



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: Thursday, 30 January 2020
Time: 9am
Meeting Room: Council Chamber
Venue: 15 Forth Street
Invercargill

Council Agenda OPEN

MEMBERSHIP

Mayor	Mayor Gary Tong
Deputy Mayor	Ebel Kremer
Councillors	Don Byars
	John Douglas
	Paul Duffy
	Bruce Ford
	Darren Frazer
	George Harpur
	Julie Keast
	Christine Menzies
	Karyn Owen
	Margie Ruddenklau
	Rob Scott

IN ATTENDANCE

Chief Executive	Steve Ruru
Committee Advisor	Fiona Dunlop

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Council Minutes

- 6.1 Meeting minutes of Council, 18 December 2019

Project Plan for the Annual Plan 2020/2021

Record No: R/20/1/34
Author: Shannon Oliver, Planning and Reporting Analyst
Approved by: Rex Capil, Group Manager Community and Futures

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of this report is to seek the approval of Council for the Annual Plan 2020/2021 project plan.
- 2 This report reflects the guidance provided by Councillors regarding a community information approach.

Executive Summary

- 3 The Annual Plan process ensures that planned community initiatives, projects, revenue and financing for the upcoming financial year align with the LTP overall strategic vision. Where extraordinary projects or changes to the level of service are needed outside of the Long Term Plan (LTP) process, the Annual Plan provides an opportunity to consider these to ensure the on-going needs of the community are met.
- 4 The 2020/2021 Annual Plan is for year three of the LTP 2018-2028, and the project plan provides a clear timetable of key tasks and milestones to ensure that the Annual Plan is ready for approval by 30 June 2020.
- 5 Staff have discussed with Councillors the potential Annual Plan changes and whether formal consultation should be undertaken. As a result, councillors suggested that it was important to share information with the community regarding the Annual Plan 2020/2021 in early 2020, but the general view is that it would not be necessary for formal consultation to be undertaken.
- 6 This report outlines two options for consideration by Council; to accept the project plan and note the provision of a community information approach for the Annual Plan, or to make amendments to the proposed project plan.
- 7 Staff recommend that Council approves the project plan and that information to the community be provided as detailed. On this basis, formal consultation for the Annual Plan 2020/2021 will not be undertaken.

Recommendation

That the Council:

- a) **Receives the report titled “Project Plan for the Annual Plan 2020/2021” dated 16 January 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approve the Annual Plan 2020/2021 project plan.**
- e) **Notes that information to the community will be provided and formal consultation for the Annual Plan 2020/21 will not be undertaken.**

Background

- 8 The Annual Plan process ensures that planned community initiatives, projects and revenue and financing align with the Long Term Plan 2018-2028 (LTP 2018-2028) strategic vision. The LTP 2018-2028 community outcomes for Southland District are:
 - proud, connected communities that have an attractive and affordable lifestyle
 - resilient communities that leave a legacy for tomorrow.
- 9 There are occasions where extraordinary projects or changes to the level of service may be needed outside of the LTP process. The Annual Plan is an opportunity to raise these variances to ensure that the on-going needs of the community are being met.
- 10 The key changes to be considered in the Annual Plan 2020/2021 process were discussed with the Councillors and it was suggested that a community information sharing approach should be undertaken for the Annual Plan 2020/2021.

Annual Plan Consultation

- 11 Local authorities need to consult with the public during the Annual Plan process only if the Annual Plan includes significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates (see section 95A).

- 12 The Local Government Act provides guidance on the types of differences and variations that will require consultation. This includes:
- significant or material variations or departures from the financial statements or funding impact statement,
 - significant new spending proposals; and
 - a decision to delay or not proceed with a significant project.
- 13 The Annual Plan 2020/2021 variations were assessed against the measurements for consultation and it was agreed that there are no significant variations that would result in formal consultation.

Significance and Engagement policy

- 14 The Council's significance and engagement policy also provides guidance on when consultation should occur. The purpose of the policy is:
- to enable the local authority and its communities to identify the degree of significance attached to particular issues, proposals, decisions or matters; and
 - to provide clarity about how and when communities can expect to be engaged in decisions about different issues, proposals, decisions or matters; and
 - to inform Council, from the beginning of a decision-making process about
 - the extent of any public engagement that is expected before a particular decision is made; and
 - the form or type of engagement required.
- 15 The policy states the general approach of following a three step process to inform decision making

Step 1 - Determine significance - Council will use particular factors to decide if a matter is of higher or lower significance. This part of the policy also gives guidance on what to do if a matter is of high significance.

Step 2 - Identify community views - Council will determine what it knows about community views and identify if there is a need for more information.

Step 3 - Deciding on an approach to community engagement - the level of significance and what the Council wants to know about community views will guide Council on an appropriate level of engagement, and how and when to engage. This part of the Policy provides clarity on how and when communities can expect to be engaged in different issues. It also identifies how Council will respond to community preferences about engagement.

- 16 The Annual Plan 2020/2021 variations were assessed against the measurements for consultation within the significance and engagement policy and it was agreed that there are no significant variations that would result in formal consultation being undertaken.

Annual Plan consultation issues

- 17 Staff have examined the proposed variations from the Long Term Plan 2018 – 2028 that were potential consultation items and detail of the assessment is provided in Table 1.

Table 1

Potential Consultation Item	What is the issue?	Staff recommendation	Legislative and Significance and Engagement Policy detail	Has this already been consulted on?
Te Anau Wastewater	The increased cost of the project from the LTP 2018-2028.	No - This issue has been consulted on with the public and decided by Council already. S82(4)(b) of the LGA 2002 supports no consultation.	This is a strategic asset under Section 76AA(3) of the LGA. Council already has a sound understanding of the views and preferences s82(4)(b) LGA 2002.	Yes
Waste Net	The contract tender for recycling services.	No – The contract tender for WasteNet is still commercially sensitive and therefore s82(4)(d) of the LGA could support no consultation. This could be consulted on outside of Annual Plan as a pre-LTP issue/separate consultation issue.	Not a strategic asset. There is a need for confidentiality and commercial sensitivity. s82(4)(d) LGA 2002.	No
Bridges	The increased cost of the repair/replacement of bridges.	No – 19 bridges have been included as unbudgeted expenditure already with Council and authorised. The future of the activity and delivery of the service will be	This is a strategic asset under Section 76AA(3) of the LGA. Works are required unexpectedly or following further investigations on projects, already approved by Council.	The unbudgeted items have been raised with the Council and authorised through unbudgeted expenditure reports in 2019/20

Potential Consultation Item	What is the issue?	Staff recommendation	Legislative and Significance and Engagement Policy detail	Has this already been consulted on?
		examined through the LTP process.		
Three Waters	The recent legislative changes which will result in a regulatory body.	No – There are no options for delivering this and therefore consultation would not be beneficial. Rather than consultation, the public could be informed about the changes and a wider discussion about the future management of the activity discussed in the LTP 2031.	This is a strategic asset under Section 76AA(3) of the LGA. Engagement will not be beneficial as it will not influence the decision as there is only one viable option.	No
Stewart Island Jetties	The increased cost of funding and maintenance.	No – information is not ready for the Annual Plan 2020/2021. Consultation on the management of this activity may be undertaken through the LTP process.	This is a strategic asset under Section 76AA(3) of the LGA, unless we consider jetties to be part of the roading network.	No
SIESA	The increased cost of operations	No - Consultation on the management of this activity may be undertaken through the LTP process.	This is a strategic asset under Section 76AA(3) of the LGA. The future of the asset will be determined through the LTP process.	No
Community Facilities	A potential change in the management of the activity	No – Consultation on the management of this activity may be	Community housing is the only strategic asset for Community Facilities.	No

Potential Consultation Item	What is the issue?	Staff recommendation	Legislative and Significance and Engagement Policy detail	Has this already been consulted on?
		undertaken through the LTP process.	The future of the activity will be determined through the LTP process.	
Employee related costs	Increased costs of employees	No – It is not an expectation under the LGA, but consultation may be required if costs result in a substantial rates increase. It is uncertain how options would be provide though.	Not a strategic asset. Not an expectation under the LGA to consult, but a high level of engagement may be required if costs result in a substantial rates increase.	No

- 18 Council did not consult on the Annual Plan 2019/2020 as there was not significant variance from the Long Term Plan 2018-2028. There were no issues raised by the public regarding the absence of consultation. The items listed in table one do not currently have options to be considered or will be consulted on in the future LTP process.

Community Information Approach – Annual Plan Updates

- 19 In the absence of formal consultation, it was discussed with councillors to take a community information approach. An update document will be used as an effective means to communicate with the community about any changes since the LTP 2018-2028 was adopted.
- 20 A number of the issues listed in the table above will result in an increase to the proposed rate compared to what was planned in the LTP. These changes are necessary, but it is important to communicate to the public why things have changed from what was anticipated. The proposed Annual Plan update document will explain what the issues or changes are and why they were necessary to interested parties.

Annual Plan project plan (including communications approach for updates) key dates

Table 2

Annual Plan key date (indicative)	Date
Council approval of project plan & community information approach	Thursday 30 January 2020
Annual Plan update document written and designed	By 5 February 2020
Update document to be available at Southern Field Days	12 -14 February 2020
Update document on website	February 2020
Update document to available in area offices	February 2020
Email sent to key stakeholders with copy of the Update document	February 2020
Update document to be highlighted on Facebook	February – April 2020
Postcard on update document to be sent to households	February 2020
Full story on Annual Plan in First Edition	Late March 2020
ELT subcommittee to approval final project list	Early April 2020
Finance and Assurance approval of Annual Plan	Monday 22 June, 2020 (<i>tentative</i>)
Adoption of Annual Plan	Tuesday, 23 June 2020

Factors to Consider

Legal and Statutory Requirements

- 21 The Annual Plan 2020/2021 is a requirement of the Local Government Act 2002 and is also closely aligned with the Local Government (2002) Rating Act.
- 22 The requirements for consultation on the Annual Plan 2020/2021 are outlined in the Local Government Act 2002 section 95. Staff have examined these requirements against the changes identified for the Annual Plan 2020/2021 and recommended that no formal consultation is required.
- 23 The section 82 principles of consultation in LGA 2002 have also been considered in table one of this report.
- 24 Staff have also reviewed the significance and material thresholds of the Annual Plan variances in relation to the Council's Significance and Engagement policy

Community Views

- 25 The issues identified in the above variations/issues table have either been consulted on (e.g. Te Anau wastewater project) or will be part of the LTP engagement and consultation through this year and into 2021. Community and Council's stakeholders will be informed about the plan variances and the reasons for them through an update document which will be available online and in the area offices, as well as at the Southern Field Days in Waimumu early 2020.
- 26 The LTP consultation will seek community and stakeholders' opinions on the identified issues.

Costs and Funding

- 27 All costs associated with the Annual Plan 2020/2021 are factored into existing budgets. It is not anticipated that any unbudgeted expenditure will be required.

Policy Implications

- 28 The Annual Plan 2020/2021 project plan is consistent with Council's current Financial Strategy, Infrastructure Strategy and policies. At this stage it is not anticipated that any policies will be amended as part of the Annual Plan planning process.

Analysis

Options Considered

- 29 There are two options considered in this report:
- 30 Option one: To accept the project plan and note the community information approach for the Annual Plan
- 33 Option two: to make amendments to the proposed community information approach and project plan

Analysis of Options

Option one – To accept the project plan and note the community information approach for the Annual Plan

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• staff can proceed with the work required for the document as planned and begin producing the Annual Plan update document.• provides a streamlined Annual Plan process.• complies with statutory requirements for Council to complete an Annual Plan	<ul style="list-style-type: none">• once Council has accepted the project plan there will be no time to make further changes to the project plan and undertake formal consultation at a later date, without compromising Council's ability to meet legislative timeframes.

Option two – to make amendments to the proposed community information approach and project plan

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• staff could incorporate the changes into the project plan and community information approach	<ul style="list-style-type: none">• any changes could result in greater administrative complexity and a potential delay with the approval of the Annual Plan

Assessment of Significance

- 34 This report is not considered significant under Council's Significance and Engagement policy.

Recommended Option

- 35 The recommended option is option one: to accept the project plan and note the community engagement approach for the Annual Plan.

Next Steps

- 36 Staff will prepare a draft Annual Plan updates document for information purposes and follow the proposed project plan timeframes.

Attachments

There are no attachments for this report.

Toilet Projects - Thornbury and Weirs Beach and Athol and Wyndham

Record No: R/19/12/30532
Author: Mark Day, Community Facilities Manager
Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 The purpose of the report is to seek the Council's approval to cancel the project at Weirs Beach (P-10304) and re-scope the project at the Thornbury bridge toilet (P-10303). The residual funding from these two projects is planned to be redirected to support two new projects. This first involves installing a new septic disposal system at the Athol toilet and the second involves replacing the existing toilet at the Wyndham camping ground.

Executive Summary

- 2 At the start of the financial year, Council staff identified that the two projects listed below needed to be re-scoped. Both toilets were deemed to be in good condition and are still considered fit for purpose.
- 3 The Thornbury toilet had some signs of external vandalism so this project has been re-scoped to remedy this and also improve the landscaping at the site.
- 4 In relation to Weirs Beach, a recent project to upgrade the toilets at Waikawa has been undertaken, further to this, the freedom camping and visitor numbers in this area are under review considering wider implications for the visitor sites along the southern scenic route between Waikawa and Fortrose and at this stage it is not considered prudent to proceed with the programmed renewal at Weirs Beach.

