs (MHWS);
- potentially subject to erosion by the sea; and
- owned by the Council (or maintained by the Council as the administering body of the reserve and for which it has delegated authority to deal with landowner approvals).

This Policy does not apply to road reserve or unformed legal road.

The Council reserves itself discretion to apply this Policy to land that Council manages and maintains for recreation, historic and esplanade purposes, but which is not formally vested as reserve or not yet declared or classified as reserve.

### Applies only to hard protection structures

This Policy addresses hard protection structures only, including (but not limited to) sea walls, rock revetments, and any other form of longshore solid artificial structures. This is because these are structures that are not generally encouraged by Council on Reserve Land but are often requested by landowners.

The Council's preference is (where viable) to use sustainable natural solutions to manage coastal hazards and vulnerabilities on coastal reserves, to minimise the impact on the natural environment and promote natural resilience.

If a landowner wishes to pursue natural solutions on Reserve Land, that should be done in consultation with Council to determine if it can be done and whether it can form part of the Council's Coast Care management programme.

### Who can apply?

Any landowner on the coast who has Reserve Land adjacent to their property may apply to Council for landowner approval to construct a coastal erosion protection structure on Reserve Land.



# Landowner approval under the Reserves Act 1977

## The Reserves Act - legal requirements

Where land is administered by Council as reserve (in this case local purpose (esplanade) reserve, recreation reserve or historic reserve), the Reserves Act requirements have to be followed. In particular:

- a reserve is required to 'be held and administered for the purpose or purposes for which it is classified and for no other purpose' (section 16(8) of the Reserves Act);
- the Council, as administering body, is charged with 'administering, managing, and controlling the reserve under its control and management in accordance with the appropriate provisions of this Act...' to ensure, as appropriate, 'the use, enjoyment, development, maintenance, protection, and preservation...of the reserve for the purpose for which it is classified' (section 40 of the Reserves Act); and
- the Council, as administering body, 'shall in the exercise of its functions comply with the Management Plan for the reserve...' (section 41(11) of the Reserves Act).

Accordingly, as a matter of law, the Council needs to be satisfied that what is proposed is actually located on Reserve Land, it is consistent with the purpose of the reserve and it is consistent with any relevant Reserve Management Plan under the Reserves Act.

In addition to those matters under the Reserves Act, there are a variety of other matters the Council will consider when determining if it is desirable for landowner approval to be given in the circumstances of the specific case.

Each of these matters are addressed in more detail below and each of the steps align with the steps identified in the flowchart on page 3 above.

### Step 1

## Location of the coastal erosion protection structure

The location of the coastal erosion protection structure is important to whether a landowner is able to obtain landowner approval from Council under the Reserves Act. Any part of the structure needs to be located on land above MHS for Council to give such approval, as its location impacts on Council's ownership of the land and there will also be implications under the RMA (in terms of the type of resource consent that might be needed (eg, coastal permit versus land use consent)).



The exact location of any proposed coastal erosion protection structure and the surveyed location of MHWS will need to be determined by the landowner before requesting Council's landowner approval or resource consent. Independent planning/legal advice should be sought about any proposed coastal erosion protection structure below MHWS.

## Step 2 The reserve's purpose

Reserves are classified under the Reserves Act according to their principal or primary purpose (section 16(1) of the Reserves Act). The Council is required to administer reserves according to their purpose (section 16(8) of the Reserves Act) and to ensure that any use of the reserve is compatible with its purpose (section 40 of the Reserves Act). The classification of a reserve is therefore directly relevant to the landowner approval process because Council needs to be satisfied that what is proposed is consistent with the purpose before any activity can proceed.

This means that any coastal erosion protection structure must be consistent with the primary esplanade, recreation or historic purpose. Other ancillary purposes (such as the benefits the adjoining owners will enjoy from the protection structures remaining / being constructed on the reserve) are potentially allowable, provided the statutory purpose (as outlined below) is preserved and is not compromised by the other purpose.

### Local purpose (esplanade) reserve

Section 61 of the Reserves Act sets out the specific powers the Council has in relation to local purpose (esplanade) reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve and for the use of the reserve for its specified purpose.

Section 23(1) of the Reserves Act provides that local purpose reserves are to be administered in accordance with the relevant Reserves Act provisions:

*...for the purpose of providing and retaining areas for such local purpose or purposes as are specified in any classification of the reserve.*

Section 229 of the RMA sets out the purpose of esplanade reserves:

*An esplanade reserve or an esplanade strip has 1 or more of the following purposes:*

- (a) *to contribute to protection of conservation values by, in particular—*
  - (i) *maintaining or enhancing the natural functioning of the adjacent sea, river, or lake, or*
  - (ii) *maintaining or enhancing water quality, or*
  - (iii) *maintaining or enhancing water aquatic habitats, or*
  - (iv) *protecting the natural values associated with the esplanade reserve or esplanade strip, or*
  - (v) *mitigating natural hazards, or*
- (b) *to enable public access to or along any sea, river, or lake, or*



- (c) *to enable public recreation use of the esplanade reserve or esplanade strip and adjacent sea, river, or lake, where the use is compatible with conservation values.*

This sets out three potentially relevant purposes when Council is considering coastal erosion protection structures on local purpose (esplanade) reserve. Council will need to be satisfied that:

- the Reserve Land has conservation values AND the proposed structure will contribute to the protection of those values by one of the means set out, most likely by mitigating natural hazards to protect those values; or
- the proposed structure enables public access to or along the sea; or
- the proposed structure enables public recreational use of the reserve and adjacent sea, where compatible with the conservation values of the reserve.

If the only purpose of the coastal erosion protection structure is to protect adjacent property from coastal erosion and there is no other purpose relating to protecting conservation values (or there are no conservation values) then the structure is unlikely to be consistent with the purpose of contributing to the protection of conservation values by mitigating natural hazards. The only possibility then is whether the coastal erosion protection structure enables public access to the sea or enables public recreational use of the reserve and adjacent coastal area. This is likely to mean that the design of what is proposed is important (e.g., if it is to proceed it is likely to require the provision of, or protection of, public access to be consistent with the reserve purpose). However, the provision of such access does not necessarily mean that the Council will grant approval as a landowner.

## Recreation reserve

Sections 53 and 54 of the Reserves Act set out the specific powers the Council has in relation to recreation reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve.

Section 17(1) of the Reserves Act provides that recreation reserve land shall be used:

*For the purpose of providing areas for the recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside, with emphasis on the retention of open spaces and outdoor recreational activities, including recreational tracks in the countryside.*

Having regard to this general purpose, every recreation reserve must be administered on the basis set out in section 17(2) of the Reserves Act. This includes:

- maintaining public access, subject to such restrictions as the Council considers necessary for the protection and general well-being of the reserve and protection of the public using it;
- managing and protecting indigenous flora or fauna to the extent compatible with the primary purpose of the reserve;
- conserving those qualities of the reserve which contribute to the pleasantness, harmony, and cohesion of the natural environment and to the better use and enjoyment of the reserve; and



- maintaining its value as a soil, water and conservation area to the extent compatible with the primary purpose of the reserve.

Again, this is likely to mean that the design of what is proposed is important (e.g., it may require the provision of, or protection of, public access and/or protection of certain values of the site to be consistent with the reserve purpose).

## Historic reserve

Sections 58 and 58A of the Reserves Act sets out the specific powers the Council has in relation to historic reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve, as long as it is consistent with the principles in section 18.

Section 18 of the Reserves Act provides that historic reserves are:

*for the purpose of protecting and preserving in perpetuity such places, objects, and natural features, and such things thereon or therein contained as are of historic, archaeological, cultural, educational, and other special interest.*

Having regard to this general purpose, every historic reserve must be administered and maintained on the basis set out in section 18(2) of the Reserves Act, being:

- the structures, objects, and sites illustrate with integrity the history of New Zealand;
- the public shall have freedom of entry and access to the reserve, subject to the specific powers in sections 58 and 58A, to any bylaws under this Act applying to the reserve, and to such conditions and restrictions as the administering body considers to be necessary for the protection and general well-being of the reserve and for the protection and control of the public using it;
- where scenic, archaeological, geological, biological, or other scientific features, or indigenous flora or fauna, or wildlife are present on the reserve, those features or that flora or fauna or wildlife shall be managed and protected to the extent compatible with the principal or primary purpose of the reserve<sup>3</sup>;
- to the extent compatible with the principal or primary purpose of the reserve, its value as a soil, water, and forest conservation area shall be maintained; and
- except where the Minister otherwise determines, the indigenous flora and fauna and natural environment shall as far as possible be preserved.

Again, this is likely to mean that the design of what is proposed is important (e.g., it may require the provision of, or protection of, public access to be consistent with the reserve purpose and/or protection of certain values of the site).

<sup>3</sup> This does not authorise anything with respect to fauna or wildlife that would contravene any provision of the Wildlife Act 1953 or any regulations or Proclamation or notification under that Act, and it does not authorise the doing of anything with respect to archaeological features in any reserve that would contravene any provision of the Heritage New Zealand Pouhere Taonga Act 2014.



## Other requirements under the Reserves Act

In addition, the Reserves Act also contains limitation in relation to cutting or destroying any trees or bush on a recreation reserve, local purpose (esplanade) reserve or historic reserve. To do so may require a permit and/or certain conditions to be met (section 42 Reserves Act). This will need to be addressed as part of the landowner approval process. In addition, the district plan contains rules which regulate the removal of certain vegetation in coastal areas and a resource consent may be required for this activity.

### Step 3

## Reserve Management Plan/s under the Reserves Act

### The relevant Reserve Management Plans

Reserve Management Plans are prepared under the Reserves Act and provide the community with certainty about the function and management of reserve land. Their aim is to:

- provide for use, enjoyment, maintenance, protection and preservation (as the case may be) of the reserve;
- provide for development of the reserve, as appropriate, for the purpose for which it is classified; and
- ensure compliance with the principles applying to the particular reserve land (in this case, the principles in sections 17, 18 and 23 of the Reserves Act).

The Council is required to comply with any relevant Reserve Management Plan for the reserve (section 41(11) of the Reserves Act) and this means that a proposal for a coastal erosion protection structure must be consistent with any relevant Reserve Management Plan.

The relevant Reserve Management Plans for the Tasman District that contain coastal areas and development are:

- the Reserves General Policies - September 2015, which apply to all reserves owned and administered by the Council; and
- other Reserve Management Plans, which set out the objectives and policies for specific areas. Relevant Reserve Management Plans for the purposes of this Policy are:
  - Moutere-Waimea Ward Reserves Management Plan June 2022.
  - Richmond Ward Reserves Management Plan - March 1999.
  - Motueka Ward Reserve Management Plan - May 2019.
  - Golden Bay Ward Reserves Management Plan 2003.
  - Tata Beach Reserves Management Plan 2007.



Where an issue is addressed by both the Reserves General Policies and a site-specific / Ward Reserve Management Plan (whether it is prepared before or after the Reserves General Policies), then the policies in the Reserve Management Plan take precedence (see page 5 of the Reserves General Policies).

The most relevant sections in the Reserves General Policies and the five Reserve Management Plans and the key themes from them are set out in Appendix 1 to this Policy.

It is important to note these are not all of the relevant expectations, objectives and policies in those Reserve Management Plans, but rather, some of the key provisions to provide a 'flavour' of what is required by those Plans. A full assessment against each relevant provision will be required as part of any application for landowner approval. The above-listed plans may be replaced by other plans which may be relevant and it is recommended that advice is sought from the Council on which plans are relevant to consider as part of the application process.

## Iwi involvement

The Reserves General Policies specify that:

- The Council will work co-operatively with identified mana whenua, tangata whenua iwi and any other Māori organisation.
- The Council will work in a spirit of partnership to achieve the objectives of reserve provision and use and will recognise the mana of mana whenua and tangata whenua iwi and the desire to work together to maintain and support the reserve network.
- Mana whenua and tangata whenua iwi need to be given the opportunity to be actively involved in the management of reserve values where cultural or heritage values are present or nearby. Some of the ways active involvement can be supported and achieved are:
  - consultation;
  - establishing partnerships;
  - enabling customary use; and
  - incorporating information and interpretation in relation to places or resources of spiritual, historical and cultural significance to Māori.

As part of any application for landowner approval from the Council, consideration will need to be given to these provisions, and any additional considerations from the Reserve Management Plans. For example, in the Motueka Ward Management Plan, there is a requirement for a cultural impact assessment as part of the process of assessing and evaluating proposed new land uses or activities on reserves.

In addition, consultation with iwi will be a consideration under **Step 8**, when considering the LGA02 decision making principles and also when applying for a resource consent



## Conclusion under the Reserves Act

If after assessing the above matters the conclusion is that:

- the structure is to actually be located on Reserve Land;
- it is consistent with the purpose of the reserve; and
- it is consistent with all relevant Reserve Management Plans under the Reserves Act,

then, it is legally possible to obtain landowner approval from the Council. If legally possible to obtain such an approval, Council will then go on to assess a range of other relevant matters to determine if it considers appropriate to provide its landowner approval in the particular circumstances of the case.

If all of the above conclusions cannot be made, a request can proceed no further as a matter of law.

A list of other matters the Council is likely to consider in deciding on the request is set out below, if the application is able to proceed. This is not an exhaustive list and will depend on the facts of the particular proposal. Some context is provided for each matter below, as to why it is relevant and what Council's expectations are.

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## Other relevant considerations

### Step 4

### Is there a case for a coastal erosion protection structure and are there viable alternatives?

The Council's preference, where appropriate, is for soft engineering solutions first. The Council is not planning to provide any coastal erosion protection structures on Reserve Land itself. Rather, it will manage its coastal reserves, with the co-operation of the coastal communities living alongside them, so as to increase their natural resilience.

In the longer term, sea-level rise may ultimately inundate both Reserve Land and adjacent property. Until then, an ongoing adaptive management approach utilising soft engineering methodologies may be able to provide effective protection in relation to coastal erosion to both land types, thereby increasing resilience to climate change. In contrast, hard engineering solutions can create 'end effects'. Among other things, they can create a loss of the high tide beach and they can exacerbate erosion of nearby properties and significantly decrease their climate resilience.

If landowners wish to pursue hard coastal erosion protection structures on Reserve Land, then they will need to show why such structures are necessary and what other viable options are available. If there are no other viable options, this needs to be identified and an explanation provided. This means a landowner needs to undertake and provide an assessment of alternatives with any application for landowner approval from the Council. This needs to be an expert assessment, from a suitably qualified expert such as a coastal engineer, that addresses:

- why soft engineering options are not appropriate in this situation;
- effectiveness of what is proposed and likely longevity;
- potential adverse effects that may arise from what is proposed; and
- alternative options, their predicted effectiveness/longevity and associated cost, compared to what is proposed.

This expert assessment can be combined with the assessment required below under [Step 5](#).

### Step 5

### Design and public access

#### Design

The design of a coastal erosion protection structure will be a critical consideration for the Council. Some of the key reasons for that are:



- this is public Reserve Land and the Reserves Act and relevant Reserve Management Plans all require consideration of maintaining public access (if it removes existing public access without providing a suitable alternative it is unlikely to be acceptable - see discussion below on 'Public Access');
- the Reserves Act requires consideration before removing of any trees or bush, so any proposal involving that will need careful assessment and may require a resource consent;
- Council needs to consider conserving the qualities of the reserve which contribute to the pleasantness and enjoyment of the reserve for everyone (which means how it is designed will be relevant) and the wider environment; and
- the structure should not cause significant effects on the values of the reserve or adjacent landowners or landowners further along the coast, and the design of the structure will play an important part in this consideration.

The Council will review the design proposal as part of the landowner approval process and may seek input into the design of the structure. The Council requires that landowners engage a qualified coastal management expert to design the structure and provide an assessment of the matters below, which Council will take into account as part of the landowner approval process:

- Is it an appropriately designed structure, i.e. has input been provided by a suitably qualified expert (ie coastal management engineer)?
- Is the design consistent with the purpose of the reserve, particularly in relation to public access, but also in terms of its effectiveness?
- What, if any, effects will the structure have on the environment and in particular, any likelihood of 'end effects' on any other properties?
- Are there any other coastal works in the area or intended to be erected in the area, and if so, can the design be tied into any related work?
- Are there any viable alternatives to the design (particularly where there may be soft alternatives)?

The landowner seeking the structure is responsible for the design, construction and maintenance of any structure that the Council may agree to being located on Reserve Land, subject to compliance with any conditions the Council may impose.<sup>4</sup> If a resource consent is required for the coastal erosion protection structure, then it is likely that most of these matters will also need to be addressed in that application as well.

## Public access

As noted above in **Step 2**, public access to, and use of, reserves are an important consideration for the Council under the Reserves Act. Landowners seeking to have a coastal erosion protection

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<sup>4</sup> A contract will need to be entered into between Council and the proponent of the wall to reflect this requirement.



structure erected on adjacent Reserve Land will need to consider what impact the structure will have on public access and use of the reserve.

Requirements will be different depending on the type of the reserve in question, as set out below.

### Local purpose (esplanade) reserve

Local purpose (esplanade) reserves are required by the Reserves Act to be administered and maintained so as to prevent any impediment to the right of the public to freely access the reserve on foot, unless the Council determines that access should be prohibited or restricted to preserve the stability of the land or the biological values of the reserve.

For landowners seeking to erect a coastal erosion protection structure in a local purpose (esplanade) reserve, this means that:

- in the first instance, if it is physically possible, the design of any structure should not prevent public access to the reserve; but
- in the event that such a design is not possible, the landowner will need to establish that the prohibited or restricted access to the reserve is justified to preserve the stability or biological values of the reserve.

### Recreation reserve

Under the Reserves Act, the public has freedom of entry and access to a recreation reserve, subject to:

- specific powers conferred on the Council by sections 53 and 54 of the Reserves Act; and
- any conditions and restrictions that the Council considers necessary for the protection and general well-being of the reserve and for the protection and control of the public using it.

As with local purpose (esplanade) reserves, where possible landowners should in the first instance attempt to create designs that do not interfere with (or remove existing) access to the reserve by the public. Where this is not possible, the landowner will need to consider whether any of the exceptions referred to above apply and present that position to the Council.

### Historic reserve

Historic reserves are required by the Reserves Act to be administered and maintained so that the public has freedom of entry and access to the reserve, subject to the specific powers conferred by sections 58 and 58A, to any bylaws under this Act applying to the reserve, and to such conditions and restrictions as the Council considers to be necessary for the protection and general well-being of the reserve and for the protection and control of the public using it.

As with local purpose (esplanade) reserves and recreation reserves, where possible landowners should in the first instance attempt to create designs that do not interfere with (or remove existing)



access to the reserve by the public. Where this is not possible, the landowner will need to consider whether any of the exceptions referred to above apply and present that position to the Council.

#### Step 6

## Cost, ownership, maintenance and liability

### Cost - who pays?

Landowners will be required take responsibility for all costs associated with coastal erosion protection structures proposed to be located on Reserve Land. This includes all costs associated with applying for the necessary approvals, construction, ongoing maintenance, repair and any associated consent or Reserve Act processes. It will also include any costs associated with removal, if that is required in the future.

The Council reserves the right to enter into separate costs arrangements where appropriate. When considering the costs associated with the coastal erosion protection structures, some of the matters the Council will take into account are:

- Who is receiving the benefit from the proposal, i.e., the public at large (in terms of access to the beach and use of reserve area (depending on size), or private owners receiving protection of their property?
- Who is paying and how it is funded?

### Who owns and maintains?

The ownership and responsibility for ongoing maintenance, repair and potential upgrades for any coastal erosion protection structures on Reserve Land will sit with the landowner/s who apply for the right to construct the structure on Reserve Land.

Given the increasing risks of climate change, including predictions for sea level rise in the future, the costs of maintaining any form of coastal erosion protection structure on the coastline are likely to increase over time. The Council is not generally willing to fund this from rates.

While maintenance works may be provided for in relation to the proposed coastal erosion protection structures, there is no assumption that the Council, as owner (and/or the administering body) of the Reserve Land, will continue to allow structures on its land. For example, Council will retain the ability<sup>5</sup> to remove it if the coastal erosion protection structure turns out to be ineffective, causes adverse effects, is not appropriately maintained, becomes dangerous or is damaged beyond repair, etc. Where substantial works are required, an entirely new process is likely to be required.

As the Council remains the owner (and/or the administering body) of the Reserve Land it will need to continue to be involved in decisions relating to the coastal erosion protection structure going forward.

<sup>5</sup> This requirement will be contained in the contract between the Council and the proponent landowner/s.



The exact nature of the relationship and the extent of reporting between the Council and the landowner will need to be defined in an agreement between the parties, that will be required as part of the landowner approval process - this agreement is discussed further below under 'Liability and Risk'.

All landowners need to be aware that there will come a point where sea-level rises and coastal erosion is such that managed retreat will ultimately in most instances be necessary.

## Liability and risk

The Council will not take on any liability for structures built, owned and maintained by other landowners on Reserve Land. That will be the sole responsibility of the landowners who apply for and build the structure and their successors.

The Council will require those landowners to:

- accept joint and several liability for any damage caused by any such structure (or as a result of it) and will require an indemnification of Council against any such claims;
- 'make good' any effects this structure may have on adjacent properties, including 'end effects' and 'make good' any damage that may arise if removal is required; and
- provide a bond or other security arrangement to cover any such damage and/or claims.

This issue, along with who owns and maintains the structure, as well as any other issues that arise through this landowner approval process will be recorded in an agreement between the Council and landowners, which will need to be included in an instrument that is registered on the landowner titles, to ensure any future owners are aware of the obligations and requirements and have ongoing responsibility for them. The form and/or content of the agreement will be site specific and legal advice will be required for both parties before entering into the contract. The Council will require the proponent landowners to reimburse the Council for the legal costs associated with this agreement.

## Land information memoranda

Land information memorandum (**LIMs**) are provided for under the Local Government Official Information and Meetings Act 1987 (**LGOIMA**) and are a source of information on matters that affect land. They are intended to be a simple mechanism by which potential purchases are informed of potential property risks.

Under the LGOIMA, the Council has obligations to include certain information on LIMs, including any information known to the Council on the presence of potential natural hazards affecting the land subject to a request for a LIM (including potential erosion and inundation). This means that if Council is provided with information that shows there is a reasonable possibility that a natural hazard will occur on the land, this information will be reflected on the LIM.



### Step 7

## Precedent/wider implications of the decision

The Council will need to carefully consider the precedent of allowing coastal erosion protection structures in these locations, what that will mean for other similar locations and ultimately, what it means for the District.

Tasman District has an extensive coastline. There are several coastal communities facing coastal erosion issues and Council needs to take a consistent and measured approach to each situation, where adjacent landowners are seeking a coastal erosion protection structure on Reserve Land.

The Council will consider whether the potential of large areas of Tasman's coastline being armoured with rock/structures is the outcome it considers is appropriate for the long term environmental and community outcomes it is seeking, and whether, given the increasing sea levels resulting from climate change, structures are a sustainable solution to coastal erosion.

Council will require a clear explanation as part of the landowner's expert assessment (see [Step 4](#) and [Step 5](#) above for the other matters that will need to be included) of why what is proposed is a sustainable solution and whether there is anything special about the circumstances of this case, compared to other coastal areas in Tasman.

## Formal mechanism under the Reserves Act

As noted above (see [Step 7](#)), part of the process for obtaining approval for erecting coastal erosion protection structures on Reserve Land will be that the Council will enter into agreements (of varying kinds) with landowners that detail various matters that need to be recorded, including a mechanism to allow the occupation of the Reserve Land (most likely a licence).

The Reserves Act and the relevant Reserve Management Plans determine what sort of mechanism can be used, any process requirements and what conditions are to apply.

The power of the Council to grant an occupation agreement over Reserve Land varies depending on the status of the reserve and any rights transferred from the Crown. Public notification and consultation may be required for a proposed occupation agreement. Depending on the proposal, an approval from the Minister of Conservation may also be required.

Any occupation agreement must be consistent with the Reserves Act requirements (sections 17, 18, 23, 48 and 53 in particular), the Reserves General Policies, as well as any specific Reserve Management Plan. These Plans include restrictions around what occupation agreements are acceptable and the scope of such agreements.

The Council will determine what form of agreement is appropriate on a case by case basis.

## Information to include with request for landowner approval

Attached as Appendix 2 is an application form, which provides a guide to the information likely to be required as part of an application under this Policy.



## Step 8

# Local Government Act 2002 decision making principles

Further to the considerations listed above ([Steps 1-7](#)), the Council is also required to abide by the decision-making principles in the LGA02. This section provides a brief summary to enable future applicant's understanding of the decision-making process that the Council will engage in when making a decision as landowner on the approval of a structure. Relevant Reserves Act matters, the LGA02 decision making principles and other considerations are set out below.

The Council has legal obligations in relation to decision making and accountability to its community under the LGA02 – particularly under Part 6 of the LGA02. These obligations need to be considered for every request for landowner approval for a coastal erosion protection structure on Reserve Land.

The Council must, in the course of its decision-making process, give consideration to:

- the views and preferences of persons likely to be affected by, or to have an interest in, the matter;
- all reasonably practicable options to achieve the objective of a decision (and the advantages and disadvantages of each option); and
- consistency with Council adopted policy and statutory plans.

The LGA02 does not specifically require the Council to undertake any consultation process before making a decision. A decision on whether to consult will depend on the extent to which the Council currently understands the view and preferences of people with an interest in the matter, the significance of the matter and following consideration of the Council's Significance and Engagement Policy.

In addition, it is up to the Council to decide how to comply with the decision-making requirements and the extent to which the decision making and consultation principles in the LGA02 are observed in any particular situation. In making that judgement, Council will consider:

- the principles in section 14 of the LGA02;
- the extent of the Council's resources; and
- the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the Council scope and opportunity to consider a range of options or the views and preferences of other persons.

Finally, section 80 of the LGA02 requires that where a decision of the Council is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any Council policy or plan, the Council must, when making the decision, clearly identify the inconsistency, the reasons for the inconsistency and any intention of the local authority to amend the policy or plan to accommodate the decision.

It is the Council's expectation that after full consultation on this Policy, full public consultation may not be required for every request it considers under this Policy, but it will need to determine that on a case



by case basis, in light of any requirements in the relevant Reserve Management Plans and the LGA02 decision making principles.

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## Other consents

Nothing in this Policy overrides any separate regulatory requirements for coastal erosion protection structures under any other statute. Consent for a coastal protection structure may be required under the Building Act 2004 (**Building Act**), the LGA02, the RMA, and the Tasman Resource Management Plan (**TRMP**). Any relevant bylaws may also influence the construction of structures on Reserve Land. If the proposed structure is located on an unformed legal road ('paper road') there will need to be an approval process under the Local Government Act 1974.

Any necessary consents required under those statutes will need to also be obtained, separately to any landowner approval provided by the Council under the Reserves Act. This Policy applies to the landowner approval process under the Reserves Act only. It does not apply to decisions relating to the granting of a resource or building consent or any other required regulatory approval.

The Council recommends that a landowner obtains its approval before addressing any other consenting requirements. The Council is not in any way required to provide its consent as landowner in the event that a resource consent (or other such relevant approval) is granted and as such obtaining approval from the landowner is the logical first step.

These consents are addressed briefly below.

### Step 9

### Resource consent

A resource consent is likely to be required for a coastal erosion protection structure. This allows an assessment of the environmental effects of the proposed activity and consideration of how it fits with district, regional and national planning documents, including the New Zealand Coastal Policy Statement.

The type of resource consent needed will depend on what land the structure is being built on, its zoning (if any) and the type of activities being undertaken (e.g., land disturbance, discharges, etc).

The requirements for consent applications are set out in the RMA and the district and regional plans. Landowners should consider whether an application for resource consent should be made once approval for the coastal erosion protection structure has been obtained from the Council as the landowner. There is no guarantee that if a proposal is approved under the Reserves Act that it would obtain resource consent under the RMA and vice versa. Each process is a separate assessment, applying different legislation and different matters for consideration, albeit a number of the matters assessed by the Council may well overlap between the processes.

## Marine and Coastal Area (Takutai Moana) Act 2011

The Marine and Coastal Area (Takutai Moana) Act 2011 imposes a requirement on resource consent applicants to notify and seek the views of any person who has applied for recognition of customary marine title under this Act in the area where the proposed structure is to be located. This will only be



relevant where there are works/discharges relating to the structure that occur below MHWS. To obtain further information about the location of customary marine title applications, see [Te kahui takutai moana marine and coastal area](#).

#### Step 10

### Building consent

Whether or not building consent will be needed will depend on the nature of the coastal erosion protection structure and if it is 'building work' under the Building Act 2004 and whether it fits within any of the exemptions in Schedule 1 of that Act. For example:

- building work in connection with a retaining wall that retains not more than 1.5 metres depth of ground; and does not support any surcharge or any load additional to the load of that ground (for example, the load of vehicles); and
- building work in connection with a fence or hoarding which does not exceed 2.5m in height above the supporting ground.

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## Unlawful structures on Reserve Land

It is important that the public understand the need for compliance with respect to the construction of coastal erosion protection structures on Reserve Land. The Council will not accept structures being erected on its land, without the necessary approvals in place. Such structures are unlawful.

Erecting a structure on a reserve without Council approval will lead to action being taken by the Council as the landowner. In the Reserves General Policies, it states (Method 3.4.3.3):

*Where encroachments onto reserve land are identified, neighbouring landowners shall be notified of the existence of an encroachment and a time limit placed on the removal of the structure or installation. Legal action may proceed if the encroachment is not removed within a fair and reasonable timeframe.*

The Council has previously discovered structures on Reserve Land that were built without obtaining any Council approval. Some of these structures have been there for a number of years and may have been built by a previous owner of the adjacent property, while others are recent or in the process of being built. This is not acceptable.

Under section 95(5) of the Reserves Act, all apparatus erected on Reserve Land without consent of the administering body is deemed to be forfeited to the administering body and can be disposed of as the administering body sees fit. This means that the Council is entitled to remove any structure on Reserve Land that does not have its landowner approval.

In addition to seeking voluntary removal or relying on its Reserves Act powers to remove any unlawful structure, the Council is the landowner of the reserve and can remove any structure which has been placed or constructed on its land without its permission.



## Policy development process

[Once Policy is complete, include a summary of the process used to create and adopt this Policy - ie, notification, consultation undertaken, timing, etc and a note around intended review period - ie, to be reviewed every 5 years by Council.] NOTE: TO COMPLETE ONCE POLICY FINAL.

### Notice of disclaimer

This Policy is not legally binding. It cannot cover every situation and individual circumstances of the case will need to be applied. This Policy is not a substitute for independent professional advice. It is recommended that landowners considering this option obtain their own professional advice.

There may be exceptional or unusual circumstances that may arise, and the Council reserves itself full discretion to vary any aspect of this Policy to address particular circumstances.

Nothing in this Policy should be taken as overriding district or regional plans produced under the RMA or any other statutory plan.

This Policy has been written, edited and published and is made available to all persons and entities strictly on the basis that its author, the Tasman District Council, fully excludes any liability in any way to any person or entity for damages in respect of or arising out of the reliance in part or full, by such person or entity or by any other person or entity, upon any of the contents of the Policy for any purpose.



# Appendices

**Appendix 1** - Reserve Management Plan Key Sections and Themes

**Appendix 2** - Application form

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## Appendix 1 - Reserve Management Plan key sections and themes

### Reserves General Policies 2015

The two most relevant sections of the Reserves General Policies are 3.3 (Treaty of Waitangi), 3.4 (encroachments), 4.1 (recreational use and access), 5.1 (protection and enhancement of indigenous biodiversity), 5.2 (protection and enhancement of heritage and cultural values), 5.3 (coastal hazards) and 6.1 (buildings and structures). Some of the key themes relevant to coastal erosion protection structures are:

- Council will work cooperatively with identified mana whenua and tangata whenua and facilitate their active involvement in the management of reserve values where cultural or heritage values are present or nearby;
- reserves will be kept free of private structures unless a clear public benefit is evident and Council has entered into a written agreement with regard to the activity;
- reserves are to be freely available for use by the public on a casual basis, unless constrained by Council approved events or activities and where practicable and affordable, provide access for disabled persons to the reserve;
- multiple uses of reserves are encouraged where practical;
- fences, buildings or other structures shall not unnecessarily restrict foot access onto or across the reserve;
- the indigenous biodiversity values of reserves are maintained and enhanced and public access and use shall be managed to avoid, minimise or mitigate damage to indigenous ecological values;
- natural character values within mapped areas of significant conservation values shall be protected and maintained and where necessary, restored;
- as far as practicable, sites or areas on reserves which are identified as having cultural heritage value shall be protected, preserved or maintained;
- where there are identified wāhi tapu sites on the reserve, mana whenua and tangata whenua will be consulted prior to proposed land disturbance activities;
- in certain circumstances, archaeological assessments will be required;
- that the use of sustainable natural solutions for the management of coastal hazards on Reserve Land are supported;
- that the Council is not planning to provide any increased levels of protection to properties adjacent to Reserve Land;



- Reserve Land will be managed to provide, *where appropriate*, for the protection, restoration or enhancement of natural defences that protect coastal land uses from coastal hazards;
- structures on Reserve Land are for an approved use and do not cause significant effects on the values of the reserve or adjoining property;
- a list of matters the Council shall have regard to when evaluating any proposal for a new structure on Reserve Land, including:
  - the purpose of the reserve;
  - the need for the structure to be located on reserve and the use it will be put to;
  - the design of the structure and its compatibility with the open space and amenity values of the reserve;
  - the effects of the structure;
  - the financial position of the applicant to properly construct and maintain the structure and ongoing associated costs;
  - the possibility of establishing jointly administered or multiple purpose structures;
  - the conservation of open space, significant vegetation, habitats and significant landscape features and whether the land could be put to better use for casual recreation; and
  - the need to protect existing outdoor recreation facilities and activities.
- required conditions for structures on reserve are identified at 6.1.2.8.

It is also noted that paragraph 5.3 of the Reserves General Policies refers to the NZ Coastal Policy Statement 2010 (**NZCPS**) provides a guide to managing the coastal environment and that management of coastal reserves needs to pay particular regard to Policy 26 of the NZCPS. That policy states:

***Natural defences against coastal hazards***

- (1) *Provide where appropriate for the protection, restoration or enhancement of natural defences that protect coastal land uses, or sites of significant biodiversity, cultural or historic heritage or geological value, from coastal hazards.*
- (2) *Recognise that such natural defences include beaches, estuaries, wetlands, intertidal areas, coastal vegetation, dunes and barrier islands.*

In addition, Policy 27 provides guidance on strategies for protecting significant existing development from coastal hazard risk. These relevant NZCPS policies should be addressed in any application for landowner approval and will be considered by Council as part of the landowner approval process.

Both the Reserves General Policies and the specific Reserve Management Plan should be read together for a complete picture of reserve management.



## Moutere-Waimea Ward Reserves Management Plan June 2022

The most relevant sections of the Moutere-Waimea Ward Reserve Management Plan are in Part 3, sections 1.0 (Ki uta ki tai), 4.1 (climate change), 4.2 (evaluating new proposals) and 5.1 (coastal reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- Iwi/Māori will share decision-making to actively protect natural, physical and cultural resources and sites;
- soft engineering and adaptation to coastal erosion will be promoted, rather than hard defences, to ensure coastal ecosystems have room to retreat;
- a 'managed retreat' approach to sea level rise will be taken by ensuring that coastal hazards and climate change are taken into account in the location, design and construction of all buildings, facilities and improvements, and that facilities and structures in high risk areas are designed to be removable or expendable;
- activities will be assessed against the vision and key outcomes in Part 1 of the Plan; and
- cultural impact assessments should be required as part of process for assessing and evaluating proposed new land uses or activities on parks and reserves.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

## Richmond Ward Reserves Management Plan - March 1999

The most relevant sections of Richmond Ward Reserves Management Plan are 5.0 (general objectives), 6.24 (adjoining land uses) and 6.12 (Buildings). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- ensuring the efficient and effective use of open space and reserves in the Richmond Ward to meet community needs for recreation and amenity;
- providing for access to the sea and other natural features;
- construction of buildings on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve;
- all new buildings or structures, or alternatives to existing buildings or structures, are required to meet design standards specified by the TRMP and other relevant legislation;
- all proposals to construct or relocate buildings or structures on reserves are required to be accompanied by a landscape plan showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve; and



- consultation with neighbouring residents where significant developments are proposed on adjoining Reserve Land will be required.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

This Ward Reserve Management Plan is currently under review. Council anticipates adopting an updated Plan during 2025.

### Motueka Ward Reserve Management Plan - May 2019

The most relevant sections of the Motueka Ward Reserve Management Plan are 1.0 (Ki uta ki tai), 4.1 (climate change) and 4.2 (evaluating new proposals). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- Iwi/Māori will share decision-making to actively protect natural and physical resources.
- soft engineering and adaptation to coastal erosion will be promoted, rather than hard defences;
- a 'managed retreat' approach to sea level rise will be taken by ensuring that coastal hazards and climate change are taken into account in the location, design and construction of all buildings, facilities and improvements, and that facilities and structures in high risk areas are designed to be removable or expendable;
- activities will be assessed against the vision and key outcomes in Part 1 of the Plan; and
- cultural impact assessments will be required as part of process for assessing and evaluating proposed new land uses or activities on parks and reserves.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

### Golden Bay Ward Reserves Management Plan 2003

The most relevant sections of the Golden Bay ward Reserves Management Plan are 5.7 (public use and access), 5.12 (Building and Structures), 5.18 (landscaping and amenity planting), 5.24 (adjoining land uses) and 6.4.6 (Rural Recreation and Esplanade Reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- structures should not unnecessarily restrict foot access onto or across the reserves;
- construction of buildings on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve;
- that all new buildings are required to meet design standards specified by the TRMP and other relevant legislation and are required to be accompanied by an assessment showing



how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve;

- all significant reserve development proposals are to include a Council approved landscape plan;
- consultation with neighbouring residents where significant developments are proposed on adjoining Reserve Land will be required; and
- for Rural Recreation and Esplanade Reserves, policy 6.4.6 allows the construction of erosion-control works, subject to Council approval.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

## Tata Beach Reserves Management Plan 2007

The most relevant sections of the Tata Beach Reserves Management Plan are 5.7 (public access and use), 5.12 (buildings), 5.18 (landscaping and amenity planting), 5.24 (adjoining land uses), 6.0 (general objectives for Tata Beach reserves), 7.6 (Management of beachfront Esplanade Reserves (Lots 2, 9 and 30) and Recreation Reserve (Pt Lot 3)) and 7.9 (Coast Care Programme on Esplanade Reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- fences, buildings or other structures should not unnecessarily restrict foot access onto or across reserves;
- construction or relocation of buildings or structures on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve;
- that all new buildings or structures, or alterations to existing buildings or structures, are required to meet design standards specified by the TRMP and other relevant legislation and are required to be accompanied by an assessment showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve;
- all significant reserve development proposals are to include a Council-approved landscape plan;
- consultation with the public over any proposals to grant leases or licences over reserves where such leases or licences are not already provided for in the Plan;
- include native species, propagated from plants native to the location, wherever possible in reserve planting programmes, including erosion-control plantings;
- provide and enhance public access to the sea, streams and other natural features;
- maintain and enhance the natural character of the coast;



- adequately protect the significant natural and scientific values in the reserves of the Tata Beach settlement, such as landform, ecosystems, natural character, archaeological and heritage values; and
- minimise the adverse environmental effects of activities and facilities in the reserves on the amenity values of surrounding activities.

Each reserve at Tata Beach also has specific policies that apply to each individual reserve (see Section 7.0 of the Plan). Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

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## Appendix 2

### Application form

#### APPLICATION UNDER THE TASMAN DISTRICT COUNCIL POLICY ON COASTAL EROSION PROTECTION STRUCTURES ON COUNCIL RESERVE LAND

The purpose of this application form is to provide a guide to the information likely to be required as part of an application under the Tasman District Council Policy on Coastal Erosion Protection Structures on Council Reserve Land (**Policy**).

This application must be read with the Policy to ensure the correct information is included in the application. Please note that there are steps which must be met to proceed under the Policy (due to requirements of the Reserves Act 1977). The form indicates at what stages the application can no longer proceed if certain criteria are not met.

This application does not preclude the need to obtain any other consent or approval that may be necessary (for example, resource consent and/or building consent).

Tasman District Council reserves the right to request any further information it requires to process this application.

**Please send application and supporting documentation** [include relevant Council office/address]  
to:

#### APPLICANT DETAILS

Name/s

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Address

---

Phone

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Email

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*List names of all applicants if more than one. To be an applicant, your land needs to be adjacent to the Reserve Land.*

**I/We request the Tasman District Council consider the establishment of a coastal erosion protection structure on Reserve Land in the Tasman District as described below:**



## RESERVE LAND DETAILS

**1 Name and location of the Reserve Land:**

[Provide space for written answer]

**2 The Reserve Land is adjacent to the land described below:<sup>6</sup>**

Legal description of the adjacent properties:

Name of registered owners: [Provide space for written answer]

**3 Description of erosion or inundation issues:**

*Provide description here*

**4 Have you consulted with the parties listed above (if they are not joint applicants):**

*Provide details of the consultation and any outcomes:*

**Yes/No**

**5 The application is made with the authority of all adjacent landowners:**

**Yes/No**

**6 The location of the Reserve Land is on the coast, and potentially subject to erosion by the sea:**

**Yes/No**

**7 The Reserve Land is classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act:**

*Provide the basis for your conclusion, eg confirmation from Council, or confirmation from a Reserve Management plan etc.*

**Yes/No**

**8 The Reserve Land is owned by the Council or maintained by the Council as the administering body of the reserve and for which it has delegated authority to deal with landowner approvals:**

*Provide the basis for your conclusion, eg confirmation from Council, or confirmation from Reserve Management plan etc.*

**Yes/No**

<sup>6</sup> Please attach a map or plan of the area clearly showing the location of the adjacent property and the position of the Reserve Land. Identify any neighbouring properties that may be affected - as required in the report in questions 14/15 below.



## PROPOSED STRUCTURE

- 9 Is the proposal for a hard coastal erosion protection structure, eg seawalls, rock revetments, other forms of longshore solid artificial structures etc:**

*Details in relation to the design of the structure are required as part of the report in questions 14/15 below.*

**Yes/No**

## LOCATION OF THE COASTAL EROSION PROTECTION STRUCTURE [Step 1]

- 10 Is the proposed structure located above Mean High Water Springs (MHWS):**

*A survey identifying the location of the MHWS and the proposed location of the structure is required as part of the report in questions 14/15 below.*

**Yes/No**

## THE PURPOSE OF THE RESERVE LAND [Steps 2 and 3]

- 11 The Council needs to determine whether the establishment of the structure is consistent with the purpose of the Reserve Land. Tell us why you consider it is:**

*Please refer to the Policy (Step 2).*

[Provide space for written answer]

- 12 The Council needs to determine whether the proposed structure is consistent with any relevant Reserve Management Plans. Tell us why you consider it is:**

*Please refer to the Policy (Step 3)*

[Provide space for written answer]



**13 Does the establishment of the structure require the cutting or destroying of any tree/s or bush on the Reserve Land:** **Yes/No**

*If yes, describe the extent of the works and tree/bush which is sought to be removed and why that is necessary — please refer to the Policy (Step 2)*

**14 Has consultation been undertaken with Iwi:** **Yes/No**

*Provide details about who was consulted and what the outcome was — please refer to the Policy (Iwi involvement).*

[Provide space for written answer]

*Please note: There may also be a requirement for a cultural impact assessment under the relevant Reserve Management Plan. If so, that will need to be included with the application.*

## COASTAL EROSION PROTECTION STRUCTURE [Steps 4 and 5]

**15 Description of coastal erosion protection structure:**

*Please assess and provide a report from a suitably qualified coastal management expert detailing —*

- Explain what soft engineering options have been considered in the situation / are there any viable alternatives to the structure proposed
- The effectiveness of what is proposed and the likely longevity
- Potential adverse effects that may arise from what is proposed
- Alternative options, their predicted effectiveness/longevity and associated cost, compared to what is proposed

**16 Design of the proposed structure and public access:**

*Provide a report from a suitably qualified coastal management expert detailing —*

- The design of the structure, including whether the design is consistent with the purpose of the reserve (particularly in relation to access)
- Potential adverse effects on other properties, for example, any 'end effects', that may arise from what is proposed
- What impact will the design have on existing public access and what replacement public access is proposed



- Whether there are any other coastal works in the area or that are intended to be erected in the area.

