



AGENDA

**Ordinary meeting of the
Nelson City Council**

Governance

**Tuesday 27 August 2013
Commencing at the conclusion of the meeting to Hear
Submissions to the Camping Bylaw Revocation
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

Membership:

His Worship the Mayor Aldo Miccio, Councillors Ian Barker, Ali Boswijk (Deputy Mayor), Gail Collingwood, Ruth Copeland (Co Portfolio Holder), Eric Davy, Kate Fulton, Paul Matheson, Jeff Rackley, Pete Rainey, Rachel Reese, Derek Shaw (Co Portfolio Holder) and Mike Ward

Opening Prayer

Apologies

1. Interests

- 1.1 Updates to the Interests Register
- 1.2 Identify any conflicts of interest in the agenda

2. Confirmation of Order of Business

3. Public Forum

4. Confirmation of Minutes – 16 July 2013

8-18

Document number 1554869

Recommendation

THAT the minutes of the meeting of the Nelson City Council - Governance, held on 16 July 2013, be confirmed as a true and correct record.

5. Mayor's Report

6. Status Report - Governance

19

Document number 1034743 v11

Recommendation

THAT the Status Report - Governance (1034743 v11) be received.

7. Portfolio Holder's Report

During this part of the meeting the Mayor will be joined by the Governance Portfolio Holder, Councillor Copeland

8. Credits for Excess Water Arising from Leaks (Commercial Customers) 20-38

Document number 1543633

Recommendation

THAT the report Credits For Excess Water Arising From Leaks (Commercial Customers) (1543633) and its attachments (993846, 1544799, 1544806 and 1549920) be received;

AND THAT the criteria for credits for excess water arising from leaks remain un-changed.

9. 2013/14 Insurance Renewal 39-45

Document number 1561284

Recommendation

THAT the report 2013/14 Insurance Renewal (1561284) and its attachments (1539615 and 1308992) be received;

AND THAT changes to the property insurance schedule cover for the 2013/14 financial year be noted by Council.

10. Landowner Approval for Land Transfer at Nelson Airport 46-51

Document number 1569062

Recommendation

THAT the report Landowner Approval for the Transfer of Land at Nelson Airport (1569062) and its attachment (1568958) be received;

AND THAT landowner approval be given for the transfer of land between Nelson Airport and Nelson Golf Club.

11. Emissions Trading Scheme – Carbon Credit Strategy For Landfill 52-55

Document number 1538230

Recommendation

THAT the report Emissions Trading Scheme – Carbon Credit Strategy for Landfill (1538230) be received;

AND THAT Council purchase outright Emission Reduction Units to meet the estimated 2013 calendar year obligations at an approximate cost of \$3,348;

AND THAT Council purchase outright New Zealand Units to meet 50% of the estimated 2014 calendar year obligations at an approximate cost of \$21,500.

12. 2012/13 Capital Programme – Carry Forwards into 2013/14 **56-58**

Document number 1576175

Recommendation

THAT the report 2012/13 Capital Programme – Carry Forwards into 2013/14 be received;

AND THAT \$742,044 of unspent capital budget from 2012/13 be carried forward for use in 2013/14.

13. Schedule of Documents Sealed **59-61**

Document number 1504258

Recommendation

THAT the Schedule of Documents Sealed (1504258) be received.

REPORTS FROM COMMITTEES

14. Audit, Risk and Finance Committee – 23 July 2013 **62-65**

Document number 1560966

Recommendation

THAT the minutes of the meeting of the Audit, Risk and Finance Committee, held on 23 July 2013, be received.

Recommendation to Council

THAT a message of congratulations be sent to the royal family on the announcement of the birth of a son to the Duke and Duchess of Cambridge.

15. Remuneration Review Committee – 19 August 2013 66-68

Document number 1576395

Recommendation

THAT the unconfirmed minutes of the meeting of the Remuneration Review Committee, held on 19 August 2013, be received.

PUBLIC EXCLUDED BUSINESS

16. Exclusion of the Public

Recommendation

THAT the public be excluded from the following parts 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 are as follows:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Public Excluded Status Report – Governance – 27 August 2013 This report contains information relating to:	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary:

	Nelson City Council Tasman District Council Engineering Services Agreement.		<ul style="list-style-type: none"> Section 7(2)(i) To carry out negotiations
	Governance Options for, and commercially sensitive information regarding, the Nelson Regional Sewerage Business Unit.		<ul style="list-style-type: none"> Section 7(2)(h) To carry out commercial activities Section 7(2)(i) To carry out negotiations
	The proposed transfer of assets, and negotiation of a lease and contract with the Theatre Royal and Nelson School of Music.		<ul style="list-style-type: none"> Section 7(2)(i) To carry out negotiations
	Potential Exit from Ridgeway's Joint Venture		<ul style="list-style-type: none"> Section 7(2)(h) To carry out commercial activities Section 7(2)(i) To carry out negotiations
	Theatre Royal Trust Deed		<ul style="list-style-type: none"> Section 7(2)(i) To carry out negotiations
	The Statement of Intent and Half Yearly report provided by Nelson Tasman Tourism to Council		<ul style="list-style-type: none"> Section 7(2)(h) To carry out commercial activities
2	<p>Directors' Rotations and Fees 2013/2014</p> <p>This report contains information relating to directors rotations and fees for 2013/14 for Nelmac, The Nelson Regional Economic Development Agency, The Bishop Suter Trust, Nelson Airport Limited and Port Nelson Limited; and includes a recommendation to release the resolutions to the public after the individuals and organisations concerned have been advised.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> Section 7(2)(a) To protect the privacy of natural persons Section 7(2)(h) To carry out commercial activities

3	<p>Remuneration Review Committee Public Excluded Minutes – 19 August 2013</p> <p>These minutes contain information relating to the Chief Executive's Performance Review 2012/13 and the Chief Executive's Remuneration Review for 2013/14.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons
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17. Re-admittance of the public

Recommendation

THAT the public be re-admitted to the meeting.

Minutes of a meeting of the Nelson City Council - Governance

Held in the Council Chamber, Civic House, Trafalgar Street, Nelson

On Tuesday 16 July 2013, commencing at 10.00am

Present: Councillors A Boswijk (Chairperson), I Barker, G Collingwood, E Davy, K Fulton, J Rackley, P Rainey, R Reese, D Shaw, and M Ward

In Attendance: Chief Executive (C Hadley), Executive Manager Support Services/Acting Executive Manager Community Services (H Kettlewell), Executive Manager Strategy and Planning (M Schruer), Executive Manager Network Services (A Louverdis), Executive Manager Regulatory (R Johnson), Executive Manager Kaihautū/Community Relations (G Mullen), Manager Community Relations (A Ricker), Manager Administration (P Langley), Manager Resource Consents (M Bishop), Team Leader Building Consents (C Wood), Administration Adviser (L Laird), and Youth Councillors (J Gibson and J Cotton)

Apologies: His Worship the Mayor (A Miccio), and Councillors R Copeland, and P Matheson

Opening Prayer

1. Apologies

Resolved

THAT apologies be received and accepted from His Worship the Mayor Miccio, and Councillors Copeland and Matheson.

Boswijk/Rackley

Carried

2. Interests

Councillor Reese declared a conflict of interest with the late item, Fees and Charges 2013/14: Building Unit.

3. Confirmation of Order of Business

3.1 Late item – Fees and Charges 2013/14: Building Unit

Resolved

THAT the item regarding Fees and Charges 2013/14: Building Unit be considered at this meeting as a major item not on the agenda, pursuant to Section 46A(7)(a) of the Local Government Official Information and Meetings Act 1987, to enable the updated fees and charges regime to most closely mirror the start of the new financial year.

Boswijk/Ward

Carried

Councillor Barker asked that his vote against the motion be recorded.

4. Public Forum

4.1 Fees and Charges 2013/14: Building Unit

Rachel Reese spoke to the Council about her concerns over the fees and charges for the Building Unit, to be discussed at this Council meeting.

Ms Reese said the report had been sent to councillors the day before the meeting. She said this was not enough time to sufficiently consider the report in relation to the views of the community, and the impacts the proposed rises in fees and charges will have.

Ms Reese said because of the already high cost of building, the Council should take all measures to seek efficiencies. She said housing affordability was significantly low in Nelson and the proposed rises in fees and charges would only make Nelson more unaffordable.

4.2 Candidates' Meeting

Mike Rodwell, President of Nelson Residents Association, spoke to the Council in support of the proposed funding for a candidates' meeting as a part of the 2013 local body elections. He said he supported the notice of motion to be discussed later in the meeting.

Mr Rodwell expressed concern that without funding, the public at large would miss out on a chance to meet the candidates. He added that the Nelson Residents Association were keen to increase the number of people that vote where possible.

In response to a question, Mr Rodwell said he did not intend to increase the entry fee from a gold coin donation.

5. Confirmation of Minutes

5.1 Council – Governance and Policy and Planning - 4 June 2013

Document number 1526418, agenda pages 11-29 refer.

Resolved

THAT the minutes of the meeting of the Nelson City Council – Governance and Policy and Planning, held on 4 June 2013, be confirmed as a true and correct record.

Shaw/Rackley

Carried

5.2 Council – to Approve the Annual Plan 2013/14 – 18 June 2013

Document number 1538853, agenda pages 30-36 refer.

Resolved

THAT the minutes of the meeting of the Nelson City Council to Approve the Annual Plan 2013/14, held on 18 June 2013, be confirmed as a true and correct record.

Shaw/Davy

Carried

5.3 Council – to Adopt the Annual Plan 2013/14 – 27 June 2013

Document number 1545104, agenda pages 37-46 refer.

Resolved

THAT the minutes of the meeting of the Nelson City Council to Adopt the Annual Plan 2013/14, held on 27 June 2013, be confirmed as a true and correct record.

Shaw/Barker

Carried

6. Mayor's Report

There was no Mayor's Report.

7. Status Report - Governance

Document number 1034743 v10, agenda page 47 refers.

There was discussion about the Policy on Directors Rotation during which concern was expressed that the term 'superseded' implied the action had been completed and would cease to be reported back to the Council.

It was agreed that the wording should be replaced with 'agreement on this matter is yet to be achieved between the two Councils'.

Resolved

THAT the Status Report – Governance (1034743 v10) be received.

Boswijk/Shaw

Carried

8. Portfolio Holder's Report

There was no Portfolio Holders Report.

9. Local Elections Candidates' Meeting

9.1 Local Elections Candidates' Meeting

Document number 1548330, agenda pages 48-51 refer.

9.2 Notice of Motion from Councillor Davy

During discussions, the Council reached agreement that there was community good in providing a grant for a candidates' meeting.

The Chief Executive advised the funds would most likely come from the Elections budget. Concern was expressed over the significantly higher amount required for use of the Trafalgar Centre as opposed to the Victory Room.

It was agreed that the terms of the grant must stipulate that all candidates be invited.

Resolved

THAT Council approves a grant to the Nelson Residents' Association for the use of the Victory Room, or other such room in the Trafalgar Centre, for a publicly advertised candidates' meeting for the upcoming 2013 triennial election.

Davy/Barker

Carried

Councillor Rainey and Councillor Fulton asked that their vote against the motion be recorded.

10. Code of Conduct Complaint

The Council discussed the information item about the Code of Conduct Complaint.

Concern was expressed that the complaint was made in December 2012 and had taken seven months to be reported back to the Council.

There was also concern expressed from some Councillors that the item was on the public agenda. Upon discussion, the Chief Executive suggested that should the Council wish to discuss the substance of the investigation, they should do so in public excluded session.

Point of Order: It was noted that there was no report before the Council for discussion, and that this item was for information only, therefore discussions on this matter should cease.

Senior Legal Adviser, Viesturs Altmants, joined the meeting. In response to the concerns that this item had been placed on the public agenda, he said the investigation and discussions about the complaint had been conducted in confidential, as per Code of Conduct provisions. He added that the Code of Conduct required the outcome to be reported to the Council. As there was no detail about the investigation or discussions related to the complaint on the agenda, it was appropriate that it be in public, he said.

The complainant, Councillor Reese, and other Councillors were in agreement that because only the outcome of the investigation was noted on the agenda, it was appropriate to be in public session.

