

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

**Date:** Wednesday 30 April 2025  
**Time:** 1.00pm  
**Meeting Room:** Tasman Council Chamber  
**Venue:** 189 Queen Street, Richmond  
**Zoom conference link:** <https://us02web.zoom.us/j/86316222794?pwd=MiptYzEz3SvPxgYfsmjbEANDLtbsQ1.1>  
**Meeting ID:** 863 1622 2794  
**Meeting Passcode:** 089722

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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)

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## AGENDA

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

**Recommendation**

That the apologies be accepted.

- 3 PUBLIC FORUM

Nil

- 4 DECLARATIONS OF INTEREST

- 5 LATE ITEMS

- 6 CONFIRMATION OF [MINUTES](#)

That the minutes of the Tasman District Council meeting held on Thursday, 27 March 2025, be confirmed as a true and correct record of the meeting.

That the minutes of the Tasman District Council meeting held on Thursday, 17 April 2025, be confirmed as a true and correct record of the meeting.

That the confidential minutes of the Tasman District Council meeting held on Thursday, 27 March 2025, be confirmed as a true and correct record of the meeting.

That the confidential minutes of the Tasman District Council meeting held on Thursday, 17 April 2025, be confirmed as a true and correct record of the meeting.

- 7 REPORTS

7.1 Annual Plan 2025/26 Changes From the Long Term Plan ..... 4

- 8 CONFIDENTIAL SESSION

Nil

- 9 CLOSING KARAKIA

## 7 REPORTS

### 7.1 ANNUAL PLAN 2025/26 CHANGES FROM THE LONG TERM PLAN

**Decision Required**

<b>Report To:</b>	Tasman District Council
<b>Meeting Date:</b>	30 April 2025
<b>Report Author:</b>	Alan Bywater, Team Leader - Community Policy; Amy Smith, Community Policy Advisor; Matthew McGlinchey, Financial Performance Manager; Jamie McPherson, Transportation Manager; Grant Reburn, Reserves and Facilities Manager
<b>Report Authorisers:</b>	Dwayne Fletcher, Strategic Policy Manager
<b>Report Number:</b>	RCN25-04-3

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

- 1.1 The report is to seek decisions affecting the Annual Plan 2025/2026, including:
- 1.1.1 The sale of unencumbered emission trading scheme credits, reducing the operating deficit for the current financial year;
  - 1.1.2 Proposed changes from the Long Term Plan 2024-2034 for 2025/2026; and
  - 1.1.3 Consultation on the Annual Plan.

#### 2. Summary / Te Tuhinga Whakarāpoto

- 2.1 The Long Term Plan (LTP) 2024-2034 establishes the Council's plan for the services it intends to provide, projects it intends to undertake, the costs of carrying these out and how they will be funded in detail for the 2024/2025 to 2026/2027 year. The LTP anticipated an overall rates revenue increase of 7% (excluding growth) and net debt of \$290m.
- 2.2 There are a range of cost pressures that are increasing our costs for 2025/2026 compared with those in the LTP 2024-2034. The primary drivers of these increased costs are:
- 2.2.1 higher than anticipated interest rates.
  - 2.2.2 higher depreciation funding (as a result of increased asset valuations).
  - 2.2.3 higher electricity costs.
  - 2.2.4 higher maintenance costs.
  - 2.2.5 new costs involved in water supply regulation from Central Government.
  - 2.2.6 numerous other smaller increases.
- 2.3 In addition, expenditure forecasts for the 2024/2025 year indicate that the Council will have a net operating deficit greater than planned. Staff have been implementing measures to reduce expenditure, but it is highly likely that a deficit of approximately \$6.5m will still be

recorded. This affects the financial starting position going into the 2025/2026 Annual Plan year.

- 2.4 To try to limit the impact of the increasing costs on the rates increase for the 2025/2026 year the Council has:
  - 2.4.1 Proposed increasing most fees and charges by 10%.
  - 2.4.2 Indicated an interest in selling \$3.0m of unencumbered Emissions Trading Scheme (ETS) credits to offset the forecast \$6.5m overspend in the 2024/2025 financial year.
  - 2.4.3 Been carrying out a business review process to identify other opportunities to reduce costs and/or increase revenue across the Council.
- 2.5 Staff have presented opportunities from the business review process and sought elected member feedback at a series of workshops. This report enables the Council to make decisions about these changes to include in the Annual Plan 2025/2026. It also seeks a decision on the sale of \$3m of ETS credits.
- 2.6 The net outcome of these changes is that the rates revenue increase for next year will be 8.8% (excluding growth) for 2025/26, and net debt will be \$299m.
- 2.7 Changes from the LTP for the 2025/2026 year must be detailed in the Annual Plan. The Council must consult on these changes unless they are not significant or material. Given the proposed changes from Year 2 in the LTP 2024-2034, staff consider that the Council is required to consult on the Annual Plan before making final decisions. This report provides advice about how the consultation should be carried out over a short period. If accepted, a consultation document will be submitted for approval on 8 May 2025.
- 2.8 The proposed water charges for the service supplied to Nelson City Council and the Nelson Industrial Water Supply area have now been calculated, and targeted consultation will also be carried out on these charges.

### **3. Recommendation/s / Ngā Tūtohunga**

#### **That the Tasman District Council**

- 1. receives the Annual Plan 2025/26 Changes From the Long Term Plan, report RCN25-04-3; and**
- 2. approves selling \$3m of unencumbered emission trading scheme credits to help reduce the forecast operating deficit for the current financial year, particularly in infrastructure areas, subject to market conditions; and**
- 3. approves the proposed changes to the Annual Plan budgets in the Chief Executive Group as listed in section 6.3 of the agenda report; and**
- 4. approves the proposed changes to the Annual Plan budgets in the Council Operations Group as listed in section 6.4 of the agenda report; and**
- 5. approves the proposed changes to the Annual Plan budgets in the Finance Group as listed in section 6.5 of the agenda report; and**
- 6. approves the proposed changes to the Annual Plan budgets in the Environmental Science Group as listed in section 6.6 of the agenda report; and**
- 7. approves the proposed changes to the Annual Plan budgets in the Environmental Assurance Group as listed in section 6.7 of the agenda report; and**