## **COST AND MAINTENANCE** [Step 6]

- 17 Who will be responsible for the cost of the coastal erosion protection structure - both construction and maintenance? And what are the estimated costs over the lifetime of the structure?**

*Please refer to the Policy (Step 6)*

[Provide space for written answer]

- 18 Who will be responsible for the maintenance and repair of the coastal erosion protection structure? Is there agreement from all landowners who benefit from the structure for ongoing responsibility for it and any liability arising from the structure:**

*Please refer to the Policy (Step 6)*

[Provide space for written answer]

- 19 Is there any other information which the Council should take into account when considering whether to enter into a cost arrangement in relation to the construction, maintenance or repair of the coastal erosion protection structure:**

*eg who is receiving the benefits from the proposal, who is paying and how is it funded etc — please refer to the Policy (Step 6)*

[Provide space for written answer]

*Please note: part of the process for obtaining approval for erecting coastal erosion protection structures on Reserve Land will be that the Council will enter into agreements (of varying kinds) with landowners that detail various matters that need to be recorded, including a mechanism to allow the occupation of the Reserve Land (most likely a licence). The Reserves Act and the relevant Reserve Management Plans determine what sort of mechanism can be used, any process requirements and what conditions are to apply.*

## **OTHER CONSENTS** [Steps 9 and 10]

- 20 Do you already have resource consent for this structure, or are you planning on applying after this approval is determined:** (Council recommends that you do not seek resource consent until after you have obtained Council's landowner consent)

*Please refer to the Policy (Step 9)*

[Provide space for written answer]

- 21 Do you already have building consent for this structure, or are you planning on applying after this approval is determined:** (Council



recommends that you do not seek resource consent until after you have obtained Council's landowner consent)

*Please refer to the Policy (Step 10)*

[Provide space for written answer]

## COLLECTION AND USE OF INFORMATION

I understand that the information contained in this application is subject to the Privacy Act 2020 and will only be used for the purpose for which it is collected being the application for Coastal Erosion Protection Structures on Council Reserve Land. Tasman District Council will retain personal information for only as long is necessary to fulfil the purposes for which it is collected and will only use or share personal information where necessary to carry out the functions for which it was collected, or if required by law.

You may inquire about and seek access to personal information about you or request information under the Local Government Official Information and Meetings Act 1987 by contacting Tasman District Council at **03 543 8400** or email [info@tasman.govt.nz](mailto:info@tasman.govt.nz)

**Name/s**

**Signature**

**Date**



No.	INFORMATION SUPPLIED	CHECKLIST
1	Contact details of the registered owners with adjacent properties to the Reserve Land	<input type="checkbox"/>
2	Map or plan — showing the location of the property/properties adjacent to the Reserve Land	<input type="checkbox"/>
3	The classification of the Reserve Land	<input type="checkbox"/>
4	Record of title — showing the Reserve Land is owned by the Council or maintained by the Council	<input type="checkbox"/>
5	Map or plan and structure details — detailing the exact location of the proposed coastal erosion protection structure, dimensions, materials, etc	<input type="checkbox"/>
6	Surveyed location — providing the location of the MHWS and location of the structure in relation to it	<input type="checkbox"/>
7	Photos of the Reserve Land — showing, where relevant, any tree or bush which is proposed to be removed	<input type="checkbox"/>
8	Expert report — setting out: <ul style="list-style-type: none"> <li data-bbox="406 1321 1085 1355">• The qualifications of the expert (must be suitably qualified).</li> <li data-bbox="406 1377 1197 1433">• The information required under questions 14 and 15 in relation to the coastal erosion protection structure and design.</li> </ul>	<input type="checkbox"/>

*Please note: There may also be a requirement for a cultural impact assessment under the relevant Reserve Management Plan. If so, that will need to be included with the application.*



# TASMAN DISTRICT COUNCIL

Coastal erosion protection structures on Council Reserve Land

March 2024<sup>4</sup>



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# The Policy

## Purpose

The issue of whether coastal erosion protection structures can be established on Reserve Land<sup>1</sup> involves a number of complex legal and policy issues. ~~This policy~~ **It is important** ~~is~~ to ensure all relevant matters are considered consistently and transparently by the Council and that those seeking approval for such structures are aware of the issues involved and matters that need addressing.

The purpose of this ~~policy~~ **Policy** is to provide guidance on the process and considerations involved when a private landowner wishes to establish a coastal erosion protection structure on Reserve Land. It:

- Sets out what private landowners need to do to be able to seek landowner approval from the Council to allow use of Reserve Land for such a structure, and
- Details the matters Council will consider, including the requirements of the Reserves Act 1977 (**Reserves Act**) and other relevant matters, that Council has to apply when making landowner approval decisions.

It also touches on other consents likely to be required (such as resource consent and building consent) but only to identify the need for them, rather than providing detailed guidance on those processes. It also addresses ~~Council likely response to unlawful enforcement issues that arise, if such a structure is built on Reserve Land without landowner approval.~~

## Who does it apply to?

~~The~~ ~~This policy~~ **Policy** applies to landowners who wish to consider coastal erosion protection structures on Reserve Land adjacent to their property. It aims to provide an understanding of what is required to seek approval from the Council for use of the Reserve Land, including:

- the processes that need to be followed and how to navigate them<sub>7.1</sub>;
- the matters the Council is likely to take into account<sub>7.1</sub>;
- Council's expectations of what is required from landowners to use Reserve Land for this purpose<sub>7.1</sub>; and
- what landowners will need to do if they wish to pursue this option.

<sup>1</sup> **Reserve Land** is all land in the Tasman District declared and classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act, which is on the coast, above MHWS, potentially subject to erosion by the sea and where Council is the owner of the land (or it maintains it as the administering body and has delegated authority to deal with landowner approvals).



This ~~policy~~ Policy is also for Council, when processing requests for landowner approval for use of Reserve Land - providing a guide to the processes to be followed and the matters the Council is likely to consider, to ensure consistent and robust decision making in relation to hard coastal erosion protection structures on Reserve Land.

This ~~P~~ Policy only applies to coastal erosion protection structures proposed on local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act, which is on the coast, above MHWS, potentially subject to erosion by the sea and where Council is the owner of the land (or it maintains it as the administering body and has delegated authority to deal with landowner approvals). It does not apply to any other type of reserve, including road reserve or to unformed legal road. Separate decision-making processes apply to these other types of reserve and anyone seeking a coastal protection structure on this land should contact [insert] for advice.

## Outline of landowner approval process for Reserve Land

The flowchart below provides a summary of the landowner approval process under the Reserves Act:

**Steps 1 - 3:** Set out the key steps which must be considered before landowner approval for a coastal erosion protection structure can be obtained. In the event that a proposal for a coastal protection structure does not meet one of those requirements, the Council cannot provide landowner consent as a matter of law.

**Steps 4 - 7:** Set out the other matters the Council will consider when deciding whether to approve the proposal for the coastal erosion protection structure on Reserve Land. While at this stage the Council can grant landowner approval as a matter of law, it still needs to decide if it is desirable to do so and these considerations will be part of that assessment.

**Step 8:** Considers the Local Government Act 2002 (**LGA02**) decision making principles. These must be considered when making a decision in relation to landowner approval under the Reserves Act.

**Steps 9 and 10:** Address the requirements for resource consent and/or building consent, which sit outside the Reserves Act process. If a proposal for a coastal erosion protection structure successfully obtains landowner approval under the Reserves Act, there is no guarantee that any other necessary consents will be approved. They will follow their separate regulatory processes as determined by the relevant legislation. They are very important as no coastal erosion protection structure will be able to proceed until *all* necessary approvals are obtained and these decisions are made subject to different criteria and under different processes. The granting of Landowner Consent under the Reserves Act does not provide any indication of success in any subsequent/parallel processes. The Council as landowner seeks that its approval is obtained before an application is made for a resource consent under the Resource Management Act 1991(RMA) (or any replacement legislation).<sup>2</sup> Council as the landowner of any land subject to a resource consent will be considered an affected party and

<sup>2</sup> At the time of writing, Central Government has indicated an intention to reform the RMA.

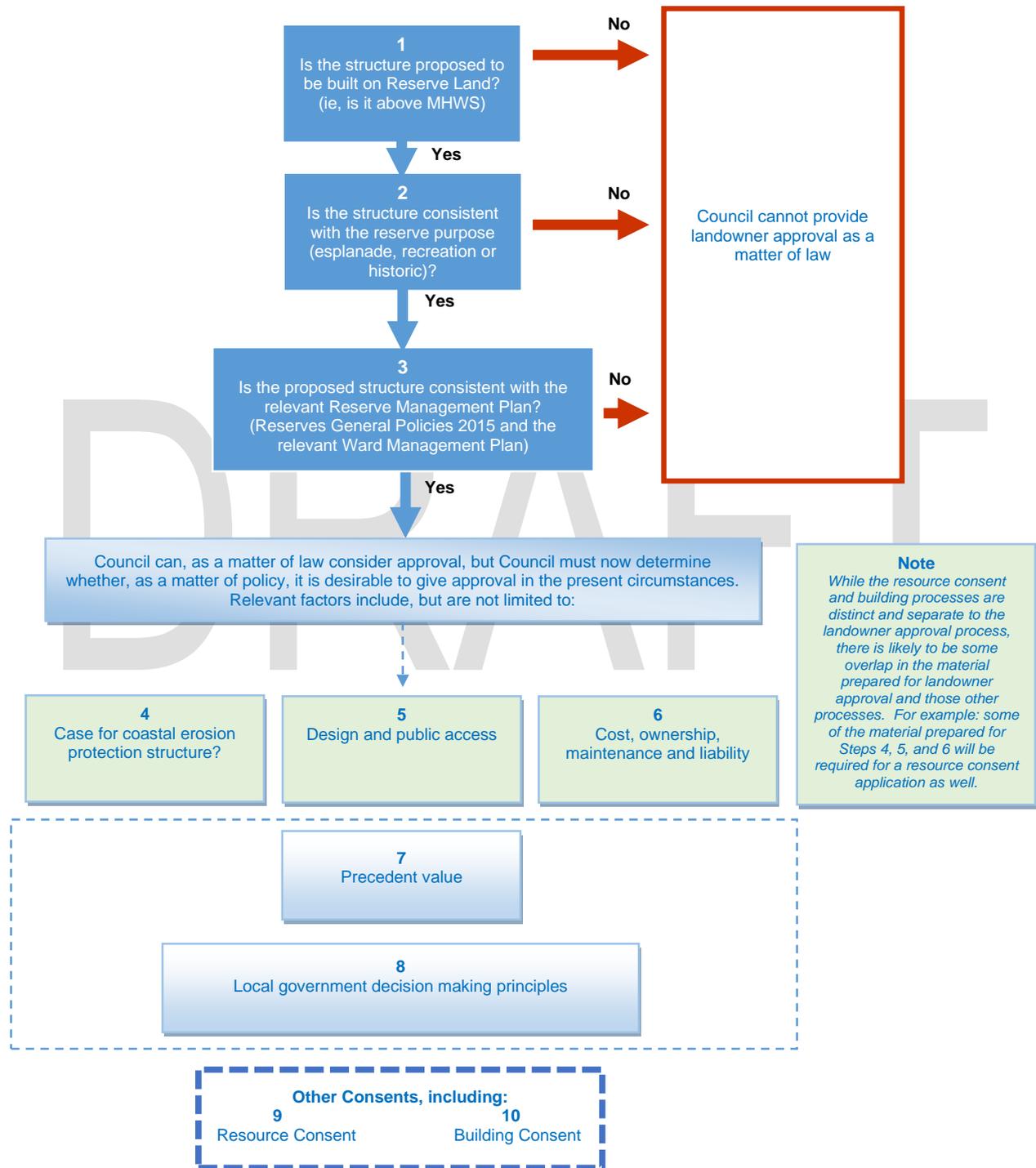


Council reserves the right to require its approval as landowner to any structure on the reserve before providing its approval as part of the resource consenting process.

DRAFT



## Flowchart - landowner approval process - Reserve Land





## Application of this Policy

### Applies to 'Reserve Land' in the Tasman District

This ~~policy~~Policy covers all land in the Tasman District that is:

- declared and classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act; ~~and~~
- on the coast; ~~and~~
- above Mean High Water Springs (MHWS);
- potentially subject to erosion by the sea; ~~and~~
- owned by the Council (or maintained by the Council as the administering body of the reserve and for which it has delegated authority to deal with landowner approvals).

This Policy does not apply to road reserve or unformed legal road.

The Council reserves itself discretion to apply this ~~policy~~Policy to land that Council manages and maintains for recreation, historic and esplanade purposes, but which is not formally vested as reserve or not yet declared or classified as reserve.

### Applies only to hard protection structures

This ~~policy~~Policy addresses hard protection structures only, including (but not limited to) sea walls, rock revetments, and any other form of longshore solid artificial structures. This is because these are structures that are not generally encouraged by Council on Reserve Land but are often requested by landowners. ~~Hence, if a landowner wishes to pursue this option some guidance to them in relation to what factors Council will be taking into consideration them is desirable.~~

The Council's preference is (where ~~possible~~viable) to use sustainable natural solutions to manage coastal hazards and vulnerabilities on coastal reserves, to minimise the impact on the natural environment and promote natural resilience.

If a landowner wishes to pursue natural solutions on Reserve Land, that should be done in consultation with Council to determine if it can be done and whether it can form part of the Council's Coast Care management programme.

### Who can apply?

Any landowner on the coast who has Reserve Land adjacent to their property may apply to Council for landowner approval to construct a coastal erosion protection structure on Reserve Land.



# Landowner approval under the Reserves Act 1977

## The Reserves Act - legal requirements

Where land is administered by Council as reserve (in this case local purpose (esplanade) reserve, recreation reserve or historic reserve), the Reserves Act requirements have to be followed. In particular:

- a reserve is required to 'be held and administered for the purpose or purposes for which it is classified and for no other purpose' (section 16(8) of the Reserves Act); ~~and~~
- the Council, as administering body, is charged with 'administering, managing, and controlling the reserve under its control and management in accordance with the appropriate provisions of this Act...' to ensure, as appropriate, 'the use, enjoyment, development, maintenance, protection, and preservation...of the reserve for the purpose for which it is classified' (section 40 of the Reserves Act); ~~and~~
- the Council, as administering body, 'shall in the exercise of its functions comply with the Management Plan for the reserve...' (section 41(11) of the Reserves Act).

Accordingly, as a matter of law, the Council needs to be satisfied that what is proposed is actually located on Reserve Land, it is consistent with the purpose of the reserve and it is consistent with any relevant Reserve Management Plan under the Reserves Act.

In addition to those matters under the Reserves Act, there are a variety of other matters the Council will consider when determining if it is desirable for landowner approval to be given in the circumstances of the specific case.

Each of these matters are addressed in more detail below and each of the steps align with the steps identified in the flowchart on page ~~43~~ above.

### Step 1

## Location of the coastal erosion protection structure

The location of the coastal erosion protection structure is important to whether a landowner is able to obtain landowner approval from Council under the Reserves Act. Any part of the structure ~~it~~ needs to be located on land above MHS for Council to give such approval, as its location impacts on Council's ownership of the land and there will also be implications under the RMA (in terms of the type of resource consent that might be needed (eg, coastal permit versus land use consent)).



The exact location of any proposed coastal erosion protection structure and the surveyed location of MHWS will need to be determined by the landowner before requesting Council's landowner approval or resource consent. Independent planning/legal advice should be sought about any proposed coastal erosion protection structure below MHWS.

## Step 2 The reserve's purpose

Reserves are classified under the Reserves Act according to their principal or primary purpose (section 16(1) of the Reserves Act). The Council is required to administer reserves according to their purpose (section 16(8) of the Reserves Act) and to ensure that any use of the reserve is compatible with its purpose (section 40 of the Reserves Act). The classification of a reserve is therefore directly relevant to the landowner approval process because Council needs to be satisfied that what is proposed is consistent with the purpose before any activity can proceed.

This means that any coastal erosion protection structure must be consistent with the primary esplanade, recreation or historic purpose. Other ancillary purposes (such as the benefits the adjoining owners will enjoy from the protection structures remaining / being constructed on the reserve) are potentially allowable, provided the statutory purpose (as outlined below) is preserved and is not compromised by the other purpose.

### Local purpose (esplanade) reserve

Section 61 of the Reserves Act sets out the specific powers the Council has in relation to local purpose (esplanade) reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve and for the use of the reserve for its specified purpose.

Section 23(1) of the Reserves Act provides that local purpose reserves are to be administered in accordance with the relevant Reserves Act provisions:

*...for the purpose of providing and retaining areas for such local purpose or purposes as are specified in any classification of the reserve.*

Section 229 of the RMA sets out the purpose of esplanade reserves:

*An esplanade reserve or an esplanade strip has 1 or more of the following purposes:*

- (a) *to contribute to protection of conservation values by, in particular—*
  - (i) *maintaining or enhancing the natural functioning of the adjacent sea, river, or lake, or*
  - (ii) *maintaining or enhancing water quality, or*
  - (iii) *maintaining or enhancing water aquatic habitats, or*
  - (iv) *protecting the natural values associated with the esplanade reserve or esplanade strip, or*
  - (v) *mitigating natural hazards, or*
- (b) *to enable public access to or along any sea, river, or lake, or*



- (c) *to enable public recreation use of the esplanade reserve or esplanade strip and adjacent sea, river, or, lake, where the use is compatible with conservation values.*

This sets out three potentially relevant purposes when Council is considering coastal erosion protection structures on local purpose (esplanade) reserve. Council will need to be satisfied that:

- the Reserve Land has conservation values AND the proposed structure will contribute to the protection of those values by one of the means set out, most likely by mitigating natural hazards to protect those values; or
- the proposed structure enables public access to or along the sea; or
- the proposed structure enables public recreational use of the reserve and adjacent sea, where compatible with the conservation values of the reserve.

If the only purpose of the coastal erosion protection structure is to protect adjacent property from coastal erosion and there is no other purpose relating to protecting conservation values (or there are no conservation values) then the structure is unlikely to be consistent with the purpose of contributing to the protection of conservation values by mitigating natural hazards. The only possibility then is whether the coastal erosion protection structure enables public access to the sea or enables public recreational use of the reserve and adjacent coastal area. This is likely to mean that the design of what is proposed is important (e.g., if it is to proceed it is likely to require the provision of, or protection of, public access to be consistent with the reserve purpose). However, the provision of such access does not necessarily mean that the Council will grant approval as a land owner/landowner.

## Recreation reserve

Sections 53 and 54 of the Reserves Act set out the specific powers the Council has in relation to recreation reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve.

Section 17(1) of the Reserves Act provides that recreation reserve land shall be used:

*For the purpose of providing areas for the recreation and sporting activities and the physical welfare and enjoyment of the public, and for the protection of the natural environment and beauty of the countryside, with emphasis on the retention of open spaces and outdoor recreational activities, including recreational tracks in the countryside.*

Having regard to this general purpose, every recreation reserve must be administered on the basis set out in section 17(2) of the Reserves Act. This includes:

- Maintaining public access, subject to such restrictions as the Council considers necessary for the protection and general well-being of the reserve and protection of the public using it;
- managing and protecting indigenous flora or fauna to the extent compatible with the primary purpose of the reserve;



- ~~C~~onserving those qualities of the reserve which contribute to the pleasantness, harmony, and cohesion of the natural environment and to the better use and enjoyment of the reserve; ~~and-~~
- ~~M~~aintaining its value as a soil, water and conservation area to the extent compatible with the primary purpose of the reserve.

Again, this is likely to mean that the design of what is proposed is important (~~e~~~~e~~~~g~~~~.~~~~g~~~~.~~, it may require the provision of, or protection of, public access and/or protection of certain values of the site to be consistent with the reserve purpose).

## Historic reserve

Sections 58 and 58A of the Reserves Act sets out the specific powers the Council has in relation to historic reserves, which includes a general power to allow activities that are desirable or necessary for the proper and beneficial management, administration and control of the reserve, as long as it is consistent with the principles in section 18.

Section 18 of the Reserves Act provides that historic reserves are:

*for the purpose of protecting and preserving in perpetuity such places, objects, and natural features, and such things thereon or therein contained as are of historic, archaeological, cultural, educational, and other special interest.*

Having regard to this general purpose, every historic reserve must be administered and maintained on the basis set out in section 18(2) of the Reserves Act, being:

- ~~T~~he structures, objects, and sites illustrate with integrity the history of New Zealand;~~-~~
- ~~T~~he public shall have freedom of entry and access to the reserve, subject to the specific powers in sections 58 and 58A, to any bylaws under this Act applying to the reserve, and to such conditions and restrictions as the administering body considers to be necessary for the protection and general well-being of the reserve and for the protection and control of the public using it;~~-~~
- ~~W~~here scenic, archaeological, geological, biological, or other scientific features, or indigenous flora or fauna, or wildlife are present on the reserve, those features or that flora or fauna or wildlife shall be managed and protected to the extent compatible with the principal or primary purpose of the reserve<sup>3</sup>;~~-~~
- ~~T~~o the extent compatible with the principal or primary purpose of the reserve, its value as a soil, water, and forest conservation area shall be maintained; ~~and-~~
- ~~E~~xcept where the Minister otherwise determines, the indigenous flora and fauna and natural environment shall as far as possible be preserved.

<sup>3</sup> This does not authorise anything with respect to fauna or wildlife that would contravene any provision of the Wildlife Act 1953 or any regulations or Proclamation or notification under that Act, and it does not authorise the doing of anything with respect to archaeological features in any reserve that would contravene any provision of the Heritage New Zealand Pouhere Taonga Act 2014.



Again, this is likely to mean that the design of what is proposed is important (e.g., it may require the provision of, or protection of, public access to be consistent with the reserve purpose and/or protection of certain values of the site).

## Other requirements under the Reserves Act

In addition, the Reserves Act also contains limitation in relation to cutting or destroying any trees or bush on a recreation reserve, local purpose (esplanade) reserve or historic reserve. To do so may require a permit and/or certain conditions to be met (section 42 Reserves Act). This will need to be addressed as part of the landowner approval process. In addition, the district plan contains rules which regulate the removal of certain vegetation in coastal areas and a resource consent may be required for this activity.

### Step 3

## Reserve Management Plan/s under the Reserves Act

### The relevant Reserve Management Plans

Reserve Management Plans are prepared under the Reserves Act and provide the community with certainty about the function and management of reserve land. Their aim is to:

- provide for use, enjoyment, maintenance, protection and preservation (as the case may be) of the reserve; and
- provide for development of the reserve, as appropriate, for the purpose for which it is classified; and
- ensure compliance with the principles applying to the particular reserve land (in this case, the principles in sections 17, 18 and 23 of the Reserves Act).

The Council is required to comply with any relevant Reserve Management Plan for the reserve (section 41(11) of the Reserves Act) and this means that a proposal for a coastal erosion protection structure must be consistent with any relevant Reserve Management Plan.

The relevant Reserve Management Plans for the Tasman District that contain coastal areas and development are:

- the Reserves General Policies - September 2015, which apply to all reserves owned and administered by the Council; and
- other Reserve Management Plans, which set out the objectives and policies for specific areas. Relevant Reserve Management Plans for the purposes of this Policy are:
  - Moutere-Waimea Ward Reserves Management Plan August 2000 (updated 2017) June 2022.
  - Richmond Ward Reserves Management Plan - March 1999.



- Motueka Ward Reserve Management Plan - May 2019.
- Golden Bay Ward Reserves Management Plan 2003.
- Tata Beach Reserves Management Plan 2007.

Where an issue is addressed by both the Reserves General Policies and a site-specific / Ward Reserve Management Plan (whether it is prepared before or after the Reserves General Policies), then the policies in the Reserve Management Plan take precedence (see page 5 of the Reserves General Policies).

The most relevant sections in the Reserves General Policies and the five Reserve Management Plans and the key themes from them are set out in Appendix 1 to this Policy.

It is important to note these are not all of the relevant expectations, objectives and policies in those Reserve Management Plans, but rather, some of the key provisions to provide a 'flavour' of what is required by those Plans. A full assessment against each relevant provision will be required as part of any application for landowner approval. The above-listed plans may be replaced by other plans which may be relevant and it is recommended that advice is sought from the Council on which plans are relevant to consider as part of the application process.

## Iwi involvement

The Reserves General Policies specify that:

- The Council will work co-operatively with identified mana whenua, tangata whenua iwi and any other Māori organisations.
- The Council will work in a spirit of partnership to achieve the objectives of reserve provision and use and will recognise the mana of mana whenua and tangata whenua iwi and the desire to work together to maintain and support the reserve network.
- Mana whenua and tangata whenua iwi need to be given the opportunity to be actively involved in the management of reserve values where cultural or heritage values are present or nearby. Some of the ways active involvement can be supported and achieved are:
  - ~~Consultation~~consultation;
  - ~~Establishing~~establishing partnerships;
  - ~~Enabling~~enabling customary use; and
  - ~~Incorporating~~incorporating information and interpretation in relation to places or resources of spiritual, historical and cultural significance to Māori.

As part of any application for landowner approval from the Council, consideration will need to be given to these provisions, and any additional considerations from the Reserve Management Plans. For example, in the Motueka Ward Management Plan, there is a requirement for a cultural impact



assessment as part of the process of assessing and evaluating proposed new land uses or activities on reserves.

In addition, consultation with iwi will be a consideration under **Step 8**, when considering the LGA02 decision making principles and also when applying for a resource consent.

## Conclusion under the Reserves Act

If after assessing the above matters the conclusion is that:

- the structure is to actually be located on Reserve Land; ~~and~~
- it is consistent with the purpose of the reserve; ~~and~~
- it is consistent with all relevant Reserve Management Plans under the Reserves Act,

then, it is legally possible to obtain landowner approval from the Council. If legally possible to obtain such an approval, Council will then go on to assess a variety-range of other relevant matters to determine if it considers ~~it desirable, and~~ appropriate, to provide its landowner approval in the particular circumstances of the case.

If all of the above conclusions cannot be made, a request can proceed no further as a matter of law.

A list of other matters the Council is likely to consider in deciding on the request is set out below, if the application is able to proceed. This is not an exhaustive list and will depend on the facts of the particular proposal. Some context is provided for each matter below, as to why it is relevant and what Council's expectations are.



## Other relevant considerations

### Step 4

### Is there a case for a coastal erosion protection structure and are there viable alternatives?

The Council's preference, where appropriate, is for soft engineering solutions first. The Council is not planning to provide any coastal erosion protection structures on Reserve Land itself. Rather, it will manage its coastal reserves, with the co-operation of the coastal communities living alongside them, so as to increase their natural resilience.

In the longer term, sea-level rise may ultimately inundate both Reserve Land and adjacent property. Until then, an ongoing adaptive management approach utilising soft engineering methodologies ~~can~~ may be able to provide effective protection in relation to coastal erosion to both land types, thereby increasing resilience to climate change. In contrast, hard engineering solutions can create 'end effects'. Among other things, they can create a loss of the high tide beach and they can exacerbate erosion of nearby properties and significantly decrease their climate resilience.

If landowners wish to pursue hard coastal erosion protection structures on Reserve Land, then they will need to show why such structures are necessary and what other viable options are available. If there are no other viable options, this needs to be identified and an explanation provided. This means a landowner needs to undertake and provide an assessment of alternatives with any application for landowner approval from the Council. This needs to be an expert assessment, from a suitably qualified expert such as a coastal engineer, that addresses:

- ~~Why-why~~ soft engineering options are not appropriate in this situation~~;~~
- ~~The~~ effectiveness of what is proposed and likely longevity~~;~~
- ~~Potential-potential~~ adverse effects that may arise from what is proposed; ~~and-~~
- ~~A~~ alternative options, their predicted effectiveness/longevity and associated cost, compared to what is proposed.

This expert assessment can be combined with the assessment required below under **Step 5**.

### Step 5

### Design and public access

#### Design

The design of a coastal erosion protection structure will be a critical consideration for the Council. Some of the key reasons for that are:



- this is public Reserve Land and the Reserves Act and relevant Reserve Management Plans all require consideration of maintaining public access (if it removes existing public access without providing a suitable alternative it is unlikely to be acceptable - see discussion below on 'Public Access'); ~~and~~
- the Reserves Act requires consideration before removing of any trees or bush, so any proposal involving that will need careful assessment and may require a resource consent; ~~and~~
- Council needs to consider conserving the qualities of the reserve which contribute to the pleasantness and enjoyment of the reserve for everyone (which means how it is designed will be relevant) and the wider environment; ~~and~~
- the structure should not cause significant effects on the values of the reserve or adjacent landowners or landowners further along the coast, and the design of the structure will play an important part in this consideration.

The Council will review the design proposal as part of the landowner approval process and may seek input into the design of the structure. The Council requires that landowners engage a qualified coastal management expert to design the structure and provide an assessment of the matters below, which Council will take into account as part of the landowner approval process:

- Is it an appropriately designed structure, i.e. has input been provided by a suitably qualified expert (ie coastal management ~~expert~~ engineer)?
- Is the design consistent with the purpose of the reserve, particularly in relation to public access, but also in terms of its effectiveness?
- What, if any, effects will the structure have on the environment and in particular, any likelihood of 'end effects' on any other properties?
- Are there any other coastal works in the area or intended to be erected in the area, and if so, can the design be tied into any related work?
- Are there any viable alternatives to the design (particularly where there may be soft alternatives)?

The landowner seeking the structure ~~is~~ responsible for the design, ~~and~~ construction and maintenance of any structure that the Council may agree to being located on Reserve Land, subject to compliance with any conditions the Council may impose.<sup>4</sup> If a resource consent is required for the coastal erosion protection structure, then it is likely that most of these matters will also need to be addressed in that application as well.

## Public access

As noted above in **Step 2**, public access to, and use of, reserves are an important consideration for the Council under the Reserves Act. Landowners seeking to have a coastal erosion protection

<sup>4</sup> A contract will need to be entered into between Council and the proponent of the wall to reflect this requirement.



structure erected on adjacent Reserve Land will need to consider what impact the structure will have on public access and use of the reserve.

Requirements will be different depending on the type of the reserve in question, as set out below.

### Local purpose (esplanade) reserve

Local purpose (esplanade) reserves are required by the Reserves Act to be administered and maintained so as to prevent any impediment to the right of the public to freely access the reserve on foot, unless the Council determines that access should be prohibited or restricted to preserve the stability of the land or the biological values of the reserve.

For landowners seeking to erect a coastal erosion protection structure in a local purpose (esplanade) reserve, this means that:

- in the first instance, if it is physically possible, the design of any structure should not prevent public access to the reserve; but
- in the event that such a design is not possible, the landowner will need to establish that the prohibited or restricted access to the reserve is justified to preserve the stability or biological values of the reserve.

### Recreation reserve

Under the Reserves Act, the public has freedom of entry and access to a recreation reserve, subject to:

- specific powers conferred on the Council by sections 53 and 54 of the Reserves Act; and
- any conditions and restrictions that the Council considers necessary for the protection and general well-being of the reserve and for the protection and control of the public using it.

As with local purpose (esplanade) reserves, where possible landowners should in the first instance attempt to create designs that do not interfere with (or remove existing) access to the reserve by the public. Where this is not possible, the landowner will need to consider whether any of the exceptions referred to above apply and present that position to the Council.

### Historic reserve

Historic reserves are required by the Reserves Act to be administered and maintained so that the public has freedom of entry and access to the reserve, subject to the specific powers conferred by sections 58 and 58A, to any bylaws under this Act applying to the reserve, and to such conditions and restrictions as the Council considers to be necessary for the protection and general well-being of the reserve and for the protection and control of the public using it.

As with local purpose (esplanade) reserves and recreation reserves, where possible landowners should in the first instance attempt to create designs that do not interfere with (or remove existing)



access to the reserve by the public. Where this is not possible, the landowner will need to consider whether any of the exceptions referred to above apply and present that position to the Council.

### Step 6

## Cost, ownership, maintenance and liability

### Cost - who pays?

~~The Council's expectation is that landowners~~ Landowners will **be required** take responsibility for all costs associated with coastal erosion protection structures proposed to be located on Reserve Land. This includes all costs associated with applying for the necessary approvals, construction, ongoing maintenance, repair and any associated consent or Reserve Act processes. It will also include any costs associated with removal, if that is required in the future.

~~While this is the default position, the~~The Council reserves the right to enter into separate costs arrangements, where appropriate. When considering the costs associated with the coastal erosion protection structures, some of the matters the Council will take into account are:

- Who is receiving the **main** benefits from the proposal, i.e., the public at large (in terms of access to the beach and use of reserve area (depending on size), or private owners receiving protection of their property?
- Who is paying and how it is funded?
- ~~Any special circumstances of the specific proposal.~~

### Who owns and maintains?

The ~~Council expects that~~ ownership and responsibility for ongoing maintenance, repair and potential upgrades for any coastal erosion protection structures on Reserve Land will sit with the landowner/s who apply for the right to construct the structure on Reserve Land.

Given the increasing risks of climate change, including predictions for sea level rise in the future, the costs of maintaining any form of coastal erosion protection structure on the coastline are **only going to likely to** increase over time. The Council is not generally willing to fund this from rates. ~~(subject to the discussion above).~~

While maintenance works may be provided for in relation to the proposed coastal erosion protection structures, there is no assumption that the Council, as owner (and/or the administering body) of the Reserve Land, will continue to allow structures on its land. For example, Council will retain the ability<sup>5</sup> to remove it if the coastal erosion protection structure turns out to be ineffective, causes adverse effects, is not appropriately maintained, becomes dangerous or is damaged beyond repair, etc. Where substantial works are required, an entirely new process is likely to be required.

<sup>5</sup> This requirement will be contained in the contract between the Council and the proponent landowner/s.



As the Council remains the owner (and/or the administering body) of the Reserve Land it will need to continue to be involved in decisions relating to the coastal erosion protection structure going forward. The exact nature of the relationship and the extent of reporting between the Council and the landowner will need to be defined in an agreement between the parties, that will be required as part of the landowner approval process - this agreement is discussed further below under 'Liability and Risk'.

All landowners need to be aware that there will come a point where sea-level rises and coastal erosion is such that managed retreat will ultimately in most instances need to be considered be necessary.

## Liability and risk

The Council will not take on any liability for structures built, owned and maintained by other landowners on Reserve Land. That will be the sole responsibility of the landowners who apply for and build the structure and their successors.

The Council will require those landowners to:

- those landowners to accept joint and several liability for any damage caused by any such structure (or as a result of it) and will require an indemnification of Council against any such claims;
- This includes 'makeing good' any effects this structure may have on adjacent properties, including 'end effects' and 'makeing good' any damage that may arise if removal is required;
- and
- provide a bond or other security arrangement to cover any such damage and/or claims.

This issue, along with who owns and maintains the structure, as well as any other issues that arise through this landowner approval process will be recorded in an agreement between the Council and landowners, which will need to be included in an instrument that is registered on the landowner titles, to ensure any future owners are aware of the obligations and requirements and have ongoing responsibility for them. The form and/or content of the agreement will be site specific and legal advice will be required for both parties before entering into the contract. The Council will require the proponent landowners to reimburse the Council for the legal costs associated with this agreement.

## Land information memoranda

Land information memorandum (LIMs) are provided for under the Local Government Official Information and Meetings Act 1987 (LGOMA) and are a source of information on matters that affect land. They are intended to be a simple mechanism by which potential purchases are informed of potential property risks.

Under the Act LGOMA, the Council has obligations to include certain information on LIMs, including any information known to the Council on the presence of potential natural hazards affecting the land subject to a request for a LIM (including potential erosion and inundation). This means that if Council



is provided with information that shows there is a reasonable possibility that a natural hazard will occur on the land, this information will be reflected on the LIM.

### Step 7

## Precedent/wider implications of the decision

The Council will need to carefully consider the precedent of allowing coastal erosion protection structures in these locations, what that will mean for other similar locations and ultimately, what it means for the District Council.

Tasman District has an extensive coastline. There are several coastal communities facing coastal erosion issues and Council wishes-needs to take a consistent and measured approach to each situation, where adjacent landowners are seeking a coastal erosion protection structure on Reserve Land.

The Council will consider whether the potential of large areas of Tasman's coastline being armoured with rock/structures is the outcome it considers is appropriate for the long term environmental and community outcomes it is seeking, and whether, given the increasing sea levels resulting from climate change, structures are a sustainable solution to coastal erosion.

Council will require a clear explanation as part of the landowner's expert assessment (see [Step 4](#) and [Step 5](#) above for the other matters that will need to be included) of why what is proposed is a sustainable solution and whether there is anything special about the circumstances of this case, compared to other coastal areas in Tasman.

## Formal mechanism under the Reserves Act

As noted above (see [Step 7](#)), part of the process for obtaining approval for erecting coastal erosion protection structures on Reserve Land will be that the Council will enter into agreements (of varying kinds) with landowners that detail various matters that need to be recorded, including a mechanism to allow the occupation of the Reserve Land (most likely a licence).

The Reserves Act and the relevant Reserve Management Plans determine what sort of mechanism can be used, any process requirements and what conditions are to apply.

The power of the Council to grant an occupation agreement over Reserve Land varies depending on the status of the reserve and any rights transferred from the Crown. Public notification and consultation may be required for a proposed occupation agreement. Depending on the proposal, an approval from the Minister of Conservation may also be required.

Any occupation agreement must be consistent with the Reserves Act requirements (sections 17, 18, 23, 48 and 53 in particular), the Reserves General Policies, as well as any specific Reserve Management Plan. These Plans include restrictions around what occupation agreements are acceptable and the scope of such agreements.

The Council will determine what form of agreement is appropriate on a case by case basis.



## Information to include with request for landowner approval

Attached as Appendix ~~Two-2~~ is an application form, which provides a guide to the information likely to be required as part of an application under this Policy.

### Step 8

## Local Government Act 2002 decision making principles

Further to the considerations listed above ([Steps 1-7](#)), the Council is also required to abide by the decision-making principles in the LGA02. ~~The This section provides a purpose of including this very brief summary in this Policy is to ensure enable that future applicant's landowners~~ understanding of the decision-making process that the Council will engage in when making a decision ~~on as~~ landowner ~~on the~~ approval ~~of a structure~~. ~~That is, it will include consideration of all the R~~relevant Reserves Act matters, ~~the other considerations above and applying~~ the LGA02 decision making principles ~~and other considerations are set out below~~.

The Council has legal obligations in relation to decision making and accountability to its community under the LGA02 – particularly under Part 6 of the LGA02. These obligations need to be considered for every request for landowner approval for a coastal erosion protection structure on Reserve Land.

The Council must, in the course of its decision-making process ~~in relation to a matter~~, give consideration to:

- the views and preferences of persons likely to be affected by, or to have an interest in, the matter ~~;~~;
- all reasonably practicable options to achieve the objective of a decision (and the advantages and disadvantages of each option) ~~;~~); and
- consistency with Council adopted policy and statutory plans.

The LGA02 does not specifically require the Council to undertake any consultation process before making a decision. A decision on whether to consult will depend on the extent to which the Council currently understands the view and preferences of people with an interest in the matter, the significance of the matter and following consideration of the Council's Significance and Engagement Policy.

In addition, it is up to the Council to decide how to comply with the decision-making requirements and the extent to which the decision making and consultation principles in the LGA02 are observed in any particular situation. In making that judgement, Council will consider:

- the principles in section 14 of the LGA02 ~~;~~); and
- the extent of the Council's resources ~~;~~); and
- the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the Council scope and opportunity to consider a range of options or the views and preferences of other persons.



Finally, section 80 of the LGA02 requires that where a decision of the Council is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any Council policy or plan, the Council must, when making the decision, clearly identify the inconsistency, the reasons for the inconsistency and any intention of the local authority to amend the policy or plan to accommodate the decision.

It is the Council's expectation that after full consultation on this Policy, full public consultation may not be required for every request it considers under ~~the~~ this Policy, but it will need to determine that on a case by case basis, in light of any requirements in the relevant Reserve Management Plans and the LGA02 decision making principles.

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## Other consents

Nothing in this ~~policy~~ Policy overrides any separate regulatory requirements for coastal erosion protection structures under any other statute. Consent for a coastal protection structure may be required under the Building Act 2004 (Building Act), the LGA02, the RMA, (and consequently, and the Tasman Resource Management Plan (TRMP)). A-and-ny relevant bylaws may also influence the construction of structures on Reserve Land. If the proposed structure is located on an unformed legal road ('paper road') there will need to be an approval process under the Local Government Act 1974.

Any necessary consents required under those statutes will need to also be obtained, separately to any landowner approval provided by the Council under the Reserves Act. This ~~policy~~ Policy applies to the landowner approval process under the Reserves Act only. - It does not apply to decisions relating to the granting of a resource or building consent or any other required regulatory approval.

The Council recommends that a landowner obtains its approval before addressing any other consenting requirements. The Council is not in any way required to provide its consent as landowner in the event that a resource consent (or other such relevant approval) is granted and as such obtaining approval from the landowner is the logical first step.

These consents are addressed briefly below.

### Step 9

### Resource consent

A resource consent is likely to be required for a coastal erosion protection structure. This allows an assessment of the environmental effects of the proposed activity and consideration of how it fits with district, regional and national planning documents, including the New Zealand Coastal Policy Statement.

The type of resource consent needed will depend on what land the structure is being built on, its zoning (if any) and the type of activities being undertaken (e.g., land disturbance, discharges, etc).

The requirements for consent applications are set out in the RMA and the district and regional plans. Landowners should consider whether an application for resource consent should be made once approval for the coastal erosion protection structure has been obtained under the Reserves Act, afterwards or at the same time from the Council as the landowner. There is no guarantee that if a proposal is approved under the Reserves Act that it would obtain resource consent under the RMA and vice versa. Each process is a separate assessment, applying different legislation and different matters for consideration, albeit a number of the matters assessed by the Council may well overlap between the processes.

## Marine and Coastal Area (Takutai Moana) Act 2011

The Marine and Coastal Area (Takutai Moana) Act 2011 imposes a requirement on resource consent applicants to notify and seek the views of any person who has applied for recognition of customary



marine title under this Act in the area where the proposed structure is to be located. This will only be relevant where there are works/discharges relating to the structure that occur below MHWS. To obtain further information about the location of customary marine title applications, see [Te kahui takutai moana marine and coastal area](#).