Mr Altmants reminded the Councillors that they had agreed to the process in the Code of Conduct when the document was adopted.

When considering if there was another means of reporting the outcome back to the Council, Mr Altmants advised that notification must be to Council and not individual Councillors. This meant that a Council meeting was the appropriate forum for a report back, he said.

Mr Altmants was asked whether the provisions of the Local Government Official Information and Meetings Act 1987 (LGOIMA) trumped the Code of Conduct, and therefore precluded the item from being on a public agenda.

Mr Altmants advised that this was not a LGOIMA matter as the Code of Conduct had been put in place by provisions under the Local Government Act 2002. It had been adopted by the Council as an agreement between Councillors as to how they would deal with matters of conduct and behaviour by elected members, he said. It was agreed that this process was the one adopted by the Council and that it was properly dealt with on a public agenda.

Councillor Davy requested that his disappointment in the process of reporting back to the Council in public session be recorded.

Attendance: The meeting adjourned for a break from 11.55am to 12.03pm.

11. Establishing a District Licensing Committee

Document number 1496320, agenda pages 52-59 refer.

Manager Resource Consents, Mandy Bishop, joined the meeting and presented the report. She said the position of deputy chair had to be an elected member.

In response to questions, Ms Bishop said there would be an opportunity to explore sharing the functions with Tasman District Council, if it was interested. She also confirmed that the hearings would include cross-examination.

Ms Bishop said it was possible the number of contested applications would increase as previously applications were not weighted against 'amenity and good order', which were now part of the criteria.

Councillor Fulton, seconded by Councillor Shaw moved a motion:

THAT the report Establishing a District Licensing Committee (1496320) be received;

AND THAT the Nelson City Council District Licensing Committee comprise of elected members and suitably qualified persons including:

- an elected member as chairperson of the DLC who satisfies the LGNZ Competency Guidance for DLC members and is able to drive efficiencies in the process; and*
- an elected member as deputy chairperson of the DLC; and*
- committee members drawn from a list of elected members and other members;*

AND THAT the Chief Executive report back to a future Council meeting with a list of suitably qualified persons to be list members of the Nelson City Council District Licensing Committee for the Council's consideration and approval;

AND THAT the members of the Nelson City Council District Licensing Committee be appointed post-election;

AND THAT the Delegation Register is amended as part of the required post-election review to reflect this decision.

The Council discussed the role of the chairperson and agreed that this position would require someone with significant experience and skills. It

was agreed that the 'Making Good Decisions Chairs' course was important for managing this type of hearing, particularly the cross-examination element. There was also agreement that it was important to consider non-elected members for this role to ensure the highest level of competency.

The motion was put and it was lost.

It was noted that whether the chairperson was an elected member or a list member did not need to be agreed at this meeting. It was also agreed that all elected members would be on the list at the time of deciding the composition of the committee.

Resolved

THAT the report Establishing a District Licensing Committee (1496320) be received;

AND THAT the Nelson City Council District Licensing Committee comprise of elected members and suitably qualified persons;

AND THAT the Chief Executive advertise for expressions of interest from suitably qualified persons and report back to a future Council meeting a list of persons available to be the chairperson and list members of the Nelson City Council District Licensing Committee for the Council's consideration and approval;

AND THAT the committee and chairperson are drawn from a list of elected members and other members of the approved list;

AND THAT the chairperson and members of the Nelson City Council District Licensing Committee be appointed post-election;

AND THAT the Delegation Register is amended as part of the required post-election review to reflect this decision.

Collingwood/Davy

Carried

CROSS COUNCIL ITEMS

12. Sugary Carbonated Drinks

Document number 1495197, agenda pages 132-139 refer.

Youth Councillors, Joseph Cotton and John Gibson, joined the meeting. Mr Gibson said Youth Council opinion was divided on the issue. Mr Gibson

said some members of the Youth Council believed the Council should be a leader on the issue, whilst others believed this was not a function of a local authority.

Councillor Fulton, seconded by Councillor Ward moved the motion:

THAT the report Sugary Carbonated Drinks (1495197) and its attachment (1495057) be received;

AND THAT Council develop a draft policy on the sale of highly-sugared carbonated drinks from Council facilities and parks and Council events after consultation with directly affected parties.

There was a view that the Council should be a leader in this area. There was also agreement that this policy was consistent with the goals of the Nelson 2060 Strategy. The Council also discussed the difficulties in defining a 'highly-sugared carbonated drink'.

There was an opposing view that this was not something that the Council should focus on and that there were other activities where Council involvement would yield higher benefits for the community.

It was requested that staff write to the Minister of Health about a labelling policy for high sugar drinks.

It was agreed that staff should investigate installing water fountains next to vending machines, water availability at venues, and the product range in vending machines.

The motion was put and lost due to an equal vote.

13. Remuneration of Elected Members 2013-2016

Document number 1542709, agenda pages 60-112 refer.

Manager Administration, Penny Langley and Administration Adviser, Linda Canton joined the meeting and presented the report.

Concern was expressed that there was no provision for additional remuneration in the proposed allocation for Nelson Resource Management Plan (NRMP) work. It was re-iterated that there was a significant time commitment required of Councillors involved in plan change work.

The Council was advised that, in the opinion of the Remuneration Authority, the priority for additional remuneration was around chairing meetings and that plan change hearings did not fit this category.

The Council discussed whether it was appropriate to include in any resolution their preference for additional remuneration for plan change work.

Ms Langley further advised that it was likely that this would be an additional task by elected members that was not justifiable in the current determination from the Remuneration Authority.

The Council also expressed concerns over the emphasis for additional remuneration to be awarded to elected members that chair meetings. Councillors felt the current governance arrangement included portfolio holders who did not chair meetings and only a few council committees with chairing roles.

It was also felt that there was an unfair discrepancy in the proposed salary of the Audit, Risk and Finance chair and that of portfolio holders in Option 1. It was suggested that Option 1 could be less definitive and could list salaries for portfolio holders, chairs of other committees and then members.

Attendance: Councillor Davy left the meeting from 12.20 to 12.31pm.

Executive Manager Support Services, Hugh Kettlewell said it was important, as much as possible, to reflect the current governance structure to the Remuneration Authority, regardless of how the next council may be structured.

It was agreed that within Option 1 it would be preferable to articulate the levels of remuneration for a generic chair or portfolio holder position and if possible, put aside a lump sum for plan change hearings.

It was agreed that this item would be deferred until later in the meeting to allow Councillors further time to consider the issues.

14. Adoption of the Fees and Charges: Resource Consents Business Unit 2013/14

Document number 1544662, agenda pages 113-120 refer.

Resolved

THAT the report Adoption of the Fees and Charges: Resource Consents Business Unit 2013/14 (1544662) be received;

AND THAT the Fees and Charges: Resource Consents Business Unit (1452697) be adopted;

AND THAT the fees and charges under section 36 of the Resource Management Act apply as from 22 July 2013.

Shaw/Rackley

Carried

Councillor Reese requested that her vote against the motion be recorded.

15. Fees and Charges 2013/14: Building Unit

Document number 1483441, late item refers.

Conflict of Interest: Councillor Reese withdrew from the meeting for the discussion on this item.

Executive Manager Regulatory, Richard Johnson, and Team Leader Building Consents, Chris Wood, joined the meeting and presented the report.

In response to a question, the Chief Executive said the reason this report had not been presented to Council at an earlier stage was because the Building Unit had been significantly under-resourced due to staff vacancies and a necessary focus on the recent IANZ accreditation.

Councillors asked questions on specific proposed increases in the fees and charges. In summary, officers explained that only 80% of the income from the Building Consent Authority work on building consents derived from the applicants. The proposed changes in fees and charges would limit the impact on rates. Mr Johnson said many of the increases attempted to make adjustments towards a greater user-pays system and he acknowledged that some fees had not been adjusted for CPI annually for some years.

It was noted that officers should make best attempts at smaller incremental increases.

Resolved

THAT the report Fees and Charges 2013/14: Building Unit (1483441) and its attachment (1485024) be received;

AND THAT the fees and charges for Building Unit activities for 2013/14 be approved;

AND THAT the revised fees and charges apply from 5 August 2013.

Boswijk/Shaw

Carried

REPORTS FROM COMMITTEES

16. Kotahitanga Hui – 10 May 2013

Document number 1512524, agenda pages 121-125 refer.

Resolved

THAT the unconfirmed minutes of the meeting of the Kotahitanga Hui, held on 10 May 2013, be received.

Shaw/Davy

Carried

17. Remuneration Review Committee – 17 June 2013

Document number 1536413, agenda pages 126-128 refer.

Resolved

THAT the unconfirmed minutes of the meeting of the Remuneration Review Committee, held on 17 June 2013, be received.

Collingwood/Davy

Carried

18. Audit, Risk and Finance Committee – 18 June 2013

Document number 1538456, agenda pages 129-131 refer.

Resolved

THAT the unconfirmed minutes of the meeting of the Audit, Risk and Finance Committee, held on 18 June 2013, be received.

Barker/Boswijk

Carried

Attendance: The meeting adjourned for lunch at 1.08pm. Following lunch, in accordance with Standing Orders 3.5.2, the meeting lapsed before the remaining business could be considered and therefore the meeting was adjourned until the next Council meeting on 18 July 2013.

There being no further business the meeting ended at 1.30pm.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

GOVERNANCE STATUS REPORT – 27 AUGUST 2013

No	Meeting Date	Document Number	Report Title/Item Title	Officer	Resolution or Action	Status
1	13/10/2011	1172883	Policy on Directors Rotation	Hugh Kettlewell	<p><u>AND THAT</u> a policy on Directors' rotation be written for consideration by the Joint Shareholders Committee;</p> <p><u>AND THAT</u> the Joint Shareholder's Committee, in amending the Director's policy, include an upper limit on the number of terms that a director may serve.</p>	27/08/2013 Agreement on this matter is yet to be achieved between the two Councils.
2	16/07/2013	1496320	Establishing a District Licensing Committee	Mandy Bishop	<p><u>AND THAT</u> the Chief Executive advertise for expressions of interest from suitably qualified persons and report back to a future Council meeting a list of persons available to be the chairperson and list members of the Nelson City Council District Licensing Committee for the Council's consideration and approval;</p> <p><u>AND THAT</u> the Delegation Register is amended as part of the required post-election review to reflect this decision.</p>	27/08/2013 Advertised in the paper on 26 & 27 July, applications close 16 August.

Credits For Excess Water Arising From Leaks (Commercial Customers)

1. Purpose of Report

- 1.1 To decide on the approach to water credits for commercial customers of the Nelson City water network.

2. Recommendation

THAT the report Credits For Excess Water Arising From Leaks (Commercial Customers) (1543633) and its attachments (993846, 1544799, 1544806 and 1549920) be received;

AND THAT the criteria for credits for excess water arising from leaks remain un-changed.

3. Background

- 3.1 In 2010-2011 Council reviewed the policy relating to the provision of credits to customers with excess water use owing to leaks on the customers supply line (Attachment 1). The policy required a change to the Water Supply Bylaw and the Nelson Community Plan 2009-2019. The revised policy was implemented from 1 October 2011.
- 3.2 The review tightened the standard criteria and restricted the credit availability to residential customers only (Attachment 2). Commercial customers were still able to request a credit if they were able to show that they would suffer genuine financial hardship as a result of a water leak.
- 3.3 At subsequent Annual Plans commercial users have made submissions to Council requesting that the decision to exclude commercial customers from the basic eligibility criteria be reversed.
- 3.4 There are approximately 20,000 water connections in the city with approximately 18,000 of these being residential and approximately 2,000 of these being commercial.
- 3.5 The operation and maintenance of the water network is funded from water charges to all residential and commercial customers.