8. approves the proposed changes to the Annual Plan budgets for transport in the Community Infrastructure Group as listed in section 6.8 of the agenda report; and
9. agrees to propose paid parking for all day off street parks in Richmond Town Centre from 1 October 2025 as outlined in Attachment 1 and section 6.9 of the agenda report, with the following charge structure for 2025/26 - first hour free, \$1 per hour after that up to a maximum of \$4 per day; and
10. approves the proposed changes to the Annual Plan budgets for water supply in the Community Infrastructure Group as listed in section 6.10 of the agenda report; and
11. approves the proposed changes to the Annual Plan budgets for wastewater in the Community Infrastructure Group as listed in section 6.11 of the agenda report; and
12. approves the proposed changes to the Annual Plan budgets for stormwater in the Community Infrastructure Group as listed in section 6.12 of the agenda report; and
13. approves the proposed changes to the Annual Plan budgets for waste management and minimisation in the Community Infrastructure Group as listed in section 6.13 of the agenda report; and
14. approves the proposed changes to the Annual Plan budgets for Reserve and Facilities in the Community Infrastructure Group as listed in section 6.14 of the agenda report; and
15. approves the proposed changes to the Annual Plan budgets for Property and Enterprises in the Community Infrastructure Group as listed in section 6.15 of the agenda report; and
16. approves the proposed changes to the Annual Plan budgets for Strategy and Service Group as listed in section 6.16 of the agenda report; and
17. approves the proposed charges for the water supplied to Nelson City Council for the Nelson residential water supply area and supplied to the Nelson Industrial Water Supply Area, as listed in section 6.17 of the agenda report, for targeted consultation; and
18. approves the proposed capital programme for 2025/26 listed in section 6.18 of the agenda report; and
19. notes that the net impact of cost increase and other changes to the Annual Plan results in a rate revenue increase of 8.8% (excluding growth) and end of year net debt of \$299m for 2025/26; and
20. agrees to consult on the proposed Annual Plan 2025/26 changes because the changes from the Long Term Plan 2024-2034 are material; and
21. notes that staff will bring an Annual Plan consultation document for approval on 8 May 2025.

#### **4. Background / Horopaki**

- 4.1 The LTP 2024-2034 planned for a rates revenue increase of 7% (excluding growth) and for net debt at \$290m for Year 2 2025/2026.

- 4.2 The Council adopted an LTP 2024-2034 that contained a higher level of financial risk than in the past. This was done to keep rates increases in the first three years (in particular) at a manageable level for Tasman ratepayers at a time of general cost increases and cost of living pressures.
- 4.3 Since the adoption of the LTP 2024-2034 there have been some substantial upward cost pressures. Some of these are driven externally and are largely outside the Council's control. The primary drivers of these increased costs are:
- 4.3.1 higher than anticipated interest rates;
  - 4.3.2 higher depreciation resulting from higher than forecast asset revaluations;
  - 4.3.3 higher electricity costs;
  - 4.3.4 higher maintenance and operating costs following a Reserve and Facilities contract renewal, and following a period of relatively low contract costs;
  - 4.3.5 higher maintenance costs in three waters and roading to meet the reality of what is occurring;
  - 4.3.6 new Water Levies for Taumata Arowai and the Commerce Commission;
  - 4.3.7 new costs involved in water supply regulation from Central Government; and
  - 4.3.8 a wide range of other smaller increases.
- 4.4 To try to limit the impact of the increasing costs on the rates increase for the 2025/2026 year the Council has:
- 4.4.1 Proposed increasing most fees and charges by 10%.
  - 4.4.2 Indicated an interest in selling \$3.m of unencumbered Emissions Trading Scheme (ETS) credits to offset the forecast \$6.5m overspend in the 2024/2025 financial year.
  - 4.4.3 Carrying out a business review process to identify other opportunities to reduce costs and/or increase revenue across the Council.
- 4.5 The net outcome of these changes is that the rates revenue increase for next year will be 8.8% for 2025/26 and 7.1% in 2026/27 (excluding growth), and net debt will be \$299m by the end of 25/26.

## **5. Emission Trading Scheme Credits**

- 5.1 The Council has an estimated \$7.4m in unencumbered ETS credits. Unencumbered ETS credits are not needed to offset future forest harvest ETS obligations and council is free to sell them. The Council resolved to sell \$3.m of these to help establish a Diversified Resilience Fund on 27th March 2025. At a previous workshop, the Council indicated its interest in selling another \$3.m of these credits to help reduce the forecast operating deficit for the current financial year, particularly in infrastructure areas. This would reduce the level of short-term debt that would otherwise need to be raised to fund the deficit. In turn, this reduces the required rates revenue increase for next year by approximately 0.5%.
- 5.2 Staff support this action and are seeking a formal decision to give effect to it in this report.

## **6. Proposed Changes to Annual Plan**

- 6.1 To try to offset increased costs, staff have worked with the Mayor and Councillors on a business review. Through the business review process, multiple opportunities to reduce costs and/or increase non-rates revenue have been identified and discussed with elected members at workshops on 26 February, 5 March, 13 March, 20 March, 21 March and 8 April 2025.
- 6.2 The Council needs to make formal decisions on which of these changes to include in its Annual Plan 2025/2026 for consultation. Staff have listed below the key changes proposed (increases and decreases). There are a several smaller changes that are not material not listed.

### **6.3 Chief Executive's Office**

- 6.3.1 Increasing the iwi capability budget for Te Kahui Hononga (TKH) team by approximately \$35k in 2025/2026 and by \$34k in 2026/2027. These increases are because the budgets for iwi capability work are considered inadequate for the necessary work in the next two financial years.
- 6.3.2 Reducing the TKH professional service budget by \$67k in 2025/2026 and 2026/2027, reducing the remaining budget to \$17k in each year. Reducing these budgets will increase the workload on in-house staff in the TKH team and have some potential reputational and litigation risk (if they result in the Council not meeting its legislative requirements).
- 6.3.3 Minor further reductions in TKH budgets by \$32k in 2025/2026 and \$35k in 2026/2027. Staff consider that these reductions can be accommodated without substantial risk.
- 6.3.4 Reducing the professional services budget by \$20k per annum in the 2025/2026 and 2026/2027 years. This change will mean greater prioritisation of work in the CEOs office that requires external consultancy advice.