### Step 10

## Building consent

Whether or not building consent will be needed will depend on the nature of the coastal erosion protection structure and if it is 'building work' under the Building Act 2004 and whether it fits within any of the exemptions in Schedule 1 of that Act. For example:

- **B**uilding work in connection with a retaining wall that retains not more than 1.5 metres depth of ground; and does not support any surcharge or any load additional to the load of that ground (for example, the load of vehicles); ~~and-~~
- **B**uilding work in connection with a fence or hoarding which does not exceed 2.5m in height above the supporting ground.

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## Enforcement

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## Unlawful structures on Reserve Land

It is important that the public understand the need for compliance with respect to the construction of coastal erosion protection structures on Reserve Land. The Council will not accept structures being erected on its land, without the necessary approvals in place. Such structures are unlawful.

Erecting a structure on a reserve without Council approval will lead to action being taken by the Council as the landowner. In the Reserves General Policies, it states (Method 3.4.3.3):

*Where encroachments onto reserve land are identified, neighbouring landowners shall be notified of the existence of an encroachment and a time limit placed on the removal of the structure or installation. Legal action may proceed if the encroachment is not removed within a fair and reasonable timeframe.*

The Council has previously discovered structures on Reserve Land that were built without obtaining any Council approval. Some of these structures have been there for a number of years and may have been built by a previous owner of the adjacent property, while others are recent or in the process of being built. This is not acceptable.

Under section 95(5) of the Reserves Act, all apparatus erected on Reserve Land without consent of the administering body is deemed to be forfeited to the administering body and can be disposed of as the administering body sees fit. This means that the Council is entitled to remove any structure on Reserve Land that does not have its landowner approval.

In addition to seeking voluntary removal or relying on its Reserves Act powers to remove any unlawful structure, the Council is the landowner of the reserve and can remove any structure which has been placed or constructed on its land without its permission. ~~has a variety of enforcement options under different pieces of legislation, depending on the circumstances of the case. This will include options under the RMA and Building Act 2004, where offences also occur under those Acts.~~

~~Selecting the appropriate enforcement response will depend on a number of factors and is at the discretion of the Council. When appropriate, the Council will consider its Enforcement Policy when making such decisions, which can be found at Bylaws and Regulations. However, it is relevant to note that the Council is the landowner of the reserve and can remove any structure which has been placed or constructed on its land without its permission.~~

~~Enforcement options can include education, voluntary compliance, formal notice, Court orders, infringement notices and prosecution. Prosecutions are at the most serious end of the scale of enforcement options. As an example, under the Reserves Act it is an offence to erect any building or apparatus in a reserve without approval from the administering body (section 94(1)(k) of the Reserves Act). The potential penalties on conviction are:~~

- ~~• For an individual, a term of imprisonment not exceeding 2 years or a fine not exceeding \$100,000, or both.~~
- ~~• For a body corporate, a fine not exceeding \$200,000.~~

~~Where the offence is a continuing offence, a further fine not exceeding \$10,000 per day for every day on which the offence continues.~~



## Policy development process

[Once Policy is complete, include a summary of the process used to create and adopt this Policy - ie, notification, consultation undertaken, timing, etc and a note around intended review period - ie, to be reviewed every 5 years by Council.] NOTE: TO COMPLETE ONCE POLICY FINAL.

### Notice of disclaimer

This ~~policy~~Policy is not legally binding. It cannot cover every situation and individual circumstances of the case will need to be applied. This ~~policy~~Policy is not a substitute for independent professional advice. It is recommended that landowners considering this option obtain their own professional advice.

There may be exceptional or unusual circumstances that may arise, and the Council reserves itself full discretion to vary any aspect of this ~~policy~~Policy to address particular circumstances.

Nothing in this ~~policy~~Policy should be taken as overriding district or regional plans produced under the RMA or any other statutory plan.

This ~~policy~~Policy has been written, edited and published and is made available to all persons and entities strictly on the basis that its author, the Tasman District Council, fully excludes any liability in any way to any person or entity for damages in respect of or arising out of the reliance in part or full, by such person or entity or by any other person or entity, upon any of the contents of the ~~policy~~Policy for any purpose.



# Appendices

**Appendix 1** - Reserve Management Plan Key Sections and Themes

**Appendix 2** - Application form

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## Appendix 1 - Reserve Management Plan key sections and themes

### Reserves General Policies 2015

The two most relevant sections of the Reserves General Policies are 3.3 (Treaty of Waitangi), 3.4 (encroachments), 4.1 (recreational use and access), 5.1 (protection and enhancement of indigenous biodiversity), 5.2 (protection and enhancement of heritage and cultural values), 5.3 (coastal hazards) and 6.1 (buildings and structures). Some of the key themes relevant to coastal erosion protection structures are:

- Council will work cooperatively with identified mana whenua and tangata whenua and ~~facilitate their they will be~~ actively ~~involved~~ in the management of reserve values where cultural or heritage values are present or nearby~~:-~~
- ~~T~~~~h~~~~a~~~~t~~ ~~R~~~~e~~~~s~~~~e~~~~r~~~~v~~~~e~~~~s~~ will be kept free of private structures unless a clear public benefit is evident and ~~/or~~ Council has entered into a written agreement with regard to the activity~~:-~~
- ~~R~~~~e~~~~s~~~~e~~~~r~~~~v~~~~e~~~~s~~ are to be freely available for use by the public on a casual basis, unless constrained by Council approved events or activities and where practicable and affordable, provide access for disabled persons to the reserve~~:-~~
- ~~M~~~~u~~~~l~~~~t~~~~i~~~~p~~~~l~~~~e~~ uses of reserves are encouraged where practical~~:-~~
- ~~f~~~~E~~~~t~~~~h~~~~a~~~~t~~ fences, buildings or other structures shall not unnecessarily restrict foot access onto or across the reserve~~:-~~
- ~~T~~~~h~~~~e~~ indigenous biodiversity values of reserves are maintained and enhanced and ~~public access and use~~ shall be managed to avoid, minimise or mitigate damage to indigenous ecological values ~~as a result of public access and use~~~~:-~~
- ~~n~~~~a~~~~t~~~~u~~~~r~~~~a~~~~l~~ character values within mapped areas of significant conservation values shall be protected and maintained and where necessary, restored~~:-~~
- ~~A~~~~a~~~~s~~ far as practicable, sites or areas on reserves which are identified as having cultural heritage value shall be protected, preserved or maintained~~:-~~
- ~~W~~~~h~~~~e~~~~r~~~~e~~ there are identified wāhi tapu sites on the reserve, mana whenua and tangata whenua will be consulted prior to proposed land disturbance activities~~:-~~
- ~~i~~~~n~~ certain circumstances, archaeological assessments will be required~~:-~~
- ~~T~~~~h~~~~a~~~~t~~ the use of sustainable natural solutions for the management of coastal hazards on Reserve Land are supported~~:-~~
- ~~T~~~~h~~~~a~~~~t~~ ~~the~~ Council is not planning to provide any increased levels of protection to properties adjacent to Reserve Land~~:-~~



- ~~R~~Reserve Land will be managed to provide, *where appropriate*, for the protection, restoration or enhancement of natural defences that protect coastal land uses from coastal hazards:-
- ~~S~~tructures on Reserve Land are for an approved use and do not cause significant effects on the values of the reserve or adjoining ~~landowners~~property:-
- ~~A~~a list of matters the Council shall have regard to when evaluating any proposal for a new structure on Reserve Land, including:
  - ~~T~~he purpose of the reserve:-
  - ~~T~~he need for the structure to be located on reserve and the use it will be put to:-
  - ~~T~~he design of the structure and its compatibility with the open space and amenity values of the reserve:-
  - ~~T~~he effects of the structure:-
  - ~~T~~he financial position of the applicant to properly construct and maintain the structure and ongoing associated costs:-
  - ~~T~~he possibility of establishing jointly administered or multiple purpose structures:-
  - ~~T~~he conservation of open space, significant vegetation, habitats and significant landscape features and whether the land could be put to better use for casual recreation:- and
  - ~~T~~he need to protect existing outdoor recreation facilities and activities.
- ~~R~~equired conditions for structures on reserve are identified at 6.1.2.8.

It is also noted that paragraph 5.3 of the Reserves General Policies refers to the NZ Coastal Policy Statement 2010 (**NZCPS**) ~~as provides~~ a guide to managing the coastal environment and that management of coastal reserves needs to pay particular regard to Policy 26 of the NZCPS. That policy states:

***Natural defences against coastal hazards***

- (1) *Provide where appropriate for the protection, restoration or enhancement of natural defences that protect coastal land uses, or sites of significant biodiversity, cultural or historic heritage or geological value, from coastal hazards.*
- (2) *Recognise that such natural defences include beaches, estuaries, wetlands, intertidal areas, coastal vegetation, dunes and barrier islands.*

In addition, Policy 27 provides guidance on strategies for protecting significant existing development from coastal hazard risk. These relevant NZCPS policies should be addressed in any application for landowner approval and will be considered by Council as part of the landowner approval process.



Both the Reserves General Policies and the specific Reserve Management Plan should be read together for a complete picture of reserve management.

## Moutere-Waimea Ward Reserves Management Plan June 2022August 2000 (updated 2017)

The most relevant sections of the Moutere-Waimea Ward Reserve Management Plan are in Part 3, sections 1.0 (Ki uta ki tai), 4.1 (climate change), 4.2 (evaluating new proposals) and 5.1 (coastal reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- Iwi/Māori will share decision-making to actively protect natural, physical and cultural resources and sites;:-
- Soft engineering and adaptation to coastal erosion will be promoted, rather than hard defences, to ensure coastal ecosystems have room to retreat;:-
- Aa 'managed retreat' approach to sea level rise will be taken by ensuring that coastal hazards and climate change are taken into account in the location, design and construction of all buildings, facilities and improvements, and that facilities and structures in high risk areas are designed to be removable or expendable;:-
- Activities will be assessed against the vision and key outcomes in Part 1 of the Plan;:- and
- Cultural impact assessments should be required as part of process for assessing and evaluating proposed new land uses or activities on parks and reserves.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

~~The most relevant sections of the Moutere-Waimea Ward Reserves Management Plan are 5.7 (public access and use), 5.12 (buildings), 5.24 (adjoining land uses) and 6.7 (rural recreation and esplanade reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:~~

- ~~• Structures should not unnecessarily restrict foot access onto or across the reserves.~~
- ~~• Construction of buildings on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve.~~
- ~~• That all new buildings are required to meet design standards specified by the Proposed TRMP and other relevant legislation and are required to be accompanied by an assessment showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve.~~
- ~~• Consultation with neighbouring residents where significant developments are proposed on adjoining Reserve Land will be required.~~



- ~~• The construction of buildings and facilities will be allowed only where necessary for recreational use or management of the reserve.~~

~~Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.~~

~~This Ward Reserve Management Plan is currently under review. Council anticipates adopting an updated Plan during 2021.~~

## Richmond Ward Reserves Management Plan - March 1999

The most relevant sections of Richmond Ward Reserves Management Plan are 5.0 (general objectives), 6.24 (adjoining land uses) and 6.12 (Buildings). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- ~~E~~Ensuring the efficient and effective use of open space and reserves in the Richmond Ward to meet community needs for recreation and amenity;:-
- ~~P~~roviding for access to the sea and other natural features;:-
- ~~C~~onstruction of buildings on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve;:-
- ~~a~~All new buildings or structures, or alternatives to existing buildings or structures, are required to meet design standards specified by the ~~Tasman Resource Management Plan TRMP~~ and other relevant legislation;:-
- ~~A~~ll proposals to construct or relocate buildings or structures on reserves are required to be accompanied by a landscape plan showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve; ~~and-~~
- ~~C~~onsultation with neighbouring residents where significant developments are proposed on adjoining Reserve Land will be required.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

~~This Ward Reserve Management Plan is currently under review. Council anticipates adopting an updated Plan during 2025.~~

## Motueka Ward Reserve Management Plan - May 2019

The most relevant sections of the Motueka Ward Reserve Management Plan are 1.0 (Ki uta ki tai), 4.1 (climate change) and 4.2 (evaluating new proposals). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- Iwi/Māori will share decision-making to actively protect natural and physical resources.



- ~~S~~soft engineering and adaptation to coastal erosion will be promoted, rather than hard defences~~;~~
- ~~A~~'managed retreat' approach to sea level rise will be taken by ensuring that coastal hazards and climate change are taken into account in the location, design and construction of all buildings, facilities and improvements, and that facilities and structures in high risk areas are designed to be removable or expendable~~;~~
- ~~A~~activities will be assessed against the vision and key outcomes in Part 1 of the Plan~~;~~ ~~and~~
- ~~C~~cultural impact assessments will be required as part of process for assessing and evaluating proposed new land uses or activities on parks and reserves.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.

### Golden Bay Ward Reserves Management Plan 2003

The most relevant sections of the Golden Bay ward Reserves Management Plan are 5.7 (public use and access), 5.12 (Building and Structures), 5.18 (landscaping and amenity planting), 5.24 (adjoining land uses) and 6.4.6 (Rural Recreation and Esplanade Reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- ~~S~~tructures should not unnecessarily restrict foot access onto or across the reserves~~;~~
- ~~C~~onstruction of buildings on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve~~;~~
- ~~T~~hat all new buildings are required to meet design standards specified by the ~~Proposed~~ TRMP and other relevant legislation and are required to be accompanied by an assessment showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve~~;~~
- ~~A~~ll significant reserve development proposals are to include a Council approved landscape plan~~;~~
- ~~C~~onsultation with neighbouring residents where significant developments are proposed on adjoining Reserve Land will be required~~;~~ ~~and~~
- ~~F~~or Rural Recreation and Esplanade Reserves, policy 6.4.6 allows the construction of erosion-control works, subject to Council approval.

Each reserve within this Ward also has specific policies that apply to each individual reserve. Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.



## Tata Beach Reserves Management Plan 2007

The most relevant sections of the Tata Beach Reserves Management Plan are 5.7 (public access and use), 5.12 (buildings), 5.18 (landscaping and amenity planting), 5.24 (adjoining land uses), 6.0 (general objectives for Tata Beach reserves), 7.6 (Management of beachfront Esplanade Reserves (Lots 2, 9 and 30) and Recreation Reserve (Pt Lot 3)) and 7.9 (Coast Care Programme on Esplanade Reserves). Some of the key themes relevant to coastal erosion protection structures (in addition to the Reserves General Policies above) are:

- ~~F~~ences, buildings or other structures should not unnecessarily restrict foot access onto or across reserves~~;~~
- ~~C~~onstruction or relocation of buildings or structures on reserves are prohibited unless compatible with the primary purpose of the reserve, necessary to meet a demonstrated demand for public use, and permitted by the management policies for the reserve~~;~~
- ~~T~~hat all new buildings or structures, or alterations to existing buildings or structures, are required to meet design standards specified by the ~~Proposed~~ TRMP and other relevant legislation and are required to be accompanied by an assessment showing how the building and its colour will be compatible with the protection of the open space and amenity values of the reserve~~;~~
- ~~A~~ll significant reserve development proposals are to include a Council-approved landscape plan~~;~~
- ~~C~~onsultation with the public over any proposals to grant leases or licences over reserves where such leases or licences are not already provided for in the Plan~~;~~
- ~~I~~nclude native species, propagated from plants native to the location, wherever possible in reserve planting programmes, including erosion-control plantings~~;~~
- ~~p~~rovide and enhance public access to the sea, streams and other natural features~~;~~
- ~~m~~aintain and enhance the natural character of the coast~~;~~
- ~~A~~dequately protect the significant natural and scientific values in the reserves of the Tata Beach settlement, such as landform, ecosystems, natural character, archaeological and heritage values; ~~and-~~
- ~~M~~inimise the adverse environmental effects of activities and facilities in the reserves on the amenity values of surrounding activities.

Each reserve at Tata Beach also has specific policies that apply to each individual reserve (see Section 7.0 of the Plan). Those specific policies also need to be considered and addressed in any application to the Council for landowner approval.



## Appendix 2

### Application form

#### APPLICATION UNDER THE TASMAN DISTRICT COUNCIL POLICY ON COASTAL EROSION PROTECTION STRUCTURES ON COUNCIL RESERVE LAND

The purpose of this application form is to provide a guide to the information likely to be required as part of an application under the Tasman District Council Policy on Coastal Erosion Protection Structures on Council Reserve Land (**Policy**).

This application must be read with the Policy to ensure the correct information is included in the application. Please note that there are steps which must be met to proceed under the Policy (due to requirements of the Reserves Act 1977). The form indicates at what stages the application can no longer proceed if certain criteria are not met.

This application does not preclude the need to obtain any other consent or approval that may be necessary (for example, resource consent and/or building consent).

Tasman District Council reserves the right to request any further information it requires to process this application.

**Please send application and supporting documentation** [include relevant Council office/address]  
to:

#### APPLICANT'S DETAILS

Name/s

---

Address

---

Phone

---

Email

---

*List names of all applicants if more than one. To be an applicant, your land needs to be adjacent to the Reserve Land.*

**I/We request the Tasman District Council consider the establishment of a coastal erosion protection structure on Reserve Land in the Tasman District as described below:**



## RESERVE LAND DETAILS

**1 Name and location of the Reserve Land:**

[Provide space for written answer]

**2 The Reserve Land is adjacent to the land described below:<sup>6</sup>**

Legal description of the adjacent properties:

Name of registered owners: [Provide space for written answer]

**3 Description of erosion or inundation issues:**

*Provide description here*

**34 Have you consulted with the parties listed above (if they are not joint applicants):**

*Provide details of the consultation and any outcomes:*

**Yes/No**

**45 The application is made with the authority of all adjacent landowners:**

**Yes/No**

**56 The location of the Reserve Land is on the coast, and potentially subject to erosion by the sea:**

**Yes/No**

**67 The Reserve Land is classified as a local purpose (esplanade) reserve, recreation reserve or historic reserve under the Reserves Act:**

*Provide the basis for your conclusion, eg confirmation from Council, or confirmation from a Reserve Management plan etc.*

**Yes/No**

**78 The Reserve Land is owned by the Council or maintained by the Council as the administering body of the reserve and for which it has delegated authority to deal with landowner approvals:**

*Provide the basis for your conclusion, eg confirmation from Council, or confirmation from Reserve Management plan etc.*

**Yes/No**

<sup>6</sup> Please attach a map or plan of the area clearly showing the location of the adjacent property and the position of the Reserve Land. Identify any neighbouring properties that may be affected - as required in the report in questions 14/15 below.



## PROPOSED STRUCTURE

**89** Is the proposal for a hard coastal erosion protection structure, eg seawalls, rock revetments, other forms of longshore solid artificial structures etc:

Yes/No

*Details in relation to the design of the structure are required as part of the report in questions 14/15 below.*

## LOCATION OF THE COASTAL EROSION PROTECTION STRUCTURE [Step 1]

**910** Is the proposed structure located above Mean High Water Springs (MHWS):

Yes/No

*A survey identifying the location of the MHWS and the proposed location of the structure is required as part of the report in questions 14/15 below.*

**~~IF THE ANSWER TO ANY OF THE ABOVE IS 'NO' — YOU CAN PROCEED NO FURTHER UNDER THE POLICY~~**

## THE PURPOSE OF THE RESERVE LAND [Steps 2 and 3]

**4011** The Council needs to determine whether the establishment of the structure is consistent with the purpose of the Reserve Land. Tell us why you consider it is:

*Please refer to the Policy (Step 2).*

[Provide space for written answer]

**4412** The Council needs to determine whether the proposed structure is consistent with any relevant Reserve Management Plans. Tell us why you consider it is:

*Please refer to the Policy (Step 3)*

[Provide space for written answer]

**~~IF THE COUNCIL DETERMINES THE ANSWER TO EITHER OF THE ABOVE IS 'NO' — YOU CAN PROCEED NO FURTHER UNDER THE POLICY~~**



**1213** Does the establishment of the structure require the cutting or destroying of any tree/s or bush on the Reserve Land:

Yes/No

If yes, describe the extent of the works and tree/bush which is sought to be removed and why that is necessary — please refer to the Policy (Step 2)

**1314** Has consultation been undertaken with Iwi:

Yes/No

Provide details about who was consulted and what the outcome was — please refer to the Policy (Iwi involvement).

[Provide space for written answer]

Please note: There may also be a requirement for a cultural impact assessment under the relevant Reserve Management Plan. If so, that will need to be included with the application.

**COASTAL EROSION PROTECTION STRUCTURE** [Steps 4 and 5]

**1415** ~~Is there a case for a~~ Description of coastal erosion protection structure:

Please assess and provide a report from a suitably qualified coastal management expert detailing —

- ~~Why~~ Explain what soft engineering options ~~are not appropriate~~ have been considered in the situation / are there any viable alternatives to the structure proposed
- The effectiveness of what is proposed and the likely longevity
- Potential adverse effects that may arise from what is proposed
- Alternative options, their predicted effectiveness/longevity and associated cost, compared to what is proposed

**1516** Design of the proposed structure and public access:

Provide a report from a suitably qualified coastal management expert detailing —

- The design of the structure, including whether the design is consistent with the purpose of the reserve (particularly in relation to access)
- Potential adverse effects on other properties, for example, any 'end effects', that may arise from what is proposed
- What impact will the design have on existing public access and what replacement public access is proposed



- Whether there are any other coastal works in the area or that are intended to be erected in the area.

## COST AND MAINTENANCE [Step 6]

**1617** Who will be responsible for the cost of the coastal erosion protection structure - both construction and maintenance? And what are the estimated costs over the lifetime of the structure?

*Please refer to the Policy (Step 6)*

[Provide space for written answer]

**1718** Who will be responsible for the maintenance and repair of the coastal erosion protection structure? Is there and do you have agreement from all landowners who benefit from the structure for ongoing responsibility for it and any liability arising from the structure:

*Please refer to the Policy (Step 6)*

[Provide space for written answer]

**1819** Do any special circumstances apply Is there any other information which the Council should take into account when considering whether to enter into a cost arrangement in relation to the construction, maintenance or repair of the coastal erosion protection structure:

*eg who is receiving the benefits from the proposal, who is paying and how is it funded etc — please refer to the Policy (Step 6)*

[Provide space for written answer]

*Please note: part of the process for obtaining approval for erecting coastal erosion protection structures on Reserve Land will be that the Council will enter into agreements (of varying kinds) with landowners that detail various matters that need to be recorded, including a mechanism to allow the occupation of the Reserve Land (most likely a licence). The Reserves Act and the relevant Reserve Management Plans determine what sort of mechanism can be used, any process requirements and what conditions are to apply.*

## OTHER CONSENTS [Steps 9 and 10]

**1920** Do you already have resource consent for this structure, or are you planning on applying ~~contemporaneously or~~ after this approval is determined: (-Council recommends that you do not seek resource consent until after you have obtained Council's landowner consent)

*Please refer to the Policy (Step 9)*

[Provide space for written answer]

**2021** Do you already have building consent for this structure, or are you planning on applying ~~contemporaneously or~~ after this approval is



**determined:** (Council recommends that you do not seek resource consent until after you have obtained Council’s landowner consent)

*Please refer to the Policy (Step 10)*

[Provide space for written answer]

## COLLECTION AND USE OF INFORMATION

I understand that the information contained in this application is subject to the Privacy Act 2020 and will only be used for the purpose for which it is collected being the application for Coastal Erosion Protection Structures on Council Reserve Land. Tasman District Council will retain personal information for only as long is necessary to fulfil the purposes for which it is collected and will only use or share personal information where necessary to carry out the functions for which it was collected, or if required by law.

You may inquire about and seek access to personal information about you or request information under the Local Government Official Information and Meetings Act 1987 by contacting Tasman District Council at **03 543 8400** or email [info@tasman.govt.nz](mailto:info@tasman.govt.nz)

**Name/s**

**Signature**

**Date**

DRAFT



No.	INFORMATION SUPPLIED	CHECKLIST
1	Contact details of the registered owners with adjacent properties to the Reserve Land	<input type="checkbox"/>
2	Map or plan — showing the location of the property/properties adjacent to the Reserve Land	<input type="checkbox"/>
3	The classification of the Reserve Land	<input type="checkbox"/>
4	Record of title — showing the Reserve Land is owned by the Council or maintained by the Council	<input type="checkbox"/>
5	Map or plan and structure details — detailing the exact location of the proposed coastal erosion protection structure, dimensions, materials, etc	<input type="checkbox"/>
6	Surveyed location — providing the location of the MHWS and location of the structure in relation to it	<input type="checkbox"/>
7	Photos of the Reserve Land — showing, where relevant, any tree or bush which is proposed to be removed	<input type="checkbox"/>
8	Expert report — setting out: <ul style="list-style-type: none"> <li data-bbox="295 1321 1085 1355">• The qualifications of the expert (must be suitably qualified).</li> <li data-bbox="295 1377 1197 1433">• The information required under questions 14 and 15 in relation to the coastal erosion protection structure and design.</li> </ul>	<input type="checkbox"/>

*Please note: There may also be a requirement for a cultural impact assessment under the relevant Reserve Management Plan. If so, that will need to be included with the application.*

### Submissions received on draft Coastal Erosion Protection Structures on Council Reserve Land Policy (2021)

ID	Submitter	Submission
29713	Mr Martyn Fisher	<p>Design and implementation of a fair policy is desperately needed. My impression is that, in the recent past, council has dragged its feet and failed to respond in a timely manner to requests for coastal erosion structures, and caused unnecessary stress to, for example, the residents at Pakawau &amp; Akaroa. Note: I am not a Pakawau/Akaroa resident nor landowner but, as a TDC ratepayer, I am concerned by how the council has treated those residents in recent years. The move toward a clear policy on coastal erosion protection structures is therefore to be welcomed, provided its proposals are fair.</p> <p><u>Hard vs. soft solutions</u></p> <p>The draft policy notes Council's preference to use natural or soft engineering solutions without providing or referencing any credible evidence that the soft approach is effective over the medium &amp; longer terms. Pakawau is a clear and classic example as the section of the beach in front of and adjoining the holiday park has enjoyed effective protection from a hard rock wall. However, where the wall ends, coastal reserve land has been badly eroded back toward the private properties. This section has had the "benefit" of soft solutions such as sand push-ups and coastal plantings which have demonstratively failed to provide any medium or long term protection. They merely provide the illusion of protection. Similarly, Nelson Council's ill fated attempt to engineer soft solutions at the Tahunanui back beach is further evidence that they don't work.</p> <p>The policy should be amended to recognise that soft engineering solutions are unlikely to be effective and to delete any reference to them being Council's preferred solution.</p>

### Purpose

The draft policy indicates that approval is unlikely to be granted if the only purpose of the coastal erosion structure is to protect property. But this is exactly why the residents of Pakawau and Awaroa have requested such structures! I believe that, years ago, there was a pedestrian esplanade at Pakawau but that has long since been eroded away and become unusable due to Council inaction. To now turn around and require that the vanished reserve must now provide public access etc (i.e. more than just private property protection) as part of the approval process is hypocritical on Council's part and could effectively scupper residents' hopes of being able to gain approval.

In order to assess how the draft policy would impact on known situations such as Pakawau and Awaroa, the Council should provide an explanation of how the proposed policy would be applied to those specific situations. My fear is that Council will adopt the new policy and then turn around and use its small print or legal clauses to weasel out of giving any approvals.

### Council reserve land

TDC also needs to address how it will protect its own land that is subject to coastal erosion. For example, the golf course at Clifton/Pohara is on council owned land that is leased to the Takaka golf club. It also provides public parking and public access through the golf course for members of the public using the beach. If the sea breaks through the dunes, then this wonderful public amenity will quickly be destroyed. Soft engineering solutions have been applied but every easterly storm surge undercuts the soft planted dunes. No amount of plantings on top of the dunes are going to stop coastal erosion if the dunes are being undercut from below! It is sad to see a council owned asset being eroded away for lack of a hard rock wall which would protect the asset being of benefit to ratepayers and visitors for generations to come. The nearby Council owned holiday park at Pohara is effectively protected by a rock wall so why not protect the golf course in a similar fashion?

29719 Ms Jenny  
Easton

I am pleased to see all the considerations and quality of evidence landowners need before they can propose structures on Public reserve land, and I am very pleased to hear that Council does not intend to build any more. (I wish they didnt have to maintain the ones they already have).

My recommendation is that a bond is deposited by the landowners for the removal of the structure when it has been assessed as to have failed. The size of the bond will change over time, as it might be relatively easy to remove the debris in the next 5-10 years, and very expensive after that.

29728 Mr David  
Riley

FEEDBACK ON DRAFT POLICY: Coastal erosion protection structures on Council Reserve Land (March 2021).

TO: Tasman District Council

DATE: 26 November 2021

Thank you for the opportunity to provide feedback on the Tasman District Council: Coastal erosion protection structures on Council Reserve Land (March 2021).

On the whole, this draft policy is clear. The flow chart will be particularly helpful for those investigating if their property fits the criteria and how/whether to apply for approval. I expect it will also aid Tasman District Council (TDC) staff in managing applications and enquiries.

We on Pakawau Beach have been trying for many years to get permission to protect the Council esplanade with hard protection in the form of a rock wall. We therefore welcome this policy in the hope that it will provide some clarity for those across the district who will follow us. The current process has been exceedingly costly, convoluted, opaque, time consuming and stressful.

During the process of opening up new land for subdivision, most Councils across New Zealand have historically planned and allowed for esplanade reserves, which gave everyone access to areas such as the river and the beach. It is a commendable action and goes back to everyone's idea that New Zealand beaches and river sides are for everyone to enjoy.

TDC has maintained its esplanades at the cost of all rate payers where it fits in with its own policies, usually with soft protection management/sand push-ups.

Some areas are considered, by those who live adjacent to an esplanade and with obvious experience of other methods that have failed, to require more protection against coastal erosion than that provided by sand push-ups. This policy should help them.

On page 3 of the draft policy it is stated that the contents in Appendix 1 'are not all of the relevant expectations, objectives and policies in those Reserve Management Plans, but rather, some of the key provisions to provide a 'flavour' of what is required by those Plans. A full assessment against each relevant provision will be required as part of any application for landowner approval.

While this is understandable, it is important that this Appendix contains as much as practicable to satisfy most applications. There is nothing worse than to have lodged an application only to have it sent back many weeks later with a request for more information.

It would be helpful if an indication of how long it would take TDC staff to process the application was included so that all documentation could be aligned.

It is disappointing that those who are most affected by this policy were not directly informed of this consultation more directly (e.g. via a letterbox drop). Not all people read the TDC Newline or the Public Notices column in the newspapers.

ENDS

29735 Linda and  
Larry Jenkins  
and Lumsden



LOVE OUR LITTLE BLUES  
@Little Kaiteriteri

## SUBMISSION

### Submission on Coastal Erosion Protection Structures on Tasman District Council Reserve Land

“**Love Our Little Blues**” is a community group based at Little Kaiteriteri, Tasman Bay, with our primary focus being to encourage and promote the conservation and sustainable management of the Little Penguin/Korora in the broad Tasman Bay area, but with specific focus on the coastline between Towers Bay and Tapu Bay. We facilitate projects such as the provision of nesting boxes, predator control programme and raising awareness in the community on matters that enhance the sustainable management of the Little Penguin/Korora population and its existing and potentially viable habitat.

Tasman Bay provides habitat for Little Penguins/Korora  
DOC conservation status: At risk/declining

We would like to submit that if Council is at any time considering erosion protection work along our coastline that due diligence be done to ensure the safety of little penguins/Korora and that these works be notified for public consultation. Penguins nest in a variety of coastal locations, in coastal vegetation, rocky caves, under fallen logs, boulder walls, breakwaters, driftwood piles etc. Their nesting sites are hard to find and need to be professionally located and identified as part of any planning process to ensure their safety.

Any change to their coastal habitat will negatively disrupt their nesting and resting sites and should be taken into account prior to any coastal works being done. Their access to nesting and resting sites need to be preserved to ensure their successful breeding.

29736 Mr Robert  
Kennedy

We wish to state that we share the concerns described in the current submission from Mohua (Golden Bay) Blue Penguin Trust, and we ask that the Council will give serious attention to the best ways of ensuring the safety and thriving of the penguins inhabiting the coasts of Tasman District.

**7.8 COASTAL PROTECTION POLICY CONFIRMATION****Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Ian McComb, Senior Infrastructure Planning Advisor
<b>Report Authorisers:</b>	Dwayne Fletcher, Strategic Policy Manager
<b>Report Number:</b>	RCN24-03-12

**1. Purpose of the Report / Te Take mō te Pūrongo**

- 1.1 To seek the Council’s approval for the Interim Coastal Protection Policy of 2014 to become the confirmed overarching Coastal Protection Policy and approve a supplementary policy/process that considers privately initiated coastal protection works within Tasman District Council’s controlled roads.

**2. Summary / Te Tuhinga Whakarāpotō**

- 2.1 In response to increasing pressure from private landholders to spend public money to protect their private coastal lands from erosion and inundation, the Council adopted the Interim Coastal Protection Policy in 2014. This policy, in summary, said that the Council would:
- 2.1.1 only maintain Council-owned coastal protection structures (CPS);
  - 2.1.2 only invest in new CPS to protect Council owned assets;
  - 2.1.3 not fund or maintain CPS that protect private property; and
  - 2.1.4 only consider privately funded CPS on Council land where these complied with all relevant rules and policies.
- 2.2 Since 2014, the interim policy has successfully guided staff on response to public enquiries and works planning and no substantial changes are required.
- 2.3 To supplement this overarching policy a new policy/process related to privately initiated works in Council controlled road reserves has been prepared and is ready for adoption.
- 2.4 Similarly, a new detailed policy/process for consideration of privately initiated CPS on Council reserve land managed under the Reserves Act has been prepared and is the subject of a separate report to this meeting.

### 3. Recommendation/s / Ngā Tūhunga

#### That the Tasman District Council

1. receives the Coastal Protection Policy Confirmation Report RCN24-03-12; and
2. adopts the Coastal Protection Policy; and
3. adopts the Coastal Protection Works within Road Reserves Policy.

### 4. Background / Horopaki

- 4.1 During preparation of the Coastal Assets Activity Management Plan 2024-2054, a staff decision was made to seek confirmation of the interim Coastal Protection Policy of 2014. Concurrently, the Reserves team were also finalising their process to recommend adoption of a Coastal Protection Policy Confirmation. An opportunity was identified during the collaboration on this policy to also include a policy that related to Council road reserves and thereby have comprehensive coverage of coastal protection policy and the associated process to deal with privately initiated requests to utilise Council land.

#### Proposed overarching Coastal Protection Policy

- 4.2 The Council will maintain or repair only existing Council-owned coastal protection structures (CPS) (subject to a review of economic benefit and affordability and compliance with New Zealand Coastal Policy Statement (NZCPS) and the Tasman Resource Management Plan (TRMP)).
- 4.3 The Council will consider new investment in coastal protection works only where there are substantial Council-owned capital works, assets, or infrastructure at risk, and it is impracticable to relocate the Council assets (subject to compliance with the NZCPS and the TRMP. This Coastal Protection Policy relates to the protection of all vulnerable Council-owned assets regardless of which activity management plan is responsible for the structure except for the Council-administered reserve land.
- 4.4 The Council will not invest in or maintain any new Council-owned coastal structures or works to protect private property, nor will it accept responsibility for repair or maintenance of existing private coastal works.
- 4.5 The Council will only give consideration to allow any privately funded construction of shoreline protection structures on the Council-owned land, for the purposes of protecting the Council-owned land or private property, where a proposal is substantially compliant with the objectives and policies of the NZCPS and objectives, policies and rules of the TRMP, and the Council's Reserves General Policies document. In any event, the Council retains complete discretion regarding authorisation of private structures on the Council-owned land.
- 4.6 This overarching policy is supported by the following two policies that outline the process details to manage privately initiated proposals that impact reserves and roads:
- Coastal Erosion Protection Structures on Council Reserve Land Policy
  - Draft Coastal Protection Works with Road Reserve Policy

#### Proposed Draft Coastal Protection Works with Road Reserve Policy

##### Introduction

- 4.7 Due to increasing weather events, there is rising pressure from the public for the Council to allow coastal protection works within Council road reserve to protect private land and assets. This policy outlines the process and considerations for approving privately initiated coastal protection works within a road reserve managed by Tasman District Council. It aims to balance the need to protect infrastructure and property from erosion and inundation with the preservation of the precious natural coastal environment and public access for future generations.
- 4.8 Generally, policy relating to approving works within a road is covered by the Council's Transportation Policies and Procedures Manual (TPPM). The TPPM outlines the management of roads including the approval process for structures and activities within the road reserve. A chapter will be added to the TPPM at its next update to specifically address privately initiated coastal protection works based on this policy.
- 4.9 This policy requires that any privately initiated coastal protection works within a road reserve be assessed on a case-by-case basis as generally, road reserve is not an appropriate location for private coastal protection structures.
- 4.10 The assessment shall consider the potential impact of the coastal protection works (including installation and maintenance) on the current and future environment, compliance with regulations, tangata whenua input and the potential impact on the public's use of the road.
- 4.11 Depending on the proposal, other Council policies and legislative requirements may be triggered and hence this policy should be read in conjunction with the:
- 4.11.1 Tasman District Council Policy on Coastal Protection Works;
  - 4.11.2 Tasman District Coastal Protection Structures on Council Reserves Land Policy;
  - 4.11.3 Tasman Resource Management Plan;
  - 4.11.4 New Zealand Coastal Policy Statement 2010 (NZCPS);
  - 4.11.5 Building Act 2004 and Building Code; and
  - 4.11.6 Utilities Access Act 2010

#### Definitions:

- 4.12 **“Coastal Protection Works”** means structures, measures, or actions designed to reduce the impact of coastal hazards on land adjacent to tidal waters, including, but not limited to, seawalls, revetments, groynes, beach nourishment, dune restoration, and planting native vegetation.
- 4.13 The TRMP definition for Coastal Protection Structures is: Coastal protection structure - means a seawall, rock revetment, groyne, breakwater, stopbank, retaining wall or comparable structure or modification to the seabed, foreshore or land adjacent to the coast that has a purpose or effect of protecting land from a coastal hazard, including seawater inundation or erosion.

#### Objectives

- 4.14 To prioritise the protection of life while minimising adverse effects on the coastal environment.
- 4.15 To encourage the use of natural and non-structural solutions where practicable.

- 4.16 To ensure consistency and transparency in the decision-making process when privately initiated coastal protection works are proposed on Council road reserve.
- 4.17 Incorporate cultural considerations.
- 4.18 Allow for emergency response procedures.
- 4.19 To complement but not override any consents required under the Tasman Resource Management Plan.
- 4.20 Establish an approval pathway for coastal protection works.
- 4.21 Coastal protection works can be built by private landowners and public authorities, with appropriate approvals.

#### **Pre-assessment**

- 4.22 Applicants considering private coastal protection works within Council road reserve should consult with the Council planning staff regarding potential resource consent requirements, building staff regarding any building consent requirements, and the Transportation Manager considering the following:
  - 4.22.1 the ownership/control of the road is the Council's and not the New Zealand Transport Agency; and
  - 4.22.2 existing or planned Council use of the land for roading, public access or services.

#### **Landowner Approval Process**

- 4.23 All proposals seeking landowner approval for coastal protection works within a road reserve must be submitted to Tasman District Council's Transportation Manager along with detailed plans, technical specifications, and environmental assessments:
  - 4.23.1 where works are required as an emergency response, Council's engineering staff will endeavour to facilitate an urgent site visit and if appropriate, interim works approval as a landowner. This is separate to any approvals required for emergency works under the Resource Management Act 1991 or the Building Act 2004.
- 4.24 In seeking landowner approval, as the landowner the Council will assess proposals based on the following criteria:
  - 4.24.1 need and justification: demonstrating the immediate or imminent threat to life, property, or infrastructure;
  - 4.24.2 suitability of the solution: considering the effectiveness, potential impact on existing or proposed Council infrastructure, cost-effectiveness, design and long-term sustainability of the proposed works including experience of the proposed contractors, maintenance or improvement of all forms of public access;
  - 4.24.3 environmental impact: minimising adverse effects on coastal ecosystems, natural processes, and amenity;
  - 4.24.4 compliance with regulations: meeting the requirements of the Resource Management Act, NZCPS relevant regional and district plans, and coastal permits; and
  - 4.24.5 consultation: consulting with other affected landowners, iwi, community groups, and relevant government agencies.

- 4.25 Under this policy, permission may be granted in the form of a permit, Licence to Occupy Road or by another form of written approval. In many cases a Road Opening Notice Form and Traffic Management Plan shall need to be completed as part of the approval. More information is contained in the document: [Agreement to occupy a road | Tasman District Council](#)
- 4.26 The Group Manager – Community Infrastructure is delegated by the Council to make a decision on the proposal as the representative of the Council as landowner based on the assessment against the criteria in this policy and any public feedback received.
- 4.27 Landowners must obtain all relevant formal written permission(s) from the Council (Resource Consent, Building Consent, Community Infrastructure Group Manager, Reserves and Facilities Manager) before commencing work.

### **Funding and Maintenance**

- 4.28 The Council will assess the funding responsibility for approved works on a case-by-case basis, considering the nature of the threat, any public benefit, and potential impacts.
- 4.29 Applicants will be required to contribute up to 100% of the construction and ongoing maintenance, and/or insurance costs of the works.
- 4.30 The Council will rarely assume ownership and responsibility for privately funded coastal protection works constructed within the road reserve. However, where public benefit is demonstrated a proportion of the initial and ongoing costs may be approved by the Council via the Long Term Plan process.

### **Review and Monitoring**

- 4.31 This draft policy will be reviewed two yearly before it is incorporated into the TPPM to ensure its effectiveness and alignment with best practices and changing coastal hazards.
- 4.32 The Council will monitor the performance of approved coastal protection works and the surrounding environment.

<https://environment.govt.nz/acts-and-regulations/national-policy-statements/new-zealand-coastal-policy-statement/>

## **5. Analysis and Advice / Tātāritanga me ngā tohutohu**

### **Drivers**

- 5.1 The primary drivers for both the overarching and specific road policies are that increased coastal erosion and inundation is expected to occur. This will likely impact all coastal land within the District and has the potential to create significant financial, administrative and emotional burden on multiple stakeholders.

### **Response**

- 5.2 As the interim policy outlines, the Council will need to strategically consider when to protect and when to relocate its assets on behalf of the community.
- 5.3 Private landholders are likely to continue to expect Council support either through financial means or access to Council land to assist them to defend their private land and assets. However, to do so would be inappropriate for the Council from both a ratepayer equity perspective and under the NZCPS.

- 5.4 The overarching policy confirms that approach adopted by the Council in 2014 and the road specific policy introduces process detail that is applicable to considering privately-initiated proposals that relate with Council roads. The adoption of these policies combined with the similar Reserves related policy will create a comprehensive set of aligned responses to the question of coastal protection works and structures.

## 6. Options / Kōwhiringa

- 6.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Adopt overarching policy	Confirms long standing Council position.  Provides clear guidance to private landholders and staff.  Reduces financial risk to the Council.	May upset landholders of vulnerable lands.
2.	Adopt the draft specific road policy	Provides clear guidance to private landholders and staff.  Reduces financial risk to the Council.	May upset landholders of vulnerable lands.  Absence of specific consultation may upset some stakeholders.
3	Adopt both policies	Provides comprehensive policy coverage.	Some stakeholders may be upset.
4	Adopt neither policy	Avoids risk of upsetting stakeholders.	May expose the Council to increased pressure to use Council land and expend public money to protect private land and assets.  Fails to provide staff with agreed policy and process to manage requests for coastal protection works approval on Council road.