- 3.6 The charges recover 30% of the costs from fixed daily charges and 70% from the volume of water supplied to the property.
- 3.7 All users pay the same daily charge and those with larger water usage (greater than 10,000 cubic metres per year) pay reduced volume charges (Attachment 3).
- 3.8 Water accounts are split into the two broad categories of "residential" and "commercial". Residential meters are read at six month intervals and commercial meters either once a month or three monthly. The additional costs associated with the more regular "commercial" reads are spread over all customers rather than being borne by the "commercial" customers.
- 3.9 Where water leaks occur below ground on private property the first indication of the leak to a property owner is often the invoice showing a larger than expected water usage. Any leak can have been developing for months before the invoiced amount raises alarm bells.
- 3.10 Council's website has a section that advises readers on the signs that might indicate a water leak has developed, as well as what to do if one is discovered. The Live Nelson publication of 17 September 2011 provided readers with directions to this. Pamphlets with the same information as contained on the website have also been included with water accounts in the past.
- 3.11 The water credit scheme acts to minimise the financial impact of unexpectedly high water invoices, particularly on those of limited financial means, by effectively using the water account as an insurance scheme. All users pay slightly higher charges to provide a financial pool that enables credits to be applied to accounts where water leaks have been detected.
- 3.12 There is no statutory requirement for Council to operate a water credit scheme although it is not uncommon where Councils charge for water by meter. Tasman District Council operates a residential only water leak credit scheme (Attachment 4).
- 3.13 Water volumes subject to credit requests for the years 2009/10-2011/12 are as follows:

	Commercial (m3)		Residential (m3)	
	Credits	Total Water through meters	Credits	Total Water through meters
2009/10	55,327	2,027,113 (average 1095 per customer)	82,934	2,821,415 (average 154 per customer)

Credits For Excess Water Arising from Leaks
(Commercial Customers)

2010/11	49,874	2,166,107 (average 1170 per customer)	Not available	2,890,050 (average 158 per customer)
2011/12	23,742	2,544,124 (average 1375 per customer)	81,460	2,617,791 (average 143 per customer)

- 3.8 Since 2010 there have been approximately 660 requests for water credits, of which approximately 67 have been from commercial customers.
- 3.9 Asking customers to regularly check their meters for evidence of excess water usage is Council's best mechanism to reduce losses from leaks until the city moves to automated meter reading technology. This will allow real time monitoring of water use and regular reporting of high use.
- 3.10 Reducing water losses from leaks will become very important as Council prepares for the renewal of resource consents for water takes from the Maitai and Roding rivers.

4. Discussion

- 4.1 Council has three main options:
- Option 1 would maintain the current credit criteria;
 - Option 2 would allow all customers connected to the water network to be able to access water credits on the same criteria;
 - Option 3 would allow commercial customers a reduced credit, for example of 50%, in recognition of their ability to claim the balance as an operational expense; together with GST should they be registered. All other criteria would apply unchanged.
- 4.2 Commercial users are able to claim the GST component of the water charge where they are registered for GST, and the appropriate portion of the invoiced charges as an operating cost for tax purposes. Residential users do not generally have those opportunities available to them.
- 4.3 Residential water connections typically use a 20mm diameter pipe while approximately 25% of commercial meters are greater than 20mm diameter. The larger diameter pipes allow a greater flow to escape through undetected leaks.
- 4.4 As the water credit criteria are part of the Water Bylaw 217 any change to the credit criteria will also require a review of the Water Bylaw.

5. Conclusion

- 5.1 The water credit criteria is a useful means of addressing financial hardship issues that arise from undetected leaks in private water lines and should not be used to support poor quality private water pipes.
- 5.2 The most effective means of reducing water losses through leaks is for property owners to check their meters regularly and repair a leak when it first develops. This is particularly the case for larger users.
- 5.3 The Water Credit Criteria allows commercial customers to apply for a water credit where they can demonstrate genuine financial hardship.
- 5.4 It is recommended that the water credit criteria remain unchanged.

Phil Ruffell

Principal Adviser Utilities

Attachments

Attachment 1: Report to Council 18 November 2010 [993846](#)

Attachment 2: Current Water Leak Credit Criteria [1544799](#)

Attachment 3: Water charges 2013-14 [1544806](#)

Attachment 4: Tasman District Council Water Leak Policy. [1549920](#)

Supporting information follows.

Supporting Information

1. Fit with Purpose of Local Government

Water credit criteria support Council in delivering regulatory functions by encouraging customers to monitor water usage regularly and repair leaks in a more timely fashion. Tightening water credit criteria was determined to be the most cost-effective option because it leads to customers monitoring their own water usage at no cost to Council.

2. Fit with Community Outcomes and Council Priorities

Water credit criteria have the potential to reduce the volume of water extracted from rivers and would support Healthy Land Sea Air and Water.

3. Fit with Strategic Documents

The water credit criteria are also part of the Water Bylaw 217.

4. Sustainability

Reducing the availability of water credits supports the sustainability of the city water supply in the areas of Use of Resources by encouraging customers to monitor water use regularly, and Energy Use and Energy Efficiency by reducing leaks and Council's costs of treating and distributing water.

5. Consistency with other Council policies

Water credits are not inconsistent with other Council policies.

6. Long Term Plan/Annual Plan reference and financial impact

The criteria for water credits are identified in the Long Term Plan 2012-22.

7. Decision-making significance

This is not a significant decision in terms of the Council's Significance Policy.

8. Consultation

Any change to the water credit criteria will be consulted through the Annual Plan Process.

9. Inclusion of Māori in the decision making process

Maori have not been specifically consulted.

10. Delegation register reference

Decision of Council.

REPORT 993846

CREDITS FOR EXCESS WATER ARISING FROM LEAKS

1. Purpose of Report

- 1.1. To obtain Council agreement on a draft policy for credit requests received from customers for water lost as a result of water leaks on their property.
- 1.2. To approve and advertise the Statement of Proposal in Attachment 1, document 1001578, under the Special Consultative Procedure (section 83 Local Government Act 2002) to obtain public views on the draft policy.

2. Recommendation

THAT Council grant requests for water credits based on the following criteria:

- ***Leaks from pipes or fittings on farms, commercial, industrial properties and un-occupied properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming pools, ponds, landscaping, or similar systems on occupied properties. No credit;***
- ***Leaks from pipes that are, or should be visible, such as header tanks, overflows from WC's, above ground pipes or fittings and attached to raised flooring or in walls or ceilings. No credit;***
- ***Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. Credit the lost water where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe will be credited. Credit will be based on Council's assessment of the property owner's usual usage for the period;***

AND THAT define due diligence as within two weeks of the earliest of the following:

- ***The date of the first invoice to identify a higher than usual usage or the date of discovery or when it could have reasonably been discovered. Usual***

being the amount used in the same period as last year, these amounts are shown on every water account;

AND THAT the leak must be repaired by a Licensed or Certifying plumber with a brief report on the leak by that person to establish where on the line the leak was found, dates and an opinion, if possible, as to how long the leak had been occurring;

AND THAT extraordinary circumstances outside of the above, which could lead to cases of genuine financial hardship for owner / occupier, could be granted at the discretion of the Council's Chief Financial Officer;

AND THAT the Statement of Proposal in document 1001578 be approved and advertised using the Special Consultative Procedure (section 83 of the Local Government Act 2002).

3. Background

- 3.1. Credits for water lost to leaks for both residential and commercial water accounts have been processed since the introduction of water meters in 1995/96. In the 2009 calendar year approximately \$175,000 in water credits were granted.
- 3.2. The Nelson Council Community Plan 2009-2019 and Water Supply Bylaw 2008 confirm that credits will be available to water account holders connected to Council's water supply, when high water charges are identified as resulting from leaks on the customer's reticulation. Brief criteria are given in each document.
- 3.3. Identifying that a leak exists is generally a very straightforward task for property owners. Checking the water meter when no taps are being used soon shows if water is flowing through a meter to waste. Finding the leak however, can be difficult if the pipes are buried and the property is large.
- 3.4. While Council regularly advertises the need for customers to check their meters and their properties to ensure there are no leaks, a common comment in credit requests is that the first indication of a leak is the very large six monthly invoice that arrives. It would appear that while mail outs to customers in the past have encouraged the regular checking of meters to track leaks there is no real financial incentive for anyone to do this while Council simply credits the cost of lost water.
- 3.5. As a result of a review of this function it has quickly become evident that some fundamental issues arise from applying the existing criteria.
- 3.6. The wording of the Nelson Community Plan 2009-2019 provides a positive direction to Council to adjust the water account as long as the leak was on the internal water reticulation and was subject to correction within two weeks of discovery.
- 3.7. This would effectively grant a credit for leaks from any source within the property and provides no particular incentive for property owners to maintain their property and since no evidence of speedy repair is required, to fix leaks quickly. Additionally, no guidance is given on how

to consider multiple leaks on the property over time. This latter point is especially important for older galvanised steel piping and some earlier polyethylene materials that can break multiple times.

- 3.8. The Water Supply Bylaw 2008 allows Council to exercise discretion about estimating consumption and limits the criteria to a previously unknown underground leak repaired with due diligence.
- 3.9. Due diligence is not defined and no process is identified for cases of genuine financial hardship to be considered when a leak is above ground but not observed, as could be the case with a leak under the floorboards of a large house, or where an occupant is absent due to illness or special family circumstances. No guidance is given on how to consider multiple leaks on the property.
- 3.10. The criteria in the Community Plan and Bylaw are not consistent with each other and are overly broad and vague leaving them subject to individual interpretation.
- 3.11. Any metered supply, residential or commercial, is allowed to apply for a credit with only the very broad criteria to base their request on.
- 3.12. Staff have no clearly defined criteria for evaluating the request and therefore are unable to provide support for a refusal of the credit application.

4. Financial Consideration

- 4.1. The water activity is funded from water charges and Financial / Development contributions. The budget income for the 2009/10 year was approximately \$10M and credits for approximately \$175,000 were processed in the 2009 calendar year.
- 4.2. The credit figure of \$175,000, from the 2009 calendar year, is based on a very hard interpretation of the existing vague criteria. Staff are currently applying a more liberal interpretation of the criteria, in line with the Nelson Community Plan 2009-2019, that may result in a substantially higher figure for the current year. To avoid this it is important to address the issue now and develop clearer criteria that can be referred for public consultation in advance of the next Annual Plan.
- 4.3. In the short period from July 2010 to date, applications for credits ranging from \$20-00 for a leaking header tank in the roof space of a residential property to \$7487-60 for a leaking water pipe on a rural farm property, have been received by Council.
- 4.4. The Council's Parks and Reserves team has also expressed concern at the charges they have recently incurred for water supplied to Rutherford and Isel Parks.
- 4.5. They are currently investigating to see if leaks exist in their reticulation that would explain an additional 26,000m³ of water use for 2009/10 and while they have not lodged a specific request for a credit there is nothing in the current criteria that would expressly prevent that outcome. This is one example of the sorts of volumes that we may have to deal with if care is not taken with large networks.
- 4.6. Credits for water leaks are effectively water supplied that cannot be invoiced and on an annual basis the cubic metre charge is simply

increased to reflect this. Every property owner ends up paying for the lost water and the activity operates, in part, in much the same way as an insurance company.

- 4.7. Staff time – 3 requests per week on average are received requiring from a half to one and a half hours each of staff time depending on complexity.

5. Options for Evaluation of Requests for Credit

- 5.1. Credits for excess water charges arising from the following will always be processed:

- Misreading of the meter or faulty meter
- Errors in data processing
- The meter was assigned to the wrong account
- Leak on a Council fitting adversely impacting on the metered usage

- 5.2. The following sets out options for criteria for processing credits for excess water charges arising from leaks on customer's reticulation. Choosing one will help customers and staff deal with requests fairly and speedily.

Option 1

- 5.2.1. No credits will be processed as of right. Only requests for credits based on genuine financial hardship for the owner/occupier will be considered by the Council.

Option 2

- 5.2.2. Grant every request for a credit arising from a leak, regardless of location, as long as it was fixed within two weeks of discovery or when it could have reasonably been discovered. Only one leak per property per five year rolling timeframe will be credited.

- 5.2.3. It will be difficult to determine when a leak actually was discovered and repaired so in practice this option would grant (nearly) every request. Adding in the point about when the leak could have reasonably been discovered should reinforce the need for property owners to repair obvious leaks. A good practice would be to insist on the leak being repaired by a registered or craftsman plumber with a brief report on the leak by that person to establish dates and an opinion, if possible, as to how long the leak had been occurring.

- 5.2.4. Allowing only one leak credit per five year rolling timeframe will encourage property owners to routinely check water use and replace poor quality pipework.