### **6.4 Council Operations**

- 6.4.1 Increasing Council-wide IT fees/licences budgets by \$357k in 2025/2026 and 2026/2027. This increase is driven by growth in user licence numbers, significant increases in user licence fees and support charges by some existing providers, and the introduction of new software applications. Longer term, staff anticipate replacing or retiring several legacy software applications as other modern and more fit for purpose applications become available as the DIP programme advances.
- 6.4.2 Increasing budget for sector representation by \$104k per annum ongoing (Taituarā, Local Government New Zealand, Te Ura Kahika) to account for subscription cost increases. These costs were excluded from the LTP in error.
- 6.4.3 Increasing elected members remuneration budget by \$50,600 in 2025/2026.
- 6.4.4 Increasing the budget for the external members to the Council's Audit and Risk Committee by \$13k per annum ongoing. This increase reflects the costs being incurred in the current financial year.
- 6.4.5 Bringing forward \$199k for the Digital Innovation Programme (DIP) from 2026/2027 to 2025/2026 to better fit the timing and scheduling of this programme.
- 6.4.6 Reducing Council insurance costs by \$700k per annum in 2025/2026 and 2026/2027. This requires a reduction in overall coverage across the Council's assets. We will re-position what and how we insure our assets, but this may take several months.



- 6.4.7 Reducing the staff salary budget against the LTP by \$1.4m. The executive leadership team will manage this change to minimise the impact to core business.
- 6.4.8 Reducing legal and consultant budgets by \$122k in 2025/2026 and 2026/2027. This will mean that there are limited funds available for any unplanned or substantive work that requires external legal or consultancy input or support, and there is potential for work to be delayed as a result.
- 6.4.9 Reducing the elections outsourcing budget by \$117k. This is a result of a tender process in 2024 which saw the Council change its election services provider.
- 6.4.10 Reducing the budget for laptop replacements by \$80k per annum ongoing. This will mean laptops are replaced every four years instead of every three years.
- 6.4.11 Reducing the budget for publicity by \$79k in 2025/2026 and 2026/2027. This would limit our ability to undertake unplanned publicity activities e.g. for an unplanned consultation driven by Government legislation or policy.
- 6.4.12 Reducing elected members budgets for travel, training, computer expenses, accommodation, meals etc by \$74k per annum ongoing.
- 6.4.13 Removing the budget of \$30k for the Ask Your Teams Employee Engagement Survey for 2025/2026. This will result in a one year break from this survey.
- 6.4.14 Reducing the budget for staff health and safety training by \$20k per annum ongoing. This will be achieved by closer oversight and scrutiny of training needs and the use of the available budget.

## **6.5 Finance**

- 6.5.1 Reducing professional service budget by \$75k per annum ongoing. This reduction will limit our ability to carry out financial project work in response to e.g. Government policy changes, complex business cases and improvement processes. These may have to be delayed and/or result in inconsistent cost recovery or stakeholder resistance.

## **6.6 Environmental Science**

- 6.6.1 Increasing emergency management budgets by \$84k per annum ongoing to fully fund the Council's portion of the shared service arrangement with Nelson City Council for the delivery of the civil defence function. This funds a commitment the Council has already made.
- 6.6.2 Increasing the budget for Oil Spill Coordination by \$25k per annum ongoing. This will greatly enhance our ability to provide effective marine oil spill cover for both Tasman and Nelson City Councils by additional coordination capability. This also mitigates the risk we hold for providing an effective oil spill response and for the timely recovery of funds from Maritime NZ.
- 6.6.3 Reducing the catchment enhancement fund by \$100k for the 2025/2026 and 2026/2027 year. This fund is the primary tool, in addition to staff time, to enable effective catchment planning that involves working directly with the landowners within that catchment. A reduced budget will result in fewer projects being delivered and less assistance provided to landowners and catchment groups reducing their restoration and mitigation projects.
- 6.6.4 Reducing marine monitoring buoys budgets by \$5k per annum ongoing as we now have an arrangement to share the University of Canterbury buoys to collect data for marine modelling.

6.6.5 Alignment of salary funding from the Ministry for the Environment. TDC received external funding for a period of time from a government agency. The balance of this funding must be used in 2025/2026 which will offset rates by \$250k.

## 6.7 Environmental Assurance

6.7.1 Increasing regulatory compliance budgets by \$222k per annum ongoing. The previous contractor for regulatory services exited the contract in late 2024. Following a 17a LGA review of how this service is delivered, the Council agreed at its 25 March 2025 meeting to bring the regulatory compliance function in-house. This increase reflects the cost of now delivering this service.

6.7.2 Increasing budgets by \$79k in 2025/2026 and \$75,771 in 2026/2027 to establish a LIMs and Property Information team. An audit of the LIM functions carried out independently in September 2023 recommended establishing a dedicated LIM team. This would address risk in the LIM process, which is associated with application of legislation, resourcing, information management, technology and process efficiencies. It would also address increased LIM applications (up 30% for the first two quarters of 2024/2025 compared to 2023/2024 and up 22% for the 2024 calendar year). Levels of demand are expected to remain higher due to increased lending and insurance requirements and interest in natural hazard information. It would also reduce risk in property information including proper properties (splitting valuations – following subdivision), data quality and accessibility, digitisation of processes and reduce key person risk.

6.7.3 Increasing Environmental Assurance operational budgets by \$38k in 2025/2026 and by \$13k in 2026/2027 resulting from several minor changes.

## 6.8 Community Infrastructure – Transport

6.8.1 The transport activity controllable budgets (i.e. excluding overheads allocations including insurance, rates, electricity, staff costs, depreciation, servicing loans) have decreased by \$128k (gross) compared to the LTP. The notable increases are:

6.8.1.1 Mapua Ferry cost (\$103k increase), correcting an error in the LTP budget.

6.8.1.2 The net cost of the eBus service (\$80k increase). This increase is because expected revenue from the eBus service is less than budgeted in LTP. The LTP had assumed 100% of the revenue would offset general rates, when in fact it is 49% of revenue (the other 51% goes to NZTA).