- 6.2 **Option 3 is recommended.**

## 7. Legal / Ngā ture

- 7.1 The overarching policy has numerous legal linkages but no firm requirements.
- 7.2 As the overarching policy has been in place with interim status for over a decade, no further consultation is deemed necessary as all elements of the community have had ample time to raise any concerns or objections.
- 7.3 The Local Government Act 2002 requires local authorities to consult on proposed policies in some cases. An allowable exception is when Council considers “on reasonable grounds”

that it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved.

- 7.4 Although the specific draft Road Policy has not been consulted upon, it is consistent with the interim overarching Coastal Protection Policy, other road policies in the TPPM and is very similar in coverage to the Draft Reserves Policy that has been consulted upon without any submissions opposing the original draft of that policy.
- 7.5 The draft Road Policy has been prepared with the assistance of AI as covered by the IS23 Policy on Generative Artificial Intelligence use. AI was used to create a base document that was then edited by Council staff.

## 8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori

- 8.1 As the content of these policies are not presenting significant new material, no specific iwi consultation has occurred to date. However, the ability to review and comment on the policies during the LTP consultation period will be highlighted with iwi at the scheduled April hui.

## 9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui

- 9.1 The significance of this overarching policy confirmation and roading specific policy is low as they confirm an existing level of service.
- 9.2 For residents who own vulnerable land within the District these policies are likely to be of high specific concern.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low	General public low, high to coastal residents with vulnerable property.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	Whilst the overall context has high potential significance, this policy detail is administrative detail.
3.	Is there a significant impact arising from duration of the effects from the decision?	Low	The policies can be reviewed on a two-yearly basis or more often if needed.
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Medium	Potentially, strategic assets will be considered as part of this policy, however these would be subject to more extensive investigations and reporting.
5.	Does the decision create a substantial change in the level of service provided by Council?	Low	Continuation of current Level of Service.

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	Adoption of the policies is designed to minimise costs to the Council.
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	Low	Not Applicable
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	Low	Not Applicable
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	Low	Not Applicable
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	Low	Not Applicable

#### **10. Communication / Whakawhitiwhiti Kōrero**

- 10.1 Internal communication has occurred within the Council relating to Activity Management, Transportation, Reserves and Legal.
- 10.2 If confirmed, both the overarching policy and specific draft road policy will be included in the Coastal Assets AMP as part of the Long Term Plan process.

#### **11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

- 11.1 The overall financial impacts of these policies is low as that is a primary driver for their adoption. By managing community expectations the Council is seeking to avoid or minimise future financial commitments.
- 11.2 Processing of any applications for privately initiated works within roads is not expected to be a significant cost to the Council as most applications will also require resource or building consents that will trigger cost-recovery charging.

#### **12. Risks / Ngā Tūraru**

- 12.1 Adopting these overarching and road policies is a low-risk decision which will assist in mitigating the financial risks posed for the Council due to sea level rise.
- 12.2 Whilst there is some risk that landholders of vulnerable lands will dislike the Council's position, this vested interest is regarded as less important than the wider community interest.

12.3 Tasman District’s extensive coastline means that without a policy in place around coastal erosion protection works on Council roads:

12.3.1 if the Council makes any decision not to give its landowner consent to undertake coastal protection works or to impose conditions on such consent that the applicants find unacceptable, the Council is more likely to be exposed to challenges from landowners; and

12.3.2 if any landowner challenged a Council involved judicial review proceedings, the Council would be in a much safer position if it has a policy in place and it can show that it has followed that policy in its decision-making.

### **13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

13.1 Climate change considerations are driving the need for these policies as sea level rise is expected to increase coastal inundation and erosion and related proposals to protect properties and assets at risk.

### **14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru**

14.1 These proposed overarching Coastal Protection and specific Draft Road polices have been driven by Council strategic decisions made for the Coastal Activity Management Plan (AMP) originally as part of the 2014 Long Term Plan process but now the 2024 Long Term Plan process.

14.2 Through these policies the Council has determined to specifically manage community expectations to avoid excess financial burdens in the future.

14.3 Where coastal protection works are pursued, the policies will ensure that appropriate legal processes are followed.

### **15. Conclusion / Kupu Whakatepe**

15.1 Confirmation of the proposed policies will reduce financial and reputational risk to the Council by having clear information that manages expectations and controls processes related to Coastal Protection works.

15.2 Adequate consultation and opportunity for public feedback has occurred on the subject matter of the policies to allow adoption of both the overarching policy and the specific road policy.

### **16. Next Steps and Timeline / Ngā Mahi Whai Ake**

16.1 If confirmed, the overarching policy will be included in the Coastal Assets AMP for consultation.

16.2 If confirmed, the specific draft road policy will be included in the Coastal Assets AMP for consultation and thereafter move to the TTPM when next updated.

### **17. Attachments / Tuhinga tāpiri**

Nil

## 7.9 DRAFT POLICY FOR CONSULTATION - DANGEROUS DAMS, EARTHQUAKE-PRONE DAMS AND FLOOD-PRONE DAMS

Decision Required

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Amy Smith, Community Policy Advisor
<b>Report Authorisers:</b>	Matt Feely, Building Assurance Manager; Dwayne Fletcher, Strategic Policy Manager; Kim Drummond, Group Manager - Environmental Assurance
<b>Report Number:</b>	RCN24-03-13

### 1. Purpose of the Report / Te Take mō te Pūrongo

- 1.1 This report seeks the Council’s approval to:
- 1.1.1 commence a special consultative procedure (SCP) on the proposed Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams (“**Dangerous Dams Policy**”), as required by [section 161](#) of the Building Act 2004 (“**Building Act**”); and
  - 1.1.2 approve the draft Dangerous Dams Policy and the Statement of Proposal for that consultation; and
  - 1.1.3 appoint a Hearings and Deliberations Panel to hear and deliberate on any submissions received and to make recommendations to the Environment and Regulatory Committee; and
  - 1.1.4 delegate to the Environment and Regulatory Committee the authority to receive and consider the recommendations of the Hearings and Deliberations Panel and to make a decision on whether to adopt a policy.

### 2. Summary / Te Tuhinga Whakarāpotō

- 2.1 Section 161 of the Building Act 2004 requires a regional authority to adopt a policy on dangerous dams, earthquake-prone dams and flood-prone dams within their region.
- 2.2 The [Building \(Dam Safety\) Regulations 2022](#) (“**Regulations**”) come into effect in May 2024 introducing further responsibilities on regional authorities and dam owners.
- 2.3 Staff have prepared a new policy that aligns with the dam safety requirements created by central government. The Building Act requires that this policy is adopted in accordance with the special consultative procedure (SCP) in [section 83](#) of the Local Government Act 2002 (“**LGA**”).
- 2.4 Staff seek the Council’s approval to commence consultation on the draft Dangerous Dams Policy using the SCP.

### 3. Recommendation/s / Ngā Tūtohunga

#### That the Tasman District Council

1. receives the Draft Policy for Consultation - Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams RCN24-03-13 report and its attachments; and
2. notes that the Building Act 2004 requires the use of the special consultative procedure for community consultation of the Draft Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams (Attachment 1 to the agenda report); and
3. approves consultation, using the special consultative procedure, for the Draft Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams (Attachment 1 to the agenda report) and the Statement of Proposal (Attachment 2 to the agenda report); and
4. approves the consultation approach (set out in section 0) and agrees:
  - 4.1 the approach includes sufficient steps to ensure the Statement of Proposal will be reasonably accessible to the public and will be publicised in a manner appropriate to its purpose and significance; and
  - 4.2 the approach will result in the Statement of Proposal being widely publicised as is reasonably practicable as a basis for consultation; and
5. agrees that a Summary of Information as part of the consultation is not necessary to enable public understanding of the proposal; and
6. appoints Councillor XXX, Councillor XXX and Councillor XXX to a Hearings and Deliberations Panel to hear and deliberate on any submissions received on the draft policy and make recommendations back to the Environmental and Regulatory Committee; and
7. delegates to the Environmental and Regulatory Committee, pursuant to clause 32 Schedule 7 Local Government Act 2002, authority to:
  - 7.3 receive and consider the recommendations of the Hearings and Deliberations Panel; and
  - 7.4 decide on the adoption of a Council Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams, as required under section 161 of the Building Act 2004.

### 4. Background / Horopaki

#### The Building Act 2004

- 4.1 Section 161 of the Building Act 2004 requires all regional councils to adopt a policy on dangerous dams, earthquake-prone dams, and flood-prone dams. This policy must set out the regional council's approach to fulfilling and prioritising its functions in relation to these dams and how the policy will apply to heritage dams. The policy was required to have been adopted in 2007.
- 4.2 The purpose of the policy is to help prevent the catastrophic failure of a potentially dangerous dam and to ensure any deficiencies in an earthquake-prone or flood-prone dam are addressed.

- 4.3 The Building Act also requires the Council to act, if necessary, if any dam poses an immediate danger to the safety of persons, property or the environment, and to provide building consent processing and inspections service for large dams.

### **The Building (Dam Safety) Regulations 2022**

- 4.4 Since 1960, there have been 25 known dam incidents in New Zealand, with at least 14 being considered serious. There have been no recorded fatalities to date. The North Island weather events in early 2023 also reinforced the need for a regulatory dam safety framework, in order to ensure that [classifiable dams](#) are well operated, maintained, and regularly monitored.
- 4.5 The regulations were made by central government to improve the safety and resilience of New Zealand's dams. The regulations aim to ensure that classifiable dams are well operated, maintained and regularly monitored. Improving the regulatory framework will mean that potential impacts of dam incidents and failures are reduced, protecting people, property, and the environment.
- 4.6 The regulations come into effect in May 2024 and set a minimum requirement for dam safety with a post-construction risk-based nationwide regulatory framework.
- 4.7 Owners<sup>1</sup> of dams that meet the height and volume requirements of the regulations will need to confirm the potential risk their dam poses, put in place safety plans and undertake regular dam inspections.
- 4.8 The Council has responsibilities for administering and monitoring implementation of the regulations. This involves approving or refusing dam classifications and dam safety assurance programmes, receiving annual dam compliance certificates, and establishing and maintaining a register of dams in the Tasman District.

## **5. Analysis and Advice / Tātaritanga me ngā tohutohu**

### **The Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams**

- 5.1 In the past, each regional council developed their own dangerous dams policy. Regional councils have been working together since the introduction of the regulations to produce a policy that is fit for purpose nationwide. The policy presented is a result of this collaborative work.
- 5.2 The Dangerous Dams Policy aligns with the dam safety requirements created by central government. This policy sets out what the Council will do in relation to a dangerous, earthquake-prone, or flood-prone dam in the Tasman region. It covers our regulatory and legislative responsibilities under the Building Act in relation to these types of dams.
- 5.3 The policy has three key sections:
- 5.3.1 How we will perform our legislative functions in relation to dangerous, earthquake-prone, or flood-prone dams.
- The Council has a variety of functions under the Act, and our approach is explained in more detail in the policy. An example of an action we may take is, we may put up fencing or hoarding around the dangerous dam to stop people approaching the dam.
- 5.3.2 Our priorities when performing these functions.

<sup>1</sup> For the purposes of the Act and the Regulations, a dam owner is the person who legally owns the physical dam itself.

The Council will always prioritise safety, following a risk-based approach. We will also protect the health and wellbeing of the environment and have regard to cultural and heritage values when undertaking our functions.

#### 5.3.3 How the policy will apply to heritage dams

If a dangerous dam is also a heritage dam, we will account for the need to facilitate the preservation of significant heritage values.

- 5.4 The policy does not classify dams. Dam owners are required to assess their dam as either low, medium, or high potential impact. If it is assessed as a medium or high potential impact dam, the owner is required to prepare a dam safety assurance programme. However, the dam owner must immediately notify the Council if they believe their dam is dangerous. We will then respond in accordance with the Dangerous Dams Policy.
- 5.5 The policy also does not cover consenting matters under the Resource Management Act 1991 or the Building Act 2004.

### Consultation and decision making process

- 5.6 The Building Act states that a policy on dangerous dams must be adopted in accordance with the special consultative procedure (“**SCP**”) in the LGA.
- 5.7 When carrying out the SCP (as outlined in sections 83 and 87 of the LGA) the Council must:
- 5.7.1 prepare and adopt a statement of proposal (**Attachment 2**); and
  - 5.7.2 consider whether a summary of the statement of proposal is necessary to enable public understanding of the proposal; and
  - 5.7.3 make the statement of proposal publicly available for at least one month and invite written submissions; and
  - 5.7.4 provide an opportunity for people to present their views to the local authority (or its delegated representatives) in a manner that enables spoken (or sign language) interaction.
- 5.8 Staff consider that a summary of Information on the proposed policy, under section 83(1)(a)(ii) of the LGA, is not necessary to enable public understanding. The draft Dangerous Dams Policy is only five pages, and it will be made available to the public for feedback during the consultation period.
- 5.9 It is proposed that the consultation period runs from 1 April 2024 to 5 May 2024. An overview of the planned consultation engagement is set out in section 0.
- 5.10 Submissions will be heard by the Hearings and Deliberations Panel in May 2024 and its report provided to the Environment and Regulatory Committee in June 2024.
- 5.11 Staff request that the Council appoints a Hearings and Deliberations Panel to hear and deliberate on any submissions received on the proposed policy and make recommendations to the Environment and Regulatory Committee.

## 6. Options / Kōwhiringa

- 6.1 Consulting on a policy on dangerous dams is required by the Building Act. The Council has two options to consider in this report, as outlined in the following table:

Option		Advantage	Disadvantage
1.	Commence consultation on the draft Dangerous Dams Policy.	<ul style="list-style-type: none"> <li>Complies with the requirements of the Building Act 2004.</li> <li>If a dangerous dam were to occur, the Council will have an appropriate policy in place to manage the situation.</li> </ul>	<ul style="list-style-type: none"> <li>No disadvantages identified.</li> </ul>
2.	Do not commence consultation on the draft Dangerous Dams Policy.	<ul style="list-style-type: none"> <li>No advantages identified.</li> </ul>	<ul style="list-style-type: none"> <li>The Council would be in breach of its statutory requirements under the Building Act 2004.</li> <li>If a dangerous dam were to occur, there would be no current policy.</li> </ul>

## 6.2 Staff recommend Option 1.

## 7. Legal / Ngā ture

7.1 The Building Act 2004 requires the Council to establish and maintain a register of dams in the district.

7.2 Dangerous dams are defined as:

### **s153 Meaning of dangerous dam**

(1) A dam is dangerous for the purposes of this Act if the dam—

(a) is a high potential impact dam or a medium potential impact dam; and

(b) is likely to fail—

(i) in the ordinary course of events; or

(ii) in a moderate earthquake (as defined in the regulations); or

(iii) in a moderate flood (as defined in the regulations).

7.3 Earthquake prone and flood prone dams are defined as:

### **s153A Meaning of earthquake-prone dam and flood-prone dam**

(1) A dam is an earthquake-prone dam for the purposes of this Act if the dam—

(a) is a high potential impact dam or a medium potential impact dam; and

(b) is likely to fail in an earthquake threshold event (as defined in the regulations).

(2) A dam is a flood-prone dam for the purposes of this Act if the dam—

(a) is a high potential impact dam or a medium potential impact dam; and

(b) is likely to fail in a flood threshold event (as defined in the regulations).

7.4 The adoption of a policy on dangerous dams is required under section 161 of the Building Act. The Act required that the policy be in place within 18 months of the commencement of the part which was on 31 March 2005. The Council has therefore been in breach of its statutory obligations since 2007.

7.5 The section states that:

***s161 Regional authority must adopt policy on dangerous dams, earthquake-prone dams, and flood-prone dams***

*(1) A regional authority must, within 18 months after the commencement of this Part, adopt a policy on dangerous dams, earthquake-prone dams, and flood-prone dams within its region.*

*(2) The policy must state —*

*(a) the approach that the regional authority will take in performing its functions under this Part; and*

*(b) the regional authority's priorities in performing those functions; and*

*(c) how the policy will apply to heritage dams.*

7.6 Section 162 states that the policy must be adopted, amended or replaced only in accordance with the SCP in the LGA 2002.

7.7 A copy of the adopted policy must be provided to the Chief Executive of the Ministry for Business, Innovation and Employment (“**MBIE**”).

7.8 The draft Dangerous Dams Policy is based on a template policy developed by a collective of regional authorities. A legal consultant was engaged by one of the regional authorities to comment on whether the policy template addressed the issues required by the Building Act to be included in a dangerous dams policy. The legal advice was that the template policy addressed these issues. No comment was made on whether the content was appropriate.

7.9 The Council must complete a review of the policy within five years after the policy is adopted and then at intervals of not more than five years. A policy does not cease to have effect because it is due for review or being reviewed.

## **8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori**

8.1 Te Tauihu iwi have been informed of this work by staff at face-to-face hui and project information has been provided on Whakawhitiwhiti Whakaaro – the iwi engagement platform. Iwi will have the opportunity to make submissions during the SCP and will be advised once the consultation starts.

## **9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui**

9.1 Staff have considered the significance of this decision in accordance with the Council's Significance and Engagement Policy. The decision is whether to commence consultation under a SCP on a draft Dangerous Dams Policy.

9.2 There will be limited interest in this policy, as it only directly affects dam owners and their engineers. There may be general interest from the community on this policy, as it relates to dams already constructed in the Tasman District and is a matter that has had recent heightened public interest.

9.3 It is planned to follow the requirement of the Act to undertake a SCP in accordance with section 83 of the LGA.

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
1.	Is there a high level of public interest, or is decision likely to be controversial?	Moderate	While the decision to consult is of low significance it is noted that the policy itself may attract significant interest from the community.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Yes	This proposal contributes to social and environmental well-being, through the implementation of a policy for dangerous dams.
3.	Is there a significant impact arising from duration of the effects from the decision?	No	
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	No	
5.	Does the decision create a substantial change in the level of service provided by Council?	No	This proposal expands the Council's current compliance activities.
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No	
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No	
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	No	The Council's priorities under the policy include to protect the health and well-being of the environment, which will more specifically be addressed through the Tasman Resource Management Plan and the guiding principle of TMOTW

## **10. Communication / Whakawhitiwhiti Kōrero**

- 10.1 We have recently contacted approximately 50 owners of larger dams in Tasman by email to let them know we are preparing a policy on dangerous dams. We also provided them with a copy of MBIE's dam safety guidance, which supports understanding of the regulations for dam owners to help them prepare and fulfil the new requirements.
- 10.2 The consultation period for the Dangerous Dams Policy is proposed to be Monday 1 April 2024 until 5pm Sunday 5 May 2024.
- 10.3 Copies of the statement of proposal and draft policy will be available for reference at all public libraries and Council service centres in Tasman and for downloading from Shape Tasman. The community will also be informed through the Council's normal communication channels including media release, Newline, Facebook and the website.
- 10.4 The statement of proposal and draft policy will be sent via email to key stakeholders including dam owners of larger dams in the district, iwi partners, the Nelson Tasman CDEM Group and Heritage New Zealand Pouhere Taonga. Other interested parties will also be emailed, including the Department of Conservation, key lifeline utility providers, local and national irrigator groups, and Federated Farmers.
- 10.5 Anyone wishing to speak to their submission will be provided an opportunity to attend a hearing in May 2024. All submitters will be notified of the Council's decision on adopting a policy. All submissions will be publicly available on the Council's website.

## **11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

- 11.1 The planned consultation is funded from the existing Environmental Assurance budgets.

## **12. Risks / Ngā Tūraru**

- 12.1 Not approving the draft Dangerous Dams Policy for consultation will leave the Council without a policy to manage a dangerous dam, if that situation were to occur, and is a failure to meet the requirements of the Building Act. This is a risk that the Council is currently facing as it has not previously adopted a Dangerous Dams Policy.
- 12.2 For a short period of time, the regulations will be in effect and the Council will not have an adopted policy to manage a dangerous dam if that situation were to occur. If the Council is informed of a dangerous dam before a policy is adopted, the processes set out in the draft Dangerous Dams Policy will be followed.

## **13. Climate Change Considerations / Whakaaro Whakaaweawe Āhuarangi**

- 13.1 There are no known climate change impacts to the decision to consult on the draft policy.
- 13.2 The Building Act requires the policy, once adopted, to be reviewed every five years. Dam owners are also required to review their dams against flood performance criteria every five years, as part of a comprehensive safety review.
- 13.3 The intent is that these requirements help ensure the new safety provisions remain fit for purposes in a changing environment and as our understanding of the effects of climate change continues to improve over time.

## 14. Alignment with Policy and Strategic Plans / Te Hangai ki ngā aupapa Here me ngā Mahere Rautaki Tūraru

- 14.1 The adoption and consultation requirements for a policy on dangerous dams are set out in the Building Act. Staff request that the Council delegates to the Environmental and Regulatory Committee authority to:
- 14.1.1 receive and consider the recommendations of the Hearings and Deliberation Panel; and
  - 14.1.2 decide on the adoption of a Council Policy on Dangerous Dams, Earthquake-prone Dams and Flood-prone Dams, as required under section 161 of the Building Act 2004.

## 15. Conclusion / Kupu Whakatepe

- 15.1 The Building Act requires the Council to adopt a policy on dangerous dams, earthquake-prone dams, and flood-prone dams in the Tasman District. The Council must do so in accordance with the SCP in the LGA.
- 15.2 The draft Dangerous Dams Policy is based on a template developed collaboratively by regional councils to provide a fit for purpose nationwide policy. The policy aligns with the dam safety requirements created by central government and sets out what the Council will do in relation to dangerous, earthquake-prone, or flood-prone dams in Tasman.
- 15.3 It is recommended that the Council adopt the draft Dangerous Dams Policy and Statement of Proposal for the purposes of a SCP and approve that consultation can commence on 1 April 2024 and close on 5 May 2024.

## 16. Next Steps and Timeline / Ngā Mahi Whai Ake

- 16.1 Once consultation has closed, submissions will be heard by the appointed Panel at a meeting in May 2024. The Panel will consider all the submissions received and deliberate on any amendments to the policy as a result.
- 16.2 The recommendations of the Panel will be received and considered by the Environment and Regulatory Committee in June 2024 and decisions made on the adoption of a policy on dangerous dams.

## 17. Attachments / Tuhinga tāpiri

- |                      |                                     |     |
|----------------------|-------------------------------------|-----|
| 1. <a href="#">↓</a> | Draft Dangerous Dams Policy for SCP | 233 |
| 2. <a href="#">↓</a> | Statement of Proposal for SCP       | 238 |

## Tasman District Council

### S161 Building Act 2004

# Policy on dangerous dams, earthquake-prone dams and flood prone dams

## Introduction

This document sets out the policy on dangerous dams, earthquake-prone dams and flood-prone dams adopted by Tasman District Council (“**the Council**”) in accordance with [sections 161](#) and [162](#) of the Building Act 2004 (“**the Act**”).

This policy states the approach and priorities the Council will take in performing its functions in relation to dangerous dams, earthquake-prone dams and flood-prone dams in Tasman, and how the policy will apply to heritage dams.<sup>1</sup>

This policy applies to dams defined in [section 7](#) of the Act.

The dam safety provisions in subpart 7 of Part 2 of the Act, including this policy, apply to:

1. Classifiable dams (defined in regulation 5 of the Building (Dam Safety) Regulations 2022<sup>2</sup> (“**the Regulations**”) to be either:
  - a. 4m or more in height and holding 20,000m<sup>3</sup> in volume; or
  - b. 1m or more in height and retaining 40,000m<sup>3</sup> in volume.
2. Referable dams as defined in the Regulations.<sup>3</sup>

Only [section 133B](#)<sup>4</sup> (height measurement of dams) and sections 157-158 (measures by a regional authority to avoid immediate danger) apply to all other dams.

## Application of this policy

This policy applies to dams everywhere in the Tasman District, and irrespective of the age and intended life of the dam. The terms “**dangerous dam**”, “**earthquake-prone dam**” and “**flood-prone dam**” have the same meaning as provided in sections 153 and 153A of the Act.<sup>5</sup>

This policy must be read alongside the Regulations which define terms used in the Act in relation to “dangerous dams”, “earthquake-prone dams” and “flood-prone dams”.<sup>6</sup>

The Regulations and the Act can be accessed at [legislation.govt.nz](https://legislation.govt.nz)<sup>7</sup>

This policy does not cover consents under the Resource Management Act 1991 and the Building Act 2004.

<sup>1</sup> Refer to the section Application to heritage dams for a definition of heritage dams.

<sup>2</sup> The Regulations were made on 9 May 2022 and come into force on 13 May 2024.

<sup>3</sup> The Regulations do not define a referable dam.

<sup>4</sup> When measuring the height of the dam under this section, the crest of the dam includes any freeboard.

<sup>5</sup> This includes buildings in areas designated under subpart 6B as set out in section 153AA of the Building Act 2004.

<sup>6</sup> Section 19 of the Regulations defines moderate earthquake, moderate flood, earthquake threshold event and flood threshold event.

<sup>7</sup> [The Building Act 2004](#) and the [Building \(Dam Safety\) Regulations 2022](#)

Under section 153AA, if a dangerous dam is located in an area that has been affected by an emergency (subpart 6B of the Act), this policy and other provisions of the Act continue to apply but only in relation to:

- a. actions or notices issued under section 154;
- b. work carried out under section 156; or
- c. if a warrant is issued under section 157.

### Commencement and review

This policy commences one week after the council resolution is made to adopt the policy.

This policy will be reviewed every five years or earlier as required. The policy remains in effect even if it is due for review or being reviewed.

### Principles

The Council will apply the following principles to the exercise of its dangerous dams, earthquake-prone dams and flood-prone dams functions under the Act.

1. The Council will endeavour to communicate to dam owners about the responsibilities of dam owners under the policy. This could include a notice in the rates document, the development of information packs and guidelines, among other suitable tools.
2. The Council will make information about the safety risks of a dangerous dam, earthquake-prone dam or flood-prone dam publicly available (if this information is known to the Council).

The Council also notes that:

3. Dam owners have the primary responsibility for identifying, monitoring, reviewing and reporting on dangerous, earthquake-prone and flood-prone dams, and for reducing or removing the risk of harm to people, property and the environment in a timely and effective manner.
4. A recognised engineer<sup>8</sup> engaged (by the dam owner) to provide a certificate for the purposes of sections [135\(1\)\(b\)](#), [142\(1\)\(b\)](#), or [150\(2\)\(f\)](#) must notify the Council and the owner of the dam, in writing and within five working days, if they believe that the dam is dangerous.

### Council's approach to performing its functions

#### Information on dam status

The Council will keep a register of all dams as required by [section 151](#) of the Act, recording the dangerous, earthquake-prone and flood-prone status of each classifiable dam. The Council will develop a monitoring procedure to maintain the register.

Should the Council receive information about a dangerous, earthquake-prone and flood-prone dam in its district boundary, the Council will notify the Nelson Tasman Civil Defence and Emergency Management (“**NT-CDEM**”) Group.

<sup>8</sup> A recognised engineer is defined in [section 149](#) of the Act.

## Working with dam owners<sup>9</sup>

The Regulations require owners of all classifiable dams to know whether their dam is dangerous, earthquake-prone or flood-prone and that they will take the necessary steps, in a timely manner, to comply with the Act and the Regulations.

The Act requires dam owners to immediately notify the Council if they have reasonable grounds for believing their dam is dangerous. This applies to dams that are either a high potential impact dam or a medium potential impact dam and are likely to fail in the ordinary course of events, or a “moderate earthquake” or “moderate flood” (as defined in the Regulations).

The Act also requires a recognised engineer (engaged by the owner) who provides a certificate for the purposes of sections **135(1)(b)**, **142(1)(b)**, or **150(2)(f)**, to notify the Council and the owner of the dam if they believe that the dam is dangerous. The notice must be provided in writing and be given within five working days after the engineer forms their belief.

The Council will work with the owners of identified dangerous dams, earthquake-prone dams and flood-prone dams to develop an action plan (with timeframes) with the goals of increasing the safety of the dam and eliminating or reducing the risks of the dam to people, property and the environment. It is not realistic to specify a timeframe in this policy for achieving this goal because timeframes will be dictated by the circumstances of each case. When setting a timeframe for action, the Council will consider the state of the dam, and the likelihood and consequences of dam failure.

## Direction and taking action

The Council may exercise the powers outlined below:

- For dangerous dams
  - if the owner of any dam is not acting in accordance with an agreed action plan; or
  - where there is no agreed action plan, or
  - where it considers that the agreed action plan requires review or amendment; or
  - where ownership is not known or is disputed; or
- for all dams, where there is or likely to be a risk of immediate danger.

Before exercising any of its powers under sections **154** to **159** of the Act the Council will, unless the circumstances dictate otherwise (such as where there is immediate danger to the safety of persons, property, or the environment), seek to discuss options for action with the owner of the dam, with a view to obtaining from the owner a mutually acceptable formal proposal for reducing or removing the danger. Acceptable actions by the owner may include, but are not limited to, one or more of the following;

- Operational changes such as reducing the volume of impounded fluid or completely emptying the reservoir;
- Reconfiguring an existing spillway or creating a new or supplementary spillway so as to limit the maximum impounded volume and/or to safely route flood flows;
- Increased surveillance and monitoring;
- Development of emergency preparedness and response plans;
- Review of the dam safety assurance programme;
- Require the owner to engage a dam specialist to investigate and make recommendations with any report provided to the Council;
- Implementing measures to enable controlled, rapid emptying of the impounded fluid;
- Measures downstream of the dam to mitigate the impact of dam failure;
- Physical works including reconstruction or partial demolition of the dam;

<sup>9</sup> For the purposes of the Act and the Regulations, a dam owner is the person who legally owns the physical dam itself.

- Decommissioning and/or removal of the dam.

The whole or part of any proposal between the Council and the dam owner may be incorporated as a requirement in a Notice to Fix issued under **section 164** of the Act. If no action is taken by the dam owner to address the danger, the Council may exercise any of its statutory powers in sections **154 to 159** and **164** of the Act.

The Council will notify all potentially affected parties downstream of a dangerous, earthquake-prone or flood-prone dams. The Council will do this by publishing information about any dangerous, earthquake-prone or flood-prone dams in its region. The Council will also work with the NT-CDEM Group.

The Council may at any time require the dam owner to review a dam safety assurance programme if the dam is an earthquake-prone or flood-prone dam.

In a situation where a dam is dangerous, the Council may (amongst other actions):

- erect a hoarding or fence to prevent people from approaching the dam nearer than is safe
- attach a notice on or near the dam (or affected downstream areas) that warns people not to approach
- give written notice to the owner requiring work to be carried out on the dam, and within the time stated in the notice to remove or reduce the danger.

In a situation where the Chief Executive of the Council considers that, because of the state of the dam, immediate danger to the safety of persons, property, or the environment is likely, then the Chief Executive of the Council may:

- cause any action to be taken to that is necessary to remove that danger
- recover the costs of taking any action from the dam owner.

## Council's priorities in performing these functions

The Council's approach to dangerous dams is tailored toward achieving a reduction in the pre-existing risk whilst still being able to deal with risks that emerge in the future.

The priorities will be as follows:

1. to ensure public safety at all times, following a risk-based approach
2. to protect the health and wellbeing of the environment<sup>10</sup>
3. to have regard to cultural and heritage values.

## Application to heritage dams

For the purposes of this policy, a heritage dam means a dam that is included on:

1. the New Zealand Heritage List/Rārangī Kōrero maintained under **section 65** of the Heritage New Zealand Pouhere Taonga Act 2014; or
2. the National Historic Landmarks/Ngā Manawhenua o Aotearoa me ōna Kōrero Tūturu list maintained under **section 81** of the Heritage New Zealand Pouhere Taonga Act 2014.

<sup>10</sup> This priority will reflect issues addressed more specifically through the provisions of the Tasman Regional Management Plan, including the guiding concept of Te Mana o te Wai.

**Section 4(2)(l)** of the Building Act recognises the “need to facilitate the preservation of buildings of significant cultural, historical, or heritage value”.

The Council recognises the need to retain heritage values of the dam itself, but also the need to reduce or remove any risk posed by a heritage dam which has been classified as dangerous, flood-prone or earthquake-prone. When considering heritage dams under this policy, account will be taken of the need to facilitate the preservation of parts of the dams with significant heritage value.

When dealing with heritage dangerous dams, the Council will seek advice from the Heritage New Zealand Pouhere Taonga before any actions are undertaken by the Council under sections 153 to 160 of the Act.

The Council may also engage suitably qualified professionals with engineering expertise and heritage expertise to advise and recommend actions. When considering any recommendations, the Council will have regard to the priorities set out the previous section of this policy. Copies of all served notices for heritage dangerous dams, earthquake-prone dams and flood-prone dams will be provided to Heritage New Zealand Pouhere Taonga.

The Council will record the heritage listing of all dangerous, earthquake-prone and flood-prone dams it is made aware of in its register of dams and include this information on any relevant Land Information Memorandum.

DRAFT



**S83 STATEMENT OF PROPOSAL  
LOCAL GOVERNMENT ACT 2002**

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**PROPOSED POLICY ON  
DANGEROUS DAMS, EARTHQUAKE-PRONE DAMS  
AND FLOOD-PRONE DAMS**

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## What we are doing

We are currently seeking submissions on a new policy that aligns with the dam safety requirements created by central government.

Those requirements include the Building Act 2004 (**Act**) and the Building (Dam Safety) Regulations 2022 (**Regulations**) which come into effect in May 2024.

From that date, owners of dams<sup>1</sup> that meet the height and reservoir volume requirements will need to confirm the potential risk their dam poses, put in place safety plans and undertake regular dam inspections.

## Who should read this policy

You should read this policy if you have a dam that is a classifiable dam.

A classifiable dam<sup>2</sup> is either:

- a. 4m or more in height and holding 20,000m<sup>3</sup> or more in volume; or
- b. 1m or more in height and retaining 40,000m<sup>3</sup> or more in volume.

Measures by a regional authority to avoid immediate danger also apply to all other dams.

## What is the policy about?

Section 161 of the Act requires all regional councils to adopt a policy on dangerous dams, earthquake-prone dams and flood-prone dams.

This policy sets out what Tasman District Council (**the Council**) will do in relation to a dangerous, earthquake-prone or flood-prone dam in the Tasman district. The policy covers our regulatory and legislative responsibilities under the Act in relation to these dams.

The policy has three key sections:

1. *How we will perform our legislative functions in relation to dangerous, earthquake-prone or flood-prone dams.*

The Council has a variety of functions under the Act, and our approach is explained in more detail in the policy. An example of an action we may take is, we may put up fencing or hoarding around the dangerous dam to stop people approaching the dam.

2. *Our priorities when performing these functions.*

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<sup>1</sup> For the purposes of the Act and the Regulations, a dam owner is the person who legally owns the physical dam itself.

<sup>2</sup> A classifiable dam is defined in regulation 5 of the Regulations



The Council will prioritise safety at all times, following a risk-based approach. We will also protect the health and wellbeing of the environment and have regard to cultural and heritage values, when undertaking our functions.

3. *How the policy will apply to heritage dams.*

If a dangerous dam is also a heritage dam, we will account for the need to facilitate the preservation of significant heritage values.

## What are dangerous, earthquake-prone and flood-prone dams?

The Act defines these terms and states that a dam is dangerous if it is:

A high potential or medium potential impact dam; and is likely to fail –

- In the ordinary course of events; or
- In a moderate earthquake (as defined in the Regulations); or
- In a moderate flood (as defined in the Regulations).

A dam is an earthquake-prone dam for the purposes of the Act if the dam –

- a. Is a high potential impact dam or a medium potential impact dam; and
- b. Is likely to fail in an earthquake threshold event (as defined in the Regulations).

A dam is a flood-prone dam for the purposes of the Act if the dam –

- a. Is a high potential impact dam or a medium potential impact dam; and
- b. Is likely to fail in a threshold event (as defined in the Regulations)

## What doesn't the policy cover?

The policy does not classify dams. The Regulations require dam owners to assess their dam as either low, medium or high potential impact. Their assessment considers the impact to the community, cultural sites, critical and major infrastructure, and the natural environment. If it is a medium or high potential impact dam, the Act then requires the owner to prepare a dam safety assurance programme.

The Council does not undertake this assessment nor is it responsible for preparing the dam safety assurance programme—this is the role of the dam owner and their recognised engineer.

However, the dam owner must immediately notify the Council if they believe their dam is dangerous. We will then respond in accordance with the policy.

The policy also does not cover consenting matters under the Resource Management Act 1991 or the Building Act 2004.

**Submissions should relate to the contents of the policy.**

**The Council is not able to change anything in the Act or Regulations.**



## Where to find information

The statement of proposal and draft policy are available to download from Shape Tasman at <https://shape.tasman.govt.nz/dams-policy>. You can also contact us, and we can send you out hard copies.

If you have any questions about this proposal or about how to make a submission, please contact us via email at [info@tasman.govt.nz](mailto:info@tasman.govt.nz).

## How to make a submission

Consultation is open until 5 May 2024.

Anyone can make a submission on the proposed policy. This consultation is an opportunity for the Council to consider your views before the decisions are made.

You can make a submission via Shape Tasman at <https://shape.tasman.govt.nz/dams-policy>.

You can also email your submission to [info@tasman.govt.nz](mailto:info@tasman.govt.nz) or post your submission to *Dangerous Dams Policy 2024*, Tasman District Council, 189 Queen Street, Private Bag 4, Richmond 7050.

As part of your submission, please tell us if you would like to attend the public hearing to speak to the Council in support of your submission. If you do not wish to speak, your submission will be provided to the hearings panel for consideration.

Please provide your contact details so that we can notify you of the hearing date and arrange a time for you to speak. This will also enable the Council to inform you of the decisions on the policy following the hearing.

Please be aware that all submissions will be publicly available on the Council's website.

## What happens next?

After the hearing, the Council will consider all the submissions received and make decisions on any amendments to the policy as a result. All submitters will be notified of the Council's decision.

**7.10 DELEGATIONS TO THE CHIEF EXECUTIVE OFFICER AND STAFF****Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Jennie McFarlane, Legal & Democracy Services Manager; Leith Townshend, Team Leader - Legal
<b>Report Authorisers:</b>	Joanna Cranness, People, Safety & Wellbeing Manager
<b>Report Number:</b>	RCN24-03-14

**1. Purpose of the Report / Te Take mō te Pūrongo**

- 1.1 To authorise and amend delegations to the Environment and Regulatory Committee, to the Chief Executive Officer and to staff. This is to ensure that there are appropriate delegations in place for decision making and the efficient operation of Council business.

**2. Summary / Te Tuhinga Whakarāpotō**

- 2.1 This report seeks to ensure that Council committees, the Chief Executive Officer and staff have appropriate delegations which they require for their roles. Staff have recently identified the need for some additional or amended delegations.
- 2.2 The amendments to the delegations are for the purposes of:
- 2.2.1 Authorising and amending delegations to the Environment and Regulatory Committee, to the Chief Executive Officer and to staff in relation to powers under the Local Government Act 1974 (LGA 1974) and the Local Government Act 2002 (LGA 2002). The powers relate to transport shelters and roads under the LGA 1974 and to bylaws and s17A reviews under the LGA 2002.
- 2.2.2 Amending the existing delegation in relation to the naming of streets under the Council's Street Naming Policy to cover existing as well as new streets and to ensure that the Chief Executive Officer has the delegation as well as the Group Manager – Environmental Assurance.
- 2.2.3 Providing general property delegations, including those under the Land Transfer Act 2017, to Council staff in relation to easements, caveats, encumbrances, covenants, and other similar property instruments to ensure staff have clear delegations to act and also respond to requests for the removal of historic instruments.

**3. Recommendation/s / Ngā Tūhunga****That the Tasman District Council**

1. receives the Delegations to the Chief Executive Officer and Staff report RCN24-03-14; and

2. delegates the Council's powers under s339 (Transport shelters) of the Local Government Act 1974 in Attachment 1 to the agenda report, to the Environment and Regulatory Committee, pursuant to clause 32 Schedule 7 of the Local Government Act 2002; and
3. delegates, pursuant to clause 32 Schedule 7 of the Local Government Act 2002, the Council's powers under section 353 (General safety provisions as to roads), section 356 (Removal of abandoned vehicles from roads) and section 356A (Further provision in relation to removal of vehicles from roads) of the Local Government Act 1974 in Attachment 1 to the agenda report, to the following staff:
  - Chief Executive Officer (includes Acting Chief Executive Officer)
  - Group Manager - Community Infrastructure
  - Group Manager - Environmental Assurance
  - Transportation Manager
  - Regulatory Manager
  - Reserves and Facilities Manager
  - Team Leader Compliance and Investigations – (Land and Air)
  - Team Leader Compliance and Investigations – (Water and Waste)
  - Senior Compliance and Investigations Officer
  - Compliance and Investigations Officer
  - Council contractors acting under contract and the Council's authority; and
4. revokes the Council's delegation to the Environment and Regulatory Committee of its powers under Part 8 of the Local Government Act 2002 in relation to the making of bylaws, pursuant to clause 32 Schedule 7 Local Government Act 2002, noting that the Committee has delegated authority to undertake bylaw preparation processes but only the Council can make a bylaw; and
5. delegates to the Chief Executive Officer the Council's powers under section 17A of the Local Government Act 2002 in Attachment 1 to the agenda report, pursuant to clause 32 Schedule 7 of the Local Government Act 2002, in relation to:
  - 5.1 the provision of Electoral Services by the Council; and
  - 5.2 the provision of Legal Services by the Council, due to the expiry of contracts providing some of these services; and
6. notes that staff are preparing a proposed Council policy on section 17A of the Local Government Act 2002 covering its requirements and which functions and decisions could be delegated, a report with the draft Policy will be presented to the Council at a later date; and
7. amends the delegation set out in section 5.6 Part Three Management of the Council's Delegations Register, pursuant to clause 32 Schedule 7 of the Local Government Act 2002,

**FROM:**

***Authority delegated to the Group Manager Environmental Assurance to decide on street names for new sub divisional roads in accordance with the Council and in consultation with a Ward Councillor or the Community Board***

**TO:**

***Delegates authority to the Chief Executive Officer and to the Group Manager – Environmental Assurance to decide on street names for new and existing roads in accordance with the Council’s Street Naming Policy and in consultation with the Councillors or the Community Board (if any) for the Ward where the roads are located; and***

- 8. delegates to the Chief Executive Officer, to the Tier Two Group Managers and to the Enterprise and Property Services Manager, the Council’s powers under sections 109, 112, 138, 142, 143, 144 and 145 of the Land Transfer Act 2017 and the following property delegations (to be added to the delegation in the Council’s Delegations Register – Part Three Management – cl5.3 e)), pursuant clause 32 Schedule 7 of the Local Government Act 2002:**

***8.1 Authority to approve the granting, removal or providing consent in relation to property instruments on land titles in favour of the Council (such as easements, caveats, encumbrances, or covenants) other than where the approval of the Council or a Committee is required by legislation; and***

***8.2 Authority to authorise the removal of historic or redundant instruments registered on land titles, provided that staff investigations confirm either (a) the reason for registering the instrument is no longer valid, or (b) the property is now compliant with current legislation / planning rules, or (c) the agreement which supports the instrument is unable to be located and thus the instrument cannot be enforced.***

#### **4. Background / Horopaki**

##### **Delegations**

- 4.1 The Council has the power under local government legislation, particularly the LGA 2002, to delegate certain powers, functions and duties to committees, sub-committees, sub-ordinate decision-making bodies, to the Chief Executive Officer and to staff.
- 4.2 The nature of local government involves decisions at both governance and operational levels. Governance decisions and activities are exercised by members of the Council, committee, sub-committee, or subordinate decision-making bodies. The governance role includes (but is not limited to) setting the strategic and overall direction of the Council and approving the Long-Term Plan/annual plan, key planning documents and policies. Most councils operate on a policy of delegating authority to the lowest level possible, to ensure efficiency.
- 4.3 Staff have recently identified the need for certain additional or amended delegations to be given to the Environment and Regulatory Committee, to the Chief Executive Officer and to staff.