Project	Description	Amount	Funding
P-10303	Upgrade toilets at Thornbury Bridge	\$63,211	Loan
P-10304	Upgrade toilets at Weirs Beach Camping Area	\$61,320	Loan

- 5 The concrete block toilets throughout the district have been assessed by WSP and a number of them have been identified as being in poor condition. The findings of this assessment have been integrated into the upcoming works programme as well as the pending activity management planning process.
- 6 The remaining budget from the Thornbury project (approx. \$40,000) and the budget from the Weirs Beach project (\$61,320) is proposed to be redirected to replace the toilet at Wyndham and install a new septic disposal field at Athol.

Recommendation

That the Council:

- a) **Receives the report titled "Toilet Projects - Thornbury and Weirs Beach and Athol and Wyndham" dated 23 January 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves that the project P-10304 outlined below is to be cancelled:**

Project	Description
P-10304	Upgrade toilets at Weirs Beach Camping Area

- e) **Approves that the remaining funding identified for project P-10303 (upgrade toilets at Thornbury Bridge) be reallocated to two new projects at Athol and Wyndham.**
- f) **Approves that the remaining funding identified for project P-10304 (upgrade toilets at Weirs Beach Camping Area) be reallocated to two new projects at Athol and Wyndham.**

Background

- 7 Council staff have identified that the scheduled renewals for Thornbury and Weirs Beach toilets do not need to be completed at this stage. Based on deterioration and usage rates it has been determined that a portion of the funding set aside for Thornbury would be better utilised elsewhere.
- 8 In relation to Weirs Beach, a recent project to upgrade the toilets at Waikawa has been undertaken, further to this, the freedom camping and visitor numbers in this area are under review considering wider implications for the visitor sites along the southern scenic route between Waikawa and Fortrose and at this stage it is not considered prudent to proceed with the programmed renewal at Weirs Beach until this work is completed.
- 9 Council staff have taken the opportunity to review the projects and propose two alternative projects that are considered a higher priority.
- 10 These are, the installation of a new septic disposal system at the Athol toilet and the replacement of the existing Wyndham camping ground toilet.
- 11 The project at Thornbury has been re-scoped to allow for remedial work on the exterior of the toilet and landscaping at the site to extend the lifespan of the facility.

- 12 The remaining budget (approx. \$40,000) after this work is completed will be allocated to two new projects.
- 13 The Weirs Beach project will be cancelled and the budget (\$61,320) from this project will also be allocated to the two new projects.
- 14 There will be approximately \$100,000 funding available and this will be split between the Athol project (\$40,000) and the Wyndham project (\$60,000).
- 15 Recent assessments of the ablutions network have assisted to inform these proposed changes. For example, Council staff commissioned WSP to undertake a condition assessment of all of Council's toilets (17) that are of concrete block construction.

Issues

- 16 One of the toilets identified as part of the WSP was considered to be in particularly poor condition. This is the facility at the Wyndham camping ground. In discussions with the Community Board this facility it is considered to be a priority for replacement.
- 17 It is important to note that the remainder of the toilets that were identified in the report as requiring further work will be programmed into the next LTP.
- 18 Council staff have also identified an issue with the existing septic disposal system at the Athol toilet. When the new toilet was installed it was plumbed into the existing septic tank that serviced the hall. The system only has a capacity of approximately 2500 litres and with the increase in traffic through the town it is not coping.
- 19 Subsequently Council staff have had to close the toilet and install portaloos until a new septic system can be installed.
- 20 A new septic system will be designed so that it will cater for future growth in numbers and enable Council to reopen the existing toilet.
- 21 This will give Council the time to consider the wider conversation around the requirements of providing facilities along the northern tourist route from Garston to Te Anau.

Factors to Consider

Legal and Statutory Requirements

- 22 A resource consent will be required for the new septic disposal system.

Community Views

- 23 The Thornbury community was consulted on the proposed re-scoping of the project and the wrap for the exterior of the toilet.
- 24 The former Edendale-Wyndham Community Board were consulted on the proposed replacement toilets within their area.
- 25 Council staff have communicated with elected members from the Mararoa Waimea ward and the community to inform them of the issue with the Athol toilet and the need to commence the wider discussion around the provision of facilities along this critical tourist route.

Costs and Funding

- 26 There is no change in the overall value associated with the proposed works for this financial year.

Policy Implications

- 27 There are no policy implications.

Analysis

Options Considered

- 28 The options for consideration are either to approve the project and financial changes or not.

Analysis of Options

Option 1 – Agree to the proposed project and financial changes

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">proposed projects can be completed within the current financial year.allows time to scope the deferred project so that they can be completed next financial year.	<ul style="list-style-type: none">some of the original projects will be deferred

Option 2 – Proceed with the projects in their original state

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">current LTP works programme is achieved	<ul style="list-style-type: none">some of the projects will not be completed.other projects considered priorities will not be deliveredAthol's capacity issues will not be resolved for next year's tourist season

Recommended Option

- 29 It is recommended that the Board proceed with Option 1 – Agree to the proposed project and financial changes. This will ensure that the work that has been identified as a priority will be completed by the end of the financial year.

Next Steps

- 30 Council staff to proceed to finalise scoping and pricing followed by delivery within the current financial year.

Attachments

There are no attachments for this report.

Unbudgeted Expenditure - Oraka Aparima Community Board Projects

Record No: R/20/1/72

Author: Mark Day, Community Facilities Manager

Approved by: Matt Russell, Group Manager Services and Assets

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 The purpose of this report is to seek Council's approval to defer the Project P-10306 towards the installation of Frisbee Golf in Riverton to the 20/21 financial year, and seek approval of additional unbudgeted expenditure of \$25,000 to support the completion of the Bath Road beautification project. Both projects are to be funded from the Riverton General Reserve.

Executive Summary

- 2 In progressing the scoping and project development with the former Riverton/Aparima Community Board it was identified that the current budget for the Bath Road project of \$25,000 may be insufficient to complete the project. The Community Board noted this at their meeting on 5 August 2019 and resolved to:
 - Agree that the Frisbee relocation project be deferred to 2020/2021 and the existing budget supports the Bath Road beautification project.

Project	Description	Funding	Code
P-10306	Ground works and install Frisbee Golf at Riverton	\$25,000.00	26337 (Reserves)
P-10307	Beautification at Railway Esplanade Riverton (Bath Road)	\$25,000.00	26332 (Reserves)

- 3 The Bath Road beautification project has been identified as the priority project by the Board.

Recommendation

That the Council:

- a) **Receives the report titled “Unbudgeted Expenditure - Oraka Aparima Community Board Projects” dated 23 January 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves that project P-10306 be deferred until the 2020/2021 financial year:**

Project	Description	Funding from General Reserves
P-10306	Ground works and install Frisbee Golf at Riverton	\$25,000

- e) **Agrees to the additional unbudgeted expenditure of \$25,000 to support the completion of the Bath Road beautification project to be funded from the Riverton General Reserves and that the total for this project will now be \$50,000.**

Background

- 4 There are currently two separate projects in the 2019/2020 financial year associated with parks and reserves in Riverton/Aparima township which are as follows:

Project	Description	Funding	Code
P-10306	Ground works and install Frisbee Golf at Riverton	\$25,000.00	26337 (Taramea Bay/Rocks Development Reserves)
P-10307	Beautification at Railway Esplanade Riverton (Bath Road)	\$25,000.00	26332 (Riverton General Reserves)

- 5 In progressing the scoping and project development with the former Riverton/Aparima Community Board it was identified that the current budget for the Bath Road project of \$25,000 may be insufficient to complete the project. The Community Board noted this at their meeting on 5 August 2019.

- 6 The former Riverton/Aparima Community Board agreed that the Frisbee golf relocation project be deferred to 2020/2021 and the existing budget supports the Bath Road beautification project to allow sufficient funding to complete the project.
- 7 The former Riverton/Aparima Community Board agreed that the Bath Road beautification project is the priority.
- 8 The Frisbee golf relocation project will be re-scoped and included in the redevelopment of the playground at the Pilot Station reserve at which point the Oraka Aparima Community Board will identify the funding source for the project.

Issues

- 9 It is important to note that this project has been on the radar for the Riverton Community Board for some time and pre-dates the updated project scoping, approval and workflow procedures introduced last year.

Factors to Consider

Legal and Statutory Requirements

- 10 There are no legal or statutory requirements.

Community Views

- 11 The position of the Board will be taken to represent the community.

Costs and Funding

- 12 There is no change in the overall value associated with the financial changes that are being proposed for this financial year.
- 13 The project for the Beautification is set to increase from \$25,000 to \$50,000 for the current financial year, the additional unbudgeted expenditure will be funded from the Riverton General Reserve.

Policy Implications

- 14 The Frisbee golf project (P-10306) of \$25,000 (funded from the Riverton General reserve) is to be deferred to the 20/21 financial year.

Analysis

Options Considered

- 15 The options for consideration are either approve or not the project changes.

Analysis of Options

Option 1 – Agree to defer the Frisbee golf project and allow additional unbudgeted expenditure towards the Beautification project

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">the proposed beautification project can be completed within the current financial year.	<ul style="list-style-type: none">a project will be deferred until next financial year.

Option 2 – Disagree to defer the Frisbee golf project and allow additional unbudgeted expenditure towards the Beautification project

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">none identified	<ul style="list-style-type: none">one of the projects will not be completed.

Recommended Option

- 16 It is recommended that the Board proceed with Option 1 – Agree to defer the Frisbee golf project and allow additional unbudgeted expenditure towards the Beautification project.

Next Steps

- 17 Council staff to proceed with the Bath Road project delivery.

Attachments

There are no attachments for this report.

Monthly Financial Report - November 2019

Record No: R/20/1/1736
Author: Dipal Patel, Project Accountant
Approved by: Anne Robson, Chief Financial Officer

☐ Decision ☐ Recommendation ☒ Information

Summary

1. The purpose of this report is to provide Council with an overview of the financial results to date by the nine activity groups of Council, as well as the financial position, and the statement of cash flows.
2. This report summaries Council financial results for the five months to 30 November 2019.

Recommendation

That the Council:

- a) **Receives the report titled “Monthly Financial Report - November 2019” dated 23 January 2020.**

Attachments

- A Monthly Financial Report - November 2019 [↓](#)

Monthly Financial Report

November 2019

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Executive Summary

1. This Monthly Financial Report summarises Council's financial results for the five months to 30 November 2019.
2. The Monthly Financial Report Summary consolidates the business units within each of Council's Groups of Activities.
3. The Monthly Financial Report includes:
 - Year to Date (YTD) Actuals, which are the actual costs incurred,
 - Year to Date (YTD) Projection, which is based on the full year projection and is a combination of the Annual Plan and carry forwards,
 - Year to Date (YTD) Budget, which is based on the full year Annual Plan budget with adjustments for phasing of budgets,
 - Full Year (FY) Budget, which is the Annual Plan budget figures,
 - Full Year (FY) Projection, which is the Annual Plan Budget figures plus the carry forward, and forecast adjustments.
 - Please note this report does not include the first round of forecasting, as it was approved in December after budget managers has commented on the November result.
4. Phasing of budgets occurs in the first two months of the financial year, at forecasting and when one-off costs have actually occurred. This should reduce the number of variance explanations due to timing.
5. Where phasing of budgets has not occurred, one twelfth of annual budgeted cost is used to calculate the monthly budget.
6. Southland District Council Summary Reports use a materiality threshold to measure, monitor and report on financial performance and position of the Council. The materiality threshold adopted by Council, together with annual budget for 2018/2019 is variances more or less than 10% of the original adopted budget and greater than \$10,000 in value.
7. Report Contents:
 - A. Council Monthly Summary
 - B. Council Summary Report - Income and Expenditure and Commentary
 - C. Statement of Comprehensive Income
 - D. Statement of Financial Position and Movement Commentary
 - E. Statement of Cash Flows.