6.8.1.3 Landscaping (\$60k increase) to partially reinstate service levels - for town centres only. Suburban garden beds, for example in newer subdivisions, will not be able to be maintained and will become very untidy over time. Restoring full current service levels would require an additional \$150,000 per annum.

6.8.1.4 Street litter bin service (\$140k increase) to partially reinstate previous service level.

6.8.2 The notable decreases are:

6.8.2.1 Pest control (\$56k decrease).

6.8.2.2 Road Safety programme (\$52k decrease).

6.8.2.3 Footpath maintenance (\$57k decrease).

6.8.2.4 Cycle path maintenance (\$12k decrease).

6.8.3 The decreases reflect reductions in NZTA funding and have no net impact on rates.

## 6.9 Community Infrastructure – Parking

6.9.1 Introducing paid-parking for all day parks in the Richmond town centre from 1 October 2025. The charges would apply only to off street all day parks, of which there are approximately 168 as show on the maps in Attachment 1 to the agenda report. Charges would not apply to the 650 other Council provided car parks within the town centre (within off street car parks and on street). Staff propose that the first hour be free, and \$1 per hour charge after that up to a maximum of \$4 per day. This is expected to generate approximately \$100k per annum in net revenue per annum.

6.9.2 This change is contemplated in the Council's Town Centre Parking Strategy and staff consider now an appropriate time to consider introducing it. Growth in Richmond and the Waimea plains is putting increasing pressure on the Council provided off street parking. The Council spends \$150k per annum maintaining and renewing off street carparks in Tasman. Paid parking for all day carparks with 1 hour free can help meet these costs, reducing the burden on rates and helping ensure the Council's town centre carparking prioritises shorter stays which support the local economy.

6.9.3 Paid parking is allowed for in the TDC Traffic Control Bylaw 2016 but a minor amendment to this bylaw will be required to implement app-based payment systems. Staff will bring this change to Council for a decision in a separate report.

## 6.10 Community Infrastructure – Water

6.10.1 The water activity controllable budgets have increased by \$781k compared to the LTP. There are notable increases are:

- 6.10.1.1 Monitoring and sampling of network and water quality (\$412k increase per annum ongoing), needed to meet Taumata Arowai requirements.
- 6.10.1.2 Routine maintenance (\$234k increase per annum ongoing) to reinstate previous funding levels and reflect recommended maintenance levels.
- 6.10.1.3 Reactive maintenance (\$107k increase per annum ongoing) to reflect recent actual levels of reactive maintenance being undertaken.
- 6.10.1.4 New levies for Taumata Arowai and the Commerce Commission levies (\$215k per annum ongoing).

6.10.2 Notable decreases are:

- 6.10.2.1 Waimea Dam operations cost share for water accounts (\$197k decrease).
- 6.10.2.2 Condition assessment (\$54k decrease). This will limit our ability to undertake assessment which help optimise the renewal programme and avoid critical failures.
- 6.10.2.3 Demand, flow and leakage modelling (\$86k decrease). This will limit our ability to model our networks and pro-actively detect leaks or reduce the chance of leaks occurring.
- 6.10.2.4 Legal, consultant, and Water Safety Plans (\$110k decrease).

## 6.11 Community Infrastructure – Wastewater

6.11.1 The wastewater activity controllable budgets have increased by \$275k compared to the LTP. There are notable increases in:

- 6.11.1.1 Routine maintenance (\$193k), to reinstate previous funding levels and reflect recommended maintenance levels.
- 6.11.1.2 New levies for Taumata Arowai and the Commerce Commission levies (\$95k per annum ongoing).
- 6.11.1.3 NRSBU costs (\$242k increase per annum ongoing).
- 6.11.2 The notable decreases are:
  - 6.11.2.1 Reactive maintenance (\$106k decrease).
  - 6.11.2.2 Inflow and infiltration reduction programmes (\$91k decrease).
  - 6.11.2.3 CCTV inspection budgets (\$88k decrease).
- 6.11.3 These decreases will mean we have little to investigate pipe condition and identify sources of leaks or causes of blockages to undertake repairs.

## **6.12 Community Infrastructure – Stormwater**

- 6.12.1 The stormwater activity controllable budgets have decreased by \$61k compared to the LTP. There are notable increases in:
  - 6.12.1.1 Catchment management plans (\$70k increase) to meet higher cost associated with higher levels of lwi engagement, expected environmental performance standards, requirements proposed for secondary flow path mapping under the Water Services Bill, and increasing complexity of modelling when factoring in climate change.
  - 6.12.1.2 Reactive maintenance in open channels (\$25k increase), reflecting average of last three years actuals.
- 6.12.2 There are notable decreases in:
  - 6.12.2.1 Professional service and reactive modelling budgets (\$47k decrease) and consent monitoring (\$49k decrease) per annum ongoing. These decreases constrain our ability to provide feedback on network performance for development and network improvements and creates risks around adverse environmental or public health impacts and potentially reputational damage from poor decision making.
  - 6.12.2.2 Routine maintenance, primarily in vegetation control (\$45k decrease). Staff initially proposed a \$105k decrease but after workshopping this with the Council have added \$70k back. This will enable us to maintain open channels without a notable change in level of service.

## **6.13 Community Infrastructure – Waste Management and Minimisation**

- 6.13.1 The Waste management and minimisation activity controllable budgets have decreased by \$606k compared to the LTP. These key changes are:
  - 6.13.1.1 Resource Recovery Centre net operating budgets have increased by \$300k for 2025/2026 and 2026/2027, funded by general rates. This is because waste volumes have reduced to 77% of the volume estimated in the LTP and are forecast to remain at this lower level. As a result, recovery from fees and charges will be lower than budgeted in the LTP.
  - 6.13.1.2 Increasing litter reduction initiatives, CCTV surveillance, and illegal dumping response budgets by \$38k in 2025/2026 and by \$15k in 2026/2027. This is to respond to a substantial increase in illegal dumping.

In 2023/2024 illegal dumping increased to 130 incidents, from 79 incidents in 2022/23. In the six months to December this year, we responded to 121 incidents.