#### **5. Analysis and Advice / Tātaritanga me ngā tohutohu**

**Local Government Act 1974 (LGA 1974) and Local Government Act 2002 (LGA 2002)**

- 5.1 It appears that powers in relation to transport (bus) shelters have been given to the Environment and Regulatory Committee under s374 which is now repealed, and which related to regional motorways. The powers in relation to transport shelters are contained in s339 of the LGA 1974 and require to be delegated to the Committee.
- 5.2 Council staff have recently identified that some but not all powers which relate to the safety of roads have been delegated to staff. Powers such as the power to remove abandoned vehicles have not been specifically delegated to staff. Exercising the power requires a Council decision, for example, to authorise the removal and sale of an abandoned vehicle.
- 5.3 This is not practical. Making these decisions, which can require quick action is not considered an efficient use of the Council or a committee's time. In addition, the storage of vehicles removed incurs costs which may have to be borne by the Council if unrecovered, so it is important that decision making is as efficient as possible. There are some existing roading powers under the LGA 1974 delegated to staff, and the proposed additional delegations should be delegated to the same staff.
- 5.4 An amendment to delegations is also required in relation to the Council's bylaw powers under Part 8 of the LGA 2002 as only the Council can make a bylaw, this power cannot be subdelegated. The current delegations give powers to the Environment and Regulatory Committee which has authority to undertake bylaw preparation processes but the decision to make law in the form of a bylaw sits with the Council.

### **Section 17A reviews**

- 5.5 The report seeks authority for the Chief Executive to exercise the Council's powers under s17A of the LGA 2002. A change made to the LGA 2002 in 2014 means that local authorities are under an obligation to review the cost-effectiveness of current arrangements for meeting community needs for good quality infrastructure, local public services, and local regulation. This ensures that councils regularly review long standing contracts and arrangements for how they deliver services. This supports good procurement practice. The LGA 2002 provides for exemptions from this requirement in certain circumstances.
- 5.6 Where a review is undertaken, local authorities must consider options for the governance, funding and delivery of infrastructure, local public services and local regulation that include, but are not limited to:
  - in-house delivery;
  - delivery by a CCO, whether wholly owned by the local authority, or a CCO where the local authority is a part owner;
  - another local authority;
  - another person or agency (for example central government, a private sector organisation or a community group).
- 5.7 Conducting regular section 17A reviews is a good way of demonstrating that a council is delivering activities in a cost-effective manner for the local authority (and therefore ultimately households and businesses).
- 5.8 The Council can delegate its powers under s17A LGA 2002, but the Council has not done this as yet. Other councils have delegated authority to the Chief Executive Officer to exercise the powers in certain circumstances. Council staff are preparing a policy on s17A reviews and where decisions should be made which will be brought to the Council later this year, but an interim delegation is required in relation to two activities being the provision of electoral services and the provision of legal services, due to contracts expiring.

### *Provision of electoral services*

- 5.9 For the 2022 triennial elections, the Council contracted the provision of certain electoral services. These services are primarily used to produce the voting papers and candidate booklets as well as to process the votes. Most councils do not provide these services in-house now due to the specialist knowledge, technology and additional resourcing required. It is not cost-effective to do so for a process that usually only occurs every three years (noting that many other elections tasks are still undertaken by staff, it is a significant district wide project).
- 5.10 The contract for electoral services in 2021/2022 was for the purpose of those elections and has expired. The Council needs to go to the market for a provider of electoral services, with a procurement process planned this year for the 2025 local government elections. Year 1 of the Long-Term Plan includes provision for an elections budget to commence from 1 July 2024 for the 2025 elections,
- 5.11 Prior to going to the market, a s17A review should be undertaken by the Council. However, the LGA makes provision for exemptions from a s17A review, where *‘the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review’*.
- 5.12 Staff believe that this applies to the provision of electoral services. There are only two electoral services providers in the market. It would not be cost-effective for the Council to obtain and provide the resources and technology required to be able to deliver the elections fully in-house. The two providers offer considerable expertise and have invested significantly in resources and technology as they undertake elections for a variety of organisations all year round, most of these being electronic processes.
- 5.13 In the view of staff, it is considered that the costs of a s17A review do not outweigh the benefits of undertaking the review and that authority can be delegated to the Chief Executive Officer to exercise the Council’s powers in relation to s17A for these services. If authority is approved, a report will be prepared for the Executive Leadership Team and the Chief Executive Officer to consider prior to any decision being made by the Chief Executive Officer.
- 5.14 The reasons for the Chief Executive Officer to be given delegated authority to exercise the Council’s s17A powers relate to the value of the contract which is likely to be less than \$500,000 (for the 2025 elections) and well within the financial authority of the Chief Executive Officer to approve. This is a similar approach taken by other councils. If there is provision in the contract for review and further elections, increasing the overall value of the contract, decisions for renewal can come to the Council and the Tenders Procurement Panel if required.

### **Provision of Legal Services**

- 5.15 The Council has a shared panel of external legal providers with Nelson City Council. The umbrella contract with the providers expires in late 2024. The Council’s Legal Team is working with the Legal Team at Nelson City Council to prepare for a joint procurement process. Nearing the end of a contract is one of the triggers for a s17A review.
- 5.16 In 2023 the Legal and Democracy Services Team commissioned an independent review of the Council’s legal function to inform decisions on how legal services should be provided in the future. The key finding of the review is that the current mix of in-house and external legal advisors delivering legal services is working, with legal spend reducing over the last few years. A full copy of the review report was provided to the Audit and Risk Committee at its meeting on 21 March 2024.

- 5.17 If authority is delegated to the Chief Executive Officer to exercise the Council's powers in relation to s17A for this service, a report including a copy of the independent review, will be prepared for the Executive Leadership Team and the Chief Executive Officer to consider prior to any decision being made by the Chief Executive Officer.
- 5.18 The reasons for the Chief Executive Officer to be given delegated authority to exercise the Council's s17A powers in this case relate more to the nature of the services. The provision of legal services is internal to the Council, its committees and community boards, to the Chief Executive Officer and to staff. The Council's solicitors cannot provide legal advice to any other parties or to the public.
- 5.19 The general focus of s17A relates to services the Council provides to its communities in the form of infrastructure, public services, and local regulation. The provision of legal services assists the Council in delivering those services. However, as there are contracts in place with legal providers, it is still appropriate to undertake a review of the legal services function, but any decisions can sit at a Chief Executive Officer level as they are more operational in nature.

### **Delegations Register Part Three Management s5.6 Street names**

- 5.20 The Council has previously made the following delegation to the Group Manager – Environmental Assurance:

*Power to decide on street names for new sub divisional roads in accordance with the Council and in consultation with a Ward Councillor or the Community Board*

- 5.21 A situation has arisen in relation to the change of an existing road name in accordance with the Council's Street Naming Policy. This is not explicitly covered in the delegation so before any decision is made it is prudent to ensure that the correct delegation is in place.
- 5.22 The amendment to the delegation also makes it clear that the decision is made by the delegated staff in consultation with the ward members or Community Boards.
- 5.23 Finally, it is considered prudent that the Chief Executive Officer also be delegated this authority. Where possible there should always be more than one officer holding a delegation, to ensure there should be at least one available to act.

### **Land Transfer Act 2017/ property delegations**

#### **Delegation to remove or consent to amendments or changes to historic instruments**

- 5.24 On occasion, lawyers acting for clients approach the Council in relation to historical instruments registered on their clients' land titles in favour of the Council. They typically pre-date the Resource Management Act 1991 (RMA) and Building Act 2004 and were often put in place under legislation which has now been repealed.
- 5.25 The two most recent requests were received in late 2023 and early 2024. One request asks that the Council remove a historic and unnecessary caveat and the other seeks the Council's consent in relation to another instrument to be registered on the title.
- 5.26 The most common reason for these caveats being placed on a title seems to be the establishment of a "Granny Flat" in the 1980s which required the building to be removed after "Granny" is no longer living there. However, there are also situations where caveats are put in place to ensure that two separate parcels of land are sold together (which would now be managed under the RMA).
- 5.27 On occasion the Council has been forced to agree to remove the caveat because a copy of the original agreement cannot be found.
- 5.28 Where legislation has been repealed under which the instrument has been created, there is uncertainty in relation to authority to deal with the instrument. At present there are some limited operational property delegations held by staff but no delegations under the Land

Transfer Act 2017 (LTA 2017) which contains powers in relation to property instruments such as easements, caveats, and encumbrances.

- 5.29 It is important for the Council to be able to respond to these requests quickly and pragmatically as often the caveats are only noticed at the time that a property is in the process of being sold and ownership transferred. Any delay at the Council’s end could cause the sale to either fall through or be delayed which may expose the Council to risk.
- 5.30 The additions and amendments to delegations proposed in the recommendations in section three of the report are for the purpose of reducing risk by ensuring that appropriate delegations are in place. This also increases the efficiency and effectiveness of Council processes. Approving them would mean that decisions can be made quickly and at the correct level.
- 5.31 The specific delegations to the Chief Executive Officer and staff are considered to be operational powers suitable for delegation.
- 5.32 The amendment to the street naming delegation is considered low risk and clarifying the decision-making powers in accordance with the Council’s policy.

**6. Options / Kōwhiringa**

6.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Approve the additional and amended delegations	Addresses potential risk of decisions being made without authority.  Means fewer reports to the Council on low level matters or issues.	As with any delegation there is a risk that staff will make a decision that the Council feels should have been made at a governance level. However, it is always an option for staff to refer the decision-making to the Council if they believe that the decision relates to governance.
2.	Decline to approve the amended/additional delegations	The Council retains control over decision making.	Increased administrative burden on staff and the Council as more decision reports will need to be drafted and considered.  Increased time for decision making.  Potential risk to the Council that decisions can be challenged due to being made without authority.

**6.2 Option one is recommended.**

**7. Legal / Ngā ture**

**Clause 32 Schedule 7 of the LGA 2002**

7.1 There are some powers that cannot be delegated by the Council. These powers are:

- (a) the power to make a rate; or
  - (b) the power to make a bylaw; or
  - (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long-term plan; or
  - (d) the power to adopt a long-term plan, annual plan, or annual report; or
  - (e) the power to appoint a chief executive; or
  - (f) the power to adopt policies required to be adopted and consulted on under this Act in association with the long-term plan or developed for the purpose of the local governance statement; or
  - (g) [Repealed]
  - (h) the power to adopt a remuneration and employment policy.
- 7.2 Staff are encouraged to engage with members of the Council’s Legal and Democracy Services team if there are any concerns about whether they have the delegated authority to make decisions.
- 7.3 A function or power can generally be sub-delegated, subject to any conditions imposed by the person or entity that made the original delegation. At this time, it is not proposed to put any limits on sub-delegation.
- 7.4 With all the proposed delegations if either a committee or staff member considers that because of the nature of the decision that it would be preferable for the Council to make the decision then it is appropriate for the staff member to put the decision before the Council.

### **Section 17 A LGA 2002**

- 7.5 Section 17A Delivery of services is set out below:
- (1) A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.
  - (2) Subject to subsection (3), a review under subsection (1) must be undertaken—
    - (a) in conjunction with consideration of any significant change to relevant service levels; and
    - (b) within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and
    - (c) at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).
  - (3) Despite subsection (2)(c), a local authority is not required to undertake a review under subsection (1) in relation to the governance, funding, and delivery of any infrastructure, service, or regulatory function—
    - (a) to the extent that the delivery of that infrastructure, service, or regulatory function is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years; or
    - (b) if the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review.
  - (4) A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:

- (a) responsibility for governance, funding, and delivery is exercised by the local authority:
  - (b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—
    - (i) a council-controlled organisation of the local authority; or
    - (ii) a council-controlled organisation in which the local authority is one of several shareholders; or
    - (iii) another local authority; or
    - (iv) another person or agency:
  - (c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).
- (5) If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—
- (a) the required service levels; and
  - (b) the performance measures and targets to be used to assess compliance with the required service levels; and
  - (c) how performance is to be assessed and reported; and
  - (d) how the costs of delivery are to be met; and
  - (e) how any risks are to be managed; and
  - (f) what penalties for non-performance may be applied; and
  - (g) how accountability is to be enforced.
- (6) Subsection (5) does not apply to an arrangement to the extent that any of the matters specified in paragraphs (a) to (g) are—
- (a) governed by any provision in an enactment; or
  - (b) specified in the constitution or statement of intent of a council-controlled organisation.
- (7) Subsection (5) does not apply to an arrangement if the entity that is responsible for governance is satisfied that—
- (a) the entity responsible for delivery is a community group or a not-for-profit organisation; and
  - (b) the arrangement does not involve significant cost or risk to any local authority.
- (8) The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publicly available.
- (9) Nothing in this section requires the entity that is responsible for governance to make publicly accessible any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.

**8. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori**

8.1 Iwi have not been engaged in relation to this report.

**9. Significance and Engagement / Hiranga me te Whakawhitiwhiti ā-Hapori Whānui**

9.1 Overall, the significance of these delegations is considered low.

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
1.	Is there a high level of public interest, or is decision likely to be controversial?	Low	However, the effect is simply to approve administrative efficiency at the Council, and it is considered there is a low level of interest in staff delegations.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Low	
3.	Is there a significant impact arising from duration of the effects from the decision?	NA	
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	NA	
5.	Does the decision create a substantial change in the level of service provided by Council?	NA	
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	NA	
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	NA	
8.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	NA	
9.	Does the proposal or decision involve Council exiting from or entering into a group of activities?	NA	
10.	Does the proposal require particular consideration of the obligations of Te Mana O Te Wai (TMOTW) relating to freshwater and Affordable Waters services?	NA	

**10. Communication / Whakawhitiwhiti Kōrero**

10.1 No communications plan is required in relation to this decision.

**11. Financial or Budgetary Implications / Ngā Ritenga ā-Pūtea**

11.1 It is not considered that any of the delegations will have a financial or budgetary impact. There are potential benefits as staff will spend less time bringing decision reports to the Council where decisions are better made at an operational level.

**12. Risks / Ngā Tūraru**

12.1 One of the purposes of checking and reviewing delegations regularly is to address risk and ensure decisions are being made under the correct delegated authority.

12.2 The risks associated with these delegations are considered low and they will reduce risk to the Council by ensuring prompt action by the Council where required. In any event, if staff or a committee member feel that for whatever reason they should not exercise their delegation, they do not have to exercise it and can always elevate the decisions to their manager or to the Council.

12.3 It is important that the decisions staff need to make are well documented and supported by the appropriate delegations.

**13. Conclusion / Kupu Whakatepe**

13.1 The delegations proposed are designed to increase the efficiency of the management of Council business and ensure delegations are correct.

**14. Next Steps and Timeline / Ngā Mahi Whai Ake**

14.1 If approved the Delegations Register will be updated and republished.

**15. Attachments / Tuhinga tāpiri**

1. [↓](#) List of Legislation to be delegated

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## Council's powers under:

### 1. Local Government Act 1974

#### s339 Transport shelters

(1) The council may erect on the footpath of any road a shelter for use by intending public-transport passengers or small passenger service vehicle passengers:

provided that no such shelter may be erected so as to unreasonably prevent access to any land having a frontage to the road.

(2) The council shall give notice in writing of its proposal to erect any shelter under this section to the occupier and, if he is not also the owner, to the owner of any land the frontage of which is likely to be injuriously affected by the erection of the shelter, and shall not proceed with the erection of the shelter until after the expiration of the time for objecting against the proposal or, in the event of an objection, until after the objection has been determined.

(3) Within 14 days after the service of the notice, the occupier or owner, as the case may be, may object in writing to the council against the proposal.

(4) Where any person objects to the proposal in accordance with subsection (3), the council shall appoint a day for considering the objection and shall give notice to the objector of the time when and place where the objection is to be heard. Any such time shall be not earlier than 7 days after the date on which the notice of objection was received at the office of the council.

(5) The council shall, at the time and place stated in the notice referred to in subsection (4), consider the objection, and after hearing any submissions made by or on behalf of the objector, may either dismiss the objection or decide not to proceed with the proposal or make such modifications to the proposal to which the objection relates as it thinks fit. The hearing of any such objection may be adjourned from time to time and from place to place.

(6) Where there are more objectors than 1, the council shall, as far as practicable, hear all objections together and give each objector an opportunity of considering and being heard in respect of all other objections.

(7) No resolution under this section shall be passed until the council has considered all the objections of which notice has been given in accordance with this section.

(8) In this section the term **road** does not include an access way.

#### s353 General safety provisions as to roads

The council shall take all sufficient precautions for the general safety of the public and traffic and workmen employed on or near any road, and in particular shall—

(a) take all reasonable precautions to prevent accidents during the construction or repair by the council of any road, or when any opening is made therein by the council for the repair of drains or gas pipes or for any other purpose, and require other persons doing such work to take such precautions, by erecting barriers, devices to cause traffic to slow down, or fences across any such road or around any dangerous place therein, or otherwise, and shall cause, and require other persons doing such work to cause, any such

dangerous place to be sufficiently lighted by night; and any person removing any such protective work, or removing or extinguishing any such light, without the authority of the council, commits an offence:

(b) require the owner or occupier of any land upon which there is any hole, well, excavation, or other place dangerous to persons passing along any road forthwith to fill in, cover, or enclose the same:

(c) whenever the public safety or convenience renders it expedient, require the owner or occupier of any land not separated from a road by a sufficient fence to enclose the same by a fence to the satisfaction of the council.

### **s356 Removal of abandoned vehicles from roads**

(1) This section applies where any category A or category B or category C motor vehicle is found on a road within the district of any council and appears to have been abandoned by its owner.

(2) In the case of a category A or category B vehicle, the following provisions shall apply:

(a) the council may, or may authorise any person to, remove the vehicle and store it:

(b) no person shall remove the vehicle until a constable has been notified of the proposal to move it:

(c) the council shall make reasonable efforts to give notice to the person last registered under [Part 17](#) of the Land Transport Act 1998 in respect of the vehicle of its intention to sell the vehicle, and those efforts shall include,—

(i) in the case of a category A vehicle, taking practical steps to identify the owner of the vehicle by reference to chassis numbers or other numbers appearing on the vehicle:

(ii) in the case of a category B vehicle, identifying the owner of the vehicle by reference to such numbers and by searching the motor vehicle security register or otherwise:

(d) after making reasonable efforts to give notice under paragraph (c), the council may give not less than 10 working days' notice, by advertisement in 2 issues of a daily newspaper circulating in the district in which the road is situated, of its intention to sell the vehicle, but if the council is satisfied that the condition of the vehicle is such that it is of little or no value, it may dispense with the giving of such notice:

(e) at any time after the expiration of a notice given in accordance with paragraph (d) or at any time after the giving of such notice has been dispensed with under that paragraph, the council may sell or otherwise dispose of the vehicle to any person or otherwise dispose of the vehicle in such manner as the council thinks fit, and any person to whom such a vehicle is sold or disposed of shall thereupon become the lawful owner of the vehicle:

(f) the advertisement under paragraph (d) shall specify the following:

(i) a description of the make, model, and colour of the vehicle:

(ii) the chassis numbers and any other vehicle numbers (if known):

(iii) the location from which the vehicle was removed:

(g) the proceeds of any such sale shall be applied in payment of the costs and charges attending the sale, including the advertisement under paragraph (d), and of the expenses of the removal and storage of the motor vehicle, and the residue, if any, shall be payable to the former owner of the vehicle:

(h) where any motor vehicle is removed under this subsection, the owner shall be liable to pay to the council all expenses incurred by the council in removing and storing the vehicle,

and, where the vehicle is claimed by the owner and not sold or otherwise disposed of pursuant to this subsection, those expenses shall be payable before the owner takes delivery of the vehicle.

(3) In the case of a category C vehicle, the provisions of subsection (2) shall apply with the following modifications:

(a) the notice specified in paragraph (d) of that subsection shall not be given unless the vehicle has been stored for a period of 1 month and reasonable efforts to locate the person last registered under [Part 17](#) of the Land Transport Act 1998 in respect of the vehicle have been made by the council:

(b) in addition to specifying the matters set out in paragraph (f) of that subsection, the notice shall specify the name of the person currently registered under [Part 17](#) of the Land Transport Act 1998 in respect of the vehicle and the last known address of that person:

(c) paragraph (c) of that subsection shall apply as if the vehicle were a category B vehicle.

(4) If, after a search of the motor vehicle security register in accordance with subsection (2)(c)(ii) or subsection (3)(c), it is found that the vehicle is subject to a registered security interest, the council shall, before selling or otherwise disposing of the vehicle, notify the holder of that interest of its intention to sell or otherwise dispose of the vehicle.

(5) For the purposes of this section, —

(a) a **category A vehicle** is a motor vehicle that has neither a number plate nor a current licence label affixed to the vehicle:

(b) a **category B vehicle** is a motor vehicle that has affixed to it either a number plate or a current licence label (but not both):

(c) a **category C vehicle** is a motor vehicle that has affixed to it either—

(i) a number plate and a current licence label; or

(ii) a number plate and a licence label that expired not more than 6 months before the council took possession of the vehicle.

(6) For the purposes of this section, **council**, in relation to a State highway that is under the control of the New Zealand Transport Agency, means the New Zealand Transport Agency.

(7) Nothing in this section limits or affects anything in [section 239](#) of the Public Works Act 1981.

### **s356A Further provision in relation to removal of vehicles from roads**

(1) This section applies in relation to a motor vehicle if—

(a) the vehicle is found on a road or in a public place within a territorial authority's district; and

(b) the vehicle has—

(i) an evidence of vehicle inspection and a licence label affixed to it, but each document has expired by more than 31 days; or

(ii) an evidence of vehicle inspection affixed to it that has expired by more than 31 days and no licence label affixed to it; or

(iii) a licence label affixed to it that has expired by more than 31 days and no evidence of vehicle inspection affixed to it; or

(iv) neither an evidence of vehicle inspection nor a licence label affixed to it.

(2) The territorial authority—

- (a) may, or may authorise any person to, remove the vehicle; and
- (b) if it does so, must—
- (i) store it for 10 days (the **10-day period**); and
  - (ii) during that time, make reasonable efforts to notify the person last registered under [Part 17](#) of the Land Transport Act 1998 in respect of the vehicle—
- (A) that it has removed the vehicle; and
  - (B) that the vehicle is in storage; and
- (c) of the territorial authority’s powers under subsection (7).
- (3) However, if the territorial authority is satisfied that the condition of the vehicle is such that it is of little or no value, it may dispose of the vehicle without complying with subsection (2)(b).
- (4) A vehicle must not be removed under this section until a constable has been notified of the proposed removal.
- (5) If a vehicle is claimed by any person lawfully entitled to it before the end of the 10-day period, the territorial authority must release the vehicle to the person.
- (6) Subsection (5) applies only if any costs incurred by the territorial authority for removing and storing the vehicle are first paid.
- (7) If a vehicle is not claimed under subsection (5), the territorial authority may—
- (a) dispose of it (by sale or otherwise) at any time after the 10-day period has expired; and
  - (b) recover from the person last registered under [Part 17](#) of the Land Transport Act 1998 in respect of the vehicle any costs incurred by the territorial authority as a result of removing, storing, and disposing of the vehicle (less any amount received on the disposal of it).
- (8) A territorial authority may retain any proceeds from the disposal of a vehicle under this section that—
- (a) are not claimed by the person who owned the vehicle at the time it was disposed of within 12 months of the vehicle’s disposal; and
  - (b) are in addition to any costs incurred by the territorial authority for removing, storing, and disposing of the vehicle.
- (9) Any person to whom a vehicle is disposed of under this section becomes the lawful owner of the vehicle.
- (10) Nothing in this section limits or affects anything in [section 239](#) of the Public Works Act 1981.
- (11) For the purposes of this section,—
- evidence of vehicle inspection** has the meaning given to it in [section 2\(1\)](#) of the Land Transport Act 1998
- public place** means a place that is—
- (a) under the control of the territorial authority; and
  - (b) open to, or being used by, the public, whether or not there is a charge for admission
- territorial authority**, in relation to a State highway that is under the control of the New Zealand Transport Agency, means the New Zealand Transport Agency.\

## 2. Local Government Act 2002

Delegated to the Environment and Regulatory Committee all Council's powers, duties and functions conferred or imposed upon it under the Local Government Act, in relation to the functions of the Committee (e.g. Part 8 provisions relating to Bylaws and Development Contribution appeals).

### Delegations register

#### Existing operational property delegation in Part Three Management

CI 5.3 e) Delegation to Tier 2 Group Managers and the Property Services Manager to sign easement and other documents where the correct legal processes have been followed and where Council has previously agreed to the granting of such easements

## 3. Land Transfer Act 2017

### s109 Easement instruments

- (1) An easement instrument must contain the prescribed information.
- (2) An easement instrument must be executed by the grantor and the grantee.
- (3) The consent of a registered mortgagee of the burdened land must be obtained before registration of an instrument to register an easement or a *profit à prendre*.
- (4) The consent of a registered mortgagee of any benefited land or of any easement or *profit à prendre* must be obtained before registration of an instrument that surrenders the easement or *profit à prendre*.
- (5) The consent of a mortgagee under subsection (3) or (4) binds—
  - (a) the mortgagee; and
  - (b) any person who subsequently derives an interest in the mortgage from the mortgagee.

### s112 Easement variation instrument required to vary easements and *profits à prendre*

- (1) An easement variation instrument must be used in order to register a variation or an addition to, or an exclusion of, the rights and powers that apply to a registered easement or *profit à prendre*.
- (2) An easement variation instrument must contain the prescribed information.
- (3) An easement variation instrument must be executed by the grantor and the grantee.
- (4) The consent of the following persons must be obtained before registration of an easement variation instrument:
  - (a) a registered mortgagee of the easement or *profit à prendre*; and
  - (b) a registered mortgagee of the burdened land and of any benefited land.
- (5) The consent of a mortgagee under subsection (4) binds—
  - (a) the mortgagee; and
  - (b) any person who subsequently derives an interest in the mortgage from the mortgagee.

### s138 Caveats against dealings with land

- (1) A person may lodge a caveat against dealings with an estate or interest in land (a **caveat against dealings**) on the basis that the person—

- (a) claims an estate or interest in the land, whether capable of registration or not; or
  - (b) has a beneficial estate or interest in the land under an express, implied, resulting, or constructive trust; or
  - (c) is transferring the estate or interest in the land to another person to be held on trust; or
  - (d) is the registered owner of the estate or interest in the land and—
    - (i) has an interest that is distinct from that of registered owner; or
    - (ii) establishes to the satisfaction of the Registrar that at the time the caveat is lodged there is a risk that the estate or interest may be lost through fraud.
- (2) A caveat against dealings document must be executed by the caveator or the caveator's agent.
- (3) A caveat against dealings document must contain the prescribed information.

#### **s142 Removal of caveat against dealings**

The court may, on application by a person who has an estate or interest affected by a caveat against dealings, order that the caveat is removed.

#### **s143 Lapse of caveat against dealings**

- (1) The following persons may apply to the Registrar for the lapse of a caveat against dealings affecting an estate or interest in land:
- (a) a person who wishes to register an instrument affecting the estate or interest protected by the caveat; or
  - (b) the registered owner or a person acting for or on behalf of the registered owner of the estate or interest affected by the caveat.
- (2) The Registrar must give notice of an application under subsection (1) to the caveator.
- (3) A caveat to which an application relates lapses unless,—
- (a) within 10 working days after the date on which the Registrar gives notice of an application under subsection (1) to the caveator, the caveator gives notice to the Registrar that an application has been made to the court for an order that the caveat not lapse; and
  - (b) within 20 working days after the date on which the caveator gives a notice to the Registrar under paragraph (a) (the **relevant period**), an order of the kind referred to in subsection (4) is served on the Registrar.
- (4) The orders are—
- (a) an order that the caveat not lapse;
  - (b) an interim order that the caveat not lapse;
  - (c) an order adjourning the application.
- (5) The caveat lapses if the court makes an order to that effect before the close of the relevant period.
- (6) If the court makes an order under subsection (4)(b) or (c), the caveat will not lapse if, after the close of the relevant period,—
- (a) the court makes a final order that the caveat not lapse; and
  - (b) the order is served on the Registrar.
- (7) If the court makes an order under subsection (4)(b) or (c), the caveat will lapse if, after the close of the relevant period,—
- (a) the court makes a final order that the caveat lapse; and
  - (b) the order is served on the Registrar.
- (8) An application under subsection (1) for the lapse of a caveat may be withdrawn—

- (a) with the leave of the court only, if the caveator has applied to the court for an order that the caveat not lapse:
- (b) without the need for leave of the court if—
  - (i) the Registrar has not yet given notice to the caveator under subsection (2); or
  - (ii) the Registrar has given notice to the caveator under subsection (2), but the caveator has not yet applied to the court for an order that the caveat not lapse.

**s144 Withdrawal of caveat against dealings**

- (1) A caveat against dealings may be withdrawn as to the whole or part of the estate or interest protected by the caveat by the caveator or the caveator’s agent under a written authority.
- (2) Despite subsection (1), if a registrable instrument purporting to give effect to the estate or interest of the caveator is lodged for registration immediately following a withdrawal of a caveat previously lodged to protect that estate or interest, the authority of any agent executing the withdrawal on behalf of the caveator need not be in writing.

**s145 Caveator may consent to registration of instrument**

- (1) A caveator may consent to the registration of an instrument that affects the estate or interest protected by a caveat against dealings.
- (2) Consent is subject to the rights of the caveator.

## 7.11 LOCAL GOVERNMENT FUNDING AGENCY - DRAFT STATEMENT OF INTENT 2024-2027

**Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Mike Drummond, Group Manager - Finance
<b>Report Authorisers:</b>	Leonie Rae, Acting Chief Executive Officer
<b>Report Number:</b>	RCN24-03-15

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 In November 2023, the Local Government Shareholder Council sent its Letter of Expectations to the Local Government Funding Agency (LGFA) (**Attachment 1**).
- 1.2 The draft Statement of Intent (SOI) for 2024-2027 has now been received (**Attachment 2**) with a letter from Mark Butcher, Chief Executive, LGFA dated 28 February 2024, addressing Shareholder Expectations and the draft SOI (**Attachment 3**).
- 1.3 The draft SOI continues the LGFA transition to providing a more flexible and sustainable lending programme to councils.
- 1.4 This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Water Done Well Programme. The LGFA is awaiting further information as the enabling legislation is due to be introduced in June and December 2024 but are assuming in the meantime a business-as-usual approach to council and CCO borrowing. The final SOI due in June 2024 will be updated from this draft to incorporate any future announcements and will include a statement if there have been any material changes to the LGFA forecast assumptions.
- 1.5 Key points from the draft SOI are set out in Section 4 of this report.
- 1.6 The Shareholders' Council will meet prior to the final Statement of Intent being adopted to provide feedback to the LGFA. As a member of the Shareholders' Council, our participation in this process is encouraged. Any Council feedback can be provided to the Group Manager – Finance who is the Council's representative on the LGFA Shareholders' Council.
- 1.7 Comments and feedback on the draft SOI are due by 1 May 2024. The final SOI will be provided to Shareholders by 30 June 2024.
- 1.8 Staff recommend that the Council agrees to the draft Statement of Intent and acknowledges that the Local Government Funding Agency Shareholders' Council will provide feedback (if any) on the draft Statement of Intent on behalf of all the Shareholding Councils.

### 2. Recommendation/s / Ngā Tūhunga

**That the Tasman District Council**

1. receives the Local Government Funding Agency - Draft Statement of Intent 2024-2027 Report, RCN23-03-15; and
2. receives the Local Government Funding Agency draft Statement of Intent 2024/27 (Attachment 2 to the agenda report); and
3. agrees to the draft Statement of Intent (Attachment 2 to the agenda report) and acknowledges that the Local Government Funding Agency Shareholders' Council will provide feedback (if any) on the draft Statement of Intent on behalf of Shareholding Councils; and
4. receives the letter from the Chief Executive, Local Government Funding Agency, dated 28 February 2024 (Attachment 3 to the agenda report).

### 3. Purpose of Report

- 3.1 To provide an update on the Local Government Funding Agency draft Statement of Intent 2024-2027 and receive any feedback from the Council on this draft.

### 4. Background and Discussion

- 4.1 This is a routine report on the LGFA draft statement of intent. The Group Manager Finance engages regularly with the LGFA and participates on the shareholders council.
- 4.2 The LGFA Shareholders Council on behalf of shareholders presented a Statement of Expectations to the Company in November 2023 (**Attachment 1**). The statement of Expectations covers areas of focus the council wishes the company to consider in developing its draft SOI.
- 4.3 We have received the LGFA draft Statement of Intent (SOI) for the 2024-2027 years (**Attachment 2**) and accompanying letter from the Chief Executive (**Attachment 3**).
- 4.4 The Shareholders' Council (SC) will meet again prior to the final SOI being received and will provide further feedback if necessary. We are encouraged, as a Council member of the Shareholder Council, to participate in this process.
- 4.5 This Council is a Foundation Shareholder in the LGFA and has repaid the loans used to fund its shares in the LGFA. We are also a party to the Cross Guarantee. Being a party to the Guarantee is a requirement for councils borrowing more than \$20 million from the LGFA.
- 4.6 The LGFA continues to focus on delivering strong results for shareholders and other council borrowers.
- 4.7 Staff concur with the following points regarding the draft 2024/2027 SOI that have been provided by the LGFA.

***“For our borrowing councils we seek to optimise funding terms and conditions by***

- *Achieving savings in borrowing costs*
- *Providing longer dated funding and*
- *Providing certainty of access to markets*

***For our shareholders we are focused on***

- *Delivering a strong financial performance*
- *Monitoring asset quality*

- *Enhancing our approach to treasury and risk management, and*
- *Ensuring we have the correct governance framework and capital structure in place.*

**For our guarantors we are focused on**

- *Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.*

**The following points regarding the draft SOI 2024-27 are worth noting:**

- *This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Waters Done Well Programme. We are awaiting further information as the enabling legislation is introduced in June and December 2024 but will assume in the meantime a business-as-usual approach to council and CCO borrowing. The final SOI in June 2024 will be updated from this draft to incorporate any future announcements and will include a statement if there have been any material changes to our forecast assumptions.*
- *Profitability is forecast to remain strong with projections for Net Operating Gain of \$15.1 million, \$13.1 million, and \$10.1 million for the next three years. However, we remain cautious in placing too much emphasis on the year two (2025-26) and three (2026-27) forecasts given we have \$7.1 billion of LGFA bonds and \$7.5 billion of council and CCO loans maturing over the three-year SOI forecast period. This is because assumptions regarding the amount and timing of refinancing and interest rates have a material impact on financial projections.*
- *We have increased our forecast for council loans (short and long term) outstanding as at June 2025 to \$22.08 billion and to \$24.45 billion as at June 2026 (from \$20.03 billion and \$21.50 billion in the previous SOI). This increase reflects a higher starting position as at 30 June 2024 and councils undertaking further capex and continued high utilisation of short-term borrowing from LGFA.*
- *We are assuming gross bond issuance of \$5.25 billion (2024-25), \$5.04 billion (2025-26) and \$4.72 billion (2026-27) based on council gross lending of \$4.60 billion (2024-25), \$4.86 billion (2025-26) and \$5.08 billion (2026-27).*
- *Net interest income is expected to gradually reduce over the forecast period as the balance sheet grows from increased council lending but is offset by a larger holding of liquid assets and slightly lower forecast interest rates.*
- *We have assumed a modest narrowing in lending margins as more councils and CCOs take up our Climate Action Loan (CAL) product and we undertake more Green, Social and Sustainability (GSS) lending to councils and CCOs. Given the recent announcement from S&P Global Ratings regarding the lowering of the trend within the local government sector institutional framework, we have assumed no further improvement in the credit quality of the sector.*
- *Compared to the previous SOI, issuance and operating expenses, excluding Approved Issuer Levy are forecast to be approximately \$700k higher in the 2024-25 and \$600k in 2025-26 financial years. This is due to forecast higher IT, HR and legal costs associated with increased foreign currency issuance, water reforms and increased staffing.*
- *The proposed SOI performance targets are similar to the previous SOI. The focus remains on sustainability, assisting councils with greenhouse gas (GHG) emission*

*reporting, monitoring the credit quality of the sector, and assisting with the implementation of Local Water Done Well Programme.*

- *As noted above, there is some timing uncertainty within the SOI forecast relating to council loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the council loans that are due to mature in April 2025, April 2026 and April 2027. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.”*

4.8 Provision of questions or comments to the LGFA or the Shareholder Council are required by 1 May 2024 and the LGFA Board will consider any feedback received and provide a final version of the SOI to Shareholders by 30 June 2024.

## 5. Options

5.1 The options are outlined in the following table.

	<b>Option</b>	<b>Advantage</b>	<b>Disadvantage</b>
1.	<b>Option 1</b> (recommended) – to accept the draft SOI and advise the LGFA (and the LGFA Shareholders Council) that the Council has no specific changes it wishes them to consider in drafting the final SOI.	The Council, through its representation by the Group Manager – Finance on the LGFA Shareholders Council, already has input into the draft SOI process.	There may be matters of concern or emphasis that the Council wishes to pursue with the LGFA board and management.
2.	<b>Option 2</b> - to refer matters of concern regarding the draft SOI to the LGFA Shareholders Council with commentary on areas of the SOI that the Council believes need attention, prior to reconsideration of the final SOI by the Council.	The Council, through its representation by the Group Manager – Finance on the LGFA Shareholders Council, already has input into the draft SOI process.  By itself, the Council cannot effect any change to the draft SOI.  Providing feedback would allow that to be considered alongside other Shareholding Councils views.	A decision not to support the draft SOI, as negotiated between the Shareholders Council and the LGFA, would result in some difficulties given the role of the Shareholders Council.  Changes would be managed through the Shareholders Council, and they would require the agreement of both the LGFA and the majority of shareholders
	<b>Option 3</b> - To formally refer the SOI back to the LGFA Board with comments on the areas	This is a legal option, and the Council may choose to engage directly with the Board.	By itself, the Council cannot effect any change to the draft SOI.

	<b>Option</b>	<b>Advantage</b>	<b>Disadvantage</b>
	of the SOI that need attention prior to reconsideration of the final SOI by the Council.		Any changes would still need to be managed through the Shareholders Council as they would require the agreement of both the LGFA and the majority of shareholders

- 5.2 Option 1, to accept the draft SOI and advise the LGFA (and the LGFA Shareholders Council) that the Council has no specific changes it wishes them to consider in drafting the final SOI, is recommended.

## **6. Strategy and Risks**

- 6.1 There is no identified change in risks or benefits associated with the LGFA operations and this draft SOI. The company has provided the half yearly report to the Council. This covered financial, and non-financial performance measures. There are no matters that require the attention of the Council. The Half Year Report is covered in a separate staff report to this meeting.
- 6.2 There is a risk that the relationship between the Shareholder Councils and the LGFA could be significantly damaged if there is a failure of this Council and the LGFA Shareholders Council to agree on the 2024-2027 LGFA SOI.
- 6.3 As the LGFA has the Crown and other councils as shareholders, the shareholder interactions are managed through the LGFA Shareholders Council. The Council will need to consider the views and preferences of the LGFA Shareholders Council and its members in any decision to provide direct feedback to the LGFA.

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

- 7.1 The LGFA must have an SOI that complies with Clauses 7 to 10 of schedule 8 of the Local Government Act 2002 (LGA). The draft SOI complies with these legal requirements.
- 7.2 The Statement of Intent must not be inconsistent with the Company's (LGFA) constitution.
- 7.3 Draft SOIs must be delivered to Shareholding Councils on or before 1 March each year. Shareholders may extend this deadline for a period or periods up to one calendar month.
- 7.4 The LGA Schedule 8(2) requires the Board to consider any comments on the draft SOI that are made to it by the first of May and deliver a completed SOI to Shareholders on or before 30 June each year. This is managed through the LGFA Shareholders' Council.
- 7.5 Section 65 (2) of the LGA requires the Council (as a Shareholder) as soon as practicable after receiving an SOI to agree to the SOI, or if it does not agree to take all practicable steps under Clause 6 of Schedule 8 of the LGA to require the SOI to be modified.
- 7.6 Clause 6 of Schedule 8 to the LGA allows shareholders to impose certain SOI provisions on the company. Such a course of action would require shareholders to agree on the changes to be imposed.
- 7.7 Section 64(9) of the LGA requires each Shareholding Local Authority to publish the **adopted** Statement of Intent on an internet site maintained by or on behalf of the local authority within

one month of adopting it and it must maintain the statement on that site for no less than seven years.

## 8. Consideration of Financial or Budgetary Implications

- 8.1 There are no budgetary or financial implications in providing feedback on the draft Statement of Intent. The cost of preparing this report and managing the SOI process are provided for in existing budgets.

## 9. Significance and Engagement

- 9.1 This is a routine matter, and the significance of this report is assessed as low and no special engagement with the community is required.
- 9.2 The draft LGFA Statement of Intent is also available to the public on the LGFA website (<https://www.lgfa.co.nz>) for those members of the community with a particular interest.

	Issue	Level of Significance	Explanation of Assessment
1.	Is there a high level of public interest, or is decision likely to be controversial?	No - low	
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	No - low	
3.	Is there a significant impact arising from duration of the effects from the decision?	No - low	
4.	Does this activity contribute or detract from one of the goals in the <a href="#">Tasman Climate Action Plan 2019</a> ?	No low	
5.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Yes low	The Council's investment in the LGFA is considered a strategic asset. This decision does not impact that investment.
6.	Does the decision create a substantial change in the level of service provided by Council?	No - Low	
7.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	No – low	

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
8.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	No - low	
9.	Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	No - low	
10	Does the proposal or decision involve Council exiting from or entering into a group of activities?	No - low	
11	Does the proposal require inclusion of Māori in the decision making process (consistent with s81 of the LGA)?	No - low	

## 10. Conclusion

10.1 The draft SOI provides for the status quo in terms of direction and approach by the LGFA. In the draft SOI, the LGFA has met the expectations of the Shareholders' Council. The staff recommendation is for Tasman District Council to agree to the draft SOI.