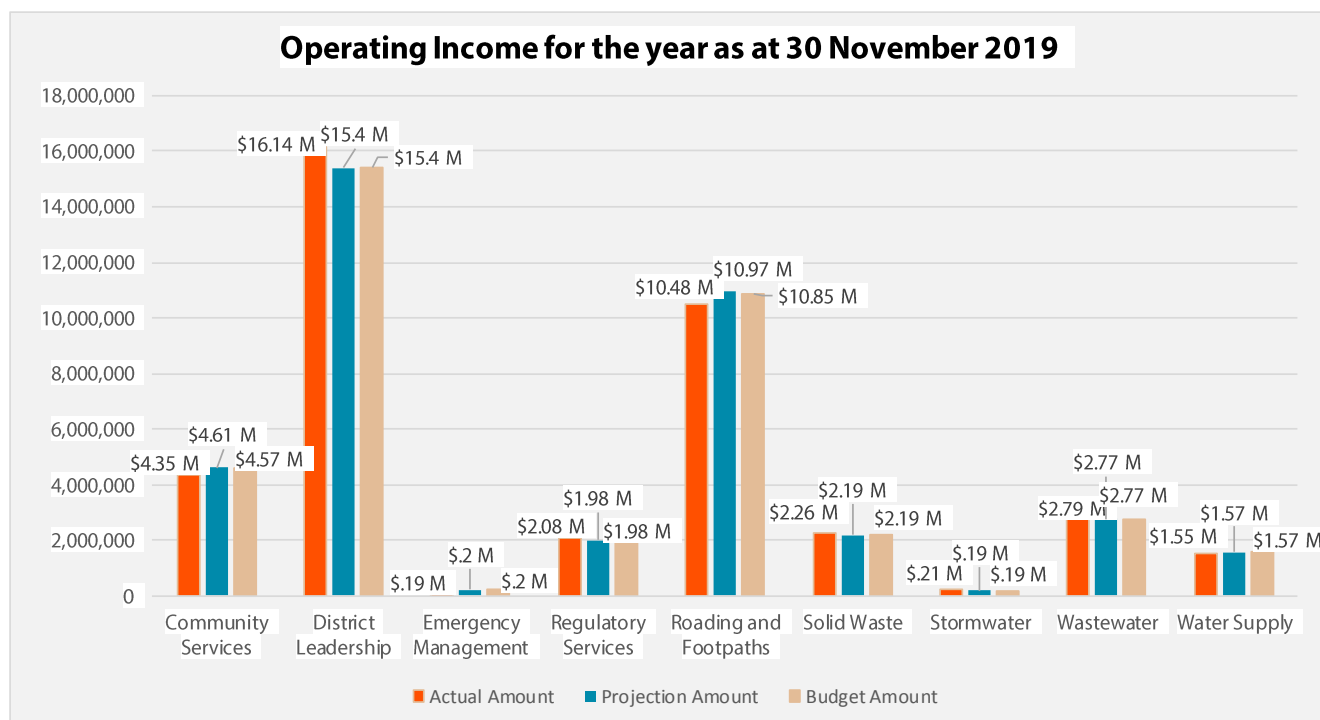
Abbreviation Explanation

Abbreviation	Description
AP	Annual Plan
CAPEX	Capital Expenditure
ELT	Executive Leadership Team
FYB	Full Year Budget
GDC	Gore District Council
GIS	Geographic Information System
GMSE	GeoMedia Smart Client
GST	Goods and Services Tax
ICC	Invercargill City Council
LED	Light Emitting Diode
LTP	Long Term Plan
ME	Month End
NZTA	New Zealand Transport Authority
SDC	Southland District Council
SIESA	Stewart Island Electricity Supply Authority
YE	Year End
YTD	Year To Date
YTD Variance	Comparison of actual results compared to YTD budget
\$M	Millions of dollars

A. Council Monthly Summary

1. Income

Operating Income is \$177K (0%) over projection for YTD (\$40M actual vs \$39.8M projected).



The main contributors to operating income being over projection in totality is due to the following variances:

Community Services operating income is \$255,235 (6%) under YTD projection.

- **Water Structures** is \$168,112 (83%) under projection mainly due to expected grants of \$150,599 for Stewart Island Jetties not yet applied for. The proposed TIF application for Golden Bay and Ulva Island have been put on hold. This is due to unresolved issues with access onto Ulva Island, the ownership of the Golden Bay wharf and the ability of the island community to fund 50% of the project that is a requirement of the TIF funding.
- **Work Schemes** is \$83,317 (64%) under projection as there is a significant amount of work waiting to be charged out from the cycle trail work that is currently being completed. Once invoices are received and finalised this will be charged out.

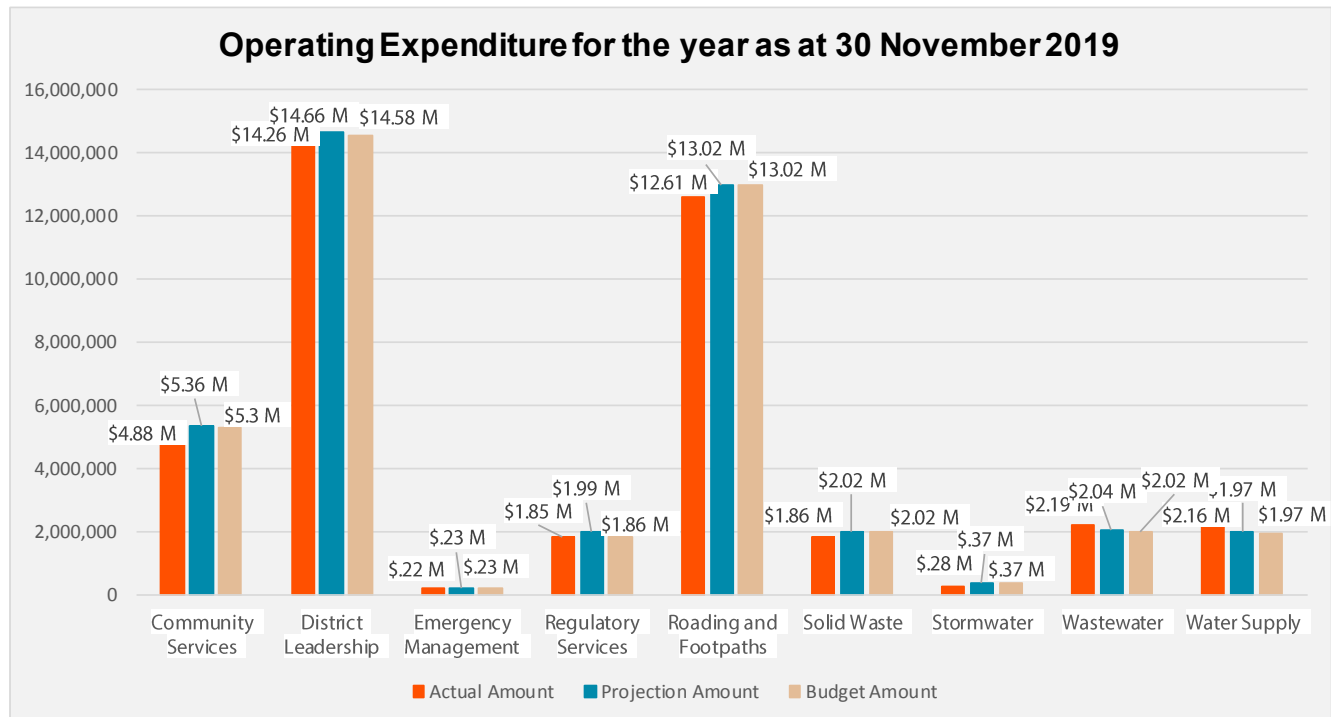
District Leadership is over projection by \$736,889 (5%), the key component is:

- **Forestry** is \$402,106 (16%) over projection. Harvesting has now been completed. 28,162 tonnes was harvested which exceeded the projection of 24,971 tonnes that was undertaken in. We have made increases in the budget during the October forecasting round to reflect this which was approved by Council on the 18th of December, and will subsequently be reflected in the next monthly report.

Roading and Footpaths is \$496,261 (5%) under projection due to the timing of works occurred, therefore NZTA income being \$420K under projection. Of this, transit recoveries is \$70K under projection due to the timing of work in relation to invoicing.

2. Expenditure

Operating Expenditure is \$1.3M (3%) under projection for the YTD (\$40.3M actual vs \$39.8M projection).



Community Services operating expenditure is \$480,942 (9%) over YTD projection.

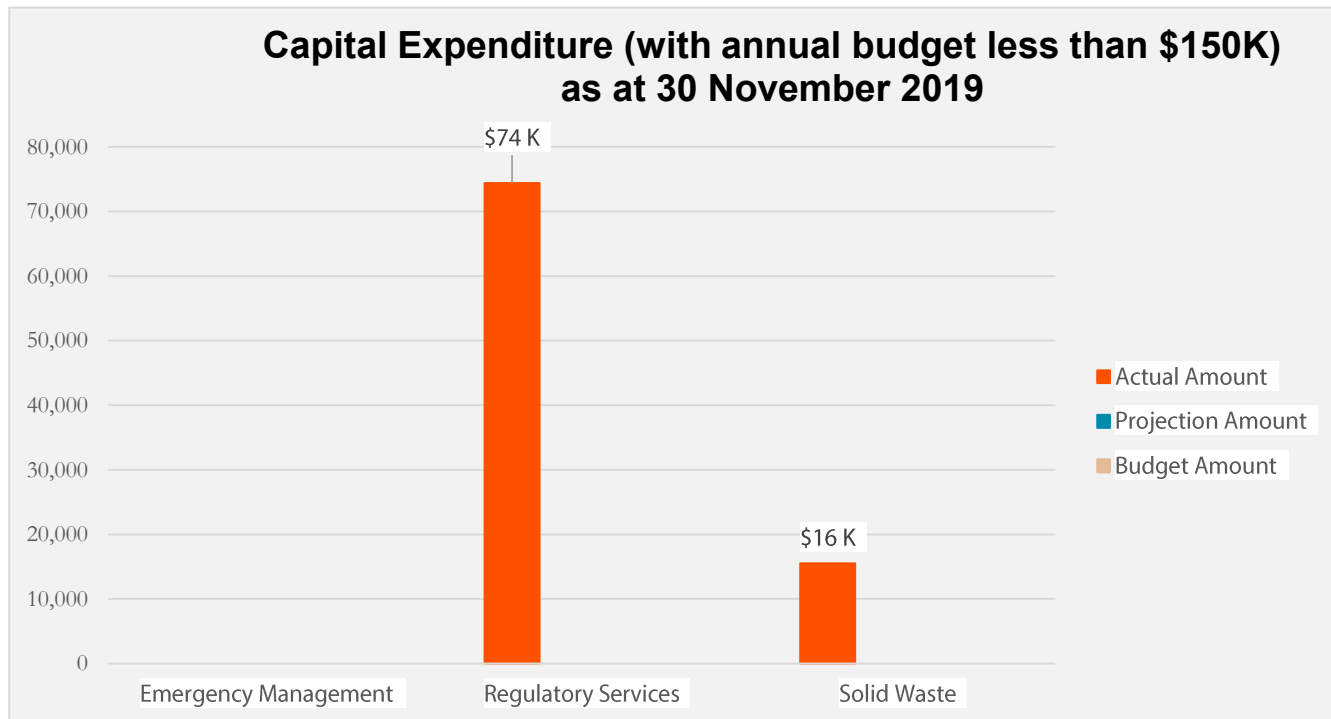
- **Cemeteries** is \$57,583 (41%) under projection, whilst most budgets are under spent within this activity the largest items are interment costs at \$22,500, however maintenance is also underspent due to the time of the year and the prolonged wet period.
- **Community Centres** is \$95,678 (30%) under projection. This is spread across the majority of the halls and is due to the non-Council owned halls who have not uplifted their rates.
- **Grants and Donations** is \$88,407 (13%) under projection, many of the grants are paid out at the beginning of the year and then the others in February in the next year, so there are always variances in the YTD. \$41,000 worth of grants not yet paid out relates to iwi funding to Environment Southland the rest is spread across various grants.
- **Parks and Reserves** is \$147,543 (16%) under projection. We should see a change in this with our contractors coming into the busy season. Some of the work is being affected by the changeable weather, especially mowing (\$40K), gardening (\$51K) and other maintenance (\$52K).
- **Water Structures** is \$81,134 (168%) under projection with the majority of this \$61,218, being maintenance work at Riverton harbour and \$8,898 for general projects. This is due to a reclassification of costs (\$72,468) from maintenance to capital. This has been forecasted (forecasting was approved by Council on 18 December) and will be reflected in the next financial report.