- 6.13.1.3 Net kerbside recycling operating budgets have decreased by \$500k in 2025/2026 and \$300k in 2026/2027. These reductions are the result of lower contract rates and because we will be processing recycling for commercial customers and for Nelson City Council and receiving income from them directly, rather than via our contractor.
- 6.13.1.4 We are proposing to also make use of the Government's waste levy for transporting recyclable materials from RRCs for processing and export (\$80k), litter prevention activities that promote waste minimisation (\$5k), and upgrading the Richmond Materials Recovery Facility (\$1.0m), where these have been previously funded by general and targeted rates.

#### **6.14 Community Infrastructure – Reserves and Facilities**

- 6.14.1 The Reserves and Facilities activity controllable budgets have increased by \$982k compared to the LTP. These changes include:
  - 6.14.1.1 Increasing the budget for maintenance costs associated with the contract for new reserves and facilities by \$272k in 2025/2026 and 2026/2027. This is to pay for the maintenance of 102 hectares of reserves that have been added since July 2020 and is consistent with the decision the Council made for the 2024/2025 year at its 25 March 2025 meeting.
  - 6.14.1.2 Increasing the general maintenance budget by \$120k in 2025/2026 and 2026/2027. This change will ensure the budget is more closely aligned with inflation and desired levels of service. This is consistent with the decision the Council made for the 2024/2025 year at its 25 March 2025 meeting.
  - 6.14.1.3 Increasing the protected trees budget by \$50k in 2025/2026 and 2026/2027. This is consistent with the decision the Council made for the 2024/2025 year at its 25 March 2025 meeting.
  - 6.14.1.4 Increasing the vandalism response budget by \$50k in 2025/2026 and 2026/2027. This increase is to match the increasing costs we are experiencing in responding to vandalism. This is consistent with the decision the Council made for the 2024/2025 year at its 25 March 2025 meeting.
  - 6.14.1.5 Providing traffic management budgets (\$71k per annum ongoing) to account for costs being incurred in contract.
  - 6.14.1.6 Increasing walkways maintenance budgets (\$121k increase per annum ongoing).
  - 6.14.1.7 Service level reductions to minimise impact of increased contractual costs of circa \$600k from 1 July 2025 and remain within the available operational maintenance budget. These reductions include the removal of approximately 328 rubbish bins from reserves, reduced cleaning of 14 public toilets and temporary closure of three public toilets (Wai-iti Domain, Wakefield Domain and Jubilee Park), reduced annual planting displays in four formal gardens and reduced conservation shrub maintenance. These

changes are consistent with the decisions the Council made for the 2024/2025 year at its 25 March 2025 meeting.

### **6.15 Community Infrastructure – Property and Enterprises**

- 6.15.1 Increasing commercial revenue by \$160k per annum ongoing from the new Murchison Depot and Motueka Post Office Building at the Motueka Aerodrome
- 6.15.2 Increasing sales of surplus property by \$1.0m for 2025/2026 and \$1.0m for 2026/2027, to be used to pay debt.
- 6.15.3 Removing the White House lease budget of \$26k ongoing as these premises are no longer used by Council. This is an enduring saving.
- 6.15.4 Reducing the capital budget to upgrade the Motueka Service Centre by \$316k as this will now be covered by the net sale revenue from the sale of 7 and 8 Hickmott Place, Motueka.

### **6.16 Strategy and Service**

- 6.16.1 Reducing the level of events programming and reducing the opening hours at Richmond and Motueka libraries with a budget reduction of \$130k per annum ongoing. This would mean a range of library events and programmes for children and adults would no longer be provided. Outreach programmes will also be discontinued, and information services and digital assistance will be reduced on Saturdays. In addition, the Richmond Library will close at 5 pm on Monday, Wednesday and Friday. Motueka Library will close at 5 pm instead of 6 pm on Friday.
- 6.16.2 Reducing Environmental Policy budgets by \$150k per annum ongoing. We have an ongoing work plan including plan changes, master planning, notifications, hearings etc, underway while the national reform of the RMA continues. There is a risk that the cost of plan hearings will be higher than budgeted depending on appeals launched by external parties.
- 6.16.3 Reducing Strategic Policy professional service budgets by \$97k ongoing. This will limit the level of external information and advice sourced to support the team's work programme. This includes climate adaptation work that contributes to masterplans and reactive expert advice in response to government policy or legal changes. Any external advice will be heavily prioritised meaning that in some cases we will have to accept higher risk where there is substantial uncertainty.
- 6.16.4 Reducing the budget for school pool subsidy by \$35k per annum ongoing. This budget is used to fund schools in rural areas of the District to subsidise the opening of those pools during the summer holidays for community use. In the 2024/2025 year, 20 schools applied for and received a subsidy with total expenditure of \$27,000. The reduction in this budget will leave \$35,000 per annum available for subsidising school pools in future years.
- 6.16.5 Reducing community events grants budget by \$27k per annum ongoing.

### **6.17 Water Charges for Nelson City Council and Industrial Users**

- 6.17.1 The water charges for the service supplied to Nelson City Council and the Nelson Industrial Water Supply area are calculated based on rates information so that these charges change in line with the rates.

6.17.2 Based on the rates information in this report the proposed charges are as follows:

Water Supply	Proposed Charges from 1 July 2025 incl. GST	Charges from 1 July 2024 Incl. GST
Water supplied by Tasman District Council to Nelson City Council (Nelson Residential Water Supply Area) per cubic metre supplied	\$6.79	\$6.12
Water supplied to Nelson Industrial Water Supply Area (per cubic metre supplied)	\$4.08	\$3.56
Plus fixed daily charge per rating unit	\$1.90	\$1.80

6.17.3 When the Draft Schedule of Charges for the 2025/2026 year was adopted on 20 March 2025 the rates revenue increase for consultation had not been determined and these charges could not be calculated. Consequently, there were not included in the schedule for consultation.

6.17.4 These charges affect a defined group of organisations being Nelson City Council and the industrial water users. Staff intend to carry out targeted consultation with these groups and inform elected members of any substantive responses at either the fees and charges deliberations meeting on 27/28 May or the Annual Plan deliberations meeting on 4 June. This will enable the Council to make decisions on these charges for the 2025/2026 year prior to the year commencing on 1 July 2025.