- 5.2.5. Extraordinary circumstances outside of the above, which could lead to cases of genuine financial hardship for the owner / occupier could be granted at the discretion of the Council's Chief Financial Officer.

Option 3

- 5.2.6. Grant requests for water credits based on the following criteria :

- Leaks from pipes or fittings on farms, commercial, industrial properties and un-occupied properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming

pools, ponds, landscaping or similar systems on occupied properties.
No credit.

- Leaks from pipes that are, or should be visible, such as header tanks, overflows from WC's, above ground pipes or fittings and attached to raised flooring or in walls or ceilings. No credit.
- Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. Credit where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe will be credited. Credit will be based on Council's assessment of the property owner's usual usage for the period.

5.2.7. Define due diligence as within two weeks of the earliest of the following:

- The date of the first invoice to identify a higher than usual usage or the date of discovery or when it could have reasonably been discovered. Usual being the amount used in the same period as last year, these amounts are shown on every water account.

5.2.8. Once again a good practice would be to insist on the leak being repaired by a registered or craftsman plumber with a brief report on the leak by that person to establish where on the line the leak was found, dates and an opinion, if possible, as to how long the leak had been occurring.

5.2.9. Allowing only one leak credit per five year rolling timeframe will encourage property owners to routinely check water use and replace poor quality pipework.

5.2.10. Extraordinary circumstances outside of the above, which could lead to cases of genuine financial hardship for the owner / occupier could be granted at the discretion of the Council's Chief Financial Officer.

6. Discussion

6.1. Through the Nelson Community Plan 2009-2019 and Water Supply Bylaw 2008 Council has signalled to the community that credits are available for water lost to leaks on the customers reticulation.

6.2. Currently staff do not have clear criteria to evaluate, and where warranted, decline requests for credits.

6.3. It is generally not a difficult task to monitor a water meter to check for a water leak and Council run regular articles in "Live Nelson" and with water bills describing how this can be carried out.

6.4. The above options offer a range of responses from no credits to liberal approval of credits.

1.1. Staff consider that Option 3 will more clearly define the criteria for evaluating credit requests and is considered a reasonable response by allowing credits for a limited criteria and emphasising the need for property owners to take responsibility for their water use and the maintenance of water supply pipework on their property.

6.5. An analysis of the twenty nine credits that have been granted for the three months from July to September 2010 shows the following:

- Total water sales invoiced with queries \$33,032
- Total credits granted \$22,950
- Under proposed Option 3 credits would be \$2054
- There are still 12 requests waiting on the next round of readings and the Parks and Reserves issue remains to be resolved.

7. Special Consultative Procedure

- 7.1. The Local Government Act 2002 (the Act) requires that Council undertake a special consultative procedure when proposing amendments to a long term council-community plan (section 84 of the Act) and any bylaw (section 86 of the Act). This is to ensure that community views are obtained on the proposed changes.
- 7.2. A Statement of Proposal containing the details of the proposed amendments to the Nelson Community Plan 2009-2019 and Water Supply Bylaw 2008 is included in Attachment 1.
- 7.3. The Statement of Proposal has been audited by Audit NZ as required by the Act. The Audit NZ opinion is contained in Attachment 2.
- 7.4. A proposed timeframe for the consultation is detailed below.

Proposed Timeframes	
18 November	Council decision on releasing the draft policy for consultation
20 November	Public consultation opens, submission period
14 January 2011	Public consultation closes
End of January/ early February 2011	Hearings / consideration of submissions
End of February 2011	Council Meeting – final decision

8. Conclusion

- 8.1. Clear criteria for credits for excess water arising from leaks are required for Council's customers and staff.
- 8.2. Option 3 above is recommended as providing an appropriate set of criteria.

Contact officer: Phil Ruffell, Principal Adviser Utilities
Sarah Yarrow, Policy Adviser

Keith Marshall
Chief Executive

Attachments

Attachment 1: Statement of Proposal to Amend the Nelson Community Plan 2009-2019 and Water Supply Bylaw 2008 [1001578](#)

Attachment 2: Audit NZ opinion on the Statement of Proposal to Amend the Nelson Community Plan 2009-2019 and Water Supply Bylaw 2008 [1007348](#)

Supporting information follows.

Supporting Information
1) Fit with Community Outcomes and Council Priorities Option 3 has the potential to reduce the volume of water extracted from rivers and would support Healthy Land Sea Air and Water and A Strong Economy.
2) Fit with Strategic Documents Option 3 will amend the Nelson Community Plan 2009-2019 and supports Council are funding policies.
3) Sustainability Option 3 will act to reinforce the need for property owners to regularly monitor water usage and potentially reduce the volume of water lost to leaks.
4) Consistency with other Council policies Option 3 is proposing to amend policies within Council's Water Supply Bylaw 2008 and Nelson Community Plan 2009-2019 to ensure consistency.
5) LTCCP/Annual Plan reference and financial impact Adopting Option 3 has the potential to increase the income for the water account by reducing the level of credits granted.
6) Decision-making significance This is not a significant decision in terms of the Council's Significance Policy.
7) Consultation The recommended option will be subject to the special consultative procedure under section 83 of the Local Government Act 2002.
8) Inclusion of Māori in the decision making process Not required as applies to all water supply customers.
9) Delegation register reference NA.

Water Supply Bylaw 2008

Water Leak Credit Criteria

Remission of Charges for Excess Water Arising from Leaks

The customer acknowledges and agrees that:

- i) Credits for excess water charges arising from the following will always be processed:
 - a. Misreading of the meter or faulty meter.
 - b. Errors in data processing.
 - c. The meter was assigned to the wrong account.
 - d. Leak on a Council fitting adversely impacting on the metered usage

Other Conditions and Criteria include:

ii) Leaks from pipes or fittings on farms*, commercial, industrial properties and unoccupied properties (regardless of temporary or long term) or reserves or from irrigation, stock water, swimming pools, ponds, landscaping or similar systems on occupied properties. No credit.

** For the purpose of assessing credits for excess water arising from leaks "farm" is defined as any property that is or can be used for the growing of crops, including trees or rearing of livestock, with a land area greater than 5000 square metres.*

iii) Leaks from pipes that are, or should be visible, such as header tanks, overflows from WC"s, above ground pipes or fittings and attached to raised flooring or in walls or ceilings. No credit.

iv) Where the leak is a previously unknown underground leak on the main lateral between the water meter and a residential dwelling or under the concrete floor of a residential dwelling. Credit the lost water where the leak has been repaired with due diligence. Only one leak per property, and maximum two consecutive water supply invoices covering the leak, per five year rolling timeframe will be credited. Credit will be based on Council"s assessment of the property owner"s usual usage for the period.

v) Due diligence is defined as within two weeks of the earliest of the following:

The date of the first invoice to identify a higher than usual usage or the date of discovery or when it could have reasonably been discovered. Usual being the amount used in the same period as last year, these amounts are shown on every water account.

vi) The leak must be repaired by a Licensed or Certifying plumber with a brief report on the leak by that person to establish where on the line the leak was found, dates and an opinion, if possible, as to how long the leak had been occurring.

vii) Extraordinary circumstances outside of the above, which could lead to cases of genuine financial hardship for owner / occupier, or where timely detection of a leak could not have reasonably occurred, could be granted at the discretion of the Council's Chief Financial Officer.

This section inserted by Council resolution at the ordinary meeting of Council held on the 17th day of March 2011.

Nelson City Council Water Charges 2013/14

Final Annual Plan 2013/14 (1538014 v2) Page 51

Water charges

Nelson's water charges are a targeted rate for water supply set under section 19 of the Local Government (Rating) Act 2002 and are based on a fixed daily charge. This charge is payable by all ratepayers with a water meter installed on the property. The charges are billed separately from the rates invoices and recover the funding required by Council to supply water. The water charges for 2013/14 including GST are a minimum annual charge of \$191.42 which is charged at a daily rate of \$0.5244 per day with no free allowance compared with \$188.12 in the previous year. The cost per cubic metre is:

Water charges – residential, commercial and industrial including GST

	2012/13	2013/14
All users 0-10,000m3 per year	1.914	1.968
Bulk		
Summer irrigation over 10,000m3 per year	1.703	1.736
Bulk 10,001-100,000m3 per year	1.493	1.504
Bulk over 100,000m3 per year	1.179	1.188

The water charges represent an average increase of 2.4% for the 2013/14 year for an average water user.

NOTE: An average water user uses 160m3 per annum.

Tasman District Council Water Charges 2013/14

Water Supply Rates

All charges are inclusive of 15% GST unless otherwise identified.

Water Supply – Metered Connections

Council sets a targeted rate for the supply of water. This rate will be based on the volume of water supplied to all rating units with a metered connection except those properties in the Motueka Urban Water Supply and for the Nelson Pine Industries Ltd site. The rate will be based on the provision of a service by the Council and where the land is situated, and includes those residential properties within the Nelson City boundary which are supplied water by Tasman District Council. The category of rateable land and the rate (per cubic metre supplied) for 2013/2014 is:

Category	2012/2013	2013/2014
All rating units with metered connections, excluding the Motueka Urban Water Supply and the Nelson Pine Industries Ltd site.	\$1.87	\$1.76
Nelson Pine Industries Ltd site	\$0.4079	\$1.08

In addition, Council sets a targeted rate for the supply of water calculated as a fixed daily amount per rating unit. The rate will be based on where the land is situated and the provision of service by the Council and will be set in relation to all rating units with a metered connection excluding those in the Motueka Township and the Nelson Pine Industries Ltd site, but including those residential properties within the Nelson City boundary which are supplied water by Tasman District Council. The rate for 2013/2014 is 68.89 cents per day (2012/2013 61.81 cents).

Policy on Remission of Excess Metered Water Rates

Objectives of the Policy

To provide relief to ratepayers who have excessive metered water rates for their dwelling, due to a leak in their internal reticulation and to encourage ratepayers to get all leakage repaired promptly.

Conditions and Criteria

1. The policy will apply to applications from ratepayers who have excess water rates due to a leak in the property's internal reticulation. Internal reticulation is defined as the water supply pipe that commences at the point of supply (generally at the water meter) and goes directly to the dwelling.
2. All applicants must submit their request in writing within six weeks of the date of the current water account, stating that there are no further leaks on the property and must provide proof of repair carried out by a registered plumber. (The only exemption to this requirement is that provided for Murchison as notified in the SR1978.340).
3. A remission will only be granted on the current account.
4. Where a remission is granted the ratepayer will be charged an amount equal to the maximum consumption at any one time charged for that rating unit in the past three years, provided it has been in the same ownership.
5. Where ownership of the property has been for less than six months, staff will monitor consumption for a period of three months following completion of all repairs, to establish a reasonable consumption figure to charge.
6. Where there is an application for remission following a second leak within five years of the first application, the ratepayer will pay an additional charge of 75 per cent of the difference between the consumption as calculated in clause 4 above and the actual metered consumption during the leak period.
7. Where there is an application for remission following a third or subsequent leak within five years of the first application, the application will be declined.
8. The Utilities Asset Manager has the delegated authority to approve remission of water charges.

No remissions to the water account will be given in any of the following circumstances:

- i. No remissions will be given for leaking fittings connected to the "water supply connection to the dwelling".
- ii. No remissions will be granted for a water supply connection pipe to a dwelling that has been installed within the last five years.

Definition of Dwelling (as defined in the Building Act 2004): Dwelling means a building or group of buildings, or part of a building or group of buildings that is:

- a) Used or intended to be used, only or mainly for residential purposes; and
- b) Occupied, or intended to be occupied, exclusively as the home or residence of not more than one household; but does not include a hostel, boarding house, or other specialised accommodation.

1 Sanitary Plumbing (Exemption) Notice 1978

Policy on Remission of Excess Metered Water Rates (cont.)

Sanitary Plumbing (Exemption)

Notice 1978

SR 1978/340

PURSUANT to section 55 (1) of the Plumbers, Gasfitters and Drainlayers Act 1976, and after consultation with the Waimea County Council, the Minister of Health hereby gives the following notice:

Contents

Title and Commencement

- (1) This notice may be cited as the Sanitary Plumbing (Exemption) Notice 1978.
- (2) This notice shall come into force on the day after the date of its notification in the Gazette.