## 11. Next Steps / Timeline

11.1 The members' responses to the SOI will be reviewed by the LGFA Shareholders' Council at its next scheduled meeting.

11.2 The final SOI will be received by Shareholders by 30 June 2024.

11.3 A link to the draft SOI will be placed on the Tasman District Council's website.

## 12. Attachments / Tuhinga tāpiri

1. <a href="#">↓</a>	LGFA Shareholders Council 2023 Letter of Expectations to LGFA	267
2. <a href="#">↓</a>	Local Government Funding Agency Draft Statement of Intent 2024-2027	269
3. <a href="#">↓</a>	LGFA Letter to Shareholders to accompany Draft Statement of Intent	280



24 November 2023

Craig Stobo  
 Chair  
 New Zealand Local Government Funding Agency Ltd  
 P O Box 5704  
 Wellington 6145

Dear Craig,

### **Shareholder Expectations and the Statement of Intent 2024-2027**

I am writing to set out the Shareholders' Council's (the Council's) expectations of the New Zealand Local Government Funding Agency Ltd (LGFA) for consideration in the LGFA's business planning for the upcoming year and the development of its 2024-2027 Statement of Intent (SOI).

The Council values its existing positive and open working relationship with LGFA, and the on-going success of your key role of providing certainty of market access, tenor, and pricing to the sector. We also appreciate your on-going communication efforts, particularly the annual Borrower's Day and stakeholder survey, and the quarterly LGFA and Economic Update webinars.

We would like you to consider the following topics in your SOI development:

#### ***Succession planning***

The Council recognises the importance of deep financial expertise in LGFA's Board, and of ensuring that Board membership has sufficient strength in this area to maintain regular scheduled Director rotations without undermining Board effectiveness. We would like LGFA to make Board succession planning a priority for next year.

#### ***Advocacy***

LGFA's specialist knowledge, political independence, and shareholding spanning both central and local government gives it a unique perspective from which to advise on the likely impacts of proposed legislation and reforms in the local government sector.

The Council would like LGFA to maintain productive relationships with central government representatives and keep abreast of legislative and regulatory changes, making formal and informal submissions where possible:

- For major policy changes that could affect LGFA, such as Future for Local Government reform, proactively analyse impacts and communicate them clearly to Local Authorities so they fully understand the issues.
- For less significant reform, such as Reserve Bank Liquidity regulations, focus on the potential financial impacts.

**Potential lending to new Water entities**

The Council recognises the potential risks and opportunities to LGFA's lending activity and Local Authorities' debt ratios as a result of water reform. We would like LGFA to continue its engagement with the sector and central government agencies, to enable analysis of these risks and opportunities to be developed as the legislative landscape becomes clearer. We support your current strategic focus to:

- Offer LGFA as a potential funding solution for the sector, through pro-active engagement with central government agencies; and
- Maintain an LGFA credit rating equal to the Crown.

In the event of a CCO/CCTO structure emerging, the Council would expect LGFA's current credit and security processes to be broadly unchanged, including the potential for Group-level financial ratio covenants. In any event, any changes to LGFA's business arising from water reforms should reflect Shareholders' relatively low risk appetite and would require shareholder agreement.

**Innovative products and services**

The Council acknowledges LGFA's leadership in providing climate-related lending products, and your inaugural Sustainability Bond offering in 2022/23.

We support your relatively narrow range of debt-related products (including climate-related loans), as this ensures that your finite resources remain focused on LGFA's areas of greatest competitive advantage.

**Performance indicators**

The Council is comfortable with LGFA's Dividend Policy and current Statement of Intent (SOI) performance indicators. We would like you to consider whether any enhancements and/or rationalisation of performance targets might be appropriate in your 2024-2027 SOI, and to continue to keep us up to date through our regular meetings with on-going developments in your risk management practices.

**Delivery of draft 2024-2027 SOI**

The Council would like to discuss the content of this letter and the LGFA's views on its priorities for 2024-2027. We look forward to receiving the company's draft SOI as early as possible, to allow us to engage effectively with shareholders. After that, the Council will respond with feedback as promptly as possible, and prior to the statutory deadline of 1 May 2024, so that the company can deliver its final SOI by 30 June 2024.

Please do not hesitate to contact me if you have any queries or comments.

Yours sincerely,



Kumaren Perumal

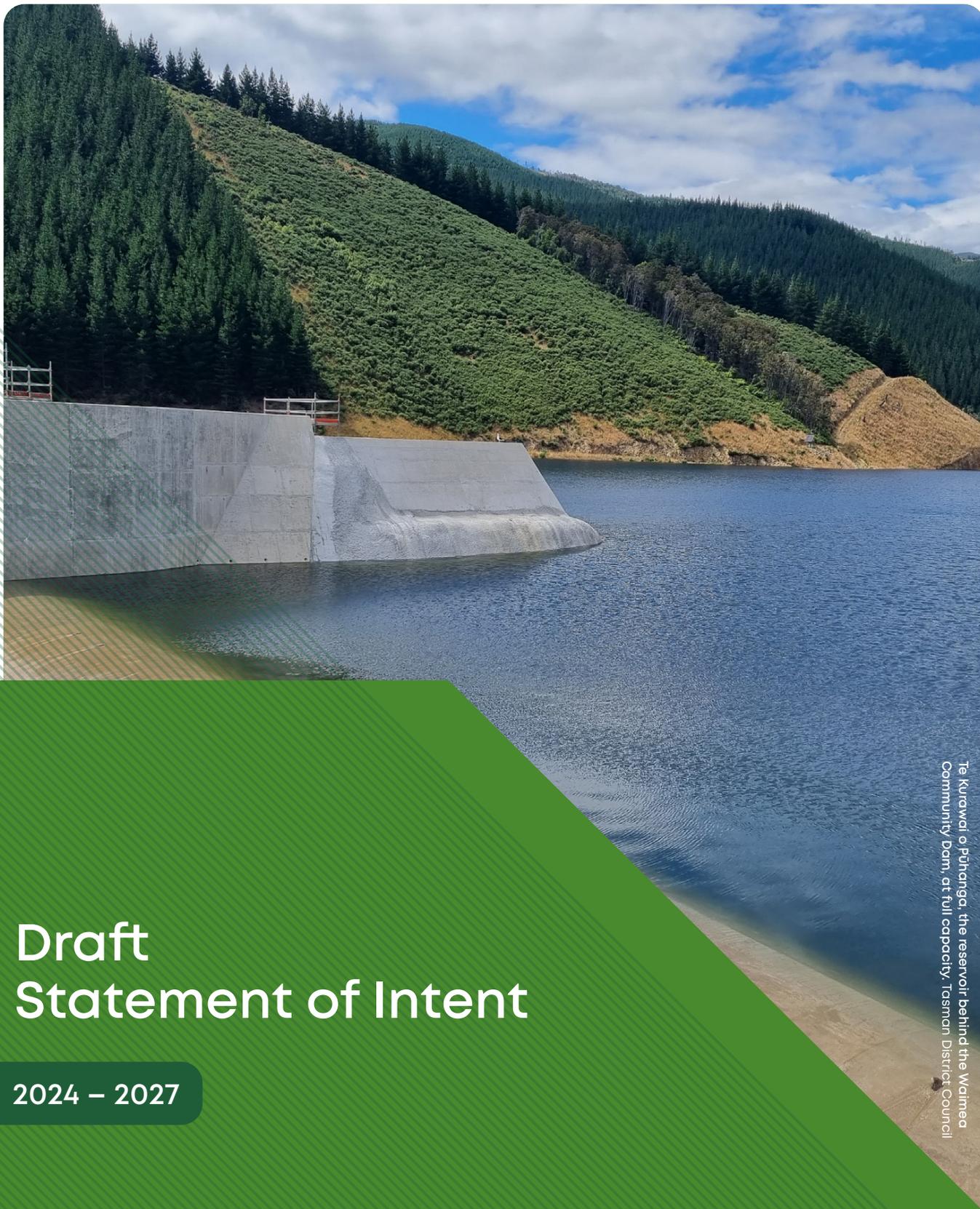
Chair

LGFA Shareholders' Council

cc. Mark Butcher, Chief Executive LGFA



New Zealand Local  
Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe



Te Kūrowai o Pūhanga, the reservoir behind the Waimera Community Dam, at full capacity. Tasman District Council

# Draft Statement of Intent

2024 – 2027

## 1. Introduction

This Statement of Intent (SOI) sets out the nature and scope of the activities, objectives and performance targets for the New Zealand Local Government Funding Agency Limited (LGFA) for the three-year period 1 July 2024 to 30 June 2027. LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

**Note:** This SOI, including financial forecasts, assumes that LGFA continues to lend to the water sector, either through councils as it does at present, or through any new structures under the Local Water Done Well reforms. We are awaiting further information relating to the establishment of the Water CCOs; how Water CCOs are intending to structure their borrowing; how the transition of revenue and debt will occur between our council members and Water CCOs, and the impact on future council borrowing intentions.

## 2. Nature and scope of activities

LGFA raises debt funding for the purpose of providing debt financing to New Zealand local authorities and CCOs (participating borrowers).

LGFA may raise debt funding domestically or offshore in either NZ dollars or foreign currency.

LGFA only lends to participating borrowers that have entered into required legal and operational arrangements and comply with the LGFA's lending policies.

In addition, LGFA may undertake any other activities considered by the LGFA Board to be reasonably related, incidental to, or in connection with that business.

## 3. Our purpose Ta tatou kaupapa

**Benefiting local communities through delivering efficient financing for local government.**

**Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.**

## 4. Our values Ō mātau uara

**We act with integrity**

**E pono ana mātau**

We are honest, transparent and are committed to doing what is best for our customers and our company.

**We are customer focused**

**E arotahi ana mātau ki te kiritaki**

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference.

**We strive for excellence**

**E whakapau kaha mātau kia hiranga te mahi**

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.

**We provide leadership**

**He kaiārahi mātau**

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.

**We are innovative**

**He auaha mātau**

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

## 5. Foundation objectives

The Shareholders' Agreement is a foundation document and states that, in accordance with the Local Government Act, in carrying on its business the objectives of the Company will be to:

- (a) achieve the objectives of the Shareholders (both commercial and non-commercial) as specified in the Statement of Intent. The Shareholders agree that the Company shall carry on its business with a view to making a profit sufficient to pay a dividend in accordance with the Dividend Policy, but that the primary objective of the Shareholders with respect to the Company is that it optimises the terms and conditions of the debt funding it provides to Participating Local Authorities;
- (b) be a good employer;
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) conduct its affairs in accordance with sound business practice.

This Statement of Intent sets out the company's strategic priorities, together with associated objectives and performance targets, which align with the foundation objectives and have been agreed with shareholders.

## 6. Strategic priorities

The following five strategic priorities encompass the foundation objectives and guide the LGFA Board and management in determining our strategy, objectives and associated performance targets.

### Governance, capability and business practice

LGFA is committed demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

### Optimising financing services for local government

LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

### Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

### Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

### Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

## 7. Objectives and performance targets

This section sets out LGFA's objectives and performance targets for SOI 2024-2027.

The financial performance targets are focused on the 2024-2025 year and, as applicable, are based on the financial forecasts outlined in section 8.

### Governance, capability and business practice

Objectives	How we measure our performance
Demonstrate best practice corporate governance.	The Annual Report outlines our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The Shareholders' Council has requested a focus on succession planning for the Board.
Set and model high standards of ethical behaviour.	LGFA has adopted a Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Achieve the shareholder-agreed objectives and performance targets specified in this Statement of Intent.	LGFA reports performance against objectives quarterly to shareholders and in our Annual and Half Year Reports.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Financial performance is reported quarterly to shareholders and in our Annual and Half Year Reports.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff	The Annual Report reports on our health and safety and wellbeing practices and policies, compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2024-2025 target
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.
Succession plans be put in place for the Board and staff and be reviewed annually.	Plan established and shared.
LGFA's total operating income for the year to 30 June 2025.	>\$29.8 million.
LGFA's total operating expenses for the year to 30 June 2025.	<\$15.6 million.

### Optimising financing services for local government

Objectives	How we measure our performance
Provide interest cost savings relative to alternative sources of financing.	Measure LGFA issuance spreads against other high-grade issuers in the New Zealand domestic capital markets.
Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.	Measure LGFA's share of overall council borrowing. Survey participating borrowers on an annual basis.
Deliver operational best practice and efficiency for lending services.	Monitor settlements errors for new trades and cashflows. Survey participating borrowers on an annual basis.
Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.	Maintain a vibrant primary and secondary market in LGFA bonds. Monitor participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges.

Performance targets	2024-2025 target
Share of aggregate long-term debt funding to the Local Government sector.	> 80%
Total lending to Participating Borrowers.	> \$22,000 million.
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%

## Environmental and social responsibility

Objectives	How we measure our performance
Develop our sustainability strategy to include the estimated financial impacts of climate change.	LGFA sustainability strategy incorporates an assessment of the estimated financial impacts of climate change.
Improve sustainability outcomes within LGFA.	LGFA is committed to reducing our carbon emissions and maintaining formalised processes to measure our greenhouse gas (GHG) emissions.

Performance targets	2024-2025 target
Comply with the Health and Safety at Work Act 2015	No breaches.
Maintain Toitū Carbon Zero certification	Carbon-zero certification maintained.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.
Increase our GSS lending book and Climate Action Loans	Two new GSS loans undertaken. Three new borrowers enter into CALs.
Ensure Annual Report is prepared in compliance with applicable GRI Standards	100%
Meet all mandatory climate reporting standards	100%

## Effective management of loans

Objectives	How we measure our performance
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	LGFA reviews all participating councils and CCOs financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.
Analyse finances at the Council group level where appropriate and report to shareholders.	Participating borrowers are required to complete annual compliance certificates by the end of November each year.
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	Number of participating borrowers visited in a year.
Work with central government and local government to facilitate a sector-wide successful transition of debt under the Local Water Done Well Programme.	LGFA is an active participant in the Local Water Done Well Programme.

Performance targets	2024-2025 target
Review each Participating Borrower's financial position.	100%
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%

## Industry leadership and engagement

Objectives	How we measure our performance
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	Report on actions undertaken and progress made on sector issues. Identifying any legislative or Central Government policy changes that may impact LGFA and undertake formal or informal submissions.
Assist the local government sector with significant matters such as the Local Water Done Well Reforms and Future for Local Government	Assist the local government sector to understand any legislative or Central Government policy changes that may impact LGFA.
Maintain productive relationships with central government representatives.	Report on the alignment of LGFA and councils climate and emissions reporting requirements
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	Report back in how we are helping smaller councils' understand future reporting requirements.

## 8. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2027:

Comprehensive income \$m	Jun 25	Jun 26	Jun 27
<b>Net Interest income</b>	<b>28.3</b>	<b>28.3</b>	<b>27.0</b>
Other operating income	1.5	1.5	1.5
<b>Total operating income</b>	<b>29.8</b>	<b>29.8</b>	<b>28.5</b>
Approved Issuer Levy	4.2	5.8	7.2
Issuance & onlending costs	4.1	4.2	4.3
Operating overhead	6.3	6.6	6.9
<b>Issuance and operating expenses</b>	<b>14.6</b>	<b>16.6</b>	<b>18.4</b>
<b>P&amp;L</b>	<b>15.1</b>	<b>13.1</b>	<b>10.1</b>
Financial position (nominals) \$m	Jun 25	Jun 26	Jun 27
Liquid assets portfolio	2,379	2,788	2,769
Loans to local government	22,086	24,456	26,053
Total Assets	24,465	27,244	28,823
<b>Bonds on issue (ex Treasury stock)</b>	<b>22,332</b>	<b>25,017</b>	<b>26,486</b>
Bills on issue	1,350	1,350	1,350
Borrower notes	508	573	623
Total Liabilities	24,190	26,940	28,459
Capital	25	25	25
<b>Total Liabilities</b>	<b>19,308</b>	<b>20,509</b>	<b>21,577</b>

Capital	25	25	25
Retained earnings	106	118	126
Dividend	(2)	(2)	(2)
<b>Shareholder equity</b>	<b>130</b>	<b>141</b>	<b>149</b>
<b>Ratios</b>	<b>Jun 25</b>	<b>Jun 26</b>	<b>Jun 27</b>
Liquid assets/funding liabilities	10.4%	10.9%	10.2%
Liquid assets / total assets	9.7%	10.2%	9.6%
Net interest margin	0.13%	0.12%	0.10%
Cost to income ratio	49.2%	55.9%	64.5%
Return on average assets	0.06%	0.05%	0.04%
Shareholder equity/total assets	0.5%	0.5%	0.5%
Shareholder equity + BN/total assets	2.6%	2.6%	2.7%
Asset growth	12.8%	11.4%	5.8%
Loan growth	11.3%	10.7%	6.5%
Return on equity	13.0%	10.1%	7.2%
Capital ratio	13.0%	13.1%	13.4%

The above forecasts assume a gross bond issuance programme of \$5.25 billion (FY25), \$5.04 billion (FY26) and \$4.72 billion (FY27) based upon term lending to councils of \$4.60 billion (FY25), \$4.86 billion (FY26) and \$5.08 billion (FY27).

Note there is a high level of uncertainty regarding the financial forecasts for both council borrowing and LGFA bond issuance due to the uncertainty relating to the impact on councils from the Local Water Done Well Reforms.

## 9. Dividend policy

LGFA primary objective is to maximise benefits to participating borrowers rather than shareholders. Consequently, it is intended to pay a limited dividend to shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA fixed rate bond cost of funds plus 2% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

## 10. Governance

### Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board comprises six directors with five being independent directors and one being a non-independent director.

The Board's approach to governance is to adopt best practice with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter.

The Board will meet on a regular basis and no fewer than six times each year.

### Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

## 11. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

### Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act 1993 and Financial Reporting Act 2013. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company.

### Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002.

### Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Borrower's (in credit rating bands).
- Comparison of LGFA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of the preceding financial year).
- To the extent known by LGFA, details of all events of review in respect of any Participating Borrower that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).
- Details of any lending to CCOs during the quarter and the amount of CCO loans outstanding.
- Commentary on sustainability initiatives.

### Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

### Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

## 12. Acquisition / divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's approved lending and investment policies.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

## 13. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such activities.

Currently there are no activities for which compensation will be sought from Shareholders.

## 14. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA fixed rate bond cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considered that at establishment the commercial value of LGFA was equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares of \$25 million. This equates to a value per share of \$1.00.

## 15. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

### Statement of Accounting Policies

#### 1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

#### 2. Statement of compliance

LGFA is an FMC reporting entity under the Financial Markets Conduct Act 2013 (FMCA). These financial statements have been prepared in accordance with that Act and the Financial Reporting Act 2013. LGFA's bonds are quoted on the NZX Debt Market.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and they comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

### 3. Basis of preparation

#### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

#### Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

#### Changes in accounting policies

There have no changes to accounting policies.

#### Early adoption standards and interpretations

LGFA has not early adopted any standards.

#### Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements.

#### Financial instruments

##### Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

##### Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

##### Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

##### Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

## Other assets

### Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

### Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

## Other liabilities

### Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

## Revenue

### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

## Expenses

Expenses are recognised in the period to which they relate.

### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

## Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.



28 February 2024

Dear Shareholder

### **Draft Statement of Intent 2024-2027**

Please find attached a copy of our draft Statement of Intent (SOI) for 2024-2027.

LGFA continues to focus on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Providing longer dated funding and
- Providing certainty of access to markets

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality
- Enhancing our approach to treasury and risk management, and
- Ensuring we have the correct governance framework and capital structure in place.

For our guarantors we are focused on

- Minimising the risk of a call upon the guarantee through actively monitoring and managing the business risks faced by LGFA including operational, credit, liquidity, interest rate and funding risk.

The following points regarding the draft SOI 2024-27 are worth noting:

- This draft SOI, including financial forecasts, assumes that there are no implications for LGFA from the Local Waters Done Well Programme. We are awaiting further information as the enabling legislation is introduced in June and December 2024 but will assume in the meantime a business-as-usual approach to council and CCO borrowing. The final SOI in June 2024 will be updated from this draft to incorporate any future announcements and will include a statement if there have been any material changes to our forecast assumptions.
- Profitability is forecast to remain strong with projections for Net Operating Gain of \$15.1 million, \$13.1 million, and \$10.1 million for the next three years. However, we remain cautious in placing too much emphasis on the year two (2025-26) and three (2026-27) forecasts given we have \$7.1 billion of LGFA bonds and \$7.5 billion of council and CCO loans maturing over the three-year SOI forecast period. This is because assumptions regarding the amount and timing of refinancing and interest rates have a material impact on financial projections.

- We have increased our forecast for council loans (short and long term) outstanding as at June 2025 to \$22.08 billion and to \$24.45 billion as at June 2026 (from \$20.03 billion and \$21.50 billion in the previous SOI). This increase reflects a higher starting position as at 30 June 2024 and councils undertaking further capex and continued high utilisation of short-term borrowing from LGFA.
- We are assuming gross bond issuance of \$5.25 billion (2024-25), \$5.04 billion (2025-26) and \$4.72 billion (2026-27) based on council gross lending of \$4.60 billion (2024-25), \$4.86 billion (2025-26) and \$5.08 billion (2026-27).
- Net interest income is expected to gradually reduce over the forecast period as the balance sheet grows from increased council lending but is offset by a larger holding of liquid assets and slightly lower forecast interest rates.
- We have assumed a modest narrowing in lending margins as more councils and CCOs take up our Climate Action Loan (CAL) product and we undertake more Green, Social and Sustainability (GSS) lending to councils and CCOs. Given the recent announcement from S&P Global Ratings regarding the lowering of the trend within the local government sector institutional framework, we have assumed no further improvement in the credit quality of the sector.
- Compared to the previous SOI, issuance and operating expenses, excluding Approved Issuer Levy are forecast to be approximately \$700k higher in the 2024-25 and \$600k in 2025-26 financial years. This is due to forecast higher IT, HR and legal costs associated with increased foreign currency issuance, water reforms and increased staffing.
- The proposed SOI performance targets are similar to the previous SOI. The focus remains on sustainability, assisting councils with greenhouse gas (GHG) emission reporting, monitoring the credit quality of the sector, and assisting with the implementation of Local Water Done Well Programme.
- As noted above, there is some timing uncertainty within the SOI forecast relating to council loans and LGFA bonds outstanding as we need to project both the repayment amount and repayment timing of the council loans that are due to mature in April 2025, April 2026 and April 2027. Decisions made by our council members regarding early refinancing will have a phasing impact across all three years in the SOI forecast.

If you have any questions or wish to provide comments by 1 May 2024 then please feel free to contact myself or any member of the Shareholders Council. The LGFA board will consider any feedback received and provide a final version of the SOI to shareholders by 30 June 2024.

Yours sincerely



Mark Butcher  
Chief Executive

## 7.12 LOCAL GOVERNMENT FUNDING AGENCY - HALF YEAR REPORT 31 DECEMBER 2023

Information Only - No Decision Required

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Mike Drummond, Group Manager - Finance
<b>Report Authorisers:</b>	Leonie Rae, Acting Chief Executive Officer
<b>Report Number:</b>	RCN24-03-16

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 The New Zealand Local Government Funding Agency (LGFA) half year report to Shareholders was delivered on 28 February 2024. The half year report is attached as **Attachment 1**.
- 1.2 The report was accompanied by a covering letter from Mark Butcher, Chief Executive LGFA and is attached as **Attachment 2**.
- 1.3 The report has been provided to allow the Council to consider the Company's performance.
- 1.4 Oversight of the Company and advice to Shareholders is carried out by the LGFA Shareholders Council. Tasman District Council currently has a seat on the Shareholders Council and is represented by the Group Manager – Finance.
- 1.5 The LGFA continues to operate successfully, and staff have no further matters in relation to the report that have not been included in the Chief Executive's covering letter to bring to the Council's attention.

### 2. Recommendation/s / Ngā Tūtohunga

That the Tasman District Council

1. **receives the Local Government Funding Agency - Half Year Report 31 December 2023 report, RCN24-03-16; and**
2. **receives the New Zealand Local Government Funding Agency covering letter dated 28 February 2024 referencing the Half Year Report (Attachment 2 to the agenda report); and**
3. **notes a link to the New Zealand Local Government Funding Agency Half Year Report will be published on the Council's website within seven days of this meeting.**

### 3. Purpose of Report

- 3.1 To formally receive the LGFA half year report for the period ended 31 December 2023.

## 4. Background and Discussion

4.1 The Company is required under the terms of its Statement of Intent to provide a half year report to shareholders. These reports are also made available to the public via both the LGFA website and the Council website.

4.2 Mr Mark Butcher, Chief Executive LGFA provided commentary to shareholders which included:

### Increased lending to council and CCO borrowers

4.3 At 31 December 2023, LGFA had a market value of loans outstanding of \$18.8 billion which followed record lending of \$2.63 billion over the six-month period. It added two new CCOs as members over the six months, bringing the number of members to 72 councils and five CCOs.

### A focus on sustainability

4.4 LGFA launched its Climate Action Loan (CAL) product for council and CCO members in December 2022 to incentivise borrowers through a lower loan margin if they have an approved greenhouse gas (GHG) emission reduction plan in place and are meeting their reduction targets. At December, CALs total \$1.2 billion across four councils.

4.5 Their Green, Social and Sustainable (GSS) loans provide a discounted borrowing margin to councils and CCOs for eligible projects. Over the six-month period they approved a further project as eligible for GSS lending, bringing the number of eligible projects to six across six councils.

4.6 LGFA also published its first Annual Impact Review report for their NZX listed Sustainable Financing Bond. They are having ongoing dialogue with councils relating to GHG emission reporting and reduction and are currently preparing for its first report under Climate Related Disclosure requirements for the 2024 Annual Report.

### A financial position tracking to forecast

4.7 Net Operating Profit for the six-month period was \$5.2 million, which is slightly below their SOI forecast due to higher costs from increased issuance, and the establishment and issuance under foreign currency programmes. However, LGFA expects to meet the full year SOI forecast by June 2024. LGFA has assets of \$21.77 billion and Shareholder Equity of \$109.4 million as at 31 December 2023.

### Working with its stakeholders

4.8 LGFA has been assisting Central and Local Government with the implementation of the water reform programme and with councils and CCO members on promoting sustainability.

4.9 A further highlight was LGFA being voted by market participants for an unprecedented five awards at the KangaNews Awards including New Zealand Debt Issuer of the Year award for the second consecutive year.

4.10 Their focus remains on adding value to the local government sector through:

- Providing cheaper loans.
- Enabling easier access to markets.
- Providing reliable financing.
- Underpinning confidence.

- Encouraging sustainability.
- Enhancing capital markets.
- Being a centre of expertise.

## 5. Conclusion

- 5.1 The company continues to operate successfully with a range of new products being offered to councils. The company has provided a comprehensive report as required under its Statement of Intent.

## 6. Next Step | Timeline

- 6.1 The Council will provide a link to the report on our website within seven days of this meeting.
- 6.2 The Group Manager – Finance will provide any specific feedback to the company through the next LGFA Shareholders Council meeting.

## 7. Attachments / Tuhinga tāpiri

1. <a href="#">↓</a>	Local Government Funding Agency - Half Year Report ended 31 December 2023	287
2. <a href="#">↓</a>	Local Government Funding Agency Covering Letter to 31 December 2023	305





31 December 2023  
HALF YEAR REPORT

Benefiting communities through  
delivering efficient financing  
for local government.

Ka whiwhi painga ngā hapori mā te  
whakarato pūtea tōtika ki ngā kaunihera.

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*LGFA acknowledge the assistance of the Department of Internal Affairs translation service for our Te Reo translations.*



Cover photo: Kopurererua River realignment project. Tauranga City Council  
Contents photo: Water flows down the spillway and beneath the Nick Patterson bridge. Waimea Dam. Tasman District Council

# Message from the Chair and Chief Executive

## He karere mai i te Toihau me te Tumuaki

### For the six-months ended 31 December 2023

The six months to December 2023 presented a challenging period for bond issuance as markets remained volatile and an increased supply of high-grade bonds impacted sentiment. Over this period, council and council-controlled organisations (CCO) borrowing and LGFA bond issuance increased to record levels and, despite the difficult conditions, LGFA continued to deliver value to members and our investor base. Highlights over the period included our successful debut issuance in the Australian Dollar (A\$) bond market and LGFA receiving an unprecedented five awards in the annual KangaNews Awards, including New Zealand Issuer of the year for the second consecutive year.

#### Lending to the sector

LGFA was established in 2011 to provide long-dated borrowing, certainty of access to markets and to reduce the borrowing costs for the local government sector. The original 31 shareholders including the Crown remain as shareholders and our membership has grown to 77 council and 5 CCO's.

Over the six months, Infrastructure Holdings Limited and Whanganui District Council Holdings Limited joined as CCO members. We currently have 72 guarantors with West Coast Regional Council moving from non-guarantor to guarantor status during the past six months.

Lending to members over the six month period was a record \$2.63 billion of long-term loans to 56 members, with an average tenor of 5.2 years which was shorter than prior periods. Short-dated lending for terms less than 12 months continues to be supported by councils, with \$617 million outstanding to 36 members at December 2023.

Our estimated market share of total council borrowing of 89% was above our forecast and the long-term average. As at the end of December, outstanding loans totalled \$18.79 billion, as well as \$747 million of standby facilities.

#### Financial and Operational Performance

LGFA's total interest income for the six months of \$578.1 million was an 85% increase over the 2022 comparable period (\$312.9 million), while net operating

profit of \$5.2 million was a 370% increase (\$1.1 million). Although net operating profit was significantly higher than the comparable 2022 period, it was in line with historical outturns. The low comparable 2022 period outcome was negatively influenced by the rapid rise in interest rates, mismatches between the Bank Bill Reference Rate and the Official Cash Rate, combined with a planned increased holding of liquid assets.

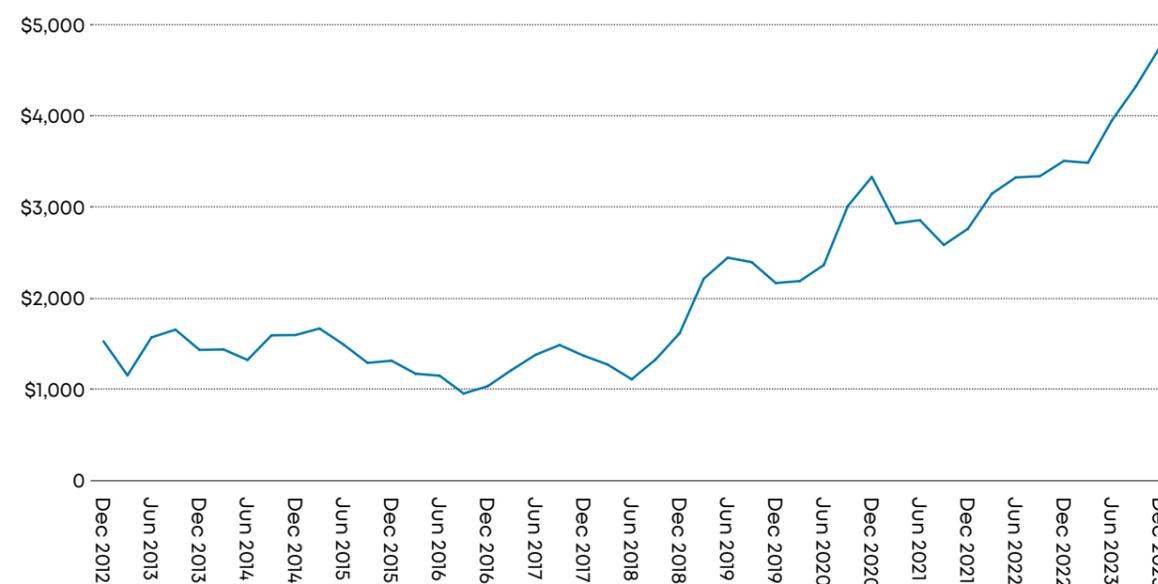
Total operating income was above budget by \$152k, however expenses were \$428k above the SOI budget, with net operating profit \$277k below budget. Our higher expenses were due to increased legal and NZX costs arising from the record levels of member borrowing and associated bond issuance, as well as establishment costs for our Euro Commercial Paper programme, \$A bond issuance and higher Approved Issuer Levy (AIL) payments.

The financial strength of LGFA was affirmed by Fitch Ratings who maintained our domestic currency credit rating at AA+ in October 2023. Our AAA rating from S&P Global Ratings was affirmed in March 2023 and remains the same as the New Zealand Government.

#### Our borrowing activity

LGFA issued \$1.63 billion of NZD bonds over the past six months, with outstandings bonds totalling \$18.92 billion (including \$1.10 billion of treasury stock) across 11 maturities ranging between 2024 to 2037. The average term of our NZD bond issuance during the six months at 5.7 years was significantly longer than the prior year period.

#### LGFA Annual Council and CCO Borrowing (NZ\$ millions)



LGFA established an Australian Medium Term Note programme in 2017 to diversify our funding sources but had no reason to utilise the programme until 2023. Given our increased borrowing requirement we successfully debuted issue a A\$1 billion 5-year bond in August 2023 and followed up with an A\$650 million 7-year bond in November 2023.

LGFA has the largest amount of New Zealand dollar (NZD) bonds on issue after the New Zealand

Government and our individual bond tranches are amongst the largest and most liquid NZD debt instruments available for investors. Secondary market activity in our bonds continues to rise, assisting investors' access to our bonds throughout the year.

Increased high grade bond supply from ourselves and the NZ Government has pushed LGFA spreads wider to swap, but we have outperformed on a spread to NZGBs. The performance of LGFA bonds over the past six

months has been mixed with the spread between LGFA bonds and New Zealand Government Bonds (NZGBs) narrower by between 3 bps (2033s) and 12 bps (2027s) but wider on a spread to swap between 3 bps (2035s) to 13 bps (2026s). Outright yields on LGFA bonds declined between 28 bps (2037s) and 55 bps (2027s) over the six-month period, but it was a volatile period with the 2037 yield trading a 146-bps range between 6.58% and 5.12% and closed on 31 December 2023 at the low of 5.12%.

### KangaNews award winner

We are pleased to advise that LGFA scooped an unprecedented five awards at the 2023 KangaNews Awards with the awards being determined by market participant votes. We received awards for the New Zealand Issuer of the Year (for the second consecutive year), NZD Rates Bond Deal, NZ Sustainability Deal, NZ Offshore Deal, and NZ innovative Deal. We want to acknowledge the support from our stakeholders and those who voted for us.

### Our role in assisting Local and Central Government

The local government sector continues to face a period of change and uncertainty having to deal with climate-related events, rising cost pressures and managing their three waters assets during the reform process.

LGFA is assisting both Central Government and our council members under the previous government's Affordable Waters Programme and the new government's Local Water Done Well Programme.

LGFA continues to assist as required, the Ratepayer Assistance Scheme project managed by a group of councils with advice from Cameron Partners. If successful, the scheme could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance.

### New products and initiatives

We launched Green, Social and Sustainable (GSS) lending in October 2021 and Climate Action Loans

(CALs) for council and CCOs in December 2022. Both lending products offer discounted loan margins to councils and CCOs.

As at December 2023, we have undertaken \$377.2 million of GSS Loans to six members and CALs of \$1.20 billion to four members.

LGFA established a world first Sustainable Financing Bond (SFB) Framework in March 2023 and issued our first SFB under the Framework in April 2023. We subsequently issued a further \$500 million of the May 2030 SFB in October 2023. The SFBs are notionally backed by our GSS loans and CALs to councils and CCOs.

### Increasing focus on sustainability

Sustainability plays an important part within the local government sector and at LGFA. We have undertaken several initiatives over the past year, including maintenance of CarbonZero certification from Toitū Envirocare, actively marketing our GSS loan product and establishing CALs and the launch of the SFB. We published our first Annual Impact Review Report and have been preparing for our first report under Climate Related Disclosure requirements for the 2024 Annual Report.

### Acknowledgments

Our work cannot be implemented without the support of our staff, fellow directors, Shareholders Council, New Zealand Debt Management and Central Government, all whose efforts should be acknowledged.

Anthony Quirk who has been a director since 2017, retired from the Board in November 2023, and we would like to take this opportunity to thank Anthony for his invaluable contribution to LGFA over the past six years. Kumaren Perumal from Bay of Plenty Regional Council also stepped down as Chair of the Shareholders Council and we wish to acknowledge his contribution over the past two years.

Anita Furnis our inaugural Future Director also stepped down in December 2023 after an 18-month term and we appreciated her involvement and engagement that in ensures the success of the Future Director programme. We welcome David Rae to the board as an Independent Director, Kathryn Sharplin as the new Chair of the Shareholders Council and Sarah Matthews as the new Future Director.

We believe LGFA's future remains positive and look forward to working with all stakeholders in the next six months.



**Craig Stobo**  
Chair



**Mark Butcher**  
Chief Executive

# How we add value to the local government sector

**By working together with LGFA, member councils and Council-controlled organisations (CCO's) can access cheaper, easier, and more reliable funding.**

At the same time, LGFA helps underpin confidence in the local government sector, helps councils and CCOs with their sustainability goals, boosts capital markets in New Zealand, and acts as a centre of expertise that the local government sector can draw on.

**Cheaper loans.** By borrowing collectively through LGFA, our members get cheaper funding than if they all borrowed individually. There are also major savings in upfront transaction costs.

**Easier access to markets.** LGFA deals with the complexities of accessing debt capital markets, which simplifies and streamlines the process of raising loans for our members. At the same time, we provide a wide range of financing options, including short-term loans and standby facilities, long-term loans up to 13 years, with either fixed or floating interest rates, and sustainable lending products.

**Reliable financing.** LGFA has a wider range of financing sources than most councils could access on their own. These include domestic retail and institutional investors, banks, and offshore investors. This makes financing more resilient and reliable, especially in times of stressed markets. LGFA has also provided a vital role by maintaining liquidity to members during difficult market conditions. LGFA has issued under our Australian dollar bond programme and has established a Euro Commercial Paper (ECP) programme to access foreign currency debt capital markets in order to diversify our financing sources.

**Underpinning confidence.** LGFA monitor and provide oversight for the local government sector, ensuring a higher degree of confidence in council finances. Our financial covenants help ensure prudent financial management by councils. We help maintain the support of investors and the confidence of the credit rating agencies by maintaining a credit rating that is equal to the New Zealand Government. It is important to maintain parity with the New Zealand Government credit rating to protect our operating model and manage borrowing costs.

**Encouraging sustainability.** LGFA provide Climate Action Loans and Green Social and Sustainable Loans to councils and CCOs to help them make progress on their sustainability goals. On the financing side, we issue Sustainable Financing Bonds to help broaden the 'sustainable bond' market in New Zealand. We are currently working with sustainability experts and councils to measure and report on our financed emissions for all our council borrowers in our upcoming 2024 Annual Report.

**Enhancing capital markets.** LGFA are the largest issuer of NZ Dollar bonds after the New Zealand Government. Our bonds add to market liquidity and provide more options for investors, including retail investors, to support the local government sector. Our bonds act as a stable benchmark that is used for pricing other corporate bonds in the New Zealand market.

**A centre of expertise.** The LGFA team acts like a centralised Treasury for councils, providing a significant amount of experience and expertise in capital markets and debt raising.



**New Zealand Issuer of the Year for 2023**

Thank you to our investors, intermediaries and market participants for their support.

# Performance against objectives

## Ko ngā whakatutukinga ki ngā whāinga

The statement of service performance provides a summary of LGFA's performance against the objectives and performance targets set out in the LGFA Statement of Intent 2023-26 (SOI)

### 2023-24 Objectives and performance targets

LGFA objectives and performance targets for 2023-24 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the LGFA Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the two quarters' ended December 2023 are available on the LGFA website.

### Governance, capability and business practice

LGFA is committed to demonstrating best practice corporate governance underpinned by sound business practice to ensure its long-term sustainability and success.

Objectives	Our performance to 31 December 2023
Demonstrate best practice corporate governance.	LGFA report annually on our compliance with the eight core principles underpinning the NZX Corporate Governance Best Practice Code. The 2023 Annual Report is the most recent report with commentary on our compliance with the NZX Code.
Set and model high standards of ethical behaviour.	LGFA has adopted a formal Code of Ethics, incorporating its Conflicts of Interest and Code of Conduct policies, which sets out the standards and values that directors and employees are expected to follow.
Ensure products and services offered to participating borrowers are delivered in a cost-effective manner.	LGFA prepares annual operating budgets and monitors progress against these monthly. Our performance against our financial performance targets for the six months ended 31 December 2023 is summarised below under our performance targets.
Be a good employer by providing safe working conditions, training and development and equal opportunities for staff.	LGFA is committed to being a good employer and we report our employment practices annually in our Annual Report. The 2023 Annual Report is our most recent report outlining our health and safety and wellbeing practices and policies, including compliance with the Health and Safety at Work Act, diversity and inclusion and capability and development.

Performance targets	2023-2024 target	Our performance to 31 December 2023
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	✓ No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	✓ Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings. Fitch Ratings affirmed our foreign and domestic currency ratings at AA+ with a Stable Outlook on 19 October 2023. S&P Global Ratings affirmed our domestic currency credit rating at AAA and our foreign currency rating at AA+ in March 2023.
LGFA's total operating income for the period to 31 December 2023.	> \$20.6 million.	✓ \$10.6 million for six months to 31 December 2023. Expect to exceed SOI by year end.
LGFA's total operating expenses for the period to 31 December 2023.	< \$10.0 million.	✗ \$5.4 million for six months to 31 December 2023. Year-end operating expenses will exceed SOI due to higher Approved Issuer Levy than budgeted, as well as additional costs from (1) higher levels of issuance and onlending than budgeted; (2) legal and associated costs for inaugural foreign currency issuance, and (3) preparation for potential role in 'Local Water Done Well' and the proposed Ratepayer assistance programme.

## Optimising financing services for local government

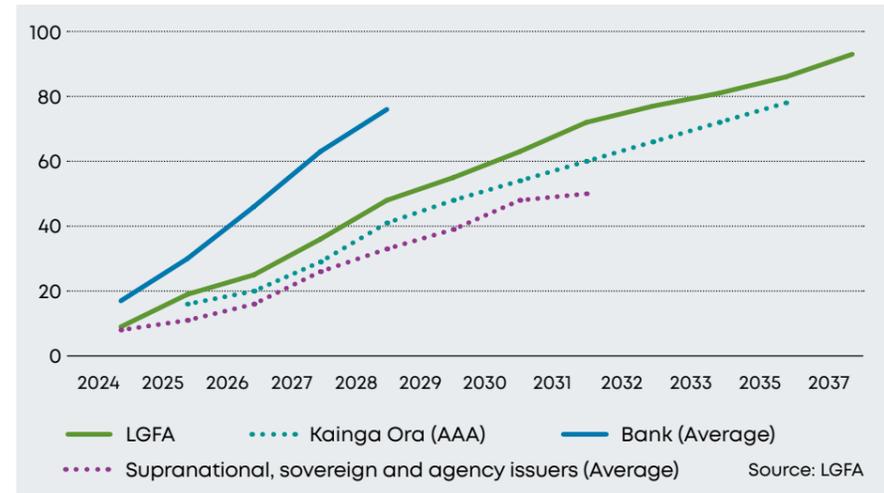
LGFA's primary objective is to optimise the terms and conditions of the debt funding it provides to participating borrowers. Amongst other things, LGFA will achieve this by delivering operational best practice and efficiency across our lending products and services.

Objectives	How we measure our performance
------------	--------------------------------

Provide interest cost savings relative to alternative sources of financing.

### Comparison to other high-grade issuers - secondary market spread to swap (bps)

LGFA's borrowing margins compare favourably to other high-grade issuers in the New Zealand capital markets.