## 6.18 Capital Expenditure

6.19 The process reviewed the first three years of the LTP with the initiative of trimming the already streamlined capital budgets.

6.20 The following changes have been factored in:

6.20.1 October 2024 report changes to capital programme - approved bringing forward money from up to year 4 of the LTP to year 1 - 2024/25 (Approx. \$6M) and the deferring out of projects from year 1 to year 2 – 2025/26 (Approx. \$13M).

6.20.2 Other LTP projects have also been brought forward e.g. Motueka Aquatic Centre.

6.20.3 More accurate costs for projects in train - e.g. Lower Queen St Bridge, stormwater land purchase for growth projects.

6.21 Offsetting the increases (and deferrals from 2024/25) has required further deferring of lower risk larger projects and the cutting of some annual programs of work for 2025/26 (only). Levels of Service should generally be maintained in the short term. Resilience to events in some areas may not be increased for this period.

6.22 The net result is that total capital expenditure over the three years has risen from \$255M to \$259M. Capital expenditure in 25/26 has risen from \$81M to \$88.3M.

6.23 Table 3 - Summary table of the capital expenditure by Activity

Activity	Budget 2024/25 \$m	Forecast 2024/25 \$m	Var \$m	LTP 2025/26 \$m	Draft 2025/26 \$m	Var \$m	LTP 2026/27 \$m	Draft 2026/27 \$m	Var \$m
Roading	16,147	15,512	(635)	14,775	13,694	(1,081)	14,803	13,807	(996)
Stormwater	9,266	8,799	(467)	9,589	12,961	3,372	6,714	9,719	3,005
Waste Management	6,397	4,732	(1,665)	8,810	5,510	(3,299)	7,610	12,694	5,084
Wastewater	10,815	11,502	687	8,928	16,422	7,494	14,351	10,763	(3,588)
Water Supply	15,651	13,462	(2,190)	23,319	17,895	(5,424)	20,222	19,781	(440)
Community Facilities	9,306	10,533	1,228	4,832	10,545	5,714	15,112	17,034	1,921
Rivers	3,450	3,421	(29)	5,608	7,261	1,653	6,129	4,384	(1,744)
Commercial	8,319	6,524	(1,795)	1,384	1,384	0	1,531	1,531	0
Other	5,524	3,463	(2,061)	3,575	2,839	(736)	2,692	2,991	299
<b>Grand Total</b>	<b>84,875</b>	<b>77,948</b>	<b>(6,927)</b>	<b>80,819</b>	<b>88,512</b>	<b>7,693</b>	<b>89,163</b>	<b>92,704</b>	<b>3,541</b>

6.24 The bigger movements for 2025/26, summarised below:

6.25 Additions:

- 6.25.1 **Motueka WWTP** – Compliance improvements and improving wet weather resilience until the WWTP is replaced/relocated - \$3.9M (includes \$2.45M deferred from earlier years, so \$1.43M additional)
- 6.25.2 **Takaka WWTP** – Compliance improvements and improving wet weather resilience until the WWTP is replaced/relocated- \$2.25M additional
- 6.25.3 **Lower Queen St Bridge** – Brought forward \$9.35M to 2025/26. \$12.1M in total.
- 6.25.4 **Water Supply** - 88 Valley upgrades continuing \$1.5M in 2025/26.
- 6.25.5 **Motueka Aquatic Centre** brought forward \$1m into 2025/26.
- 6.25.6 **Additional Reserves and Facilities projects** – additional \$3.5m in 2025/26 including cemetery, Takaka Bike Skills park, Moturoa Rabbit Island Pou-whenua and cultural interpretation signage, Paton Reserve development, and a \$1m provision for reactive projects. Much of this is funded from Reserve and Community facilities financial contributions (RFCs).

6.26 Removals, decreases, and deferred projects:

- 6.26.1 **Waste Water** – reduced funding in facility and reticulation renewals by \$1.4M in 2025/26 – most are district wide.
- 6.26.2 **Storm Water** – Borck Creek, Headingly Lane to Estuary \$3.3M delayed.
- 6.26.3 **Storm Water** – Three minor Growth Projects pushed out – Motueka, Wakefield and Brightwater - \$0.7M less in 2025/26.
- 6.26.4 **Roading** - less renewal and upgrade work on footpaths and new residential greenways, reduction of \$0.5M in 2025/26.
- 6.26.5 **Water Supply** – Reticulation and facility improvements and renewals. Reduced by \$9M in 25/26. Impacts Dovedale, Redwoods and then the urban water schemes (Richmond, Brightwater, Wakefield, Mapua, Ruby Bay).
- 6.26.6 **Information Services** – \$400k less for equipment replacement in 2025/26.
- 6.26.7 **Motueka Service Centre** – capital upgrade works removed (\$300k in 2025/26). \$600k in total.



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

- 7.1 The key changes to budgets are outlined in the previous section of this report.
- 7.2 The financial model assumes an inflation rate of the following:
- 7.2.1 Operating costs 2.2%
- 7.2.2 Capital Costs 2.3%.
- 7.3 These are based on the BERL figures provided as part of the LTP 2024-2034.
- 7.4 The interest rate we are using for the 2025/2026 Annual Plan model is 4.23%. This was provided by our treasury advisors Price Waterhouse Coopers.
- 7.5 The rates increase after growth is 8.79%. This is an average across all, ratepayers. The incidence of rates and the services used by ratepayers will mean individual increases will be higher or lower than this figure. There has been substantial cost pressure on both Water and Wastewater activities which mean those rates have increased significantly higher than the average.
- 7.6 The net debt number for 2025/26 is \$299m. This is below our dynamic ration as agreed in the LTP 2024-2034.
- 7.7 The model assumes that \$3.0m of unencumbered ETS credits will be sold prior to June 30, 2025.