Roading and Footpaths operating expenditure is \$406,125 (3%) under YTD projection, due to:

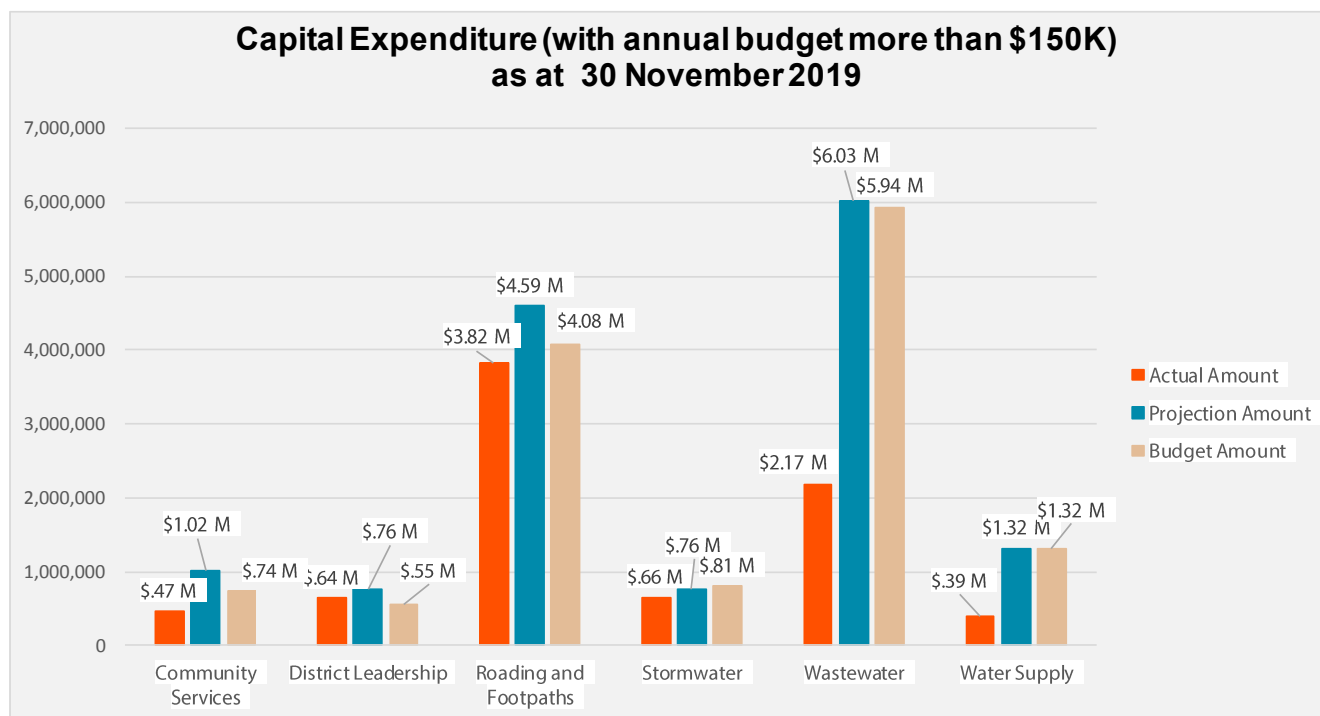
→ **Roading –Administration** is \$257,802 (61%) under projection, if which \$113K relates to higher level recoverable work and Pyramid Bridge expenditure making up \$90K. This is due to the timing of billing between Contractor, Gore and SDC.

4. Capital Expenditure (CAPEX)

Capital Expenditure is \$6.2M (43%) under projection year to date (\$8.2M actual vs \$14.4M projection).



Regulatory Services is \$74,416 (100%) over projection due to the building solutions team purchasing new office furniture (\$15K) for the newly created Code of Compliance Certificate Project Team. Council approved unbudgeted expenditure towards the above costs on the 2nd of September. The budget has been updated to include the costs during the October forecasting round approved by Council on the 18th of December. The building solutions team also renewed one of their vehicles (\$37K). Software renewals of \$17K was spent on costs towards to the new Go Get electronic service delivery project.



Community Services is \$549,343 (54%) under projection due to:

- **Council Facilities** is \$189,358 (93%) under projection due to the Holt Park Camping ground being the major contributor to this. The Holt Park upgrade project has been terminated and any additional expenditure will be for the demolition work. This is expected to be approximately \$45,000 and included in forecasting. The work budgeted for the renewals of the Invercargill office have been put on hold pending the outcome of the business case that is being prepared for Council.
- **Public Conveniences** is \$172,369 (46%) under projection due to projects continuing at Monkey Island, Clifden Bridge and Waikawa from the previous financial year. The Monkey Island project is currently on hold with the expectation that it will be completed in the last quarter of the year.
- **SIESA** \$161,234 (78%) under projection. The capital projects are currently being reviewed and with discussions underway between Council staff and Powernet to discuss project scope and potential cost.

Roading and Footpaths is \$771,985 (17%) under YTD projection.

- **Roading - District Wide** is \$464,956 (12%) under projection largely due to a slower start with the pavement rehabilitation as physical works are not being able to be carried out due to weather conditions.
- **Streetworks** is \$222,783 (51%) under projection which is made up of various community projects that are behind project schedule. Riverton, Te Anau, Lumsden, Stewart Island and Thornbury are behind projected spend as we are confirming the scope of projects with communities as well as waiting on condition assessments on the footpaths to confirm the works.

Wastewater is \$3,853,751 (64%) under YTD projection, this is largely due to the delay in construction associated with the Te Anau wastewater project and the regional desludging work. Whilst the desludging work is likely to be recovered this financial year, Te Anau wastewater delays are unlikely to be recovered.

This project was not forecasted in round one due to uncertainty with the consent process. This will be forecast in round 2.

Water Supply is \$931,189 (71%) under projection due to Otautau water renewal works and Te Anau water main renewal work not being started yet. The tender for this work is closing in December. It is anticipated that this will be resolved as the year progresses

B. Council Summary Report

Southland District Council Financial Summary for the period ending 30 November 2019

Operating Income									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	4,351,941	4,607,176	4,565,228	(255,235)	(6%)	11,750,186	11,649,511	(100,675)	(1%)
District Leadership	16,139,793	15,402,904	15,396,338	736,889	5%	33,377,610	33,357,610	(20,000)	(0%)
Emergency Management	194,730	200,762	200,762	(6,033)	(3%)	481,829	481,829	0	0%
Regulatory Services	2,081,042	1,979,190	1,975,023	101,853	5%	4,262,321	4,252,321	(10,000)	(0%)
Roading and Footpaths	10,478,532	10,974,793	10,854,450	(496,261)	(5%)	29,622,988	29,143,773	(479,215)	(2%)
Solid Waste	2,261,964	2,187,675	2,187,675	74,289	3%	5,242,541	5,242,541	0	0%
Stormwater	210,415	188,808	188,808	21,608	11%	508,193	508,193	0	0%
Wastewater	2,792,536	2,773,378	2,773,378	19,158	1%	7,642,920	7,642,920	0	0%
Water Supply	1,547,926	1,567,610	1,567,610	(19,684)	(1%)	3,883,463	3,883,463	0	0%
Total	\$40,058,880	\$39,882,296	\$39,709,271	176,584	(0%)	\$96,772,050	\$96,162,160	(609,890)	(1%)

Operating Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	4,879,652	5,360,594	5,296,340	(480,942)	(9%)	12,221,524	12,060,484	(161,040)	(1%)
District Leadership	14,262,146	14,663,771	14,580,990	(401,624)	(3%)	35,237,815	35,029,141	(208,674)	(1%)
Emergency Management	224,033	227,238	227,238	(3,206)	(1%)	481,829	481,829	0	0%
Regulatory Services	1,847,960	1,988,589	1,861,182	(140,630)	(7%)	4,670,911	4,365,134	(305,777)	(7%)
Roading and Footpaths	12,612,078	13,018,203	13,017,271	(406,125)	(3%)	32,476,342	32,474,106	(2,236)	(0%)
Solid Waste	1,858,393	2,018,345	2,018,345	(159,952)	(8%)	4,841,069	4,841,069	0	0%
Stormwater	277,931	367,927	367,927	(89,996)	(24%)	849,920	849,920	0	0%
Wastewater	2,194,980	2,040,576	2,020,590	154,404	8%	4,744,182	4,696,217	(47,965)	(1%)
Water Supply	2,155,203	1,973,599	1,967,800	181,604	9%	4,731,676	4,717,759	(13,917)	(0%)
Total	\$40,312,376	\$41,658,842	\$41,357,685	(1,346,466)	(3%)	\$100,255,268	\$99,515,659	(739,609)	(1%)

Net Surplus/Deficit	(\$253,496)	(\$1,776,546)	(\$1,648,413)	1,523,050	3%	(\$3,483,218)	(\$3,353,499)	129,719	0%
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Capital Expenditure									
	YTD					FYB			
	Actual Amount	Projection Amount	Budget Amount	Variance	Var %	Projection Amount	Budget Amount	Variance	Var %
Community Services	466,954	1,016,297	739,194	(549,343)	(54%)	2,794,886	2,396,220	(398,666)	(14%)
District Leadership	641,061	761,139	552,599	(120,078)	(16%)	550,189	49,693	(500,496)	(91%)
Emergency Management	-	-	-	0	-	-	-	0	0%
Regulatory Services	74,416	-	-	74,416	-	132,861	132,861	0	0%
Roading and Footpaths	3,822,173	4,594,159	4,084,015	(771,985)	(17%)	16,169,490	14,945,146	(1,224,344)	(8%)
Solid Waste	15,506	-	-	15,506	-	-	-	0	-
Stormwater	656,805	764,198	809,673	(107,393)	(14%)	787,032	832,507	45,475	6%
Wastewater	2,173,635	6,027,386	5,936,038	(3,853,751)	(64%)	14,643,648	14,560,043	(83,605)	(1%)
Water Supply	388,018	1,319,207	1,315,669	(931,189)	(71%)	3,204,657	3,204,787	130	0%
Total	\$8,238,569	\$14,482,385	\$13,437,189	(6,243,817)	(43%)	\$38,282,763	\$36,121,257	(2,161,506)	(6%)

Activities reporting under Groups listed:

Community Services	District Leadership	Regulatory Services
Community Assistance	Representation and Advocacy	Building Control
Parks and Reserves	Community Development	Resource Management
Cemeteries	District Support	Animal Control
Community Facilities	Corporate Support	Environmental Health
Community Groups	Forestry	
Library Services		

Public Toilets		
Airports		
Electricity Supply		

C. Statement of Comprehensive Income

Statement of Comprehensive Revenue and Expenses					
for the period ending 30 November 2019					
	YTD			FYB	
	Actual Amount	Projection Amount	Budget Amount	Projection Amount	Budget Amount
Revenue					
Rates Revenue	15,902,951	15,915,054	15,915,054	48,411,467	48,411,467
Other Revenue	5,327,024	4,649,987	4,649,987	8,372,470	8,372,470
Interest and Dividends	123,865	22,723	22,723	68,170	68,170
NZ Transport Agency Funding	3,148,090	3,365,283	3,285,054	13,575,038	13,129,323
Grants and Subsidies	1,404,804	1,385,182	1,365,205	4,264,406	4,170,975
Other gains/losses	21,574	34,338	21,938	(1,407,317)	(1,447,317)
Development and financial contributions	2,852	13,765	8,517	383,899	368,155
	25,931,160	25,386,331	25,268,477	73,668,133	73,073,243
Expenditure					
Employee Benefit Expense	4,579,876	4,851,399	4,851,399	13,387,725	13,387,725
Depreciation and Amortisation	7,729,969	7,727,744	7,727,744	23,183,233	23,183,233
Finance Costs	7,626	7,333	7,333	22,000	22,000
Other Council Expenditure	13,543,513	14,263,015	14,026,219	40,558,392	39,833,784
Balance Sheet	0	0	0	0	0
Internal Reconciliations	0	0	0	0	0
	25,860,983	26,849,492	26,612,695	77,151,351	76,426,742
Total Comprehensive Income	70,176	(1,463,161)	(1,344,218)	(3,483,218)	(3,353,499)

Note: The presentation of the statement of comprehensive income aligns with Council's annual report. The annual report is based on national approved accounting standards. These standards require us to eliminate internal transactions. Council is also required to report by activities. A number of Council functions relate to a number of activities, eg, finance. To share these costs, an internal transaction is generated between the finance business unit and the activity business units. Within the annual report, Council also prepare Activity Funding Impact Statements. These statements are prepared under the Financial Reporting and Prudence Regulations 2014. This regulation requires internal charges and overheads recovered be disclosed separately. The Council Summary report is a summary of what these Activity Funding Impact Statements will disclose for income and expenditure at year end.

The result of this is that the revenue and expenditure in the Comprehensive Income Statement does not reconcile to the total income and total expenditure reported in the Council Summary Report on page 13 due to the elimination of the internal transactions. However, the net surplus/deficit (as per the Council Summary Report) matches the total comprehensive income (as per the Statement of Comprehensive Income).

D. Statement of Financial Position

Council's financial position as at 30 November 2019 is detailed below. The balance sheet below only includes Southland District Council and SIESA financials. This means that the balance sheet for 30 June 2019 differs from the published annual report which includes Venture Southland financials.