Exemption from provisions relating to sanitary plumbing

The area described in the Schedule to this notice is hereby designated as an area where sanitary plumbing may be done by any person.

Schedule

Area in which notice has effect

The Murchison Division of the County of Waimea (as shown on a plan number SPE 1 deposited with the Department of Health and thereon edged with a bold black line), excluding the area situated within a radius of 1.5 kilometres of the Nelson Lakes National Park Headquarters in the Township of St Arnaud.

Explanatory Note

This note is not part of the notice, but is intended to indicate its general effect.

The effect of the notice is that, subject to the provisions of any enactment other than the Plumbers, Gasfitters, and Drainlayers Act 1976, any person may do sanitary plumbing within the area of the County of Waimea described in the Schedule to this notice. Except where an area is exempted in this way, only the holders of licences or certificates under the Act in respect of plumbing may do this work (subject to certain limited exemptions).

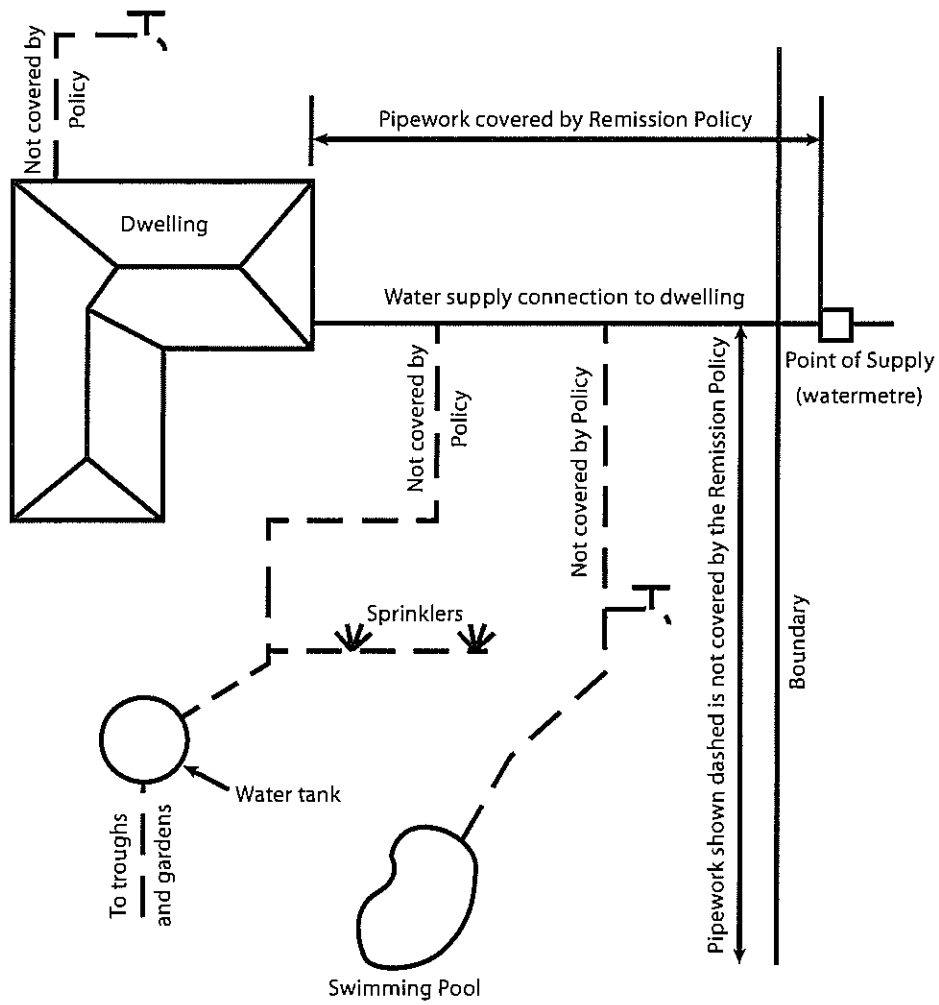
PROMULGATION

Issued under the authority of the Regulations Act 1936

Date of notification in Gazette: 21 December 1978

This notice is administered in the Department of Health.

Policy on
"Remission of Excess Metered Water Rates"



2013/14 Insurance Renewal

1. Purpose of Report

- 1.1 To update Council on the 2013/14 insurance renewal.

2. Recommendation

THAT the report 2013/14 Insurance Renewal (1561284) and its attachments (1539615 and 1308992) be received;

AND THAT changes to the property insurance schedule cover for the 2013/14 financial year be noted by Council.

3. Background

- 3.1 A report regarding 2013/14 Insurance Renewal (1539308) was presented to the Audit, Risk and Finance Committee on Tuesday 23 July 2013. The Committee requested that it be considered by full Council. This report is the same as that presented to the Committee, with the exception of paragraph 3.10 which is new information.

Top of the South Collective

- 3.2 Nelson City Council is part of the Top of the South Collective with Tasman District Council and Marlborough District Council which was formed 1 July 2011. The broker is Jardine Lloyd Thomson and Nelson City Council has various insurance policies including:

- Material Damage;
- Business Interruption;
- Motor Vehicle;
- Public and Professional Indemnity;
- Hall Hirers Liability;
- Crime, Statutory and Employers Liability;
- Harbour Masters and Wreck Removal Liability;
- Fidelity Guarantee;
- Personal Accident;

- Forestry.
- 3.3 Material Damage premiums have stabilised however, given that Council have had a couple of claims this last financial year (Saxton Stadium, Mediterranean Food Warehouse) our risk of perils rates have increased 25%. The perils rate covers accidental physical loss or damage to property for all perils, except for earthquake and volcanic eruption.
 - 3.4 The aggregate limit of indemnity for Natural Disaster cover will be any one event and in the one period of insurance is as it was in 2012/13. The Top of the South members agreed to increase the Natural Disaster loss limit from \$200 million to \$250 million and this was obtained at no additional premium.
 - 3.5 Given the increase in the perils rate, our Material Damages premium has increased from \$770,501 to \$814,461 (5.7%). The premium schedule for insurance is shown in Attachment 1.
 - 3.6 Council officers proposed to the Audit Risk and Finance Committee in July 2012 to reduce the level of cover from reinstatement to indemnity on a number of buildings. The Committee agreed to reduce the cover on State Advances Building, Old Grandstand, Trafalgar Park, Old Folks Hall, Trafalgar Street and Wakapuaka Community Hall. The Committee was uncomfortable reducing the level of cover without a full stock take of the property portfolio.
 - 3.7 Reinstatement insurance requires you to replace equivalent property on the same or an alternative site. Where a decision is made not to do this, then the contract reverts to an indemnity settlement. Equivalent means you can't elect to replace Pensioner housing with a sports hall. An indemnity settlement provides for the cost of repairs to a position similar to the position before the loss. Where the property is unable to be repaired or repairs exceed the sum insured then an indemnity settlement will be negotiated between the insurer and Council. This could be based on the properties market value, its indemnity, depreciated value or some other form of settlement that puts Council in a similar position as to what it was in before the loss.
 - 3.8 70% of the Material Damage premium is for earthquake cover and there is an opportunity to retain full reinstatement insurance for fire cover etc but limit cover to indemnity only for earthquake.
 - 3.9 Staff have reviewed the property schedules to identify opportunities to make savings and recommend the changes included in Attachment 2 for insurance cover.
 - 3.10 Currently insurers will offer and accept both reinstatement and indemnity insurance on all Council assets as and when required. However, our brokers advise that in the future, for those assets/buildings that have been formally assessed and have NBS rating of less than 34%, insurers will be looking at the assets very closely and may, depending on what Council proposes by way of remedial work, only offer indemnity insurance for the earthquake risk. Reinstatement insurance for other perils would likely continue to be offered.

Local Authority Protection Programme

- 3.11 Separately, Council is a member in the Local Authority Protection Programme (LAPP) scheme which is a mutual scheme whose membership consists of local authorities. It is aimed at providing insurance cover for damage to infrastructural assets from natural hazard events. It only covers the 40% of damage costs not covered by the National Disaster Recovery Plan which covers 60%. Council has \$612 million of infrastructure assets covered by the Local Authority Protection Programme (\$577m 2012/13).
- 3.12 From 1 July 2012 LAPP provides a combination of reinsurance and mutual self insurance cover for its members as a way of limiting premium increases and rebuilding the fund after the Christchurch earthquakes. The maximum contingent liability per event would be up to 4 times the Council's annual contribution. The Local Authority Protection Programme would meet the first \$6 million after the claimants deductible, members would meet claims from \$6 million to \$40 million, then full reinsurance would be bought up to \$100 million (which would cover up to a \$250 million event) with one reinstatement per financial year. Because of the one reinstatement per year, the maximum contingent liability per year would be up to 8 times the Council's annual contribution (if two major events in one year).
- 3.13 The possibility of Council having to pay a not-insignificant additional contribution is obviously a downside (and the reason why insurance companies exist), but it may be thought to be the lesser evil when compared to paying high premiums for insurance/reinsurance or having no cover at all.
- 3.14 Contributions for 2013/14 for LAPP are \$311,700 a 27% increase on 2012/13 contributions of \$245,000. Officers had budgeted for an 11% increase and were surprised at the quantum of the increase. It appears that the Council's flood risk factors have been revised leading to an increase in contributions, together with increased asset values and a smaller contribution pool.
- 3.15 For the 2013/14 renewal, 12 members have pulled out of LAPP and Trustees have reduced the proposed collection pool from \$10 million to \$8.5 million. Although the proposed collection pool has reduced, it still means that there are fewer members to bear the fixed costs of the LAPP scheme.
- 3.16 To withdraw from LAPP, members must give one year's notice but are able to retract the notice up to the date of withdrawal. Council officers believe it is financially prudent to give our notice to withdraw so that Council can look at other insurance options. Notice was given on 24 June 2013.
- 3.17 JLT our brokers believe there are viable insurance cover options available for our infrastructure assets, particularly if this was placed as the Top of the South Collective.

4. Conclusion

- 4.1 The insurance renewal for the 2013/14 financial year has seen some changes reflecting reassessment of our risk profile. Council officers continue to look for prudent opportunities to reduce our insurance premiums.

Tracey Hughes
Senior Accountant

Attachments

Attachment 1: Insurance Premiums 2013/14 1539615

Attachment 2: Property Schedule Proposed Changes to Insurance Type
1308992

No supporting information follows.

Insurance premiums 2013/14

	Policy	Sum insured	2012/13 premiums	2013/14 budget	2013/14 premiums	actual increase
Material Damage		293,591,851	770,501	867,626	814,461	6%
Business interruption		5,730,000	16,156	17,827	13,666	-15%
Motor vehicle		591,700	12,240	12,512	11,050	-10%
Personal accident		variaous	3,260	3,370	2,824	-13%
Public and professional liability		50,000,000	63,275	64,515	63,275	0%
Crime, Statutory and Employers liability		Various	14,135	14,542	14,135	0%
Hail Hirers liability		2,000,000	1,500	1,558	1,600	7%
Harbour masters/Wreck removal		Various	14,250	58,557	14,250	0%
Harbour masters/Wreck removal - incr cover			6,144		9,656	57%
Harbour masters/Wreck removal - Port Nelson			34,708		35,000	1%
Forestry			10,107	14,968	15,153	50%
LAPP		612,000,000	248,000	271,950	311,700	26%
Broker fee			15,500	15,779	16,000	3%
Valuation			25,600	28,160	-	-100%
			1,235,376	1,343,203	1,322,770	7%