## 8. Options / Kōwhiringa

- 8.1 The options are outlined in the following table:

Option		Advantage	Disadvantage
1.	Accept all the recommended changes	Retains the Council's service levels in most areas  Enables Annual Plan process to progress and strike rates by 1 July 2025.  Strikes balance between preserving and delivering the services that the community value and affordability.	There will be a reduction in the extent of services provided by the Council in some areas.

Option		Advantage	Disadvantage
2.	Accept some of the recommended changes	Depends on changes rejected – could increase or decrease rates and net debt	Depends on the changes rejected.  May compromise Annual Plan timeline, risking striking the rates by 1 July 2025. This would have a very significant impact on the Council's Finances for 2025/2026 as our system would require expensive and difficult changes to enable retrospective application of rates increases. This process would likely impact the Council's reputation.

- 8.2 Option 1 is recommended. The Council has undertaken a thorough business review process to get to today's decisions, and we have no scope in our timeline to make further significant changes. Further changes are also likely to more seriously impact levels of service and/or core Council functions.

## 9. Legal / Ngā ture

- 9.1 Under section 95 of the LGA the Council must prepare an Annual Plan for each financial year and consult in a way that meets the requirements of section 82 before adopting the Annual Plan.
- 9.2 The general presumption is that the Council will consult on its Annual Plan. This requirement does not apply if the Annual Plan does not include significant or material differences from the content of the LTP for the year in question.
- 9.3 For a difference to be considered significant it has a high significance, applying the Council's Significance and Engagement Policy.
- 9.4 The section 95A(5) of the LGA states that a difference, variation or departure is material if it could, itself or in conjunction with other differences, influence the decisions or assessments of those reading or responding to the consultation document.
- 9.5 Section 82 (1) contains several principles for consultation that the Council is required to meet summarised below:
- 9.5.1 Interested or affected persons should be provided with reasonable access to relevant information in a form that is appropriate for their preferences.
- 9.5.2 Interested or affected persons should be encouraged to present their views.
- 9.5.3 Interested or affected persons should be given clear information about the purpose of the consultation and scope of decisions.
- 9.5.4 Persons invited or encouraged to present their views should be given a reasonable opportunity to do so in a manner and format that meets their preferences and needs.

9.5.5 The views presented should be received by the Council with an open mind and should be given due consideration.

9.5.6 Persons who present views should be given access to a description of relevant decisions and explanatory material relating to the decisions.

9.6 Section 82(3) provides discretion to the Council about how it observes these principles.

9.7 Section 97 of the LGA identifies specific decisions that can only be taken if provided for in an LTP, meaning that in this case an LTP amendment would have to be made. Decisions that alter significantly the intended level of service provision for any significant activity undertaken by the Council can only be made through an LTP.

9.8 In this case several of the proposed changes will have an impact on services but don't affect levels of service that are formally stated in the LTP 2024-2034. At least some of these will be in significant activities but staff do not consider them to be significant changes and therefore do not trigger the need to amend the LTP.

## **10. Iwi Engagement / Whakawhitiwhiti ā-Hapori Māori**

10.1 Staff will approach Iwi directly to discuss the changes in the Annual Plan and will provide any feedback they have to Council at its deliberations meeting.

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

11.1 Staff have assessed the significance of most of the changes proposed in this report for the Annual Plan. The significance of the combined set of changes including the change to the rates revenue increase is assessed in the table below. Overall the significance is considered high.

11.2 In this case we also have to consider the materiality of the changes. Staff consider that the changes collectively are material. As the significance of the changes is high and the changes are material, consultation is required.

11.3 As a result of the extended time period required to carry out the business review and discuss cost reduction/ revenue increasing activities to achieve an 8.8% rates revenue increase, the time available for consultation is compressed.

11.3.1 Staff recommend that compressed consultation is worth doing to gain some feedback from the community to inform elected members' decision making and to help reduce the legal risks.

11.3.2 To meet the principles in section 82 in the LGA in the compressed timeframe, staff recommend publishing a consultation document online and in hardcopy versions. Hardcopy versions will be made available at the Council's offices and libraries. A Shape Tasman page will be developed where people can access the consultation document and other related information.

11.3.3 Staff recommend that the Council carries out an online consultation session at which the context and key changes can be explained and verbal feedback from attendees received. Given the limited time available staff do not recommend undertaking a formal hearing.

11.3.4 The Annual Plan consultation will be publicised in Newline, newspaper advertising and through social media.

11.4 Targeted consultation will be undertaken with Nelson City Council and the industrial water users affected by the charge for water in Nelson Industrial Water Supply Area.

	<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?	High	There are multiple changes proposed in the Annual Plan and the number of different topics means that one or more of them will be of higher public interest to a reasonable proportion of the community. The rates revenue increase level is also likely to be of high public interest.
2.	Are there impacts on the social, economic, environmental or cultural aspects of well-being of the community in the present or future?	Medium	There are multiple changes proposed in the Annual Plan that could have a range of well being impacts. In general the scale of the changes are not considered likely to have a high impact on well being.
3.	Is there a significant impact arising from duration of the effects from the decision?	Medium	For most of the changes proposed in the Annual Plan the Council could choose to reverse them at any point. There are a minority of changes that once implemented, reversing them would be very difficult e.g. selling property or ETS credits.
4.	Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Low	A number of the proposed changes impact strategic assets but there is no proposal to change the control or ownership of these assets.
5.	Does the decision create a substantial change in the level of service provided by Council?	Medium	Many of the changes have minor to moderate impacts on levels of service
6.	Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	High	The proposed changes are designed to reduce the rates revenue requirement by several percent for the 2025/2026 year.
7.	Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	NA	

	<b>Issue</b>	<b>Level of Significance</b>	<b>Explanation of Assessment</b>
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 or particular consideration of current legislation relating to water supply, wastewater and stormwater infrastructure and services?	NA	

## **12. Communication / Whakawhitiwhiti Kōrero**

12.1 The Annual Plan consultation will be publicised in Newline, newspaper advertising and through social media.

## **13. Risks / Ngā Tūraru**

13.1 The recommendation to carry out consultation, albeit compressed, helps to moderate the legal risk that the Council's decision will be challenged through a judicial review. With the compressed nature of the consultation being a compromise, there is residual risk of legal challenge.