SOUTHLAND DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
as at 30 November 2019

	Actual 30-Nov-19	Actual 30-Jun-19
Equity		
Retained Earnings	718,393,958	718,647,453
Asset Revaluation Reserves	822,120,037	822,120,037
Other Reserves	42,546,133	42,546,133
Share Revaluation	2,666,473	2,666,473
	<u>1,585,726,601</u>	<u>1,585,980,097</u>
Represented by:		
Current Assets		
Cash and Cash Equivalents	18,782,610	14,911,330
Trade and Other Receivables	3,622,215	11,123,195
Inventories	129,402	129,402
Other Financial Assets	1,336,011	1,508,271
Property, Plant and Equipment	-	-
	<u>23,870,238</u>	<u>27,672,199</u>
Non-Current Assets		
Property, Plant and Equipment	1,556,022,439	1,556,700,350
Intangible Assets	2,524,508	2,565,313
Forestry Assets	11,900,000	11,900,000
Internal Loans	30,623,580	31,315,988
Work in Progress	66,884	772,054
Investment in Associates	314,495	314,495
Other Financial Assets	302,361	302,608
	<u>1,601,754,267</u>	<u>1,603,870,809</u>
TOTAL ASSETS	<u>1,625,624,505</u>	<u>1,631,543,007</u>
Current Liabilities		
Trade and Other Payables	5,375,407	8,358,955
Contract Retentions and Deposits	461,952	451,905
Employee Benefit Liabilities	1,279,611	1,583,186
Development and Financial Contributions	2,117,191	2,112,712
Provisions	14,000	14,000
	<u>9,248,160</u>	<u>14,220,759</u>
Non-Current Liabilities		
Employment Benefit Liabilities	18,010	18,010
Provisions	8,152	8,152
Internal Loans - Liability	30,623,581	31,315,988
	<u>30,649,743</u>	<u>31,342,151</u>
TOTAL LIABILITIES	<u>39,897,903</u>	<u>45,562,909</u>
NET ASSETS	<u>1,585,726,602</u>	<u>1,585,980,098</u>

F. Statement of Cash Flows**Statement of Cashflows for the period ended November 2019**

	2019/2020 YTD Actual
Cash Flows from Operating Activities	
Receipts from rates	22,973,309
Receipts from other revenue (including NZTA)	14,679,476
Cash receipts from Interest and Dividends	165,233
Payment to Suppliers	(19,056,933)
Payment to Employees	(5,977,735)
Interest Paid	(9,342)
GST General Ledger (net)	841,760
<i>Net Cash Inflow (Outflow) from Operating Activities</i>	13,615,767
Cash Flows from Investing Activities	
Receipts from sale of PPE	21,574
(Increase)/Decrease Other Financial Assets	172,508
Purchase of property, plant and equipment	(8,279,374)
Purchase of Forestry Assets	-
Purchase of Intangible Assets	40,805
<i>Net Cash Inflow (Outflow) from Investing Activities</i>	(8,044,487)
Cash Flows from Financing Activities	
Increase/(Decrease) Term Loans	(1,700,000)
Increase/(Decrease) Finance Leases	-
<i>Net Cash Inflow (Outflow) from Financing Activities</i>	(1,700,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,871,281
Cash and Cash Equivalents at the beginning of the year	14,911,330
Cash and Cash Equivalents at the end of November	18,782,611

Cash and Cash Equivalents and Other Financial Assets

1. At 30 November 2019, Council had \$14M invested in four term deposits ranging from two to four month maturities as follows:

SDC Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
ANZ	\$ 2,000,000	2.15%	19-Sep-19	17-Jan-20
ANZ	\$ 3,000,000	2.19%	29-Nov-19	19-Mar-20
ASB	\$ 4,000,000	2.30%	4-Sep-19	19-Dec-19
WPC	\$ 2,000,000	2.64%	22-Nov-19	19-Mar-20
WPC	\$ 3,000,000	2.15%	17-Oct-19	17-Jan-20
Total	\$ 14,000,000			

At 30 November 2019, SIESA had \$1.57M invested in five six month term deposits as follows:

SIESA Investments - Term Deposits				
Bank	Amount	Interest Rate	Date Invested	Maturity Date
BNZ	\$ 370,000	3.15%	29-Jul-19	2-Mar-20
BNZ	\$ 200,000	1.18%	2-Dec-19	4-May-20
BNZ	\$ 350,000	3.28%	23-Apr-19	23-Jan-20
BNZ	\$ 350,000	3.31%	23-Apr-19	23-Apr-20
BNZ	\$ 300,000	3.23%	6-May-19	6-Jul-20
Total	\$ 1,570,000			

2. Funds on Call at 30 November 2019:

Funds on Call				
	Amount	Bank	Account	Interest Rate
SDC	\$ 6,030,363	BNZ	Funds on Call	0.25%
	\$ 10,000	BNZ	Operating Bank Acc	1.00%
	\$ 333,688	BNZ	Restricted Funds Acc	3.25%
SIESA	\$ 106,480	BNZ	Funds on Call	3.25%

Council's Investment and Liability Policy states that Council can invest no more than \$10M with one bank. Investments and Funds on Call, comply with the SDC Investment Policy.

Waste Advisory Group - Draft Landfill Submission

Record No: R/20/1/1859
Author: Ian Evans, Strategic Manager Water and Waste
Approved by: Matt Russell, Group Manager Services and Assets

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 To inform Council of proposed changes to the landfill levy and the proposed submission from WasteNet Southland on behalf of the Waste Advisory Group to the proposed amendments.

Executive Summary

- 2 The Ministry for the Environment (MfE) is seeking feedback on its proposal to amend the national landfill levy in both cost and range. MfE have indicated that the key driver for these changes is to encourage further recycling and reuse practices to divert waste from landfill. The purpose of this brief report is to present the draft WasteNet Southland Landfill Levy submission for context.
- 3 At the time of writing, the attached submission had yet to be reviewed by the Waste Advisory Group (WAG). This is an agenda item for the WAG meeting to be held on 27 January. Any amendments to the WasteNet submission will be sent out prior to the meeting or tabled on the day.

Recommendation

That the Council:

- a) **Receives the report titled "Waste Advisory Group - Draft Landfill Submission" dated 23 January 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Agrees to endorse the Waste Advisory Group submission to the Ministry for the Environment; or**
- e) **Proposes any amendments to the submission and submit separately on behalf of Southland District Council.**

Background

- 4 The Waste Minimisation Act 2008 introduced a national landfill levy for the purpose of (a) raising revenue for promoting and achieving waste minimisation and (b) increasing the cost of waste disposal to recognise that disposal imposes costs on the environment, society and the economy.
- 5 The landfill levy is payable on the amount of waste disposed of at a municipal (class 1) landfill at the rate of \$10 per tonne (excluding GST). This is significantly lower than other similar levy schemes introduced further internationally, with the proposed new rate bringing it closer into line with these.
- 6 The levy money raised is then shared across territorial authorities (approximately 50%) on a population basis, a national Waste Minimisation Fund (approximately 45%) and MfE administration costs (approximately 5%). Council typically receives up to \$120K per year returned from the Ministry to be used for funding waste minimisation initiatives.
- 7 Previous funding has paid for the cost of purchase of the recycling bins as well as helping fund our current recycling operations.
- 8 On 27 November 2019, the Associate Minister for the Environment announced the government's proposal to tackle New Zealand's waste issues by increasing the country's national landfill levy in both cost and range, to encourage further recycling and reuse practices to divert waste from landfill. The summary consultation document is attached (refer to **Attachment 1**).

Issues

Consultation Process

- 9 Submissions opened on 27 November 2019 and will close at 5.00 pm on Monday, 3 February 2020. The MfE will review the submissions and prepare a report (March 2020) for the Associate Minister for the Environment. If Ministerial and Cabinet approval is given, the proposed changes will be made mid-2020 and progressively implemented from 1 July 2020 to 1 July 2023 (depending on final policy decisions).
- 10 The nine week consultation period has been hindered by the holiday period shut-down, resulting in this draft submission only being able to be reviewed by the Waste Advisory Group on 27 January, prior to the closing of submissions on 3 February 2020.
- 11 With Council's meeting before the closing date there is an opportunity to review the submission and either endorse or amend and submit as a separate submission.

Submission Preparation

- 12 The government's proposed landfill levy changes will have an impact on the activities of the WasteNet Council's. The proposal is to expand and increase the national Landfill Levy rate. A key benefit of the landfill levy changes is the increased levy funding allocation to TAs to support waste minimisation activities.
- 13 WasteNet participated on the National Landfill Levy Submission Working Group for the Territorial Authority Officers Forum (WasteMINZ). This working group included representatives from Auckland Council, Wellington City Council, Timaru District Council, New Plymouth District Council, Tasman District Council and Waikato Regional Council.

- 14 The WasteNet Southland submission has been prepared, taking into consideration the:
- WasteMINZ Territorial Authority Officers Forum draft landfill levy submission
 - results of the TA landfill levy survey
 - draft Auckland Council landfill levy submission
 - draft Wellington City Council landfill levy submission
 - discussion with the Waste Management Group.
- 15 The draft WasteNet Southland submission is attached (refer to **Attachment 2**). As previously outlined the draft submission has yet to be presented to the WAG and may be amended following the WAG meeting on 27 January.
- 16 Staff will also provide a verbal summary of the discussion from the WasteNet meeting on 27 January.
- 17 As the closing date for submissions to the Ministry is 3 February, Council has the opportunity to endorse the WasteNet submission, or suggest any amendments which would then be received and included as a separate Council submission.
- 18 Council staff have also provided information to Local Government New Zealand which is also intended to help shape their response to the Ministry.

Factors to Consider

Legal and Statutory Requirements

- 19 None considered.

Community Views

- 20 None considered.

Costs and Funding

- 21 The proposals suggest a staged increase from the current rate of \$10 per tonne to a rate of \$50 - \$60 per tonne by 1 July 2023. This is a direct operational cost to Council that would typically be funded through rates.
- 22 On average, Council sends between 5,500 – 5,900 tonnes to landfill each year (though the trend is currently reducing) so the increased levy rate would result in an increase in costs of approximately \$300K per year to be funded through rates.
- 23 It is further noted that the proposal still intends to return 50% of levy money to Local Authorities so the revenue received will also increase accordingly.

Policy Implications

- 24 None considered.

Analysis

Options Considered

- 25 Given the potential impact on rates it is viewed as important that Council note the WasteNet submission and either endorse that, or amend and submit as a separate Council submission.

Analysis of Options

Option 1 – Council Endorse Waste Submission

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• avoids having to prepare a separate submission• shows alignment between the three WasteNet councils	<ul style="list-style-type: none">• none.

Option 2 – Council Amend WasteNet Submission and Forward as a Separate Submission

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• provides an opportunity for a separate Council submission provided tangible differences in position are evident between the three WasteNet Council's.	<ul style="list-style-type: none">• potential to portray misalignment between regional waste partners

Option 3 – Do Nothing

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">• none.	<ul style="list-style-type: none">• gives limited (if any) opportunity for future participation in the process.

Assessment of Significance

- 26 This project is not deemed significant as per Council's current significance policy or in terms of Section 76 of the Local Government Act 2002.

Recommended Option

- 27 Provided Council are generally comfortable with the submission, option one is considered the most efficient use of staff time and presents a unified regional approach to Waste Management. However, if the WasteNet submission raises concerns option two may present a more suitable alternative.

Next Steps

- 28 The WasteNet submission and any potential amended Council submission will be forwarded to the Ministry by the due date of 3 February.

Attachments

- A Waste Advisory Group - Draft Landfill Levy Submission [↓](#)
- B Submission Reducing Waste - a more effective landfill levy - WasteNet Southland - DRAFT [↓](#)



Reducing waste: a more effective landfill levy

Summary document



Ministry for the
Environment
Manatū Mā Te Taiao

New Zealand Government

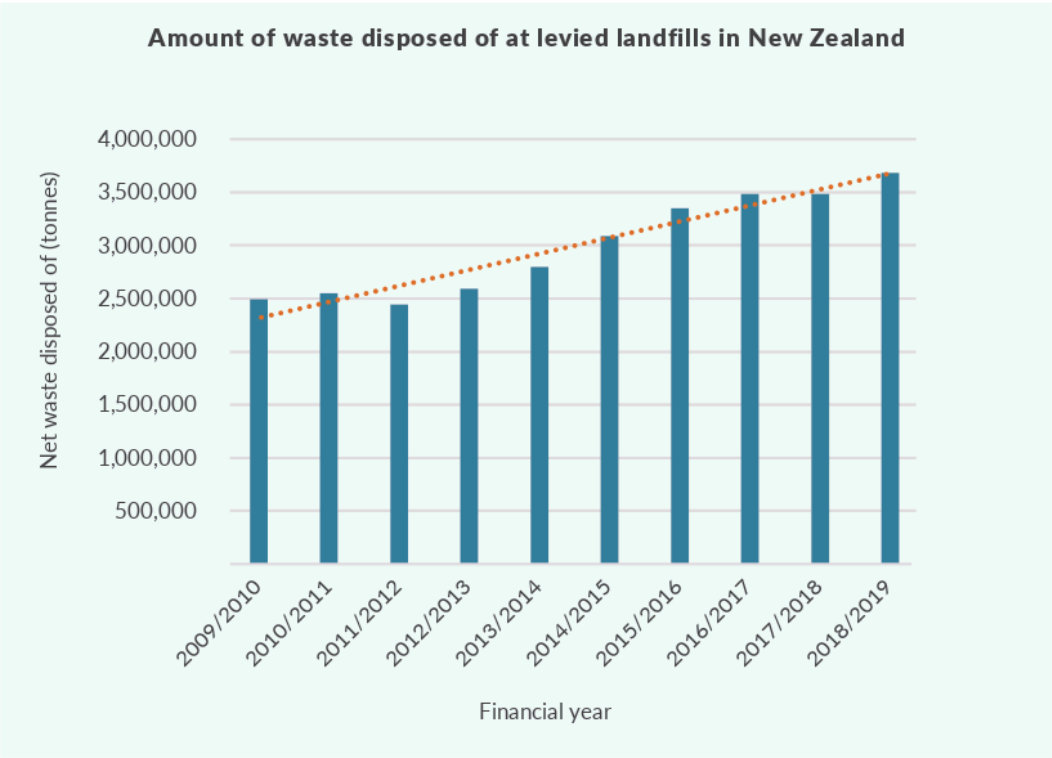
New Zealand’s waste problem

New Zealand has a waste problem. We lag behind other countries in our reuse and recycling rates, and are disposing of more and more waste into landfill. We have one of the highest rates of per capita waste production in the developed world.