### Supranational, sovereign and agency issuers

- |                                  |                              |
|----------------------------------|------------------------------|
| Kainga Ora (AAA)                 | KBN (AAA)                    |
| Asian Development Bank (AAA)     | Rentenbank (AAA)             |
| IADB (AAA)                       | World Bank (AAA)             |
| International Finance Corp (AAA) | Nordic Investment Bank (AAA) |

### Banks

- |           |           |           |                    |
|-----------|-----------|-----------|--------------------|
| ANZ (AA-) | ASB (AA-) | BNZ (AA-) | Westpac Bank (AA-) |
|-----------|-----------|-----------|--------------------|

Offer flexible short and long-term lending products that meet the borrowing requirements for borrowers.

LGFA provides members with short term loans (less than one year), long term loans on either a floating or fixed rate basis (between one year and April 2037), Green Social and Sustainable Loans and standby facilities.

- Over the six months ended December 2023, our members borrowed \$2.656 billion in 222 long term loans across maturity dates ranging between 2024 and 2033.
- As at December 2023 there was \$617 million short-term loans outstanding to 36 members.
- As at December 2023, standby facilities totalled \$747 million across 16 members.

Deliver operational best practice and efficiency for lending services.

Over the six months ended December 2023, LGFA operations staff successfully:

- settled 1,150 new trades with a gross value of \$14.3 billion,
- processed 7,454 cash flows with a gross value of \$21.9 billion, and
- rate set 5,733 existing trades.

Ensure certainty of access to debt markets, subject always to operating in accordance with sound business practice.

There was strong activity in LGFA bonds in both the primary market (tender or syndicated issuance) and secondary market (between banks and investors). Over the six months ended December 2023, we issued NZ\$1.63 billion and A\$1.65 billion of primary bonds and secondary market turnover totalled \$6.25 billion.

Performance targets	2023-2024 target	Our performance to 31 December 2023
---------------------	------------------	-------------------------------------

Share of aggregate long-term debt funding to the Local Government sector.	> 80%	✓ Met – 89% as at 31 December 2023
Total lending to Participating Borrowers.	> \$17,870 million	✓ Met – \$18,789 million as at 31 December 2023
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score	✓ 100% satisfaction score in August 2023 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	✓ Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	✓ Met



Te Kurawai o Pūhanga, the reservoir behind the Waimea Community Dam, at full capacity. Tasman District Council

## Environmental and social responsibility

LGFA recognises the risks inherent in climate change for councils and supports New Zealand's shift to a low-carbon economy. LGFA will prioritise social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Objectives	Our performance to 31 December 2023
Assist the local government sector in achieving their sustainability and climate change objectives.	<p>Over the six months to 31 December 2023, we approved a new Green, Social and Sustainability Loan (GSS loan) to Tauranga City Council.</p> <p>At 31 December 2023, we have approved six GSS loans with a combined approved value of \$572 million, of which \$377 million has been advanced.</p> <p>On 1 December 2022, we launched Climate Action Loans (CALs) which a discounted loan margin for members who have implemented a Greenhouse Gas Emission Reduction Plan and meet their emission reduction targets.</p> <p>Over the six months to 31 December 2023, we approved a CAL loan status to Kapiti Coast District Council.</p> <p>At 31 December 2023, we have approved four councils with a CAL loan status: Total loans issued to CAL approved councils total \$1,221 million.</p>
Improve sustainability outcomes within LGFA.	<p>In 2021, LGFA directors committed to reducing our per employee emissions by 30% by 2030, compared with a 2018/19 base year.</p> <p>We are on track to meet our reduction target for the 2023-24 year.</p>

Performance targets	2023-2024 target	Our performance to 31 December 2023
Comply with the Health and Safety at Work Act 2015.	No breaches	✓ No breaches.
Maintain Toitū Carbon Zero certification.	Carbon-zero certification maintained.	✓ Toitū Net Carbon-zero recertification approved August 2023.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	✓ On track to meet target
Increase our GSS lending book.	Two new GSS loans undertaken. Three new borrowers enter into CALs	✓ On track to meet target
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%	✓ 2023 Annual Report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option).
Meet all mandatory climate reporting standards.	100%	✓ On track to meet target

## Effective management of loans

LGFA will ensure its loan book remains at a high standard by ensuring it understands each participating borrower's financial position and managing assets within an appropriate risk management framework to ensure shareholder value is not compromised.

Objectives	Our performance to 31 December 2023
Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies.	<p>Over the six months, we reviewed council agendas and management reports on an ongoing basis for all members on the LGFA borrower watch-list.</p> <p>We have received compliance certificates for LGFA covenants from 78 (75 councils and 3 Council-controlled organisations) of our members with debt outstanding at June 2023 and no council has requested that they be measured on a group basis.</p>
Analyse finances at the Council group level where appropriate and report to shareholders.	
Endeavour to meet each participating borrower annually, including meeting with elected officials as required, or if requested.	We met with 33 borrowers over the six months and are on target to meet with all members by 30 June 2024.

Performance targets	2023-2024 target	Our performance to 31 December 2023
Review each Participating Borrower's financial position.	100%	✓ On target to meet by 30 June 2024.
Arrange to meet each Participating Borrower over a 15-month period, including meeting with elected officials as required, or if requested.	100%	✓ On target to meet by 30 June 2024.

## Industry leadership and engagement

LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market and will work with key central government and local government stakeholders on sector issues.

Objectives	Our performance to 31 December 2023
Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.	LGFA continues to assist as required, the Ratepayer Assistance Scheme project managed by a group of councils with advice from Cameron Partners. If successful, the scheme could offer temporary financial relief to ratepayers via rates postponement. LGFA is not contributing financially to this project but providing intellectual capital and assistance.
Assist the local government sector with significant matters such as the Affordable Water Reforms.	Throughout the early part of the six-month period, we have had meetings with Treasury and the National Transition Unit team at DIA and their advisers regarding Affordable Waters Reform and the establishment of a collective funding vehicle, similar to LGFA structure, for the Water Services Entities. Following the change in Government, we have met with the Minister of Local Government and Treasury and DIA staff, offering to help with the implementation of the 'Local Water Done Well' programme
Maintain productive relationships with central government representatives.	We met regularly with OAG, Department of Internal Affairs and Treasury over the six month period.
Support councils and CCOs in the development of reporting disclosures of the impacts of sector activity on climate change.	We continue to roll out the GSS and CALs to councils and CCOs and approved a new GSS loan project and on boarded a new council for CALs. The LGFA Head of Sustainability continues to meet with his counterparts at various councils.



Kopururerua River realignment project.  
Tauranga City Council

# Financial statements

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### Statement of comprehensive income

For the six months ended 31 December 2023 in \$000s

	Note	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Interest income		578,134	312,883
Interest expense		568,323	307,904
<b>Net interest income</b>	<b>4</b>	<b>9,811</b>	<b>4,979</b>
Other operating income	5	753	671
<b>Total operating income</b>		<b>10,564</b>	<b>5,651</b>
Operating expenses	6	5,355	4,542
<b>Net operating profit</b>		<b>5,209</b>	<b>1,108</b>
<b>Total comprehensive income</b>		<b>5,209</b>	<b>1,108</b>

These statements are to be read in conjunction with the notes to the financial statements.

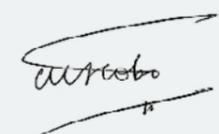
Due to rounding, numbers presented in the financial statements and associated notes may not add up precisely to the reported totals.

The Board of Directors of the New Zealand Local Government Funding Agency Limited authorised these statements for issue on 28 February 2024.

### Statement of changes in equity

For the six months ended 31 December 2023 in \$000s

	Note	Share capital	Retained earnings	Total equity
<b>Equity as at 1 July 2022</b>		<b>25,000</b>	<b>79,560</b>	<b>104,560</b>
Net operating profit			2,505	2,505
Total comprehensive income for the year			2,505	2,505
Transactions with owners			-	-
Dividend paid on 2 September 2022			(1,218)	(1,218)
<b>Equity as at 1 July 2023</b>		<b>25,000</b>	<b>80,847</b>	<b>105,847</b>
Net operating profit			5,209	5,209
Total comprehensive income for the year			5,209	5,209
Transactions with owners			-	-
Dividend paid on 1 September 2023			(1,713)	(1,713)
<b>Unaudited closing balance as at 31 December 2023</b>		<b>25,000</b>	<b>84,343</b>	<b>109,343</b>



Craig Stobo, Director  
Board Chair



Linda Robertson, Director  
Chair, Audit and Risk Committee

## Statement of financial position

As at 31 December 2023 in \$000s

	Note	Unaudited as at 31 December 2023	Audited as at 30 June 2023
<b>Assets</b>			
<b>Financial assets</b>			
Receivables		1,086	492
Cash and bank balances		359,688	226,222
Cash pledged as collateral		85,389	93,175
Marketable securities		1,613,984	1,127,879
Deposits		822,148	348,492
Derivatives in gain		101,535	63,845
Loans	8	18,788,758	16,313,562
<b>Non-financial assets</b>			
Prepayments		1,228	919
Other assets	9	26	58
<b>Total assets</b>		<b>21,773,843</b>	<b>18,174,644</b>
<b>Equity</b>			
Share capital	16	25,000	25,000
Retained earnings		79,135	80,847
Total comprehensive income for the period		5,209	-
<b>Total equity</b>		<b>109,343</b>	<b>105,847</b>
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Payables and provisions	10	29,850	6,132
Bills	11	856,894	782,630
Bond repurchases	12	129,987	130,043
Derivatives in loss		1,291,310	1,628,316
Bonds	13	18,924,712	15,160,432
Borrower notes	14	430,751	360,348
<b>Non-financial liabilities</b>			
Other liabilities	15	995	896
<b>Total liabilities</b>		<b>21,664,499</b>	<b>18,068,797</b>
<b>Total equity and liabilities</b>		<b>21,773,843</b>	<b>18,174,644</b>

These statements are to be read in conjunction with the notes to the financial statements.

## Statement of cash flows

For the six months ended 31 December 2023 in \$000s

	Note	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
<b>Cash flows from operating activities</b>			
Cash applied to loans	8	(2,407,840)	(1,639,024)
Interest paid on bonds issued		(243,566)	(228,725)
Interest paid on bills issued		(26,733)	(10,088)
Interest paid on borrower notes		(558)	(131)
Interest paid on bond repurchases		(5,303)	(1,738)
Interest received from loans		475,616	224,165
Interest received from cash & cash equivalents		12,273	2,396
Interest received from marketable securities		19,511	13,570
Interest received from deposits		16,943	5,897
Net interest on derivatives		(247,902)	2,276
Cash proceeds from provision of standby facilities		753	671
Payments to suppliers and employees		(6,011)	(5,317)
<b>Net cash flows from operating activities</b>	18	<b>(2,412,818)</b>	<b>(1,636,047)</b>
<b>Cash flows from investing activities</b>			
Purchase of marketable securities		(458,717)	206,657
(Purchase)/maturity of deposits		(458,062)	(462,937)
<b>Net cash flows from investing activities</b>		<b>(916,778)</b>	<b>(256,280)</b>
<b>Cash flows from financing activities</b>			
Cash proceeds from bonds issued	13	1,485,329	1,477,890
Cash proceeds (outflows) from bills issued		74,264	74,146
Cash proceeds (outflows) from bond repurchases		(168)	76,195
Cash proceeds from borrower notes		59,984	41,598
Dividends paid		(1,712)	(1,218)
Cash applied to derivatives		1,845,365	130,604
<b>Net cash flows from financing activities</b>		<b>3,463,063</b>	<b>1,799,215</b>
<b>Net (decrease) / increase in cash</b>		<b>133,467</b>	<b>(93,112)</b>
Cash, cash equivalents at beginning of year		226,222	158,033
<b>Cash, cash equivalents at end of year</b>		<b>359,688</b>	<b>64,921</b>

These statements are to be read in conjunction with the notes to the financial statements.

## Notes to the financial statements

### 1. Reporting entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002. LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating borrowers.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

These financial statements were authorised for issue by the Directors on 28 February 2024.

### 2. Statement of compliance

The interim financial statements are for the six months ended 31 December 2023 and are to be read in conjunction with the annual report for the year ended 30 June 2023.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and in compliance with NZ IAS 34 Interim Financial Reporting.

### 3. Basis of preparation

#### Measurement base

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

#### Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

#### Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

#### Changes in accounting policies

There have no changes to accounting policies.

#### Early adoption standards and interpretations

LGFA has not early adopted any standards.

#### Standards not yet adopted

LGFA does not consider any issued standards or interpretations not yet effective to have a significant impact on its financial statements.

#### Financial instruments

##### Financial assets

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand, bank accounts and deposits with an original maturity of no more than three months.

Cash provided by LGFA as security for financial arrangements remains a financial asset of LGFA and is recognised as cash pledged as collateral in the Statement of Financial Position, separate from cash and cash equivalents

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date, an expected credit loss assessment is performed for all financial assets and is calculated as either:

- Credit losses that may arise from default events that are possible within the next 12 months, where no significant increase in credit risk has arisen since acquisition of the asset, or
- Credit losses that may arise from default events that are possible over the expected life of the financial asset, where a significant increase in credit risk has arisen since acquisition of the asset.

Impairment losses on financial assets will ordinarily be recognised on initial recognition as a 12-month expected loss allowance and move to a lifetime expected loss allowance if there is a significant deterioration in credit risk since acquisition.

##### Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

##### Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

##### Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

##### Other assets

##### Property, plant and equipment

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

##### Intangible assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight-line basis over the estimated useful life of the software (three to seven years). Costs associated with maintaining computer software are recognised as expenses.

##### Other liabilities

##### Employee entitlements

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

##### Revenue

##### Interest income

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

##### Expenses

Expenses are recognised in the period to which they relate.

##### Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

##### Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

##### Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

##### Segment reporting

LGFA operates in one segment being funding of participating borrowers in New Zealand.

##### Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts. For example, the fair value of financial instruments depends critically on judgements regarding future cash flows, including inflation assumptions and the risk-free discount rate.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and these estimates and underlying assumptions are reviewed on an ongoing basis. Where these judgements significantly affect the amounts recognised in the financial statements they are described in the following notes.

## Revenue and expenditure

### 4. Net interest income

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
<b>Interest income</b>		
Cash and cash equivalents	16,804	4,098
Marketable securities	33,313	18,342
Lease liability	-	16
Deposits	20,237	9,668
Derivatives	-	-
Loans	507,780	280,759
Fair value hedge ineffectiveness	-	-
<b>Total interest income</b>	<b>578,134</b>	<b>312,883</b>
<b>Interest expense</b>		
Bills	26,733	10,088
Bond repurchase transactions	5,415	1,949
Lease liability	17	-
Derivatives	227,217	66,245
Bonds	298,564	224,425
Borrower notes	10,377	5,196
<b>Total interest expense</b>	<b>568,323</b>	<b>307,904</b>
<b>Net interest income</b>	<b>9,811</b>	<b>4,979</b>

### 5. Other operating income

As at 31 December 2023, LGFA had provided credit standby facilities totalling \$747 million (2022: \$662 million) to selected councils. As at balance date, there were no drawdowns outstanding under the facilities.

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Standby facilities fee income	753	671
<b>Total other operating income</b>	<b>753</b>	<b>671</b>

### 6. Operating expenses

Issuance and on-lending expenses are those costs that are incurred as a necessary expense to facilitate the ongoing issuance of LGFA debt securities.

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
<b>Issuance and on-lending expenses</b>		
Approved issuer levy <sup>1</sup>	541	343
Rating agency fees	343	333
NZDMO facility fee	750	652
Legal fees – issuance	502	205
NZX	402	367
Trustee fees	56	55
Regulatory, registry, other fees	184	106
	<b>2,779</b>	<b>2,062</b>
<b>Other operating expenses</b>		
Information technology	360	341
Consultants	131	127
Directors fees	249	213
Insurance	49	47
Legal fees	23	156
Other expenses	204	230
Auditors' remuneration		
Statutory audit	60	55
Advisory services	-	-
Personnel	1,500	1,312
	<b>2,577</b>	<b>2,481</b>
<b>Total operating expenses</b>	<b>5,355</b>	<b>4,542</b>

1. The amount of Approved Issuer Levy is a function of the number of the offshore holders of certain LGFA bond maturities.

## 7. Hedge accounting

LGFA is exposed to interest rate risk from its borrowing, lending and investment activities and uses interest rate swaps and cross currency swaps to manage this risk. For hedge accounting purposes, LGFA has designated these swaps in fair value relationships to its fixed rate borrowings, loans and investments.

The following table shows the gain or loss on the hedging instrument and the hedged item attributable to the hedged risk for fair value hedge relationships.

in \$000s	Unaudited gain/(loss) for the six months ended 31 December 2023		Unaudited gain/(loss) for the six months ended 31 December 2022	
Hedged items attributable to the hedged risk		(357,392)		329,876
Hedging instruments – interest rate swaps		357,392		(329,876)
<b>Ineffectiveness recognised in profit or loss from fair value hedges</b>		<b>-</b>		<b>-</b>

The gains or losses on the hedging instrument (interest rate swaps, cross currency swaps) and the hedged item (bonds, loans and investments) are mapped to the same fair value account. For this reason, the statement of comprehensive income will only report any ineffectiveness arising from the fair value hedge.

## 8. Loans

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans <sup>1</sup>	Loans	Short-term loans	Loans
Ashburton District Council	12,089	104,554	12,110	74,243
Auckland Council	-	3,631,775	-	3,225,659
Bay of Plenty Regional Council	57,991	176,577	57,428	161,353
Buller District Council	-	20,036	-	20,030
Canterbury Regional Council	5,013	77,336	10,116	65,272
Carterton District Council	-	20,552	-	17,523
Central Hawkes Bay District Council	-	38,324	4,072	38,314
Central Otago District Council	5,020	20,288	20,117	5,072
Christchurch City Council	-	2,331,650	-	2,200,409
Clutha District Council	11,583	88,191	7,554	62,905
Dunedin City Treasury	-	252,736	-	126,119
Far North District Council	10,079	92,000	-	91,984
Gisborne District Council	-	149,330	-	126,028
Gore District Council	8,554	44,478	8,556	41,915
Greater Wellington Regional Council	-	804,623	-	678,358
Grey District Council	3,971	26,801	3,990	26,799
Hamilton City Council	-	804,733	-	803,843
Hastings District Council	-	385,854	-	294,992

1. As at 31 December 2023, \$2,757 million of loans are due to mature within 12 months. This comprises all short-term loans and \$2,140 million of loans.

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans <sup>1</sup>	Loans	Short-term loans	Loans
Hauraki District Council	-	88,971	-	62,620
Hawkes Bay Regional Council	25,193	74,856	25,313	55,262
Horizons Regional Council	9,906	54,923	9,936	51,871
Horowhenua District Council	23,218	159,390	15,175	151,192
Hurunui District Council	9,060	49,571	8,092	38,435
Hutt City Council	-	479,870	-	373,239
Infrastructure Holdings Ltd	9,852	104,503	-	-
Invercargill City Council	61,774	73,889	55,448	68,788
Invercargill City Holdings Ltd	39,236	48,411	12,323	78,514
Kaikoura District Council	-	7,365	-	5,346
Kaipara District Council	-	44,572	-	44,545
Kapiti Coast District Council	-	308,407	-	277,935
Kawerau District Council	-	4,048	-	2,024
Mackenzie District Council	3,007	11,205	3,001	8,086
Manawatu District Council	15,241	79,598	15,136	79,502
Marlborough District Council	14,694	184,017	21,241	131,594
Masterton District Council	-	62,462	-	52,336
Matamata-Piako District Council	-	52,637	-	45,520
Napier City Council	-	10,095	-	10,014
Nelson City Council	-	247,217	-	186,666
New Plymouth District Council	20,136	237,018	10,114	221,668
Northland Regional Council	-	18,578	-	18,565
Opotiki District Council	-	11,584	-	9,557
Otago Regional Council	49,336	109,419	46,665	104,177
Otorohanga District Council	9,194	-	6,052	-
Palmerston North City Council	-	273,375	-	214,483
Porirua City Council	-	239,409	-	198,906
Queenstown Lakes District Council	56,097	524,697	56,007	454,003
Rangitikei District Council	-	31,238	-	31,207
Rotorua District Council	1,889	391,976	1,889	351,358
Ruapehu District Council	8,049	45,161	8,050	42,130
Selwyn District Council	-	126,430	-	116,198
South Taranaki District Council	3,072	117,496	-	117,428
South Waikato District Council	-	44,474	-	44,457

in \$000s	Unaudited as at 31 December 2023		Audited as at 30 June 2023	
	Short-term loans <sup>1</sup>	Loans	Short-term loans	Loans
Southland District Council	-	22,020	-	21,960
South Wairarapa District Council	-	29,174	-	29,148
Stratford District Council	-	34,885	2,030	31,858
Taranaki Regional Council	-	23,687	-	19,652
Tararua District Council	4,050	52,839	4,047	53,778
Tasman District Council	26,863	263,664	25,515	246,751
Taupo District Council	-	146,315	-	146,271
Tauranga City Council	-	930,197	-	823,933
Thames-Coromandel District Council	-	80,006	-	67,813
Timaru District Council	19,343	187,700	19,456	187,561
Upper Hutt City Council	-	182,803	-	113,212
Waikato District Council	-	156,572	9,975	111,225
Waikato Regional Council	-	30,298	5,120	25,276
Waimakariri District Council	-	182,028	-	181,960
Waimate District Council	-	3,541	-	3,540
Waipa District Council	51,618	200,515	20,010	207,374
Wairoa District Council	8,259	11,110	8,015	11,109
Waitaki District Council	8,852	52,501	8,978	33,280
Waitomo District Council	4,077	24,209	4,071	24,204
Wellington City Council	-	1,552,273	-	1,178,503
West Coast Regional Council	2,986	13,310	3,243	9,991
Western Bay Of Plenty District Council	-	86,106	-	80,992
Westland District Council	-	30,130	-	27,078
Westland Holdings Ltd	625	5,457	1,618	5,456
Whakatane District Council	-	145,172	-	114,768
Whanganui District Council	7,559	136,527	7,557	110,179
Whangarei District Council	9,921	228,466	9,927	228,151
Fair value hedge adjustment	-	(26,855)	-	(37,850)
	<b>617,406</b>	<b>18,171,352</b>	<b>547,944</b>	<b>15,765,618</b>

## 9. Other assets

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Right-of-use lease asset	26	58
<b>Total other assets</b>	<b>26</b>	<b>58</b>

## 10. Payables and provisions

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Loans/purchases to be advanced	29,000	5,000
Trade creditors	323	804
Credit provision	320	123
Other provisions	204	205
<b>Total receivables</b>	<b>29,847</b>	<b>6,132</b>

## 11. Bills

Unaudited as at 31 December 2023 in \$000s	Face value	Unamortised premium	Accrued interest	Total
12 January 2024	190,000	(266)	-	189,734
17 January 2024	75,000	(178)	-	74,822
1 February 2024	25,000	(120)	-	24,880
7 February 2024	50,000	(282)	-	49,718
16 February 2024	50,000	(336)	-	49,664
28 February 2024	50,000	(441)	-	49,559
8 March 2024	70,000	(700)	-	69,300
15 March 2024	95,000	(1,063)	-	93,937
21 March 2024	46,000	(555)	-	45,445
5 April 2024	25,000	(369)	-	24,631
10 April 2024	25,000	(385)	-	24,615
16 April 2024	15,000	(246)	-	14,754
8 May 2024	25,000	(486)	-	24,514
5 June 2024	25,000	(591)	-	24,409
19 July 2024	100,000	(3,088)	-	96,912
	<b>866,000</b>	<b>(9,106)</b>	<b>-</b>	<b>856,894</b>

Audited as at 30 June 2023 in \$000s	Face value	Unamortised premium	Accrued interest	Total
7 July 2023	45,000	(32)	-	44,968
12 July 2023	100,000	(142)	-	99,858
19 July 2023	35,000	(87)	-	34,913
2 August 2023	25,000	(112)	-	24,888
11 August 2023	75,000	(442)	-	74,558
17 August 2023	20,000	(144)	-	19,856
8 September 2023	70,000	(713)	-	69,287
15 September 2023	55,000	(630)	-	54,370
22 September 2023	102,000	(1,277)	-	100,723
28 September 2023	40,000	(549)	-	39,451
11 October 2023	25,000	(381)	-	24,619
17 October 2023	5,000	(81)	-	4,919
8 November 2023	20,000	(397)	-	19,603
28 November 2023	50,000	(1,166)	-	48,834
6 December 2023	25,000	(609)	-	24,391
14 December 2023	50,000	(1,282)	-	48,718
20 December 2023	50,000	(1,325)	-	48,675
	<b>792,000</b>	<b>(9,370)</b>	<b>-</b>	<b>782,630</b>

## 12. Treasury stock and bond repurchases

Periodically, LGFA subscribes for LGFA bonds as part of its tender process and holds these bonds as treasury stock. LGFA bonds held by LGFA as treasury stock are derecognised at the time of issue and no liability is recognised in the statement of financial position. As at 31 December 2023, \$1,100 million of LGFA bonds had been subscribed as treasury stock.

LGFA makes these treasury stock bonds available to banks authorised as its tender counterparties to borrow under short-term repurchase transactions. The objective of the bond lending facility is to assist with improving secondary market liquidity in LGFA bonds. Bonds lent to counterparties are disclosed as a separate stock lending liability on the face of the statement of financial position.

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
15 April 2024	37,803	
15 April 2025	-	16,619
15 April 2026	-	1,920
15 April 2027	-	52,513
20 April 2029	3,412	19,437
15 May 2030	17,736	-
15 May 2031	37,957	3,287
14 April 2033	4,487	1,750
15 May 2035	-	34,518
15 April 2037	28,593	-
	<b>129,987</b>	<b>130,043</b>

## 13. Bonds

Bonds on issue do not include \$1,100 million face value of issued LGFA bonds subscribed by LGFA and held as treasury stock. Refer Note 12: Treasury stock and bond repurchase transactions.

Unaudited as at 31 December 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
<b>NZD Fixed interest bonds</b>					
15 April 2024	2,218,000	(801)	10,635		2,227,834
15 April 2025	2,719,000	(37,783)	15,935		2,697,152
15 April 2026	2,155,000	(45,072)	6,889		2,116,817
15 April 2027	2,211,000	54,970	21,204		2,287,174
15 May 2028	1,553,000	(70,223)	4,512		1,487,289
20 April 2029	1,882,000	(105,057)	5,631		1,782,574
15 May 2030	1,500,000	(44,075)	8,716		1,464,640
15 May 2031	1,245,000	(81,469)	3,617		1,167,148
14 April 2033	1,515,000	5,936	11,445		1,532,381
15 May 2035	450,000	(7,496)	1,743		444,248
15 April 2037	860,000	(53,559)	3,666		810,107
<b>AUD Fixed interest bonds</b>					
1 August 2028	1,077,426	(2,784)	21,054		1,095,696
28 November 2030	700,327	(2,598)	3,336		701,065
<b>Fair value hedge adjustment</b>				(889,414)	(889,414)
	<b>20,085,754</b>	<b>(390,010)</b>	<b>118,382</b>	<b>(889,414)</b>	<b>18,924,712</b>

Audited as at 30 June 2023 in \$000s	Face Value	Unamortised premium	Accrued interest	Fair value hedge adjustment	Total
<b>NZD Fixed interest bonds</b>					
15 April 2024	2,218,000	(2,151)	10,499		2,226,348
15 April 2025	2,409,000	(36,176)	13,937		2,386,761
15 April 2026	2,155,000	(54,361)	6,801		2,107,440
15 April 2027	2,011,000	68,977	19,039		2,099,016
15 May 2028	1,423,000	(60,216)	4,089		1,366,873
20 April 2029	1,722,000	(83,580)	5,081		1,643,501
15 May 2030	1,000,000	(17,002)	5,747		988,745
15 May 2031	1,120,000	(60,338)	3,218		1,062,880
14 April 2033	1,350,000	33,003	10,070		1,393,073
15 May 2035	450,000	(7,728)	1,724		443,997
15 April 2037	820,000	(41,281)	3,450		782,170
<b>Fair value hedge adjustment</b>				(1,340,372)	(1,340,372)
	<b>16,678,000</b>	<b>(260,853)</b>	<b>83,656</b>	<b>(1,340,372)</b>	<b>15,160,432</b>

#### 14. Borrower notes

Borrower notes are subordinated debt instruments which are required to be held by each local authority that borrows from LGFA in an amount equal to a fixed percentage of the aggregate borrowings by that local authority. The fixed percentage is 2.5% for loans issued from 1 July 2020. Prior to this date, the fixed percentage was 1.6%.

LGFA may convert borrower notes into redeemable shares if it has made calls for all unpaid capital to be paid in full and the LGFA Board determines it is still at risk of imminent default.

#### 15. Other liabilities

in \$000s	Unaudited as at 31 December 2023	Audited as at 30 June 2023
Lease liability		58
Accruals	995	838
<b>Total receivables</b>	<b>995</b>	<b>896</b>

#### 16. Share capital

As at 31 December 2023, LGFA had 45 million ordinary shares on issue, 20 million of which remain uncalled. The 20 million of uncalled shares are held by the 30 council shareholders in proportion to the paid-up shares. The Minister of Finance and Minister for Local Government do not hold any uncalled shares.

All ordinary shares rank equally with one vote attached to each ordinary share. Ordinary shares have a face value of \$1 per share.

#### 17. Shareholder information

The holdings outlined in this table include the 25 million of paid-up ordinary shares and 20 million of uncalled ordinary shares. The uncalled ordinary shares are held by the 30 council shareholders.

Registered holders of equity securities	As at 31 December 2023		As at 30 June 2023	
Minister of Finance and Minister for Local Government	5,000,000	11.1%	5,000,000	11.1%
Auckland Council	3,731,960	8.3%	3,731,960	8.3%
Christchurch City Council	3,731,960	8.3%	3,731,960	8.3%
Hamilton City Council	3,731,960	8.3%	3,731,960	8.3%
Bay of Plenty Regional Council	3,731,958	8.3%	3,731,958	8.3%
Greater Wellington Regional Council	3,731,958	8.3%	3,731,958	8.3%
Tasman District Council	3,731,958	8.3%	3,731,958	8.3%
Tauranga City Council	3,731,958	8.3%	3,731,958	8.3%
Wellington City Council	3,731,958	8.3%	3,731,958	8.3%
Western Bay of Plenty District Council	3,731,958	8.3%	3,731,958	8.3%
Whangarei District Council	1,492,784	3.3%	1,492,784	3.3%
Hastings District Council	746,392	1.7%	746,392	1.7%
Marlborough District Council	400,000	0.9%	400,000	0.9%
Selwyn District Council	373,196	0.8%	373,196	0.8%
Gisborne District Council	200,000	0.4%	200,000	0.4%
Hauraki District Council	200,000	0.4%	200,000	0.4%
Horowhenua District Council	200,000	0.4%	200,000	0.4%
Hutt City Council	200,000	0.4%	200,000	0.4%
Kapiti Coast District Council	200,000	0.4%	200,000	0.4%
Manawatu District Council	200,000	0.4%	200,000	0.4%
Masterton District Council	200,000	0.4%	200,000	0.4%
New Plymouth District Council	200,000	0.4%	200,000	0.4%
Otorohanga District Council	200,000	0.4%	200,000	0.4%
Palmerston North District Council	200,000	0.4%	200,000	0.4%
South Taranaki District Council	200,000	0.4%	200,000	0.4%
Taupo District Council	200,000	0.4%	200,000	0.4%
Thames-Coromandel District Council	200,000	0.4%	200,000	0.4%
Waimakariri District Council	200,000	0.4%	200,000	0.4%
Waipa District Council	200,000	0.4%	200,000	0.4%
Whakatane District Council	200,000	0.4%	200,000	0.4%
Whanganui District Council	200,000	0.4%	200,000	0.4%
	<b>45,000,000</b>	<b>100%</b>	<b>45,000,000</b>	<b>100%</b>

### 18. Reconciliation of net profit to net cash flow from operating activities

in \$000s	Unaudited six months ended 31 December 2023	Unaudited six months ended 31 December 2022
Net profit/(loss) for the period	5,209	1,108
Cash applied to loans	(2,407,840)	(1,639,024)
<b>Non-cash adjustments</b>		
Amortisation and depreciation	(9,728)	2,643
<b>Working capital movements</b>		
Net change in trade debtors and receivables	(476)	(378)
Net change in prepayments	(309)	(298)
Net change in accruals	126	(98)
<b>Net Cash From Operating Activities</b>	<b>(2,412,818)</b>	<b>(1,636,047)</b>

### 19. Related parties

#### Identity of related parties

LGFA is related to the local authorities set out in the Shareholder Information in note 17.

LGFA operates under an annual Statement of Intent that sets out the intentions and expectations for LGFA's operations and lending to participating borrowers.

Shareholding local authorities, and non-shareholder local authorities who borrow more than \$20 million, are required to enter into a guarantee when they join or participate in LGFA. The guarantee is in respect of the payment obligations of other guaranteeing local authorities to the LGFA (cross guarantee) and of the LGFA itself.

#### Related party transactions

LGFA was established for the purpose of raising funds from the market to lend to participating borrowers. The lending to individual councils is disclosed in note 5, and interest income recognised on this lending is shown in the statement of comprehensive income.

The purchase of LGFA borrower notes by participating borrowers. Refer note 14.

The Treasury (New Zealand Debt Management) provides LGFA with a committed credit facility and is LGFA's derivatives counterparty.

# Directory

## Rārangi tauwaea

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**Auckland**  
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Walker Wayland Centre  
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28 February 2024

Dear LGFA Stakeholder

### LGFA 2023-24 Half Year Report

The following is a link to our Half Year Report for the six-month period to December 2023.

[LGFA Half Year Report – 31 December 2023](#)

We are pleased to highlight a positive six-month period for LGFA including the following:

**1. Increased lending to council and CCO borrowers**

At 31 December 2023, LGFA had a market value of loans outstanding of \$18.8 billion which followed record lending of \$2.63 billion over the six-month period. We added two new CCOs as members over the six months, bringing the number of members to 72 councils and 5 CCOs.

**2. A focus on sustainability.**

We launched our Climate Action Loan (CAL) product for council and CCO members in December 2022 to incentivise borrowers through a lower loan margin if they have an approved greenhouse gas (GHG) emission reduction plan in place and are meeting their reduction targets. At December, CALs total \$1.2 billion across four councils.

Our Green, Social and Sustainable (GSS) loans provide a discounted borrowing margin to councils and CCOs for eligible projects. Over the six-month period we approved a further project as eligible for GSS lending, bringing the number of eligible projects to six across six councils.

We also published our first Annual Impact Review report for our NZX listed Sustainable Financing Bond. We are having ongoing dialogue with councils relating to GHG emission reporting and reduction and are currently preparing for our first report under Climate Related Disclosure requirements for the 2024 Annual Report.

**3. A financial position tracking to forecast.**

Net Operating Profit for the six-month period was \$5.2 million, which is slightly below our SOI forecast due to higher costs from increased issuance, and the establishment and issuance under foreign currency programmes. However, we expect to meet the full year SOI forecast by June 2024. LGFA has assets of \$21.77 billion and Shareholder Equity of \$109.4 million as at 31 December 2023.

**4. Working with our stakeholders.**

We have been assisting Central and Local Government with the implementation of the water reform programme and with councils and CCO members on promoting sustainability.

A further highlight was LGFA being voted by market participants for an unprecedented five awards at the KangaNews Awards including New Zealand Debt Issuer of the Year award for the second consecutive year.

Our focus remains on adding value to the local government sector through:

- Providing cheaper loans.
- Enabling easier access to markets.
- Providing reliable financing.
- Underpinning confidence.
- Encouraging sustainability.
- Enhancing capital markets.
- Being a centre of expertise.

To achieve the above, we require the support of all our stakeholders and thank you for your contribution and assistance over the past six months.

Please do not hesitate to contact me if you have any comments or questions.

Kind regards



Mark Butcher  
Chief Executive

## 7.13 MACHINERY RESOLUTIONS REPORT

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Alexis Brough, Executive Support Officer, Chief Executive's Office
<b>Report Authorisers:</b>	
<b>Report Number:</b>	RCN24-03-17

### 1. Summary / Te Tuhinga Whakarāpoto

- 1.1 The execution of the following documents under Council Seal requires confirmation by the Council.

### 2. Recommendation/s / Ngā Tūtohunga

**That the Tasman District Council**

1. receives the Machinery Resolutions report, RCN24-03-17 and that the execution of the following documents under the Seal of Council be confirmed:

**Deed of Novation (Transfer of Lease terms and conditions) – Council Leases a radio transmitter site at Sandmann Reserve off Lower Queen Street, Richmond to Sports Entertainment Network NZ Limited (SENZ). SENZ are in the process of selling their digital and audio business to TAB NZ who in turn will then novate (transfer) some of their business interests to a third party Entain NZ Limited (Entain).**

**SENZ have provided an agreement that would allow the lease to pass on to first the TAB NZ and then on to the final lease holder Entain. TAB NZ and Entain have both agreed to take over the lease terms and conditions including the ongoing lease payments to the Council.**

**Mohua Social Services – Mohua Social Services approached the Council to formalise their occupation of part of the Community Centre in Tākaka with a lease, in order to assist in their applications for grants to continue their community work.**

**Deed of Assignment from Geoffrey Butterworth to Trewavas Developments Limited – Council and Geoffrey Butterworth are parties to an Agreement dated 23 September 2021 under which Council and Mr Butterworth agreed to relocate a drainage ditch situated on Mr Butterworth's land at 44 Trewavas Street Motueka to Council's land at 27 Memorial Drive Motueka.**

**Deed of Renewal between Fawdan Subdivision Limited (501014) and Nelson City Council and Tasman District Council for the Emergency Operations Centre lease – Nelson City Council and Tasman District Council are the joint tenants on the ground floor of this building owned by Fawdan Industries at 28 Oxford Street, Richmond. The**

**Lease is for the Emergency Operations Centre, renewed for another 10 year term from December 2023 to 2033 for a rental market fee of \$70,700 + Gst per annum.**

**7.14 CHIEF EXECUTIVE'S REPORT****Information Only - No Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	28 March 2024
<b>Report Author:</b>	Leonie Rae, Chief Executive Officer
<b>Report Authorisers:</b>	Leonie Rae, Chief Executive Officer
<b>Report Number:</b>	RCN24-03-18

**1. Summary / Te Tuhinga Whakarāpoto**

- 1.1 The purpose of this report is to provide an update on some key activity since the Chief Executive's last report on 15 February 2024.

**2. Recommendation/s / Ngā Tūtohunga**

**That the Tasman District Council receives the Chief Executive's Report, RCN24-03-18.**

**3. Chief Executive Update**

- 3.1 Since the last report, I was welcomed as the new Chief Executive with a Mihi Whakatau by Mayor Tim King, Councillors, Council partners, my family and friends.
- 3.2 It has been a busy few weeks negotiating the challenges and opportunities for the Council. I am aware of the significant challenges that lie ahead, both internally and externally, as we navigate the changing and complex landscape of local government.
- 3.3 One of the external challenges that I face as the new Chief Executive is to manage the increasing and competing demands and expectations of our community and stakeholders, in the context of limited and constrained resources. The Council has a responsibility and a mandate to provide a range of services and facilities to our community, and to ensure that they are of high quality, accessible, and affordable. However, I also realise that we must balance this with the fiscal and environmental sustainability of our organisation, and the need to prioritise and allocate our resources wisely and efficiently. The Long Term Plan (LTP) that will be going out for consultation on 28 March 2024 highlights what these challenges are and what options the community can consider.
- 3.4 I continue to be the sponsor for the Digital Innovation Programme. We are in the final stages of procurement for our partner to assist us with implementing a Customer Relationship Management System (CRM) on the Microsoft Dynamics Platform.
- 3.5 The CRM project will enable the Council to manage its interactions with customers across multiple channels and touchpoints, such as phone, email, web, social media, and face-to-face. The CRM system will provide a single source of truth for customer data, requests, feedback, and history. It will also automate workflows, streamline processes, and generate insights to help the Council improve its performance and responsiveness. The CRM project

will benefit both the Council staff and the customers, as it will make it easier to communicate, collaborate, and resolve issues.

- 3.6 It has been a month of meeting new people and connecting with stakeholders. I attended the Local Government Regional Sector Meeting in Wellington in early March. We heard from Ministers Todd McLay, Penny Simonds, and Chris Bishop. There is a bit of “hurry up and wait” as the new government works through new legislation and policy.
- 3.7 I attended the Coordinated Executive Group (CEG) at the Nelson Tasman Emergency Operations Centre. The CEG is made up of agencies that have a leading role in delivering civil defence emergency management in our region. This reflects the fact that, as required by legislation, civil defence is a multi-agency responsibility. The CEG reports to the Mayors and Deputy Mayors of Nelson City Council and Tasman District Council (called the "Nelson Tasman Civil Defence Emergency Management Group").
- 3.8 The group is made up of representatives from, Nelson City Council iwi, Police, St John, Ministry of Social Development, Public Health, Te Whatu Ora, Fire and Emergency, and the National Emergency Management Agency.

#### **4. Operational Highlights**

##### **Waimea Community Dam**

- 4.1 The Waimea Community Dam project is nearing completion and according to Waimea Water Limited it is intended to be fully commissioned in late March 2024.
- 4.2 The storage behind the dam has been filled in managed stages whilst monitoring the dam's performance. It first spilled on Sunday 21 January 2024.
- 4.3 In early February Waimea Water Limited commenced the final stages of installing the mechanical and electrical components in the diversion tunnel. The smaller outlet pipe, colloquially called the ‘environmental’ pipe was opened and started discharging up to 1.4m<sup>3</sup>/sec on Saturday 2 March 2024.
- 4.4 The ‘environmental’ pipe has to be closed during working hours for a few days to enable further work to be done on the other pipework within the diversion tunnel. Waimea Water Limited staff installed temporary pumps in the spillway to pump water over the spillway whilst the environmental pipe was closed. This has helped maintain minimum flows in the river.
- 4.5 Even though the dam has not been formally commissioned, the release of water has maintained an increased flow in the Lee and Waimea Rivers. If this had not occurred, the Waimea Plains would have been subjected to much more severe staged restrictions.
- 4.6 During the week of 11 March 2024, without the water being released from the dam, the river flows would have been sufficiently low that the urban supplies would have been in at least Phase D rationing and probably into Phase E rationing. Phase E is when water is to be used only for emergencies, human drinking, sanitation, medical purposes, and stock wellbeing. This would have been the same situation we had in 2019/2020.
- 4.7 The urban community and the greater Waimea Plains will be pleased that the dam has been able to release water to counter the need for severe staged water restrictions.
- 4.8 Waimea Water Limited has indicated that the two larger discharge pipes, which were concreted in during late February, should be functional and able to release more water during the week of 18 March 2024.

## 5. Legal and Democracy Services

### Local Government and Official Information Meeting Act 1987 (LGOIMA) requests

- 5.1 The Council continues to receive a large volume of LGOIMA requests. For context, in 2023 the Council received 510 LGOIMA requests, this is up from 295 in 2022.
- 5.2 Since the beginning of 2024 there have been **202** formal LGOIMA requests (as of 12 March 2024). **Ninety-three** (93) of these requests have come from two individuals. The Council is responding to these requests appropriately in line with the Act. This includes bundling requests, seeking to charge for staff time, and declining because the request is “frivolous or vexatious or that the information requested is trivial”.
- 5.3 The Council considers it has engaged appropriately in relation to the LGOIMA requests and associated complaints.