13.2 The limited opportunity for the public to participate in the compressed consultation proposed may exacerbate the views of some parts of the community that the Council is not listening and considering the feedback received in consultation adequately. There is a risk of negative media articles and public comment about the compromised consultation process, but the risk is lower than if no consultation is undertaken.

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

14.1 The overall impact on climate resilience and adaptation is likely to be minor.

14.2 Some of the budget changes have a more direct impact on climate change, such as the reduction in budgets for climate adaptation planning in the Service and Strategy area. This is particularly the case because delaying comprehensive adaptation strategies not only reduces the impact of available funds but also increases future costs, as the longer we wait to address climate change, the more expensive and difficult it becomes to manage its impacts.

- 14.3 For other budget changes that could potentially impact climate change e.g. increased budget for the eBus service and introducing parking charges in Richmond, the impact on the public's behaviour is indirect and impacts are very difficult to assess.

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

- 15.1 The Council is attempting to deliver on its vision Thriving and Resilient Tasman Communities and the strategic priorities in the LTP 2024-2034, whilst avoiding the cost of rates being unaffordable.
- 15.2 The Council has considered a substantial range of changes to help reduce the burden on ratepayers. Some of these are not proposed for inclusion in the Annual Plan because of the perceived substantial impact they will have on this vision and strategic priorities.


### 16. Conclusion / Kupu Whakatepe

- 16.1 The Council has had to confront major cost increases in the development of the Annual Plan 25/26. This has led to a substantial business review process that has tried to minimise cost and maximise revenue across the entire organisation. This process has tried to save costs while preserving the services that the community highly values and/or are legal functions for Council to perform. This process has generated significant savings, but these have not been enough to offset the cost increases. As a result, the rate revenue requirement and debt for 25/26 will increase by more than planned in the LTP.
- 16.2 To keep the Annual Plan process progressing in time to strike rates by 30 June 2025, Council is asked to formally agree to the proposed budgets. This will enable the Council to progress to the next step in the process – preparing a consultation document for approval on 8 May. Any delays in the process from here will place the ability to strike rates by 30 June 2025 in jeopardy.

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

- 17.1 Staff will draft a consultation document for adoption at the Council meeting on 8 May 2025 and plan the consultation process in more detail.
- 17.2 Staff will start to engage with parties they know to be interested or affected by the proposed changes resolved to give them early notice of these changes and the upcoming consultation.
- 17.3 Submissions will be accepted between 12 and 25 May 2025, and the Council will meet to deliberate on the consultation feedback on 4 June 2025. The final Annual Plan 2025/2026 is due to be adopted on 25 June 2025.

### 18. Attachments / Tuhinga tāpiri

1.  Commuter Parking Areas Richmond April 2025

23

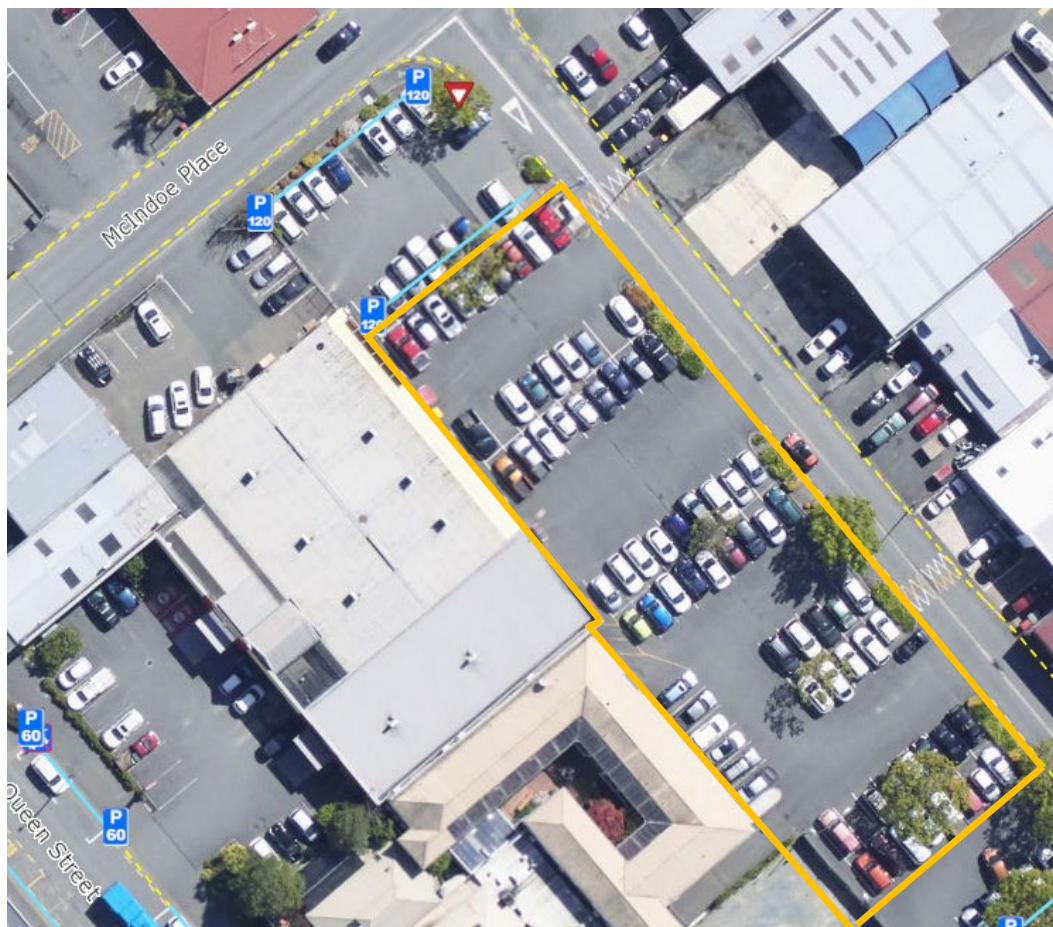
## Attachment 1. Maps of all day (commuter) off street parking areas in Richmond

The following maps show where there is all day parking available in the Richmond town centre. There are a total of 168 car parks

### Warring Carpark: 50 Parks



Harkness-Petrie carpark, 77 parks





Papps carpark, 41 parks