We have limited infrastructure (such as recycling facilities) for processing waste materials within New Zealand. We used to send products like plastics and paper overseas for recycling but other countries are increasingly placing restrictions on the waste they will accept.

We have limited data on waste and recycling. This makes it difficult to identify opportunities to reduce waste and measure how well we are doing at reducing waste.

New Zealanders have recognised our waste problem and its effects on the environment, and want to see improvements. Local government has called for change. A 2018 Ministry for the Environment survey showed we rank waste as one of the three most important challenges facing our country in the next 20 years.



Note: This graph shows waste disposed of at landfills subject to the levy (currently class 1 landfills that receive household waste and other waste types). Not all landfills in New Zealand are subject to the levy, with the country’s total waste tonnage likely to be more than double than what is shown in the graph.

The landfill levy

Much more could be done to reduce waste and reverse recent trends. We need to provide the right infrastructure, services and incentives so sending waste to landfill is no longer the cheapest and easiest option.

We have the opportunity to change how we do things and the Waste Disposal Levy ('landfill levy') is an important tool to help us:

- ▶ create an economic disincentive to producing and disposing of waste
- ▶ raise revenue to invest in waste minimisation, including local infrastructure for materials reprocessing
- ▶ make alternatives like reuse and recycling more competitive (as landfilling becomes more expensive).

We already have a landfill levy but it's too low and applies to too few landfills to be working well.

What is being proposed?

The Government is proposing to increase the landfill levy and apply it to more types of waste.

The levy is currently \$10 per tonne of waste which is low by international standards. The levy is only charged at landfills that take household waste, accounting for around only 40% of total waste sent to landfill.

Strong calls to increase the levy and expand its coverage have come from local government. The Tax Working Group, the Organisation for Economic Co-operation and Development (OECD), and the New Zealand Productivity Commission have also made similar calls.

Increasing the levy will better reflect the full environmental, social and economic costs of waste disposal and encourage materials to be reused and recycled rather than sent to landfill. This will help make our economy more efficient and help create jobs.

The Government is also proposing to collect better data about waste.

Proposed changes to levy rate and coverage	Proposals for improved waste data
<p>Increase the levy for landfills that take household waste</p> <ul style="list-style-type: none"> ▶ We propose increasing the levy rate in stages from the existing \$10 per tonne to \$50 or \$60 per tonne by 2023. <p>Apply the levy to more landfills</p> <ul style="list-style-type: none"> ▶ We propose applying the levy to all landfills, except cleanfills or farm dumps. ▶ This includes landfills taking construction and demolition waste, industrial waste, and those that take largely inert materials like rubble and soils. For these landfill types, the levy would be either \$10 or \$20 per tonne of waste disposed. <p>The proposed changes would be phased in so businesses, councils and the Government have time to get ready for them. The table opposite shows four options for levy rates and phasing.</p>	<p>Proposals to improve the data collected and provided to government include:</p> <ul style="list-style-type: none"> ▶ establishing a central record of landfills, cleanfills and transfer stations ▶ collecting data on materials disposed of at landfills, cleanfills and transfer stations; including overall waste quantities, the amount of material diverted away from landfill, and the source of materials landfilled and diverted ▶ requiring councils to report how they spend levy revenue they receive, and their performance in achieving waste minimisation.

Proposed options: levy rate and coverage				
Landfill types	A (Increase then expand)	B (Expand and increase)	C (Expand then increase)	D (Expand then higher increase)
Municipal landfills (class 1)	\$20 1 July 2020 \$30 1 July 2021 \$50 1 July 2022	\$20 1 July 2021 \$30 1 July 2022 \$50 1 July 2023	\$30 1 July 2022 \$50 1 July 2023	\$30 1 July 2022 \$60 1 July 2023
Industrial monofills (class 1) and Construction and demolition fills (class 2)	\$20 1 July 2021	\$20 1 July 2021	\$10 1 July 2021 \$20 1 July 2023	\$10 1 July 2021 \$20 1 July 2022
Contaminated soils and inert materials (managed and controlled fill sites; class 3 and 4)	\$10 1 July 2023	\$10 1 July 2023	\$10 1 July 2023	\$10 1 July 2023

All figures are GST exclusive

The levy will be invested in achieving a low-waste future for New Zealand

A low-waste future for New Zealand is one where less waste is produced and where significantly more materials are reused and recycled rather than going to landfill. It requires targeted investment, including to develop large-scale resource recovery infrastructure. New Zealand needs to deal with its own waste rather than relying on sending it overseas.

Investment is needed at every stage of a product's lifecycle, from more thoughtful product design that considers how products will be disposed of at the end of their lives, to comprehensive and accessible recycling services for a wide range of waste.

Investment might include:

- ▶ increased on-shore processing and manufacturing capacity for plastics, paper and glass
- ▶ investment in improving the quality of our recycling commodities (such as better systems for collecting and sorting materials)
- ▶ investment in new services such as kerbside collection of organic materials like food and green waste.

There is already a broad waste reduction programme underway. This includes the design of a modern Container Return Scheme, the recent ban on single-use plastic shopping bags and developing regulated product stewardship schemes. Work is also in progress to improve New Zealand's resource recovery and recycling sector in response to international restrictions on exporting waste.

Improving the effectiveness of the landfill levy is a major part of this wider work programme.

The Government's proposals to increase the levy and expand its coverage would significantly grow levy revenue from approximately \$30 million currently to around \$220–\$250 million per annum by 2023. We intend to develop an investment plan to ensure this levy revenue is spent where it can be most effective.

What will this mean for me or my business?

The direct costs of an expanded and increased levy will be borne by landfill operators, who are likely to pass these costs on to customers. Landfill operators are likely to adjust their pricing and practices in different ways.

In general, the impact on individual households or businesses is likely to be at the low end of the scale, while larger producers of waste may be more exposed to any cost increases.

Below are two **examples** of how costs may change under a new levy regime.

1.

Domestic rubbish bag



NOW

at \$10/tonne levy
1 bag = 6.5 cent levy



PROPOSED

at \$60/tonne levy
1 bag = 39 cent levy

Councils may pass on cost increases by raising the cost of a domestic rubbish bag.

Using the above example, a rubbish bag that currently retails for \$2.50 (GST included) could retail for \$2.83 under the maximum proposed rate of a \$60/tonne levy regime.

This example assumes that the council passes the higher levy cost directly to the purchaser; that the levy rate reaches \$60 per tonne, which is the maximum rate proposed; and that an average-sized rubbish bag weighs 6.5 kg.

2.

Waste from a house build and demolition



The landfill levy could increase the levy-related costs of disposing waste from the average **house build** from less than \$10 at present to between \$70 and \$75.

Currently, the levy-related cost of disposing waste from a **house demolition** is estimated to be around \$25. This could rise to between \$280 and \$300 under the proposed levy rates (with opportunities to minimise or avoid these costs if more construction materials are recovered).

Assumptions behind these construction and demolition examples are described in the 'Impacts of proposals' section of the consultation document (accessible at www.mfe.govt.nz/consultations/landfill-levy).



Having your say

The Government is interested in your views about the proposals summarised in this document.

To read about the proposals in more detail, download the consultation document from our website at: www.mfe.govt.nz/consultations/landfill-levy.

Submissions close at **5pm on Monday 3 February 2020**.

You can make a submission in two ways:

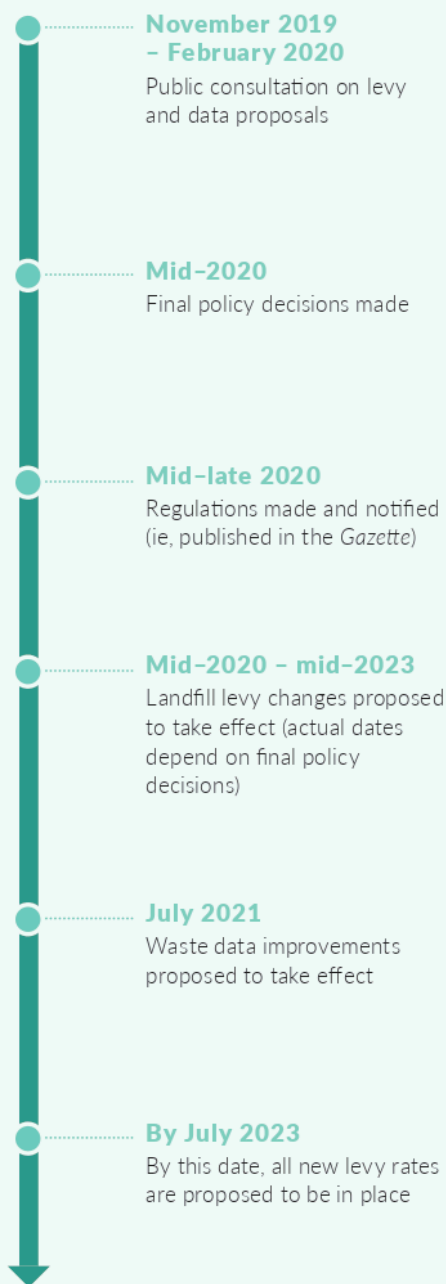
1. Use our online submission tool, available at: www.mfe.govt.nz/consultations/landfill-levy. This is our preferred way to receive submissions.
2. Write your own submission by answering the questions in the consultation document.

Post your submission to:
Landfill Levy Consultation
Ministry for the Environment
PO Box 10362
Wellington 6143.

Email your submission (as a PDF or Word document) to:
LandfillLevyConsultation@mfe.govt.nz

Direct any queries to:
LandfillLevyConsultation@mfe.govt.nz

Timeline



Ministry for the
Environment
Manatū Mātahi



*Making Aotearoa New Zealand
the most liveable place in the world*
Aotearoa – he whenua māua kua māi te tangata

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Waste disposal levy expansion consultation
Ministry for the Environment
PO Box 10362
WELLINGTON 6143

[submitted via email to: LandfillLevyConsultation@mfe.govt.nz]

WASTENET SOUTHLAND SUBMISSION ON REDUCING WASTE: A MORE EFFECTIVE LANDFILL LEVY

About WasteNet Southland

WasteNet Southland is a joint venture for the Invercargill City Council (ICC), Southland District Council (SDC) and Gore District Council (GDC). Formed in early-2000's as a working group to procure a regional landfill, it has evolved into a successful shared service for solid waste services.

WasteNet Southland's mission is to provide the shared service for the coordinated delivery of waste management and minimisation for the Southland Territorial Authorities, through regional solid waste services contract management and implementation of the regional Waste Management and Minimisation Plan.

Introduction

WasteNet Southland (WasteNet) supports the expansion and increase of the Landfill Levy (the Levy) and has a range of comments which are listed below. Please note that due to the short time frame available, this submission was approved by the WasteNet governance group, however it was not able to go through all the individual WasteNet Councils for endorsement.

WasteNet Southland do wish to speak to this submission.

The WasteNet contacts are:

- Cameron McIntosh, Group Manager – Works and Services, Invercargill City Council, (03 211 1777) or cameron.mcintosh@icc.govt.nz
- Ian Evans, Strategic Manager Water and Waste, Southland District Council (0800 732 732) or ian.evans@southlanddc.govt.nz
- Ramesh Sharma, General Manager – Infrastructure, Gore District Council (03 209 0347) or rsharma@goredc.govt.nz

WasteNet note that the Waste Management Institute of New Zealand, Territorial Authority Officers Forum, is also submitting on this proposal. WasteNet Southland broadly supports this submission.

Background

"The effective and efficient stewardship of waste as a resource with a residual value to protect our health and environment: is the vision for our region. This is underpinned by three goals:

- Work together to improve the efficient use of resources;
- Use the waste hierarchy to guide decision making; and
- Reduce the harmful effect of waste on our health and environment.

WasteNet Southland • www.wastenet.org.nz



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The goals are supported by the guiding principles of the Southland Waste Management and Minimisation Plan (the Waste Plan), being:

- Global citizenship – our responsibility to protect the environment extends beyond Southland and New Zealand borders;
- Kaitiakitanga – all Southlanders are responsible for looking after the environment, and for the impact of products and wastes they make, use and discard;
- Extended Producer Responsibility – producers have a degree of responsibility for their products lifecycle, from production through to final disposal;
- Full-cost pricing – the environmental effects of production, distribution, consumption and disposal of goods and services should be consistently costed and charged as closely as possible to the point they occur;
- Lifecycle principle – products and substances should be designed, produced and managed so all environmental effects are accounted for and minimised during generation, use, recovery and disposal.

General comments on the consultation document

The WasteNet Councils thank the Ministry for the Environment for the opportunity to provide feedback on the proposed “reducing waste: a more effective landfill levy”. The WasteNet Councils believe that waste management and minimisation continues to be an issue of concern in Southland and New Zealand, which needs to be addressed at all levels of society (i.e. individual, consumer, local, industry, regional and national levels).

The WasteNet Councils support the measure to reduce the quantity of waste that is disposed to landfill in New Zealand. This includes waste disposed to levied and currently non-levied facilities (such as industrial monofills, managed fills and cleanfills).