Property Schedule

Proposed Changes to Insurance Type

Reference	Item Description	Proposed		Reason for Change in Insurance Type
		Insurance Type	Earthquake	
1514.1	Zumo Coffee Building	Reinstatement	Indemnity	Owned for roading, lease requires indemnity insurance
1514.3	Reliance Engineering	Reinstatement	Demolition	Purchased for land
1514.4	Four Seasons	Reinstatement	Demolition	Purchased for land
3505.1	Garage, Isel Park	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3505.2	Garage/Workshop, Isel Park	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3520.7	36 Cable Bay Rd Residential	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3531.1	Viewing Platform, Grampians	Reinstatement	Not Insured	Would not replace, low value
3532.3	Wharf, Haulshore Island	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3532.4	Wharf, Monaco	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3532.6	Boat Ramp, Wakefield Quay	Reinstatement	Indemnity	Low risk, would repair
3532.7	Boat Ramp, Monaco	Reinstatement	Indemnity	Low risk, would repair
3590.3	Toolstore, Rutherford Park	Reinstatement	Not Insured	Would not replace, low value
3590.5	Workshop Garage, Botanical Reserve	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3590.6	Marsden Rec, Equipment Shed	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3590.8	Plantshed/Workshop, Tahuna Beach	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
3590.9	Bus Shelter, Tahuna Beach	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3590.10	Community Police Office, Tahuna Beach	Reinstatement	Indemnity	Would not replace, lessor required to insure
3811.2	Garage, Meirose House	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4015.1	Nellie Nightingale Library	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4040.1	Careening Grid, Marina	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4040.7	Old Custodians Office & Dayroom, Marina	Reinstatement	Not Insured	Would not replace, very few works possible without discharge consent required
4055.1	Art Gallery/Workshops, 9 Halifax St	Reinstatement	Demolition	Would not replace
4055.2	Wood Turning Building, North Rd	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4055.3	Youth Nelson Club House, Pioneer Park	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4055.4	Youth Nelson Computer Room, Pioneer Park	Reinstatement	Indemnity	Would not replace, but may be repaired after partial loss
4055.6	Former Maitai Club	Reinstatement	Indemnity	Would not replace, lessor required to insure
4061.4	Maitai Valley Motor Camp Cabins x 5	Reinstatement	Not Insured	Would not replace, lessor required to insure
4062.4	Brook Valley Motor Camp Cabins x 5	Reinstatement	Not Insured	Would not replace, lessor required to insure
5030.1	The New Hub	Reinstatement	Indemnity	Would not replace
7005.5	Observatory Reservoir Steps and Viewing	Reinstatement	Indemnity	Earthquake risk, purchased for land
8609.1	Glass Houses, Nursery	Reinstatement	Not Insured	Closed to public now
8609.4	Shadehouse, Nursery	Reinstatement	Indemnity	Lease only requires indemnity cover for these items. Lessee happy with this.
8609.5	Pipe Shadehouse, Nursery	Reinstatement	Indemnity	Lease only requires indemnity cover for these items. Lessee happy with this.
Founders Park				
3820.1	Anchor Inn	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.2	Redwood Granary & Toilets	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.3	Energy Centre	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.4	Fire Station	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.5	School House	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.6	Wind Mill/Shop	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.7	Cottage Hospital	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.8	Port Museum	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.9	Goodman Bakery	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.10	Bank of New South Wales	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials

3820.11	Old St Peters & Town Clock	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.12	Warehouse & Museum	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.13	Balgents Workshop	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.14	Crown Livery	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.15	Nelson Mail Printery	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.16	General Store	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.17	Maritime Building	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.18	Telephone House	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.19	Railway Station and Platform	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.20	Duncan House	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.21	Motor Garage	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.22	Jaycee & Craft	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.23	Fern House	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.24	Rutherford Cottage	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.25	Pitt & Moore/Dentist	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials
3820.26	Railway Cottage	Reinstatement	Reinstatement	Indemnity	Historical - not appropriate to replace with modern materials

Landowner Approval for Land Transfer at Nelson Airport

1. Purpose of Report

- 1.1 To obtain landowner approval for the transfer of land between Nelson Airport and Nelson Golf Club.

2. Recommendation

THAT the report Landowner Approval for the Transfer of Land at Nelson Airport (1569062) and its attachment (1568958) be received;

AND THAT landowner approval be given for the transfer of land between Nelson Airport and Nelson Golf Club.

3. Background

- 3.1 Nelson Airport has for some time had a need to expand its provision of general aviation aircraft parking. The intent was to use the land running close to Bolt Road for that purpose.
- 3.2 However a contamination issue was identified in an area required for access that makes the investment uneconomic. To resolve this Nelson Airport Limited has been in negotiations with Nelson Golf Club for a land swap (Attachment 1) that would remove the need to disturb the contaminated land.
- 3.3 There are consent issues to be worked through but those are not the subject of this report.

4. Discussion

- 4.1 The land that Nelson Airport wishes to obtain will need to be amalgamated with the title of the airport land as it is landlocked and has no road access.
- 4.2 In order to complete this transaction the approval of the Minister of Conservation and the Minister of Transport must be gained. The process of obtaining these approvals has been time consuming and it is important that Nelson Airport is free to act once these approvals have been gained.

5. Conclusion

- 5.1 The process is complicated by the requirement to get approval from two Ministers of the Crown and it is important that Nelson City Council expedite the progress of this transaction to avoid a detrimental effect on the financial performance of Nelson Airport Limited.

Hugh Kettlewell
**Executive Manager Support Services,
Acting Executive Manager Community Services**

Attachments

Attachment 1: Kaye McNabb CEO Nelson Airport Limited re Aircraft Parking
[1568958](#)



Nelson Airport

L I M I T E D

New Zealand Airports Association
 "Airport of the Year 2008 & 2010"

5 November 2012

The Chief Executive,

CC Hugh Kettlewell

Nelson City Council

P O Box 645

NELSON

Dear Richard,

I believe you are aware of the issues that are facing Nelson Airport Ltd in respect of providing sufficient General Aviation aircraft parking since the sawdust contamination issue was discovered.

We have found a way to resolve the issue that fits with our long term plan, will allow access to sufficient parking from 1 September next year and all us some breathing space to deal with the contamination.

The proposal is complete the original land swap proposed with Nelson Golf Club to legalise their road access into the club premises which currently traverses the NCC Aerodrome Reserve by a boundary change effectively transferring an area of 390m² to the Club. This is not part of the Crown Reserve that forms the aerodrome itself but that under Title NL4D/325 (copy attached)

At the same time we have proposed to Nelson Golf Club that a similar boundary change effectively transferring 2230m² of unused land from the Golf Club to the Aerodrome Reserve be undertaken.

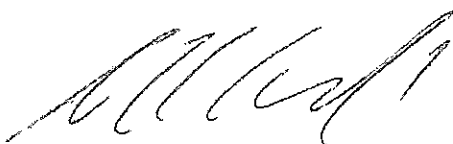
This will provide sufficient area to allow aircraft to taxi through to the area currently the Nelson Golf Club practice range, which returns to Nelson Airport Ltd at the expiry of the lease on 31 August next year. The area proposed to be transferred to the Aerodrome Reserve has been determined by the need to allow a formed taxiway meeting ICAO regulatory requirements to be formed in the future.

Much work needs to be done to ready the access prior to the 1st September next year and we are therefore seeking NCC's earliest approval to the boundary change.

While technically it would be NCC's duty to perform the change, Nelson Airport Ltd would be happy to undertake the work involved at its cost if that would expedite the process.

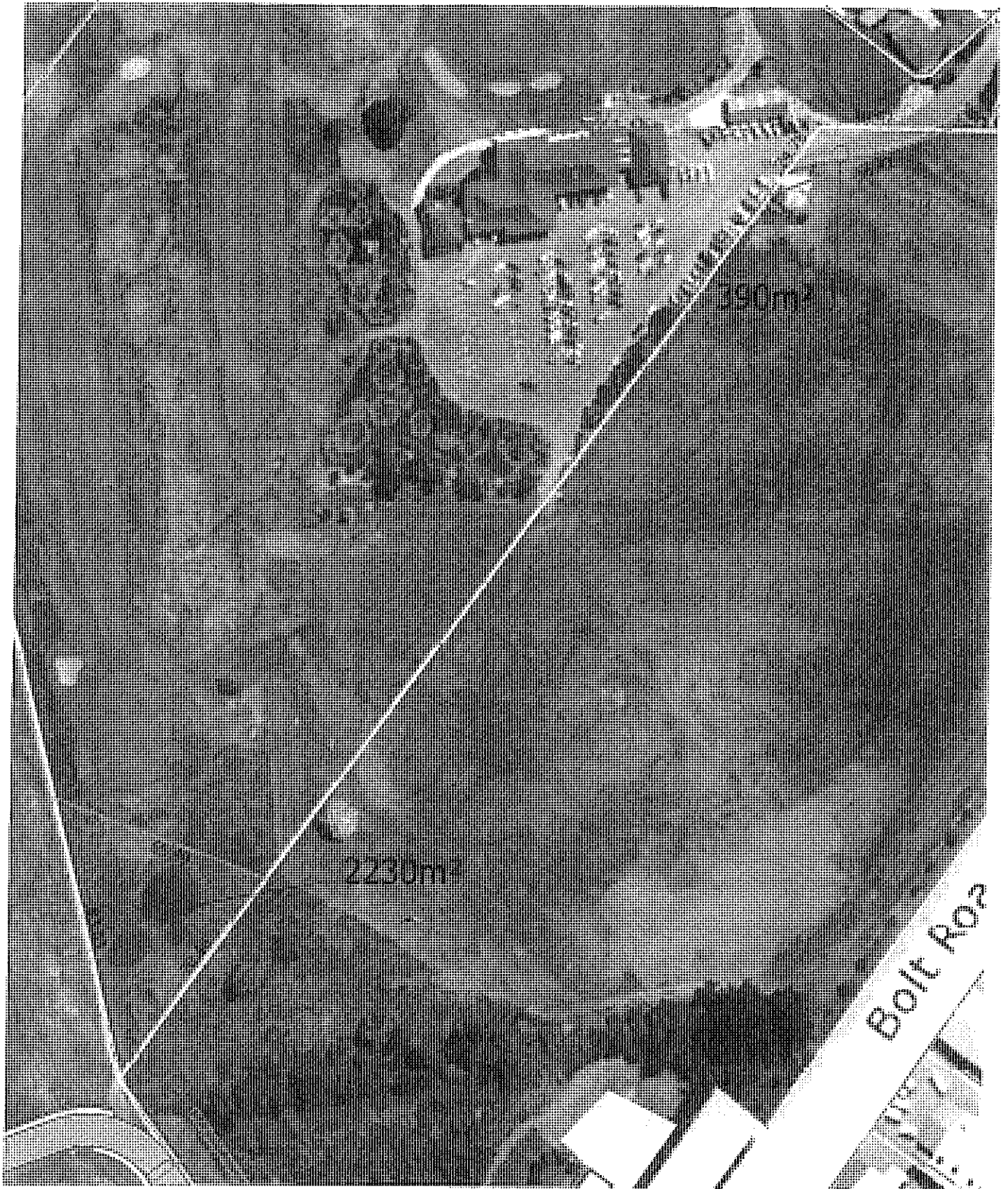
We look forward to your earliest response.

Yours sincerely,



Kaye McNabb

Chief Executive




Nelson Airport
 LIMITED

Drawing Title		Plan Information	
Land Swap Nelson Golf Course		Scale	@ A3 - 1:1000
		Sheet	1 of 1
Drawn	1	Check	05/11/2012
PDF Tardis		# 1568958	



COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952



Historical Search Copy

R. W. Muir
Registrar-General
of Land

Identifier **NL4D/325**
Land Registration District **Nelson**
Date Issued **06 August 1975**

Prior References
GN 96988

Estate	Fee Simple
Area	6.4888 hectares more or less
Legal Description	Section 123 District of Suburban South
Purpose	Aerodome Reserve

Original Proprietors
The Nelson City Council

Interests

384864.3 Transfer creating the following easement - 4.3.1999 at 9.00 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right to discharge and emit noise	Lot 1 Deposited Plan 17891 - CT NL12A/405	Herein	Section 123 District of Suburban South - herein	

Transaction Id
Client Reference JWS918

Historical Search Copy Dated 18/10/05 12:15 pm, Page 1 of 2

PDF Tardis # 1568958

Identifier

NL4D/325

Gazette Notice 166471-2
Reference 96888
Prior C/T
Transfer No.
N/E. Order No. 166471-3

Land and Deeds 69



REGISTER

CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT

This Certificate dated the 6th day of August one thousand nine hundred and seventy-five under the seal of the District Land Registrar of the Land Registration District of NELSON

WITNESSETH that THE MAYOR COUNCILLORS AND CITIZENS of the City of Nelson are seized of an estate in fee simple for the purpose of an aerodrome reserve pursuant to the Reserves and Domains Act 1953

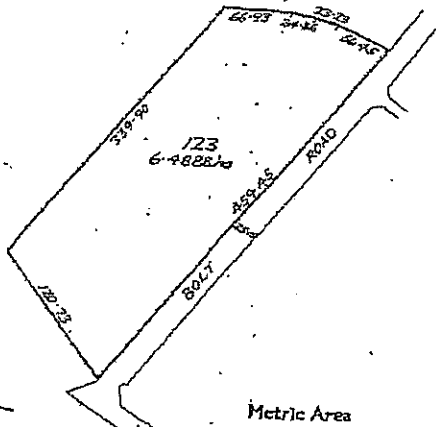
is seized of an estate in fee simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 5.4888 hectares more or less situated in the City of Nelson and being Section 123 District of Suburban South



Assistant Land Registrar

Appurtenant hereto is a right to discharge and emit noise over Lot 1 DP 17891 CT 12A/405 created by transfer 384864.3 - 4.3.1999 at 9.00

B. Thompson
for RSL



Measurements are Metric
20.1002

Register copy for L. & D. 49, 71, 72

Emissions Trading Scheme – Carbon Credit Strategy for Landfill

1. Purpose of Report

- 1.1 To confirm the strategy for the purchase of New Zealand Units (NZUs) to meet the Emissions Trading Scheme (ETS) obligations for the York Valley Landfill.