### Ombudsman investigations

- 5.4 As of 12 March 2024, the Council is responding to five Ombudsman investigations and two preliminary inquiries.
- 5.5 It is noted that Chief Ombudsman Peter Bushier is required to resign due to a legislative requirement relating to the maximum age for the Ombudsman.

## 6. National Policy Statement on Freshwater Management (NPS-FM)

- 6.1 As the Council will be aware, the new Government announced the extension of notification timelines for the National Policy Statement on Freshwater Management until 2027.
- 6.2 The Strategy and Policy Committee debated the matter of the proposed plan change timeframes and being cognisant of the requirements under the Water Conservation Order, determined a six-month delay in notification would be appropriate to mid-2025.
- 6.3 Staff will be providing further advice to the Council on the impact the Water Conservation Order requirements will have on this timeframe.

## 7. People Management

- 7.1 Marlborough District, Nelson City and Tasman District Councils, being the three councils who are party to the Multi Employment Collective Agreement (MECA) with the PSA Union, have been communicating with the PSA to confirm dates for this year’s mid-term remuneration negotiations. Last year we negotiated for a two-year agreement and these negotiations are covered by the variation clause in the existing MECA, so this round of bargaining is not a full collective bargaining process. Negotiations are expected to happen across late-April to mid-May.
- 7.2 The Council has engaged Sarah Sidey, a local physiotherapist to deliver a series of informative wellbeing-focused sessions to our staff. The sessions are 30 minutes long and are recorded so that we can make them available to all staff via our intranet. Sarah delivered a similar series of wellbeing focused sessions last year and the feedback from our staff was very positive.
- 7.3 Recruitment continues to remain steady, and we are currently at various stages of recruiting for approximately twenty vacancies which are a mix of existing and new approved positions. Since my last report, another ten appointments have been made with one of these being an internal promotion which then resulted in another vacancy needing to be filled.

**7.15 MAYOR'S ACTIVITY UPDATE****Information Only - No Decision Required****Report To:** Tasman District Council**Meeting Date:** 28 March 2024**Report Author:** Tim King, Mayor**Report Authorisers:****Report Number:** RCN24-03-19**1. Summary / Te Tuhinga Whakarāpoto**

- 1.1 The ongoing dry weather is extremely frustrating for everyone in our District. Unfortunately, the outlook for any rain at all during the next few weeks is not promising.
- 1.2 While the Tasman Dry Weather Task Force continues to meet weekly, the Ministry of Primary Industries has also convened the Top of the South Drought Committee. Former Tasman District Mayor, Richard Kempthorne is chairing this committee, and the Government has so far allocated \$20,000 to the Rural Support Trust (also chaired by Richard Kempthorne) to help with assistance for farmers and rural water users. Locally, the Alliance Group has commenced double shifts to help farmers who are destocking.
- 1.3 On Friday, 15 March 2024 the Minister of Agriculture, Todd McClay formally classified drought conditions in Marlborough, Tasman, and Nelson as a “medium-scale adverse event”. This decision will unlock further support for farmers and growers, including tax support.
- 1.4 I am especially pleased that the Waimea Dam is now providing water to augment the environmental flows in the Waimea River. It has been great to receive several “well done and congratulations” messages from residents who recognise the difference the dam will make to our District.
- 1.5 Alongside the Richmond Friendly Town Group, we recently hosted the Mayoral party from our sister city, Fujimi Machi. their Secretary of Education and several students and their adult caregivers. The welcoming pōwhiri was held at Te Āwhina marae, a new experience for our visitors. This year marked the 30<sup>th</sup> anniversary of the relationship between our two towns which was marked with the unveiling of a park bench in Washbourn Gardens next to the cherry tree that had been planted by a Fujimi Machi visiting group 20 years ago. The students spent several days at Waimea College joining in normal classes and experiencing life in a New Zealand educational setting. The group also visited Māpua and Rabbit Island (via the Māpua ferry service), a local farming operation, Kaiteriteri, Waimarama Brook Sanctuary and the Abel Tasman National Park.



*The Fujimi Machi Mayoral delegation at the welcoming pōwhiri*

- 2.1 I have regrettably accepted the resignation of Margaret Devlin from the Waimea Water Limited Board. Margaret is returning to the UK where she has been offered a new role.
- 2.2 Thank you to Councillor Maling and Councillor Ellis who have both provided support by attending a number of events in support of the Mayor's office recently. Your help is much appreciated.

## **2. Recommendation/s / Ngā Tūtohunga**

**That the Tasman District Council receives the Mayor's Activity Update, RCN23-03-19.**

## **3. Significant Birthdays, Anniversaries**

- 3.1 For the past year, Tasman District Council, through my office, has subscribed to the Department of Internal Affairs "Congratulatory Message Service". This service advises when a resident of Tasman District reaches a significant personal milestone, for example 50<sup>th</sup>, 60<sup>th</sup> (and more years) wedding anniversaries and significant birthdays (usually 100 years). The Executive Assistant and Advisor to the Mayor sends greeting cards and/or flowers – cards for wedding anniversaries and flowers for centenarians. This initiative has been well received by the recipients.

## **4. Local Government New Zealand – Four Monthly Update**

- 4.1 The Local Government New Zealand Four Monthly Update is attached for information (**Attachment 1**).

## 5. Mayoral Activity

- 5.1 The Kaiteriteri Recreation Reserve Board met on 13 February 2024.
- 5.2 The mihi whakatau for our new Chief Executive Officer, Leonie Rae was held on 19 February 2024.
- 5.3 The Cawthron Institute Trust Board met on 19 February 2024.
- 5.4 On 20 February 2024, I was invited to speak to the Wellington Regional Police leadership team focusing on my experience in a governance role.
- 5.5 The two-monthly catch up with our Kaumatua Harvey Ruru and Whaea Jane de Feu was held on 22 February 2024.
- 5.6 It was good to see the large turnout at Paul Sheldon’s retirement function on 22 February 2024. Paul has worked for both Nelson City and Tasman District Councils and is well respected in the community.
- 5.7 Fifty-three new residents received their New Zealand citizenship at our first ceremony for the year on 28 February 2024. It was great to see several people deliver their oath or affirmation in te reo. The kapa hapa group from Richmond Primary School did a great job leading everyone through the national anthem.



*Richmond Primary School Kapa Hapa Group*

- 5.8 The Local Government Transport Reference Group met in Wellington on 29 February 2024.
- 5.9 The Chief Executive, Leonie Rae, Group Manager – Community Infrastructure, Richard Kirby and I met with Graham Mitchell from Crown Infrastructure Partners and Paul Barker from the Department of Internal Affairs on 6-7 March 2024. Discussions focused on opportunities for the Council with the Government’s “Local Water Done Well” programme and infrastructure investment. Graham and Paul also visited the Waimea Dam site and were very impressed.

5.10 The Local Government New Zealand Regional Sector Group meeting was held in Wellington on 7-8 March 2024. We heard from Todd McClay (Agriculture), Penny Simmonds (Environment), and Chris Bishop (RM Reform and Infrastructure).

<b>6. Attachments / Tuhinga tāpiri</b>
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1. [↓](#) LGNZ Four Monthly Update

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# LGNZ FOUR-MONTHLY REPORT FOR MEMBER COUNCILS

// NOVEMBER 2023-FEBRUARY 2024



# Ko Tātou LGNZ.

This report summarises LGNZ’s work on behalf of member councils and is produced three times a year. It complements our regular communication channels, including Keeping it Local (our fortnightly e-newsletter), providing a more in-depth look at what we do.

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# Introduction

This report is designed to be put on your council agenda for discussion and feedback. We would welcome the chance to speak to it at your council meeting, whether in person or via zoom – please get in touch with us to arrange that.

Highlights of this period from November to February have included building relationships with key Cabinet Ministers in the new Government and locking in regular meetings for the year. We have resumed meetings with the Prime Minister and enjoyed good levels of attendance of Ministers and MPs at sector meetings. This follows our [Briefing to the Incoming Government](#), which was well received both by members and central government. In 2024, for the first time, LGNZ was officially represented at Waitangi, marking a step change in our approach to strengthening partnerships with Māori – as well as providing valuable opportunities for both formal and informal political engagement. Significant policy/advocacy work on behalf of councils, along with media and social media activity, is reported on in detail below.

December's Special General Meeting wrapped up an intensive five-month process on the Future **by** Local Government that included new ways to engage members. The next step is taking this long-term platform and determining what to advocate on in the shorter and longer term – and tailoring this for the right audience. We'll be engaging more with members on that soon.

LGNZ advocated for more time and flexibility around LTPs given the changes to water reform. This was achieved, with the repeal legislation giving councils an additional three months to adopt their LTPs, an ability to forgo the audit of the consultation document, and to reduce consultation requirements on subsequent amendments. There's a lot more detail about all areas of our policy and advocacy work in this report.

Another highlight of this period was agreeing an interim collaboration agreement with Auckland Council CE Phil Wilson. The arrangement allows access to professional development opportunities for Local Board members, particularly Te Maruata and Young Elected Members.

In the area of professional development support, you will see the increasing range of Ākona modules in response to your requests.

Ngā mihi  
Sam and Susan



# Progress on strategic goals

## Priority/01

### Resetting the relationship with Central Government

#### Political engagement and government relations

Our reset political strategy initially focused on establishing credibility and building relationships with key Cabinet Ministers. As with any change of government, the first step is to get to know Ministers – how they operate and what they expect – and to slowly build their understanding of the intricacies of local government, the challenges we face and the opportunities we could unlock together.

Regular meetings between LGNZ and Prime Minister Christopher Luxon, Local Government Minister Simeon Brown and Regional Development Minister Shane Jones are locked in the diary for the year. We're also working to schedule regular meetings with Resource Management Reform and Infrastructure Minister Chris Bishop. We'll have a raft of Ministers speaking at our March sector meetings to help set the agenda for the rest of the year.

As well as our regular formal meetings with the Prime Minister, Ministers and key officials, our broader approach has included:

- // Being part of political events such as Waitangi commemorations, where it's possible to speak to a broad range of Ministers in formal and informal settings (more on Waitangi below);
- // Hosting a localism briefing for new National Party MPs to bring them up to speed on what localism means, why taking a place-based approach works well and how councils can enable the delivery of government policy if the system is set up right.
- // Taking steps to set up a network of former members of local government who are now MPs – and who understand and can champion local government's interests inside the Beehive. This kicked off with an informal pizza and drinks night.

Sitting alongside this, we are undertaking policy work that positions LGNZ as a speed boat – rather than the slow-moving cruise liner the public service can be viewed as – more detail on this below.

Susan and key public sector CEs have 1:1s scheduled throughout the year to build trust and help build the public service's knowledge about local government's challenges, as well as explore where the opportunities may lie for quick wins.

#### Briefing to the Incoming Government

We finalised and shared our [Briefing to the Incoming Government](#) in late November. The briefing focussed on localism and where we would like to work together on the Government's priorities and



was aimed at opening the door for future engagement. It included content regarding issues like investing in infrastructure, water services, resource management, and emergency management.

## Priority/02

### Establishing stronger Te Tiriti-based partnerships with Iwi Māori

#### Waitangi commemorations

For the first time, LGNZ was officially represented at Waitangi, marking a step change in our approach to strengthening partnerships with Māori as well as providing valuable opportunities for political engagement. Our contribution included hosting a panel discussion in the Forum Tent on local government's role in honouring Te Tiriti. About 100 people attended and contributed some thought-provoking pātai from the floor; feedback about the event was positive. We took a proactive approach to media coverage that outlined our position on Māori Wards, which is based on fairness and treating Māori Wards the same as other wards.

#### Te Maruata update

Te Maruata Rōpū Whakahaere met in Wellington in November to refine their priorities for the rest of the triennium, and will be holding a whānui hui online on 14 March. The hui is also an opportunity for the wider whānui to meet LGNZ's new Kaitohutohu Matua Māori (Principal Advisor Māori), Mereana Taungapeau, who started in February. Mereana is currently developing a Te Ao Māori workstream that seeks to support LGNZ with the design of tools/processes/approaches to create a stronger, more meaningful Te Ao Māori foundation. This foundation will support increased cultural capability of LGNZ staff that will then extend into positive outcomes for members. It will help Te Maruata to maximise their capacity and transform their work programme to focus on pro-active kaupapa of importance to Māori across Aotearoa. We've been able to extend the invitation to the online whānui hui to Māori Local Board members because of the cooperation agreement with Auckland Council Local Boards. At the hui, the whānui will elect three new members to sit on the Rōpū Whakahaere. The new Rōpū Whakahaere will meet in person in April, to discuss their forward work programme with Mereana and the wider LGNZ team.

A key issue for Te Maruata is strong advocacy on retaining current arrangements for the establishment of Māori wards and constituencies, and protecting those wards and constituencies that are already in place.



## Priority/03

# Campaigning for greater local decision-making and localism

## Choose Localism and Future by Local Government

### FbLG process

December's Special General Meeting wrapped up an intensive five-month process that included new ways to engage members.

The second FbLG event on 2 November concentrated on four areas identified at the September event as potentially being possible to reach agreement on. The nearly 200 attendees split into four groups – Funding, System transformation, Te Tiriti, and Wellbeing & working with central government. Each group created a position and presented it back to the whole audience, then revising it in response to feedback and presenting again.

Between the first and second events, we also ran participative online engagement that allowed people to see how their opinions fitted with other people's and make comments. In total 164 people engaged with the online platform. People from 19 different councils took part.

Supporting all this engagement was a range of email communications, including designed emails to all elected members, promotion in Keeping it Local, personal emails from Sam, and personal emails from Susan. We shared all the of the data and outputs from the events back with members.

Some of the email campaigns (which were all to 1500 recipients) recorded extremely high open rates by industry standards. For context, the average open rate for non-profit member organisations is 39%<sup>1</sup>

- "Last chance to complete online engagement" on 30 October had a 67% open rate
- Make your voice heard – new FFLG online tool on 13 October had a 68% open rate
- "We're making progress towards FFLG consensus" (which included the pack for councils to hold conversations) on 4 October had a 57% open rate

We used all the feedback and data to create a consensus outcome paper, which was shared with members on 24 November ahead of a Special General Meeting on 11 December, which voted to include all five sections in the FbLG package. These were the final results:

// Section 1 – Build a new system of government that's fit for purpose – **93.6% in favour**, 6.4% against; 0% abstain.

<sup>1</sup> [https://knowledgebase.constantcontact.com/email-digital-marketing/articles/KnowledgeBase/5409-average-industry-rates?lang=en\\_US](https://knowledgebase.constantcontact.com/email-digital-marketing/articles/KnowledgeBase/5409-average-industry-rates?lang=en_US)



- // Section 2 – Rebalance the country’s tax take between central and local government – **98.0% in favour**, 2.0% against, 0% abstain.
- // Section 3 – Create stronger, more authentic relationships between local government and iwi, hapū and Māori – **76.1% in favour**; 19.5% against; 4.4% abstain.
- // Section 4 – Align central, regional and local government priorities – **93.6% in favour**, 6.4% against, 0% abstain.
- // Section 5 – Strengthen local democracy and leadership – **89.4% in favour**; 10.6% against; 0% abstain.

### **What now for FBLG?**

Not everything in the package of ideas that came out of the Future by Local Government process will be palatable to the new government and some ideas won’t be advanced in this political term. The package approved at the SGM is the start of a long-term platform for advocacy that goes beyond this current government (and the next too). The next step is to tailor our advocacy to the appropriate audience – right now for the National-led Coalition – and to actively involve members in that. This will be workshopped at our April sector meetings.

### **Choose Localism**

We have developed a plan to activate Choose Localism this year that includes political, member and media engagement, with our annual SuperLocal Conference a key milestone where localism will be brought to life.

A key part of our work will be launching a Choose Localism toolkit, which our Policy Team is working on. This will be a practical resource for elected members and staff that shows how councils can adopt localism as part of their core work. We’ll be releasing the toolkit in stages, with the first part of the toolkit focused on applying localism to engagement and consultation processes. We plan to use the toolkit as a way to showcase good practice examples of work happening across councils.

As part of the Choose Localism campaign, we are looking at ways to tackle the issue of voter turnout (and therefore mandate) for local government. There have been several reviews and numerous calls for local government electoral reform over the years, with no progress being made. Only four out of ten eligible voters have their say in local elections, compared with eight out of ten for central government. Mayor Nick Smith, who has been part of a number of Justice Select Committees looking into this, will lead an LGNZ Technical Working Group to get traction on the issue. The working group will have a very clear purpose: to drive LGNZ’s advocacy work to strengthen the democratic mandate for local government to represent and meet the needs of its communities. Moving local government to a four-year term will be part of this work.



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## Priority/04

### Ramping up our work on climate change

#### Inquiry into community-led retreat and climate adaptation funding

In late 2023, we submitted on the inquiry into community-led retreat and climate adaptation funding that was started by the previous government. Our submission stressed the importance of an enduring framework for climate adaptation and retreat that has cross-party support. We have encouraged the government and Environment Committee to continue with the inquiry and climate adaptation work in both our submission and our briefing to the incoming government. We understand that work is underway to re-ignite the inquiry. There is a real opportunity for LGNZ to play an active role in working with the Government to develop its climate change adaptation policy framework.

#### Other climate change work

In late 2023, we worked with Whakatāne District Council, Northland Regional Council, the Aotearoa Climate Adaptation Network (ACAN) and Beca to produce guidance that sets out climate change legislative requirements and reforms that councils should think about when preparing their LTPs. This guidance will be a living document and updated in the coming months to reflect the new Government's emerging policy and legislative reform programme.

We also supported ACAN's two-day hui for council staff working in the adaptation space in Christchurch, which was attended by over 100 people.

#### Support for Cyclone-affected councils

We've continued to engage with affected members on what they needed from additional orders in council or support from the new Government. Alongside helping councils to address their specific needs, we've continued our wider call for a more sustainable approach to emergency event recovery, which has been included in recent submissions as well as in the Briefing to the Incoming Government.

Our Policy Team met with the secretariat of the Cyclone Gabrielle Recovery Taskforce to support development of their insights framework, which seeks to capture the lessons learned from their work. We have also started engagement with the Department of Prime Minister and Cabinet on their next steps on their critical infrastructure framework and minimum standards.

The report on the Government Inquiry into the Response to the North Island Severe Weather Events is expected to be out shortly. We understand that consideration of the Emergency Management Bill (which we submitted on in October 2023) is on hold until the release of this report, so the Select Committee can consider it and any changes needed to the Bill. This may involve further submissions or engagement.



## Priority/05

### Delivering and building on our core work

#### Water services reform

LGNZ advocated for more time and flexibility around LTPs given the changes to water reform. This was achieved, with the repeal of the previous government's water services legislation giving councils an additional three months to adopt their LTPs, ability to forgo the audit of the consultation document, and to reduce consultation requirements on subsequent amendments. Alternatively, councils can defer development of their LTP for 12 months if they produce an enhanced Annual Plan.

The replacement approach for water services will be rolled out in two parts. A first bill will be passed by the middle of the year and will require the development of service delivery plans (which will be the vehicle to self-determine future service delivery arrangements). This bill will also put in place transitional economic regulation and provide a streamlined process for establishing joint water services CCOs. A second bill will be introduced at the end of the year and will set out provisions relating to long-term requirements for financial sustainability, provide for a complete economic regulation regime, and introduce a new range of structural and financing tools, including a new type of financially independent council-controlled organisation.

Taumata Arowai is starting to develop regulations for storm water and wastewater, and attended LGNZ sector meetings in March.

#### Resource management reform

Having repealed the Natural and Built Environments and Spatial Planning Acts prior to Christmas, the Government has worked at pace to develop a new fast-track consenting regime, with legislation introduced to the House in early March. We are planning to make a joint submission on the Bill with Taituarā and Te Uru Kahika.

We're also thinking about how we can influence the new Government's thinking around what a replacement resource management system could look like – which is something it has signalled it's interested in. Our sense is that there is alignment across the membership on some aspects of resource management, including strong support for retaining regional spatial planning, shifting to integrated national direction and developing a climate adaptation framework. There is also a strong desire to see local and regional planning decisions made at place.

We also understand that the new Government is working at pace to make a number of changes to the NPS-Freshwater Management. We're monitoring these changes closely along with Te Uru Kahika.

#### Transport

Late last year we stood up the LGNZ Transport Forum, which includes a mix of National Council spokespeople and other representatives. The group has recently met to discuss its work programme, following both National Council's adoption of the [Position Statement on Transport](#) and the swearing-



in of the new government, which gave us a steer on the broad direction for transport policy over the next three years and beyond. Mayor Neil Holdom has been elected Chair of the forum.

The Forum will support the development of LGNZ's submission on the [draft Government Policy Statement on Land Transport](#), which is due on 2 April 2024.

Our position statement includes the following key policy objectives:

- // A strategic, long-term approach to planning that joins up central and local government decision-making to address maintenance and climate adaptation needs.
- // Sufficient, long-term transport investment that prioritises resilience building, safety and better asset management across both new developments as well as maintenance and renewals.
- // Integrated transport and freight networks that support placemaking by connecting our rural communities, towns and cities and making them great places to live and work.
- // A transport network that can adapt to the future climate and prioritise decarbonisation.

### City and regional deals

The Government has strongly signalled interest in long-term city and regional deals as a way to partner with local government to create pipelines of regional projects.

In late 2023, we commissioned Linda Meade, Director at Kalimena Advisory, to provide insight into the international experience around city and regional deals, and how this might be applied in the New Zealand context. [The paper](#), which was presented at the November Metro Sector meeting and has since been shared with members more widely, set out background on the key elements of city and regional deals, different options that have been used in the United Kingdom and Australia, and considerations and key takeaways that could be applied when designing a city and regional deals framework for New Zealand.

We're continuing to think about how city and regional deals can be structured to maximise the benefits for local government. The Policy Team is pulling together a think piece that will highlight how city and regional deals could support better alignment between central and local government. This will be shared with members and support conversations we're having with Ministers and officials on the framework for these deals.

### Local government funding and financing

We have commissioned NZIER to estimate the financial impacts of various reforms on councils – which is all about quantifying the unfunded mandate. This work will support our ongoing conversations with the Government on how they consider and mitigate the implementation and operational costs on local government of their reforms. The specific areas we are costing (National Policy Statement for Freshwater Management, National Policy Statement on Urban Development and Medium Density Residential Standards, Local Alcohol Policies, improving recycling and food scrap collections) have been chosen to be representative of reforms with a range of impacts on councils. This work is expected to be completed in May.



We’ve also recently commissioned Brad Olsen and the team at Infometrics to develop a report that looks at the various factors that have driven up local government’s costs. We’ll be sharing this with members shortly, and discussing it in detail at our April Combined Sector Meeting.

Both of these pieces of work are part of the broader advocacy we’re doing around rates rises and building community understanding of the reasons for them.

**Ratepayer Assistance Scheme**

The RFS is a special purpose tool that would provide support to ratepayers to finance any local authority charge. With balance sheet separation, and proximity to both local and central government, it would have a very high credit rating and therefore be able to provide the cheapest possible financing terms to ratepayers.

The Ratepayer Financing Scheme’s flexibility would enable it to support:

- // Development contributions to enable housing development.
- // Home improvement policy to meet healthy homes, earthquake strengthening, home insulation and solar panel installation, water separation and storage etc.
- // Rates postponement to provide relief to ratepayer experiencing affordability pressures.

A detailed business case supporting the RFS’s viability has been completed with the support of Auckland, Hamilton, Tauranga, Wellington, Christchurch councils alongside the LGFA and LGNZ. So far Auckland and Tauranga have confirmed financial support to establish the RAS.

**Remits**

We’re continuing to make progress on remits where we can – though as is always the case following a General Election, progress has slowed somewhat as we wait for the new government to bed in and understand how our remits relate to its priorities. We are thinking carefully about ways that we can build remits into our existing policy and advocacy work programmes to maximise limited resources across a wide number of issues.

Remit	Progress update
<b>Allocation of risk and liability in the building sector</b>	We raised the issues that this remit addresses through our involvement in a working group that was reviewing the building consent system in 2023. Our Metro Sector met with the Minister for Building and Construction in March 2024. More substantive work is needed to progress this remit.
<b>Rates rebates</b>	We wrote to the Minister of Local Government on 21 January 2024 asking the Government to amend the Rates Rebate Scheme and benchmark further increases to changes in the local government cost index.
<b>Roading/transport maintenance funding</b>	This remit will be picked up through the work that our Transport Forum leads.
<b>Local election accessibility</b>	For us to achieve the intent of the remit, there will need to be an amendment to the Electoral Act 1993. We will begin work soon to



	develop a case for change before engaging with the Minister of Justice.
<b>Ability for co-chairs at formal meetings</b>	Guidance on how to introduce co-chairs, which has been informed by legal advice, has been incorporated into our revised Guide to the LGNZ Standing Orders Template, which was published in early February 2024.
<b>Parking infringement penalties</b>	We're yet to start substantive work to progress this remit.
<b>Rural and regional public transport</b>	This remit will also be picked up through the work that our Transport Forum leads.
<b>Establishing resolution service</b>	National Council agreed that work to progress this remit will form part of our 2023 – 2025 strategy.
<b>Earthquake prone buildings</b>	We met with the Deputy Mayor of Manawatū District Council to begin development of a proposed plan for next steps on this remit, which will be delivered this year. We have also reached out to Engineering New Zealand to understand their perspectives on the viable options.
<b>KiwiSaver contributions for elected members</b>	We've received legal advice from Simpson Grierson on the changes that would need to be made to the Local Government Act 2002 and the KiwiSaver Act 2006 to enable elected members to be eligible for KiwiSaver contributions and have begun drafting advice for Ministers and officials.
<b>Scope of audits and audit fees</b>	Part of the approach to reduce audit fees is to ensure that the legislative requirements and scope (and resulting repetition and complexity) of Long-Term Plans and Annual plans and reports are reduced to be better aligned with needs and cost less to audit. To support this, we are in the process of undertaking a desktop review of a number of reports that made recommendations on how to achieve this. We've also made recommendations around the need revisit councils' planning and accountability obligations in our Future by Local Government Consensus Outcome Paper.

## Other policy and advocacy work

### Freedom camping

The Policy Team have released updated guidance and a model bylaw that reflect recent amendments to legislation and case law, to support councils to develop, review, and administer bylaws relating to the Freedom Camping Act 2011 (FCA). Amendments to the FCA came into force on 7 June 2023, but there is a transitional period before the new certification for self-contained motor vehicles and related provisions come into force.

The Ministry of Business, Innovation and Employment and the New Zealand Motor Caravan Association part funded this work, and we worked with them and Taituarā to develop it.



The guidance is available [here](#). Two versions of the new model bylaw are available, [one](#) highlighting the changes to the 2018 model bylaw, and [one](#) without the highlighted changes.

### **Drought planning**

We were engaged by the Ministry for Primary Industries to participate in an all-of-government group that undertook work to prepare for expected impacts of drought over Summer 2023-2024. Our involvement in this work was principally to ensure that local government remains front and centre in the government's planning and thinking, and to help provide appropriate communications channels back to councils.

### **Media**

Media was a strong advocacy tool used to its full advantage during the pre-election period when politicians were in the middle of campaigning. The post-election period, including when special votes came out and coalition talks were underway, was also a good opportunity to thrust local government issues into the political spotlight. This served dual purposes: to inform political journalists of the challenges that government needs to address to ensure local government thrives; and to firmly demonstrate to the incoming government that the challenges facing local government needs the Government's attention or they risk not being able to deliver on their priorities.

Here are some examples of LGNZ's proactive work in that period:

- [Funding anxiety across the country as local government considers its future | The Post](#)  
[Councils plead for more certainty over National's Three Waters plans | RNZ News](#)
- [Local councils facing cost pressures across the country | RNZ](#)
- [Councils plead for clarity on water infrastructure reform | RNZ](#)
- [Christopher Luxon claims victory: 'Our children can grow up to live the lives they dream of' | Newsroom.co.nz](#)

Towards the end of last year, our media campaign centred on proposed rate rises and what's driving them ramped up. LGNZ led the narrative by using champions like Cameron Bagrie and Āpopo to visibly back our message. Sam also fronted a proactive media conference and numerous interviews over December and January. As at the end of February, we generated 48 unique pieces of media coverage capturing Sam's message for the need for more funding and financing tools for local government.

Another major piece of advocacy through media is four-year-terms for local government. Sam has used every opportunity to talk about the efficiencies we'd gain by implementing longer electoral terms. This has led to stories in local papers as well as in-depth coverage by RNZ's political reporter, Russell Palmer.

Our social media channels have had a 16.4% increase in engagement for the last quarter compared to this time last year, along with a 458% increase in followers. In March, we're launching a social media campaign to further amplify a national perspective on rates rises. This campaign aims to explain why rate rises occur, especially in the face of rising living costs, and to highlight that this is a widespread systemic issue. Through this series, we'll explore how councils are financed, the services they offer, and the benefits residents receive from their investment in rates. This is part of a wider



campaign to support councils in the rates rise conversation that will include other resources for members.

### Conference and Excellence Awards update

Planning continues for both SuperLocal 2024 and the Community Board conference in August in Wellington. There will be additional events for Te Maruata, Young Elected Members, LGNZ's Annual General Meeting, Mayors for Taskforce breakfast and numerous networking events spread across the three days. Work on various streams such as programme and speakers, awards, engagement and marketing is underway. The theme this year is Bringing localism to life, and once again, we're stepping up the programme to reflect the feedback we got last year and ensure we have the right mix of informative, practical and inspirational content.

### Engagement with members, including sector and zone meetings

Our new website went live in December. It provides much more flexibility to showcase local government and all it has to offer our communities, as well as a home for resources, news and insights – and a working search function.

We met with zone administrators and chairs in early February to talk about any challenges and opportunities, and for LGNZ to share what's happening more broadly to help develop agendas. This was the first in a series of three meetings.

On 13 April, we held a zoom for women in local government. We've been repeatedly asked to provide a forum to help support women elected members, so we created this zoom as a starting point. About 20 women attended and there was really strong engagement during the zoom, which was led by Christchurch City Councillor Sara Templeton. We are planning to hold a lunch immediately before SuperLocal as the next step in this conversation.

We have achieved outstanding open rates for *Keeping it Local* this year so far. If you're not receiving *Keeping it Local*, which is our key communications channel and goes out fortnightly on Thursdays, please get in touch.

Date	Open rate	Subject line
19-Jan	67%	We've developed new freedom camping guidance and a model bylaw
1-Feb	68%	We've updated our Guide to Standing Orders Templates
15-Feb	60.20%	Talking all things localism with National Party MPs

We're also planning the launch of a monthly zoom for all elected members. To make sure this is successful and responds to member needs, we've carrying out a series of phone conversations with some randomly selected elected members as part of that planning. The first zoom will be held in late March/early April and will focus on online safety/harassment.



## Mayors' Taskforce for Jobs

Mayors' Taskforce for Jobs (MTFJ) is refreshing its five-year strategic plan. The plan reconfirms the focus of the MTFJ kaupapa firmly on rangatahi, particularly those youth who are NEET (Not in Employment, Education or Training).

To support this strategic planning, we've completed two pieces of research on the value of MTFJ and where opportunities might lie for both sustainable funding and future growth. TRA (The Research Agency) completed a qualitative research piece on the MTFJ Community Employment Programme, which is funded through our current partnership with MSD. The research explored its value proposition, potential scope and growth parameters. Critical findings included the complexity of NEETs, the innovative success of the programme, and the unique impact that the authority bias of the Mayor has in this initiative. The Impact Lab Social Return on Investment review resulted in the very credible finding of \$5.60 return for every \$1.00 spent, alongside strong commentary on other positive key social accountability metrics.

The evidence from these two pieces of research, alongside our own data and analysis, underpin our engagement with the Government and targeted Ministries as we work to strengthen existing funding arrangements and explore new opportunities. We continue to position MTFJ as a tangible exemplar of localism in action.

The 35 current-CEP-contract councils are reviewing their six-month performance milestone in the two-year contracts, with the MTFJ team's support. We are in good shape to fully deliver contracted outcomes.

We have also welcomed two new councils into the MSD-funded contract – Central Otago DC and Kāpiti Coast DC. They are being supported to pilot initiatives.

In late February we hosted a very successful national gathering of 80+ MTFJ coordinators, key council staff and MSD colleagues in Wellington.

## Te Uru Kahika and the LGNZ Regional Sector

The LGNZ Regional Sector met virtually in January to consider how the change of government will impact on its priorities. Our Regional Sector and Te Uru Kahika share three priorities: climate resilience, resource management system, Te Ao Māori. It was agreed that the new government's reform agenda in freshwater, water services regulation and transport are also priorities for engagement.

These priorities informed the agenda for the first Regional Sector meeting of the year on 7-8 March. The Sector had dinner with Minister McClay (Agriculture, Forestry, and Trade) and Minister Simmonds (Environment) and met with Minister Bishop (RM Reform and Infrastructure), which was a good opportunity to form relationships and understand their priorities for their respective portfolios. They also had good meeting with Minister Bishop where he outlined his priorities and the Government's forward programme on resource management reform. The sector shared their desire for close collaboration on implementation and what they want to see from resource management changes.



Our team is meeting regularly with Te Uru Kahika to ensure we are joined up in our support for the Regional Sector. We continue to work together closely on submissions and engagement on central government reforms; for example, on submissions on the inquiry into community-led retreat and the proposed National Policy Statement for Natural Hazard Decision-making. We're also engaging closely with Te Uru Kahika on resource management reform.

### Young Elected Members

The annual YEM hui was held in late 2023 in Waitangi. The YEM Committee, LGNZ and Far North District Council delivered a very successful three-day hui for around 45 YEM that included a range of panel discussions, workshops, keynote speakers, a tour of the Waitangi Treaty Grounds and visits to other culturally significant sites in the Far North.

The programme content included leveraging opportunities through partnerships to deliver good outcomes for communities, developing the YEM Strategy and Kaupapa, effective leadership and looking after your health and wellbeing as a leader, how to effectively engage with the media and building cultural confidence and understanding. Creative New Zealand sponsored the event, which helped to keep costs down and enabled a panel session that focused on how councils can invest in arts and culture in their long-term plans to support wider economic, social and cultural wellbeing outcomes for their communities.

Attendees gave their overall hui experience an average rating of 9.4 (1 being poor, 10 being outstanding). Because of LGNZ's cooperation agreement with Auckland Local Boards, two Auckland Local Board members were able to attend.

The YEM Committee meet online in March. As well as discussing the next Hui and their pre-SuperLocal gathering, the Committee will be refining the YEM Strategy and Kaupapa based on feedback was received from the network at the end of last year.

### Community Boards Executive Committee

Over the last few months CBEC has been actively involved in a number of initiatives:

- // **Satisfaction survey of community boards and mayors:** CBEC commissioned FrankAdvice to undertake a survey of community boards and mayors to better understand the mood of community boards, and relationships between councils and community boards, as well as identify areas for improvement, with particular emphasis on roles, remuneration and relationships with councils. The final report, with recommendations, is expected to be released in late February. The findings will be used for ongoing advocacy by CBEC and to inform updates to the Governance Guide for Community Boards.
- // **Community Boards Conference:** CBEC is well underway with planning for the 2024 Community Boards Conference, which is being held as part of SuperLocal. CBEC members have been working hard with the LGNZ team to pull together a programme, and seek speakers and sponsorship.
- // **Declarations:** the Committee has discovered that some councils do not require appointed board members to make a community board declaration – creating a potential risk to councils should a board decision be challenged on the basis that some members were ineligible to vote. CBEC sought legal advice, which confirmed that all appointed members should make a community



board declaration as well as their council declaration. That advice has been sent to all councils with community boards.

// **Remuneration:** CBEC is working with the Remuneration Authority to improve the basis on which community board remuneration is set. CBEC is working on a “time and motion” survey to provide more accurate information to the Authority on the nature of community board members’ responsibilities and the time board members spend on official duties. The Authority has not been able to resolve how to remunerate boards with additional responsibilities (member pay is based on population without any consideration of the level of responsibility). CBEC plans to provide feedback to the Authority when it is next reviewing its remuneration approach, within the next year or so.

The Committee met in person in Wellington in late February and is looking forward to having Te Maruata and YEM representatives join them in the coming weeks.

## Council capability

### CouncilMARK

Our continuous improvement programme has undergone significant enhancements over the past year in response to feedback from the sector. These changes aim to increase programme participation and deliver greater value to participating councils. The programme has extended its focus beyond independent assessments to support councils throughout their continuous improvement journey, both before and after assessment.

It now emphasises wraparound support for councils, the establishment of development benchmarks and aligning council performance with priorities. The introduction of additional development pathways facilitates the translation of assessment findings into actionable plans, enabling councils to optimise their performance.

### Ākona

In late 2023, we developed and launched six new courses, including Health & safety, Chairing meetings, Writing and delivering great speeches, Working with media, Engaging with Māori, and LGOIMA. Many of these have been in response to requests from councils and designed in conjunction with council experts. We worked closely with Tararua District Council on the Health & Safety module – a first for elected members – and with Queenstown Lakes District Council on the LGOIMA module. Chairing meetings, giving great speeches and working with the media have all been popular with our subscribed councils.

New courses being developed ready for release over the next few weeks include:

- // Climate Change
- // Decision Making
- // The CE Relationship
- // Te Reo
- // Unconscious Bias



Refer to **Appendix 1** for a complete list of learning and development assets.

A targeted workshop focused on Chairing Meetings/Standing Orders has also been developed, along with a Critical Thinking workshop. A survey was distributed in February to identify preferred Ako Hour topics – this will lead to a 2024 schedule being built and promoted by the end of March

We're working closely with Taituarā and the Local Government Commission. Discussions have begun with Taituarā to develop an induction pack that will include pre-elected learning resources, (as per the framework). A pre-candidacy package of learning will also soon be developed to support the promotion of local governance participation in our communities.

### **Guidance and advisory for members**

The Policy Team has been working on several pieces of research and good practice guidance over the past four months. These include:

- // **The 2022 -25 elected member census:** This summary report shows that there has been a significant increase in the number of members who identify as Māori and that overall, members are getting younger.
- // **Local government voters 2022:** This report summarises the survey of voters and non-voters undertaken shortly after the 2022 elections. It shows the number of voters aged between 18 – 25 has grown significantly since 2001, and a big increase in the number of voters who placed their completed voting papers in a ballot or voting box from 12% in 2016 to 28% in 2022.
- // **An elected members' guide to representation reviews:** This is to strengthen elected members' and citizens' understanding of the representation review process.
- // **Ombudsman's report on workshops – update to standing orders guidance:** In October 2023 the Ombudsman published a report "Open for Business" in which he was critical of the number of public excluded workshops held by councils. The report, while finding that there was no evidence that workshops were being used for making decisions, made several recommendations for improvements. We have commissioned Simpson Grierson to review the recommendations and incorporate those that are relevant into LGNZ's Guide to Standing Orders. We expect to republish that Guide later this year.
- // We've recently updated our **Guide to the LGNZ Standing Orders Template**. The updates provide councils with guidance on how to amend their standing orders to incorporate changes to the definition of a quorum (for those joining by audio visual means). They also provide guidance on the Ombudsman's recent report on public access to workshops.
- // We're working with the Taituarā Democracy and Participation Working Group to fine tune our **Standing Orders Template**, with a focus on readability. The updated version will be available to councils in early 2025, giving plenty of time to be prepared ahead of the 2025 local body elections. The new template will also reflect legislative changes made since mid-2022 when the current template was drafted.



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### **Moata Carbon Portal**

The Moata carbon portal is a tool that allows embedded (capital) carbon to be measured and monitored across any capital works programme. It enables councils to account for and reduce carbon emissions generated from water, transport and infrastructure (vertical and horizontal) projects. We have also been in planning mode for Mott MacDonald to attend the first Zone meeting of the year to provide an overview of the carbon portal as well as some findings from the carbon baseline completed on Queenstown Lakes LTP in 2023.

The findings from this baseline were that water projects accounted for 55% of QLDC's total capital carbon, with transport accounting for 24% and built environment 21%. Over the course of their LTP, their highest carbon peaks were predicted for 2023 and 2030, with recommendations provided on integrating carbon assessments into their approval and delivery processes.

Our subscribers now include Auckland Water Care, Tauranga, Napier, Wellington Water and Queenstown Lakes. We are also having conversations with New Plymouth and Nelson councils.

We also held New Zealand's first Carbon Crunch event this year with then-Minister James Shaw the keynote speaker. The event included presentations from Auckland Council, Transpower and Wellington Water on how they are tracking on their decarbonisation journey. [A white paper](#) from this event has been developed.

### **Libraries partnership**

Our Libraries Advisor will be with LGNZ until the end of June 2024, when the project funding comes to an end (this was a Covid-19 recovery initiative). The work programme agreed to with DIA and the New Zealand Libraries Partnership Programme has included sharing findings from research to identify the value of public libraries as vehicles for service delivery. At the end of 2023, the Advisor met with council leaders and library staff in the Far North and Whangārei, and in early 2024 is visiting councils in Horowhenua, Palmerston North, Rangitikei, Taupō, Waipā and South Waikato. The conclusion of this project will include a report that will outline all the key trends identified and findings made across the three years.



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# Appendix 1: complete list of Ākōna learning and development assets

## Courses

There are now 17 courses available on Ākōna.

- // Designing and Delivering Great Speeches
- // Chairing Meetings
- // Health & Safety and Good Governance
- // Engaging with Media
- // Engaging with Māori
- // LGOIMA
- // Funding & Finance
- // Asset Management
- // Engaging with your Community
- // Governance
- // What is Local Government?
- // Remuneration and Tax for elected members
- // LTP
- // Council Membership
- // Financial Governance
- // Navigating Local Government Meetings
- // Conflicts of Interest



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## All courses feature

### Emodules

Interactive, immersive learning activities that break down complex topics for easy understanding and immediate application.

### Resources

Templates, case studies, videos, websites and/or extra reading that support sustained learning practise.

### Ako Hours

Live discussion groups, led by experts, focused on expansion and contextualisation of new knowledge.

### Kōrero Corner

Social learning with peers and experts.

## Added value

### Partnership

Subscribed councils are welcome to request learning topics; most of our courses came about this way. Many courses were also built with council input – either the sharing of process, content, stories and/or case studies. This keeps our courses as fit for purpose as they can be. Note also that every course is reviewed by sector experts.

### Elected member capability framework

For the first time, a framework that sets out capabilities needed to successfully fulfil the role of elected member has been developed. Mapped across 6 capability groups and 4 levels of capability (including pre-elected), the framework provides a clear view of what high performance looks like and the pathway to getting there.

An online self-assessment tool is currently being designed ready to be built into Ākona. Soon Elected Members will be able to plot their strengths and opportunities across 6 capability areas that are unique to their role.

### Advisory Services

The Ākona tīma have a vast amount of experience working in complex learning environments, creating learning cultures and supporting others to do the same.

Whether you need support to identify training needs, develop learning specifically to your council needs or engaging your folk in learning, the tīma are here for you.



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### **Digital platform – creating your own learning pathways and induction experiences**

The new Ākona platform offers councils the opportunity to create their own learning pathway, create a place only accessible by their elected members to use for specific learning needs, induction etc.

All trackable, reportable and accessible at anytime from anywhere.

## 8 CONFIDENTIAL SESSION

### 8.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

**That the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.**

**This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:**

### 8.2 Strategic Property Purchase for Reserve

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.