Product stewardship, onshore reprocessing and initiatives that drive behaviour change are all essential enablers of our transition to a circular economy. In recent years, the Territorial Authorities and Local Government New Zealand, has advocated for the introduction of regulation to support the establishment of such measures. It is encouraging that the Ministry is now taking the lead in the development of targeted national approaches to reduce waste and its associated environmental impacts. The WasteNet Councils support this critical change.

The WasteNet Councils support the point raised by the WasteMINZ TAO submission – that the proposed changes to the landfill levy will impact on, and be impacted by, existing legislation so it is essential there is alignment to avoid unintended consequences or perverse outcomes. In particular the Litter Act, New Zealand Emission Trading Scheme, Carbon Zero Act, Local Government Act and Resource Management Act may all be affected by and affect changes to the Landfill Levy.

Question 1. Do you agree the current situation of increasing amounts of waste going to landfill needs to change?

Yes, the WasteNet Councils agree that New Zealand has a waste problem, and that we lag behind other countries in our reuse and recycling rates.

New Zealand's waste management and minimisation sector is currently in a state of uncertainty. China's withdrawal from the global commodity markets is making New Zealand investigate their resilience to export markets and the harm of single-use plastic products, and



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understand the variety of collection methodologies and range of recyclables products accepted for recycling throughout the country.

Southland is heavily dependent on the exporting of fibre, plastics and metals to offshore markets. We are further challenged by our modest recyclables volume (5,800 tonne per annum), contractual obligations for a commingled glass-in collection service and modest population size. We are facing the question of not if but when will we be landfilling our recyclables.

Question 2. Do you have any comments on the preliminary *Review of the effectiveness of the waste disposal levy* outlined in appendix A?

In Southland, waste to our Municipal Class 1 Landfill is relatively steady, ranging from 460kg to 543kg per capita over the last 10-years, with 491kg per capita for 2018/2019. The significant peaks in waste per capita generally align with periods of disaster management e.g. Bonamia ostreae outbreak at Stewart Island Oyster Farms and Mycoplasma bovis cattle disease Southland outbreak.

However, we do not have a clear regional understanding of quantities or composition on the total amount of waste generated, the amount of material that goes to Landfill Classes 2-5 and farm dumps, or the amount of materials that are recycled and/or recovered by private operators.

Our 5-year average recycling rate is a modest 58 kg per capita, with the majority of Southland's recyclables collected by the WasteNet Councils being exported to offshore markets, which are becoming more and more challenging to access. We are facing the question of not if but when will we be landfilling our recyclables.

Question 3. Do you think the landfill levy needs to be progressively increased to higher rates in the future (beyond 2023)?

The Landfill Levy was introduced to (a) raise revenue for promoting and achieving waste minimisation and (b) increase the cost of waste disposal to recognise that disposal imposes costs on the environment, society and the economy.

The Levy rate has remained set at \$10 (excluding GST) per tonne since its introduction in 2009 and has only been applied to Municipal (class 1) Landfills.

The Levy rate has been relatively successful in raising revenue, however less populous territorial authorities that receive smaller funding allocations (e.g. Gore District Council and Southland District Council) can underspend their funding as they need to accumulate it to engage larger projects, or spend more of their funding allocation on auditing / reporting than they spend on minimisation initiatives.

National waste data shows the Landfill Levy has not been successful in creating an economic disincentive to producing and disposing of waste largely because of the relatively low current rate of \$10 per tonne when compared to similar levy applied overseas. However in Southland, the waste to landfill per capita rate is relatively steady, from 514 kg per capita in 2009/10 to 491 kg per capita in 2018/19.

The WasteNet Councils support the principal of progressively increasing the Landfill Levy to higher rates beyond 2023 in a manner that has a minimal impact on Council ratepayers, with the aim of creating a pricing differential between landfill and waste diversion practices (e.g.



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reuse, recycling, recovery), and that funding gathered is used for waste diversion practices (e.g. implementing priority product stewardship schemes, building national onshore recycling reprocessing capacity, and creating national education and communication programmes).

The WasteNet Councils recommend that staged Levy increases are aligned with the scheduled Levy review periods (at intervals of not more than 3-years, as per section 39 of the Waste Minimisation Act 2008), and that the assessment also includes a review of the proposed Levy Investment Plan to ensure that the purpose of the Landfill Levy (section 25, Waste Minimisation Act 2008) is being met.

Question 4. Do you support expanding the landfill levy to more landfills, including:

- I. waste disposed of at industrial monofills (class 1)
- II. non-hazardous construction, demolition waste (e.g. rubble, concrete, plasterboard, timber)(class 2)
- III. contaminated soils and inert materials (class 3 and 4) (whether requiring restrictions on future use of site or not)?

Yes, the WasteNet Councils support expanding the Landfill Levy to more landfills including Classes 1, 2, 3 and 4. The Landfill Levy is currently only applied to Municipal (Class 1) Landfills, which means that landfill operators can easily avoid the levy by not accepting municipal waste.

Applying the Levy to Landfill classes 1 to 4 creates a level playing field for all landfill operators and is in alignment with the levy's purpose which is to be an economic tool to disincentives production and disposal of waste.

WasteNet Councils recommend that the *Technical Guidelines for Disposal to Landfill* (of this which these landfill classifications are based) be formally adopted by the Ministry for the Environment prior to the expansion of the Landfill Levy. This will permit a consistent approach across the country, which will also be beneficial for data collection and analysis.

Thought will need to be given on how regulation, consenting and compliance can be formulated in such a way that the levy can be applied to these facilities. This is particularly important with regard to the obligation for sites subject to the Landfill Levy to report waste quantities to the Ministry for the Environment.

Question 5. Do you think that some activities, sites or types of waste should be excluded from being classified as disposal facilities subject to the landfill levy, including:

- I. cleanfills (class 5)
- II. farm dumps
- III. any others (e.g. any exceptional circumstances). If so, please specify.

Yes, the WasteNet Councils agree that Cleanfills (class 5) and Farm Dumps should be excluded from Landfill Levy at this point in time. There is limited data available on the number and location of cleanfills and farm dumps so applying the levy at this time would prove largely ineffective, therefore for this reason alone they would be excluded from the Landfill Levy.

Cleanfills

It is uncertain whether it is appropriate for cleanfill sites to be subject to the Landfill Levy when the environmental impacts of cleanfills (as defined at virgin excavated natural materials such as clay, soil and rock) from a waste perspective are minimal. However, if they are excluded



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from the Levy, there is concern that this may encourage poor behaviour from some cleanfill operators who may start accepting managed/controlled fill (class 3-4) type materials in order to avoid Levy charges.

The WasteNet Councils recommend that the Ministry establish and implement a work programme to identify and register cleanfills and investigate how they can be monitored to prevent "levy avoidance".

Farm Dumps/Offal Pits

The issue of Farm Dumps is of concern for the WasteNet Councils due to the ongoing harm that they pose to our environment, water quality and risk of abuse. These sites are generally unconsented and their location mostly unknown, application of the Landfill Levy to these sites would be unsuccessful and the compliance issues surrounding these sites are more relevant to the Resource Management Act.

These sites can be rurally remote, and there is a risk that they become an unlicensed rural community landfill, without an appropriate and robust monitoring programme.

The WasteNet Councils recommend that the Ministry establish and implement a work programme to identify and register farm dumps and investigate how they can be monitored to prevent "levy avoidance".

The WasteNet Councils acknowledge that there is a need to improve waste services to the rural sector, and increasing landfill levy funding will go some way to assist with this.

Exemptions

Under the Waste Minimisation Act 2008 waste generated due to a natural disaster (e.g. earthquake) can qualify for an exemption.

In 2017, Southland was affected by two biosecurity events - *Bonamia ostreae* outbreak at Stewart Island Oyster Farms and the *Mycoplasma bovis* cattle disease Southland outbreak. The bulk of the waste generated from these events was disposed into the Southland Regional Landfill, and the Landfill Levy was applied. There was no opportunity to minimise or reduce that waste.

There will be historic landfills in the Southland region that may be exposed due to rising sea levels, flood waters (such as Ocean Beach industrial Landfill exposing asbestos to the foreshore) or needs to be relocated as a preventative measure. This will come at a significant cost to existing ratepayers, especially in the smaller rating districts. In addition, consideration needs to be given if the Landfill Levy was already applied to these historic sites.

The WasteNet Councils recommend that waste generated from significant biosecurity events and relocation/clean-up of historic landfills affected by sea level rise/flood waters are exempt for the Landfill Levy, due to there being no opportunity to minimise the waste, the high burden on existing ratepayers (particularly in small Council districts), and the levy many have already been applied.

Question 6. Do you have any views on how sites that are not intended to be subject to a levy should be defined (e.g. remediation sites, subdivision works)?

Adoption of the Technical Guidelines for Disposal to Land (including the definitions for cleanfill and farm dumps) and the alignment of these definitions with associated legislation (e.g.



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Resource Management Act, Waste Minimisation Act 2008, and Climate Change Response Act 2002) should reduce the risk of unintended sites being subject to the Landfill Levy.

WasteNet Councils support the Technical Guidelines for Disposal to Land becoming a regulatory document for district planning purposes as having a consistent approach to definitions of fill sites will mitigate the potential for inconsistency across the country.

Question 7. Do you prefer the proposed rate for municipal (class 1) landfills of:

- I. \$50 per tonne**
- II. \$60 per tonne**
- III. Other (please specify e.g. should the rate be higher or lower)?**

The WasteNet Councils do not have a preference for a proposed Levy rate. The difference between a \$50 or \$60 levy rate for Southland households is estimated to be less than \$5 per year. Any increase in the Landfill Levy, alongside expansion across landfill classifications will better support the purpose of the Levy under the Act, raising much needed revenue for infrastructure and waste minimisation activities.

The WasteNet Councils agree that the Landfill Levy rate needs to be higher than \$50 - \$60 per tonne if we are to see longer term waste diversion and minimisation outcomes maximised. However WasteNet is uncertain of what the levy rate needs to ultimately be, to be able to achieve this outcome.

The Levy rate is not the only economic disincentive driver applied to landfill charges. The New Zealand Emission Trading Scheme (ETS) also impacts Landfill charges. The WasteNet Councils are concerned with the cumulative effect of these two drivers. For example, the Southland Regional Landfill pricing includes a \$35 per tonne ETS component and the \$10 Landfill levy rate, which effectively means that there is a \$45 per tonne rate discouraging waste disposal to landfill.

The WasteNet Councils recommend that any increase to the Landfill Levy rate is synchronised or at minimum, takes into account the NZ ETS pricing. It is important that the levy is equitable for residents, businesses and industry who may be impacted by the increased financial cost associated with waste disposal.

Question 8. Do you think that the levy rate should be the same for all waste types? If not:

- I. Should the levy be highest for municipal landfills (class 1)?**
- II. Should the levy be lower for industrial monofills (class 1) than municipal landfills (class 1)?**
- III. Should the levy be lower for construction and demolition sites (class 2) than municipal landfills (class 1)?**
- IV. Should the levy be lowest for contaminated soils and other inert materials (class 3 and 4)?**
- V. Should a lower levy apply for specified by-products of recycling operations?**

The WasteNet Councils agree with the principal of differential landfill pricing. With the highest rate being applied to class 1 (municipal and industrial monofills) and the lowest rate being applied to classes 3 & 4 (contaminated soils and inert materials). There are less minimisation opportunities for class 3 & 4 facilities and this should be taken into account.

The WasteNet Councils are concerned with the potential for levy avoidance behaviour, in particular inappropriate disposal of waste at landfill facilities with cheaper disposal fees. We



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are aware of incidents already taking place in Southland. For example, it is not uncommon for customers to enquire of the landfill price to dispose of a special waste (i.e. fire damage house, asbestos, contaminated soil) and they are not heard from again, and the special waste does not come into the facility (and it's the only consent facility to take that product in the region).

Question 9. Do you support phasing in of changes to the levy, and if so, which option do you prefer – increase then expand (option A); expand and increase (option B); expand then increase (option C); expand then higher increase (option D); or none of the above?

The WasteNet Councils do not support Option A (increase then expand). Firstly, we would require a minimum of 3-months notification to apply a price increase, and a minimum of 6-18 months notification to apply the waste quantity and composition data required (depending on what changes are required). Secondly, we do not agree with increasing the levy before expanding the levy to all landfill classifications. The risk of levy avoidance increases if landfill sites have cheaper rates.

The WasteNet Councils do not have a preferred Option between B, C and D. We are concerned with the timing of any changes. Changes that we would need to make include:

- Changing or amending software used at weighbridges and non-weighbridge transfer stations/landfill to comply with data reporting requirements
- Creating monthly reporting process for Transfer Stations
- Possible installation of further weighbridges at rural Southland transfer stations (if it is an outcome of this consultation process)
- Review the regional Waste Management and Minimisation Plan to consider the increased levy funding allocation and impact on work programmes (i.e. bring forward)

We agree that the levy should be first expanded to cover all Landfill classifications 1, 2, 3, and 4 prior to incrementally increasing the levy on Class 1 (Municipal) sites. To reduce perverse outcomes the levy should be applied to the facilities in the same year. WasteNet acknowledges that Ministry needs to create a register of class 3 & 4 facilities before the levy can be applied, which will take them until 2023.

Question 10. Do you think any changes are required to the existing ways of measuring waste quantities in the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009?