2. Recommendation

THAT the report Emissions Trading Scheme – Carbon Credit Strategy for Landfill (1538230) be received;

AND THAT Council purchase outright Emission Reduction Units to meet the estimated 2013 calendar year obligations at an approximate cost of \$3,348;

AND THAT Council purchase outright New Zealand Units to meet 50% of the estimated 2014 calendar year obligations at an approximate cost of \$21,500.

3. Background

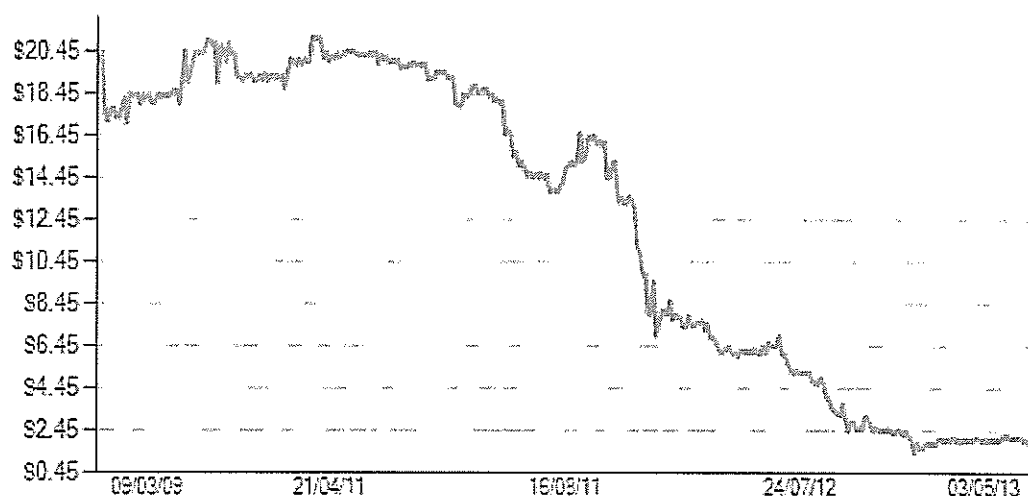
- 3.1 This issue arises from the regulations for landfill emissions under the NZ ETS which require waste disposal facility operators to surrender New Zealand Units (NZUs) by 31 May 2014 to match their emissions for the calendar year ending 31 December 2013 and each year thereafter.

4. Discussion

- 4.1 The ETS enables landfill operators to apply for site specific, Unique Emission Factors (UEF) for waste composition and also for methane gas capture and destruction, or to accept a default emissions factor. Recent work has indicated that it is more cost-effective for Council to accept a default emissions factor for the York Valley Landfill.
- 4.2 The Long Term Plan 2012-22 (LTP) was based on 34,380 tonnes of waste being accepted into the landfill for the 2012/13 financial year and 38,200 and 38,200 tonnes respectively for the 2013/14 and 2014/15 financial

years. An allowance for ETS costs of \$20 per New Zealand Unit (NZU) was made in the LTP.

- 4.3 To meet this future liability, the landfill will need to recover this sum from users over three financial years (being the current estimated cost of the NZUs), through amended fees and charges, and set this aside to meet its obligation for 2013 by May 2014, and so on. The 2012/13 budget included provision for ETS obligations at \$363,800 (\$20 per NZU), which was revised down to \$47,918 (\$4.40 per NZU) for the projections.
- 4.4 Given the volatility of the value of NZUs, and in order to add certainty to our charging, it is recommended that consideration be given to purchasing, either outright or via forward contracts, the NZUs at a known future price (to minimise price risk). This will provide price certainty on NZU prices (which are at historic lows) and ensure that the full cost can be recovered. This is similar to the approach Council takes to manage its interest rate risk through interest rate swaps.
- 4.5 As noted, NZUs are currently trading at historic lows. The chart below shows the trend in the NZU spot price since trading commenced in 2009.



- 4.6 Council has the option of purchasing NZUs or the cheaper off-shore Emission Reduction Units (ERUs). With the end of Kyoto and the ability to use offshore units, we have asked our treasury advisors to provide some guidance on the use of ERUs over NZUs. It would appear that the ability to use offshore units ends in December 2014. There will be a 'true up' period in 2015. It is unclear if emitters can settle their 2014 obligations using offshore units (ERUs) in May 2015. Therefore, our treasury advisors advice is that the use of ERUs should be restricted to Council's 2013 obligations settled in May 2014.
- 4.7 The objective of the ETS Carbon credit strategy is to minimise the financial impact of movements in carbon credit prices on Council while delivering a lower overall cost to Council over time. This objective requires balancing Council's need for price stability with the benefit of realising market opportunities to reduce costs as they arise.

4.8 As with Council's management of interest rate risk, the obligations under the ETS should be managed in defined annual commitments incorporating minimum or maximum hedging percentages. Given the uncertainty of the scheme, the shape it will take and the type of units going forward, it is not considered appropriate to have minimum cover positions above 0% within the policy at this time.

4.9 The proposed hedging percentages are detailed below:

	Minimum Cover	Maximum Cover
*Committed	80%	100%
Forecast period		
0 - 1 years	0%	80%
1 - 2 years	0%	50%
2 - 3 years	0%	30%

* Exposure becomes committed in Jan-Mar (quarter following emission period as Council must report emission from the previous year).

4.10 Updating the estimates of calendar year tonnages and current price, subsequent liabilities have been calculated and are shown in the table below. They indicate a future liability in the order of \$43,000 (based on NZUs at \$2.05 each).

Calendar year	Surrender date	Surrender requirement	Default factor*	Estimated Annual tonnage	NZU obligation (units)	Indicative ERU/NZU price	Potential emission obligation	\$ per tonne
2013	31/05/2014	50%	1.31	31,945	20,924	\$ 0.16	\$ 3,348	\$ 0.10
2014	31/05/2015	50%	1.31	31,945	20,924	\$ 2.05	\$ 42,894	\$ 1.34
2015	31/05/2016	50%	1.31	31,945	20,924	\$ 2.05	\$ 42,894	\$ 1.34

* This is our best estimate of the Default factor at this time but it may change through legislative changes in 2013.

4.11 Given current market pricing conditions, Officers recommend purchasing outright ERUs to meet the 2013 calendar year obligations at an approximate cost of \$3,348. This would exceed the maximum cover limit proposed as not committed at this stage but would make sense given the current price.

4.12 Given the uncertainty around the ETS scheme going forward Officers recommend purchasing outright NZUs to meet 50% of the 2014 calendar year obligations at an approximate cost of \$21,500. Because Council does not have an agreement in place with any bank allowing us to purchase forward commodity contracts, it would have to buy them outright and hold.

5. Conclusion

- 5.1 The emissions trading scheme imposes obligations on Council in relation to volumes of waste through the York Valley Landfill. Given the low pricing of ERUs and NZUs at this time, an opportunity exists for Council to purchase ETS credits now to meet its future commitments.

Johan Thiart
Engineering Adviser

Attachments

None.

No supporting information follows.

2012/13 Capital Programme – Carry Forwards into 2013/14

1. Purpose of Report

- 1.1 To inform Council of the process followed, and request approval of the resulting carry forward of unspent budget.

2. Recommendation

THAT the report 2012/13 Capital Programme – Carry Forwards into 2013/14 be received;

AND THAT \$742,044 of unspent capital budget from 2012/13 be carried forward for use in 2013/14.

3. Background

- 3.1 The capital programme for 2012/13, as agreed in the Long Term Plan 2012-22, totalled \$58.5 million including staff costs of \$1.4 million and Nelson City's share of the Nelson Regional Sewerage Business Unit (NRSBU) programme of \$1.1 million (all figures quoted in this report do not include vested assets).
- 3.2 Carry forwards totalling \$1.7 million from 2011/12 were added to this giving a new total capital programme of \$60.2 million.
- 3.3 The last budget projections were completed by staff in early May 2013, as part of the Annual Plan 2013/14 process. This process revised the 2012/13 capital programme down to \$30.9 million.
- 3.4 Capital expenditure for 2012/13 totalled \$28.6 million, a variance of \$2.3 million against the projection. Most of that variance is related to the NRSBU, with \$0.8 million variance from NCC.
- 3.5 Capital projects that were budgeted in 2012/13 but subsequently removed through the projections were then reconsidered for the 2013/14 Annual Plan.
- 3.6 The 2013/14 Annual Plan has a capital programme of \$56.2 million including projects carried over from 2012/13. Council Annual Plan 2013/14 Deliberations Minutes 29-30 May 2013 (1525033) resolved in paragraph 5.16.9:

THAT the capital programme of \$56.2 million, reflecting the funding decisions made at this meeting, is adopted.

- 3.7 Once the 2012/13 year was closed for processing, finance staff collated data relating to the capital projects undertaken during the year, identifying variances against the last projection. Project managers were asked to identify which variances represented savings, and where they wished to carry forward budget into 2013/14 they were asked to support their request. Executive Team reviewed the resulting information with the project managers against agreed criteria.
- 3.8 Reasons for carry overs being requested include: expenditure committed but suppliers unable to deliver before financial year end, delays due to storm damage, and inclement weather.

4. Discussion

Savings

- 4.1 Staff identified \$2.2 million of savings in capital expenditure including \$1.5 million relating to NRSBU. This will have a positive impact on interest, depreciation and debt levels, in excess of that already identified through the 2012/13 Annual Plan.

Capital Carry Forwards

- 4.2 For renewals budgets and multi-year projects, any spend over the 2012/13 projection is considered a timing variance and is offset against the 2013/14 budget, thereby reducing it in the amount of \$862,000.
- 4.3 Staff have requested that \$742,000 be carried forward into 2013/14, revising the total capital programme to \$56.1 million. Interest, depreciation, and debt relating to these amounts was already built into the 2013/14 Annual Plan.
- 4.4 Totals by activity are as follows:

Activity	2012/13 Projection \$000	2012/13 Expenditure \$000	Savings \$000	2013/14 Budget reduction \$000	Carry forward to 2013/14 \$000
Transport	6,929	7,058	57	(418)	231
Water supply *	7,500	7,867	(62)	(323)	18
Wastewater**	4,948	3,228	1,683	(18)	55
Stormwater	962	896	24	(4)	45
Flood protection	220	210	10	0	0
Environment	366	345	5	(7)	22
Social	1,829	1,430	362	(14)	52
Parks and active recreation	6,660	6,424	85	(75)	225
Economic	0	0	0	0	0
Corporate	1,460	1,283	88	(3)	92
Total	30,875	28,743	2,252	(862)	742

* Negative savings due to overspend on pressure reduction activities of \$131k to be recovered from utilities companies following cost share

** Includes NCC share of NRSBU

Operating Expenditure Carry Forwards

4.5 No unspent operating budget has been carried forward into 2013/14.

5. Conclusion

5.1 An analysis of capital expenditure against projection for 2012/13 and subsequent review by Executive Team indicates:

- There are savings from the capital budget of \$2.2 million including NRSBU;
- Renewals and multi year projects overspent by \$862,000 should be offset against 2013/14 budgets;
- \$742,000 of capital budget not spent should be carried forward into 2013/14.

Tracey Hughes
Acting Chief Financial Officer

Attachments

None.

No supporting information follows.

Schedule of Documents Sealed: 9 April 2013 to 15 July 2013

DATE	LEGAL DESCRIPTION	DESCRIPTION	SITE ADDRESS
09/04/13	Part Lot 1 DP 6053 Lot 2 DP 14458	Section 75 of the Building Act 2004 – building over two allotments	467 Suffolk Road
09/04/13	Part 1 DP 14774	Deed of agreement to grant easement over Crown land	Arboretum between Maitai Valley Camp and the Tantragee Saddle
10/04/13	Part Section 427 & Part Section 429 City of Nelson	Section 75 of the Building Act 2004 – building over two allotments	332 Hardy Street
22/04/13	NL 12A/231 Lot 2 DP 17849	Removal of Section 36(2) Building Act 1991 Notice	3 Mayroyd Terrace, Nelson
26/04/13		Nelson Regional Economic Development Agency Statement of Intent 2013-2014	
01/05/13	Land owned and administered by Wakatu Inc (Mahitahi Walkway): Lot 1 DP 7070 Lot 2 DP 8826 Land owned and administered by NCC (Paru Paru Road): Section 1169	Deeds of leases between Nelson City Council (NCC) and Wakatu Incorporation (Wakatu Inc) for property owned by Wakatu Inc on the Mahitahi (Maitai) walkway and a section of land owned by NCC on the corner of Paru Paru Road	Maitai Walkway and park on corner of Paru Paru Road
01/05/13		Deed of Novation from Datam to New Zealand Post due to Datam being merged into NZP – contract for bulk mail services (rates accounts)	
03/05/13		Nelmac Statement of Intent 2013-2014	
03/05/13		Tasman Bays Heritage Trust Statement of Intent 2013-2014	
06/05/13	Lot 1, 2 & 3 DP 3511	Deed of Variation of Lease between Allen Chambers Limited and Nelson City Council	42 Rutherford Street
06/05/13	Superloo building in Montgomery Square	Deed of Assignment of Lease between	

DATE	LEGAL DESCRIPTION	DESCRIPTION	SITE ADDRESS
	CT NL7C/1323 comprising 21.6 sqm	Nita Knight and the Nelson Market Ltd and Nelson City Council for storage area in the Montgomery Square facilities	
09/05/13		Warrant of Appointment – Enforcement Officer	
10/05/13		Nelson Airport Limited Statement of Intent 2013-2014	
17/05/13	Deed Number 14117	Variation to Contract for Stoke Streams Contract with Ministry for the Environment	
17/05/13		Declaration of Pedestrian Mall from 10am to 5pm every Wednesday of the year	Morrison Street, Nelson
30/05/13	Lot 5 DP 299 Lot 1 DP 18549	Section 75 of the Building Act 2004 - building over two allotments	58 Collingwood Street
04/06/13	Part of the land described in certificate of title NL 5D/1145	Deed of lease for office space, Founders Heritage Park between Nelson City Council and Carol Anne Duncan and John Russell Duncan	Founders Heritage Park – office space to rear of dentist display
06/06/13		Bishop Suter Trust Statement of Intent 2013/14	
12/06/13		Deed of Assignment between Nelson City Council and The Stroke Foundation of NZ Trust (Assignee) and Stroke Foundation Southern Region Inc (Assignor)	
		Contract for total mobility assessments Transferring counterparties to existing deed	
19/06/13	Lot 1 DP 302240 Lot 1 DP 16621	Section 75 of the Building Act 2004 - building over two allotments	2 Beatty Street and 71 Parkers Road
20/06/13	2546m ² part of CFR NL 2B/1147	Deed of Lease between Mega Enterprises Limited and	Tahunanui Reserve Fun Park

DATE	LEGAL DESCRIPTION	DESCRIPTION	SITE ADDRESS
		Nelson City Council	
25/06/13		Stoke Heights Subdivision (The Ridgeways) Joint Venture Statement of Intent 2013/14	
03/07/13	Lot 1 DP 18957 Lot 2 DP 18957	Section 75 of the Building Act 2004 - building over two allotments	80 Hardy Street
09/07/13		Warrant of Appointment - Enforcement Officers	
10/07/13	Part Section 447 City of Nelson (CT NL93/222 and NL20/41)	Section 75 of the Building Act 2004 - building over two allotments	128 Hardy Street
10/07/13		Nelson Tasman Tourism Statement of Intent 2013-2016	
15/07/13		Warrant of Appointment - Enforcement Officer	

Minutes of a meeting of the Audit, Risk and Finance Committee
Held in the Council Chamber, Civic House, Trafalgar Street, Nelson
On Tuesday 23 July 2013, commencing at 9.04am

- Present: Councillors I Barker (Chairperson), and G Collingwood, and Mr Graeme Thomas
- In Attendance: Executive Manager Support Services/Acting Executive Manager Community Services (H Kettlewell), Executive Manager Network Services (A Louverdis), Executive Manager Regulatory (R Johnson), Executive Manager/Kaihautū Community Relations (G Mullen), Acting Chief Financial Officer (T Hughes), Manager Strategic Response (C Ward), Manager Administration (P Langley), Manager Community Relations (A Ricker), Strategy and Planning Analyst (B Wayman), and Administration Adviser (L Canton)
- Apologies: His Worship the Mayor, A Miccio, and Councillors R Copeland and P Matheson

Recommendation to Council

THAT a message of congratulations be sent to the royal family on the announcement of the birth of a son to the Duke and Duchess of Cambridge.

Collingwood/Barker

Carried

1. Apologies

Resolved

THAT apologies be received and accepted from His Worship the Mayor, and Councillors Copeland and Matheson.

Barker/Collingwood

Carried

2. Interests

There were no updates to the Interests Register and no conflicts with items on the agenda were noted.

3. Confirmation of Order of Business

There was no change to the order of business.

4. Confirmation of Minutes

4.1 18 June 2013

Document number 1538456, agenda pages 4-6 refer.

A correction was made to the final paragraph on page 2 of the minutes, substituting 'Council had been issued' for 'Council had issued'.

Resolved

THAT the minutes of the meeting of the Audit, Risk and Finance Committee, held on 18 June 2013, be confirmed as a true and correct record with the correction as noted.

Collingwood/Barker

Carried

5. Status Report – Audit, Risk and Finance

There were no items on the status report.

6. Finance Report for the Period Ending 31 May 2013

Document number 1545011, agenda pages 7-27 refer.

Acting Chief Financial Officer, Tracey Hughes, presented the report.

In response to a question, Executive Manager Network Services, Alec Louverdis, advised that work to address the December 2011 rainfall event would be ongoing until June 2014, and this would continue to affect budget variances. He added that the effects of the April 2013 rainfall event were still to come.

6.1 Transport

The Committee noted the importance of communicating to the public the decrease in parking income, as this acted to offset rates.

6.2 Water

In response to questions, Mr Louverdis assured the Committee that unprogrammed maintenance remained at a manageable level.

6.3 Social

The Committee noted that Community Housing rentals and maintenance were below budget, and asked for the reasons behind this. Acting

Manager Community Services, Hugh Kettlewell, undertook to provide further detail on this in the next Finance Report to the Committee.

6.4 Corporate

In response to a question, Ms Hughes undertook to investigate what the payment to Tasman District Council for the December 2011 rainfall event response expenditure comprised, and advise the Committee by email following the meeting.

In response to a question, Mr Louverdis said he would address the reasons for underspends in programmed maintenance across various activities, and advise the Committee of any associated risk, in the next Finance Report to the Committee.

The Committee asked that future Finance Reports include a note of the core debt level.

Resolved

THAT the Finance Report for the Period Ending 31 May 2013 (1545011) and its attachments (1542786, 1547275, 1545455 and 1234107) be received and the variations noted.

Collingwood/Thomas

Carried

7. **Bad Debt Write-off Year Ending 30 June 2013**

Document number 1526384, agenda pages 28-29 refer.

Resolved

THAT the report Bad Debt Write-Off Year Ending 30 June 2013 (1526384) be received.

Collingwood/Thomas

Carried

8. **2013/14 Insurance Renewal**

Document number 1539308, agenda pages 30-36 refer.

Ms Hughes presented the report.

The Committee discussed whether it would be appropriate to change the insurance type for the properties noted on Attachment 2 to the report (1539308) in 2013/14. In response to questions, Ms Hughes explained that officers' suggestion was to retain reinstatement insurance for non-earthquake perils, but to change to indemnity insurance only for earthquakes. She said this would allow flexibility around the reinstatement of buildings, and lower insurance costs.

The Committee discussed the difficulties of lowering insurance costs by changing cover to indemnity only, given the range of properties involved, and the implications should an earthquake event cause widespread devastation. It was agreed that the report should be considered by the full Council.

The Committee requested that the report to Council include advice on whether insurers were able to only provide indemnity insurance on some buildings.

Resolved

THAT the report 2013/14 Insurance Renewal (1539308) be referred to Council for information and further discussion.

Collingwood/Barker

Carried

The Committee had a brief discussion about Council-owned buildings that were not generating a rental income. Mr Louverdis advised that he would provide councillors with a list of Council-owned properties that were unoccupied and available for rental, noting how they were being marketed.

9. Results of 2013 Resident and Customer Surveys

Document number 1550689, agenda pages 37-40 refer.

Strategy and Planning Analyst, Brylee Wayman, joined the meeting and provided further explanation for aspects of the report.

Resolved

THAT the report Results of 2013 Customer and Resident Surveys (1550689) be received;

AND THAT the results be published in Live Nelson.

Collingwood/Barker

Carried

There being no further business the meeting ended at 10.10am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date

Minutes of a meeting of the Remuneration Review Committee
Held in Ruma Aorere, Civic House, Trafalgar Street, Nelson
On Monday 19 August 2013, commencing at 9.00am

Present: Councillors A Boswijk (Chairperson) and G Collingwood

In Attendance: Chief Executive (C Hadley), Manager Human Resources (S Gully), and Administration Adviser (E-J Ruthven)

Apology: His Worship the Mayor (A Miccio)

1. Apologies

Resolved

THAT the apology from his Worship the Mayor be received and accepted.

Boswijk/Collingwood

Carried

2. Interests

No updates to the Interests Register were made, and no conflicts of interests with agenda items were declared.

3. Confirmation of Minutes – 17 June 2013

Document number 1536413, agenda pages 4-6 refer.

Resolved

THAT the minutes of a meeting of the Remuneration Review Committee, held on 17 June 2013, be confirmed as a true and correct record.

Collingwood/Boswijk

Carried

PUBLIC EXCLUDED BUSINESS

4. Exclusion of the Public

Resolved

THAT the public be excluded from the following parts 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 are as follows:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	<p>Remuneration Review Committee Public Excluded minutes – 17 June 2013</p> <p>These minutes confirmed the minutes of 22 February 2013 and also contain information regarding the Chief Executive’s proposed performance agreement.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons • Section 7(2)(i) To carry out negotiations
2	<p>Chief Executive Performance Review to 30 June 2013</p> <p>This report contains information regarding the Chief Executive’s performance for the period to 30 June 2013.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons
3	<p>Chief Executive’s Remuneration Review 2013/2014</p> <p>This report contains information regarding the Chief Executive’s remuneration from 1 July 2013.</p>	<p>Section 48(1)(a)</p> <p>The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7</p>	<p>The withholding of the information is necessary:</p> <ul style="list-style-type: none"> • Section 7(2)(a) To protect the privacy of natural persons

Boswijk/Collingwood

Carried

Remuneration Review Committee – 19 August 2013

The meeting went into public excluded session at 9.01am and resumed in public session at 9.42am.

5. Re-admittance of the Public

Resolved

THAT the public be re-admitted to the meeting.

Boswijk/Collingwood

Carried

There being no further business the meeting ended at 9.42am.

Confirmed as a correct record of proceedings:

_____ Chairperson _____ Date