The WasteNet Councils support the WasteMINZ TAO Forum recommendation to consider specific conversion factors are developed, as the application of the levy across class 1-4 will require more specific identification and quantification of different waste streams.

Question 11. Do you think any changes are required to the definitions in the Waste Minimisation (Calculation and Payment of Waste Disposal Levy) Regulations 2009?

The WasteNet Councils recommend that the Technical Guidelines for Disposal to Land are adopted and that these definitions are aligned definitions within the Waste Minimisation Regulations 2009.

Question 12. What do you think about the levy investment plan?



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The WasteNet Councils agree with the principal of the Levy Investment Plan, and recommend that the plan is developed in collaboration with Local Government, Regional and Territorial Authorities. Councils are uniquely placed to reach and understand the needs of local communities and work alongside industry where possible.

The WasteNet Councils are interested to understand the involvement (and or influence) of the private sector investment when it comes to onshore material reprocessing capability building.

The WasteNet Councils support the six priority areas for investment listed in the consultation document, however we note that:

- Monitoring and enforcements of the levy, including measures to combat inappropriate forms of disposal (littering, fly tipping, illegal dumping)
- Data on waste quantities and composition, behaviour or economic incentives
- Legacy and ongoing cases of non-compliant waste disposal methods that are not aligned with the objectives of the Waste Minimisation Act

These may not strictly meet the criteria under the existing wording of the Waste Minimisation Act which states that levy expenditure must be spent on matters that promote or achieve waste minimisation.

The WasteNet Council also supports the addition of three further priorities as proposed by the WasteMINZ TAO forum:

- Initiatives that have the potential to prevent waste being created in the first instance (i.e. designing out waste), e.g. the redesign of products and packaging and education and behaviour change initiatives. For example, the funding of programmes such as Envioschools, Love Food Hate Waste New Zealand, and Para Kore Marae Incorporated. Public understanding and support of waste minimisation and the circular economy is crucial to the success of other waste minimisation initiatives.
- Need for a national waste programme agency. A number of other countries have national waste program agencies that fund ongoing national campaigns and research, e.g. WRAP in the UK ongoing work on recycling, food waste and clothing, and New South Wales Environmental Protection Agency (EPA) ongoing work on behavioural research, anti-littering and illegal dumping.

The WasteNet Councils support the continuation of 50% of total waste levy revenue to be returned to territorial authorities to continue to fund waste minimisation activities. This will be even more important if the Ministry creates model kerbside recycling collection and reprocessing contracts, the levy funding allocation will be invaluable as we transition to the model contracts and collection regimes.

The WasteNet Councils support the WasteMINZ TAO Forum recommendation to review how the 50% TA funding is shared and suggests that a more equitable approach would be to allocate a minimum level of funding per council, with the rest allocated on a per head of population basis, thus enabling small councils to implement effective programmes to promote and achieve waste minimisation.

Question 13. If the Waste Minimisation Act 2008 were to be reviewed in the future, what are the changes you would like a review to consider?

The WasteNet Councils support the points raised by the WasteMINZ TAO Forum:



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- Amended to allow for an exemption from the Landfill Levy if waste from a closed landfill is uncovered due to sea level rise and/or flooding event, and if the landfill needs to be relocated due to sea level rise.
- The wording of the Action may need to be amended to allow monitoring and enforcement of the levy, data on waste quantities and composition, ongoing behaviour change and education, and economic incentives eligibility to be funded by the levy.
- The waste definition in the Act is amended to include waste diverted materials for the purposes of data collection. It's not possible currently to license operators that deal with diverted material (e.g. organics, recyclables, repair and reuse), so no data can be collected through licensing.

Question 14. Do you agree that waste data needs to be improved?

The WasteNet Councils agree that waste data needs to be improved. Southland is fortunate that an estimated 80% of the waste to the Southland Regional Landfill is sourced from the WasteNet Councils Transfer Stations. In addition, WasteNet partnership with the Southland Regional Landfill permits the sharing of monthly data sourced from the Southland region.

However, we do not have a clear understanding of quantities or composition:

- Of total amount of waste generated
- The amount of materials that goes to industrial monofills, landfill classes 2-5 and farm dumps (as appears to be the case at a national level)
- The amount of materials that are recovered, recycled, reused by private operators

The WasteNet Councils recommend that a national waste database be established which would accept data from operators (industry and Councils) but also share data with Councils, industry and public. From the Council perspective this data could be used to inform the Waste Assessment required under the Waste Minimisation Act.

Question 15. If the waste data proposals outlined are likely to apply to you or your organisation, can you estimate any costs you would expect to incur to collect, store and report such information? What challenges might you face in complying with the proposed reporting requirements for waste data?

The main challenges and concerns that the WasteNet Councils have are:

- Implementing changes in short time frames
- Complying with reporting requirements without funding or resource support
- Some councils have no or only a part time FTE to complete this work
- A lack of necessary infrastructure such as software or weighbridges
- Levy spend reporting is challenging to use

The WasteNet Councils would require 12-18 months lead time to set up reporting requirements at landfills and transfer stations once the exact details are known. A National Data Framework would need to be agreed upon before we can provide an assessment on costs that we are likely to incur. In addition, clarification is also requested on whether the Ministry would require smaller (often rural) transfer station facilities to install weighbridges for the purposes of reporting tonnages. The following table shows 5-yearly average tonnages of waste received at Southland transfer stations. Currently only two (Invercargill and Gore) have weighbridges. It is noted that installation of weighbridges at smaller facilities would incur significant cost with limited (if any) benefit.



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Table: Transfer Stations in Southland Region

Transfer Station	Council	Weighbridge	Tonnes per annum 5 year average	Data Source
Gore	GDC	Yes	6,617	Southland Regional Landfill
Invercargill	ICC	Yes	20,628	Southland Regional Landfill
Bluff	ICC	No	199	Invercargill Transfer Station
Wyndale	SDC	No	323	Southland Regional Landfill
Winton	SDC	No	485	Southland Regional Landfill
Riverton	SDC	No	378	Southland Regional Landfill
Te Anau	SDC	No	2,285	Southland Regional Landfill
Lumsden	SDC	No	107	Southland Regional Landfill
Otautau	SDC	No	133	Southland Regional Landfill
Stewart Island	SDC	No	200	Invercargill Transfer Station

Question 16. What are the main costs and benefits for you of the proposals to increase the levy rate for municipal landfills, expand the levy to additional sites and improve waste data?

The WasteNet Councils believe that the significant benefits of the proposed levy expansion and increase are:

- The increased revenue potential to allow an additional waste minimisation project to proceed that aren't currently funded
- Funding for onshore building capacity for recycling reprocessing facilities
- The National Levy Investment Plan providing clear direction and area of focus
- Improved data collection and therefore improving decision making

The WasteNet Councils believe that costs of the proposed levy changes increase:

- Cost to residents, businesses and industry for landfill waste disposal
- Risk of levy avoidance in remote, rural areas (increased illegal dumping)
- Administrative costs due to added reporting requirements
- Monitoring and enforcement costs (fly tipping, illegal dumping)
- Costs of installation of weighbridges for reporting purposes

Southland Regional Development Agency Transition - Extension of Venture Southland

Record No: R/20/1/175
Author: Steve Ruru, Chief Executive
Approved by: Steve Ruru, Chief Executive

☒ Decision

☐ Recommendation

☐ Information

Purpose

- 1 To seek Council approval to extend Venture Southland to 31 December 2020 to enable remaining external contracts to be transferred to Great South and to also allow for a review of the future of the Venture Southland Trust and in particular the ability of Venture Southland to appoint trustees.

Executive Summary

- 2 The four Southland councils have now formed the Southland Regional Development Agency (Great South) as a company and also agreed to transfer the assets and liabilities of Venture Southland into the new entity.
- 3 While this work is well advanced with a formal sale and purchase agreement having been drafted based on the approval of the Council shareholders to the assets of Venture Southland being transferred there are some remaining 'tidy-up' issues to be completed. These include the formal transfer of a number of former Venture Southland contracts and for a decision to be made about the future of the Venture Southland Trust and in particular the ability of Venture Southland to appoint two of the trustees. There is also a need for the final sale and purchase agreement to be formally executed.
- 4 To enable this work to be completed it is proposed that Council agree to formally extend the existence of Venture Southland through until 31 December 2020. This approval should be subject to the continuation also being agreed by the Invercargill City Council and Gore District Council.

Recommendation

That the Council:

- a) **Receives the report titled “Southland Regional Development Agency Transition - Extension of Venture Southland” dated 23 January 2020.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Notes the progress that has been made with the transfer of Venture Southland assets to Great South and that there is a need to extend the operation of Venture Southland to enable the remaining contracts to be transferred and for a decision to be made on the future of the Venture Southland Trust.**
- e) **Subject to an agreement being reached with Invercargill City Council and Gore District Council agrees to formally extend the Venture Southland Joint Venture until 31 December 2020 subject to no funding being required to be paid.**
- f) **Delegate authority to the Chief Executive to agree any terms and conditions on which the extension of the Venture Southland Joint Committee might need to be agreed between the 3 councils should that prove necessary.**

Background

- 5 The four Southland councils have now formed the Southland Regional Development Agency (Great South) as a company and also agreed to transfer the assets and liabilities of Venture Southland into the new entity.
- 6 While this work is well advanced with agreement to the transfer of the assets of Venture Southland having been approved there are some remaining ‘tidy-up’ issues to be completed. These include the formal transfer of a number of Venture Southland contracts, which require the formal agreement of the other contracting party as part of the assignment process. This work is being managed by Great South staff.
- 7 In addition there remains an issue relating to the future of the Venture Southland Trust, which owns the land on which the satellite station has been developed and two subsidiary companies (NZ Functional Foods and NZ Functional Space) that were formed to potentially accept the transfer of some activities that were undertaken by Venture Southland.
- 8 Venture Southland also has, under the Venture Southland Trust Deed, the ability to appoint two of the five trustees. The other three trustees are required to be independent appointments.
- 9 As the Venture Southland Trust is an independent trust, albeit supported by Venture Southland, there is a need for formal discussion with the trustees about the future of the trust and the way in which trustee appointments are made. These discussions should be progressed once Great South

has formed a view on what it believes should happen to the Trust and its subsidiary entities moving forward.

Issues

- 10 Given that there are still some transitional issues to be completed there is a need to formally confirm the continuation of Venture Southland as a joint venture arrangement between the Invercargill City Council, Gore District Council and Southland District Council.
- 11 Given the tasks that remain there is no need to form a joint committee as such at this stage.

Factors to Consider

Legal and Statutory Requirements

- 12 Venture Southland effectively operated as a joint venture in accordance with a Heads of Agreement that had been agreed between the three partner councils. Now that Great South has been formed and agreement reached about the transfer of the assets and liabilities a number of the original contractual provisions are no longer relevant. Despite this it is the agreement under which the Venture Southland 'entity' was created and hence it remains relevant to this proposed extension.

Community Views

- 13 There was significant community and stakeholder input into the development of the Southland Regional Development Strategy and the decision to proceed with the formation of the new Southland Regional Development Agency (SRDA).
- 14 The decisions which Council are being asked to make through this paper represent a continuation of that process.

Costs and Funding

- 15 There are no additional costs or funding requirements associated with this extension.

Policy Implications

- 16 Council has previously resolved to support the formation of Great South and the transfer of the Venture Southland assets to Great South. Hence, a decision to support this extension is consistent with its existing policy position.

Analysis

Options Considered

- 17 The options considered are for Council to approve the extension of Venture Southland (option 1) or do nothing (option 2).
- 18 Under the first option, Council would agree to extend Venture Southland so that the transfer of the remaining contracts can be completed and decisions made about the future of the Venture Southland Trust.

Analysis of Options

Option 1 – Approve extension of Venture Southland

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">Allows the remaining Venture Southland contracts to be formally transferred to Great South and decisions to be made about the future of the Venture Southland Trust.	<ul style="list-style-type: none">There are no disadvantages identified

Option 2 – Do not extend Venture Southland to 31 December 2020

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none">There are no advantages achieved by not extending the life of Venture Southland	<ul style="list-style-type: none">Great South would not be able to complete transfer of the remaining contracts.The councils and Great South are likely to have limited influence over the future of the Venture Southland Trust.

Assessment of Significance

- 19 A decision in accordance with the recommendation is not considered to be significant. It will allow for an orderly completion of the transfer of the remaining Venture Southland contracts and for discussions to be had with the Venture Southland Trust trustees about the future of the Trust.

Recommended Option

- 20 It is recommended that Council approve option 1 and agree to extend Venture Southland through to 31 December 2020.

Next Steps

- 21 Staff will advise Great South of Council's decision to extend Venture Southland to enable completion of the tasks that still to be completed including transfer of external contracts and the initiation of discussions with the Venture Southland Trust trustees.

Attachments

There are no attachments for this report.

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C10.1 Risk management update - December 2019 quarter

C10.2 Confirmation of guidance provided to assist activity managers with the development of the next stages for the Long Term Plan 2031

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:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Risk management update - December 2019 quarter	<p>s7(2)(e) - The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.
Confirmation of guidance provided to assist activity managers with the development of the next stages for the Long Term Plan 2031	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists.