

Notice is given that an ordinary meeting of the Nelson-Tasman Regional Landfill Business Unit will be held on:

Date: Thursday 15 June 2017
Time: 9.30 am
Meeting Room: Tasman Council Chamber
Venue: 189 Queen Street
Richmond

Nelson-Tasman Regional Landfill Business Unit

AGENDA

MEMBERSHIP

Members

- Cr S G Bryant
- Cr C M Maling
- Cr I Barker
- Cr S Walker

(Quorum 2 members)

Contact Telephone: 03 543 8524
Email: robyn.scherer@tasman.govt.nz
Website: www.tasman.govt.nz

AGENDA

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

3 DECLARATIONS OF INTEREST

4 PUBLIC FORUM

5 APPOINTMENT OF CHAIRPERSON

The General Manager will assume the chair and call for nominations from the Nelson-Tasman Regional Landfill Business Unit for the appointment of a Chairperson.

Recommendation:

That the Business Unit

Appoints [name] as Chairperson of the Nelson-Tasman Regional Landfill Business Unit.

6 APPOINTMENT OF DEPUTY CHAIRPERSON

The Chairperson will call for nominations from the Nelson-Tasman Regional Landfill Business Unit for the appointment of a Deputy Chairperson.

Recommendation:

That the Business Unit

Appoints [name] as Deputy Chairperson of the Nelson-Tasman Regional Landfill Business Unit.

7 PRESENTATIONS

Nil

8 REPORTS

7.1	General Manager's Update	5
7.2	Schedule of Charges - Landfill Disposal	45

7 REPORTS

7.1 GENERAL MANAGER'S UPDATE

Information Only - No Decision Required

Report To:	Nelson-Tasman Regional Landfill Business Unit
Meeting Date:	15 June 2017
Report Author:	Richard Kirby, Engineering Services Manager
Report Number:	RLBU17-06-01

1 Summary

- 1.1 This is the first meeting of the Regional Landfill Business Unit Committee – another milestone for Nelson City and Tasman District Councils.
- 1.2 At this meeting the Committee is required to appoint a Chairperson and Deputy Chairperson. I will chair the meeting until that process is completed.
- 1.3 This report also includes copies of the final Deed of Agreement and Terms of Reference.
- 1.4 The background and discussion in this report provide a brief history of this new joint venture and the Commerce Commission decision as well as background on both the York Valley and Eves Valley Landfills.
- 1.5 Management and support services for the Joint Regional Landfill Business Unit, standing orders, quorum for meetings and the financial situation are also noted.
- 1.6 The Committee is required to finalise a number of plans over the next year including the Joint Waste Management and Minimisation Plan for both councils, a business plan, an annual report and an activity management plan.
- 1.7 The committee proposes to meet four times each year in March, June, September and November. Staff recommend that the meetings for the remainder of 2017 are held on 15 September and 8 December.

2 Draft Resolution

That the Nelson-Tasman Regional Landfill Business Unit

- 1. receives the General Manager's Update report, RLBU17-06-01; and**
- 2. agrees to meet four times each year in March, June, September and November; and**
- 3. agrees to hold the remaining meetings for 2017 on 15 September and 8 December, from 9.30 am in line with the current meetings calendar for both councils; and,**
- 4. recommends that both Tasman District and Nelson City Councils sign the Heads of Agreement with Waste Energy WC Ltd on the understanding that it is to progress**

discussions around the waste stream and not a commitment to diverting the solid waste stream out of the Nelson Tasman region.

3 Purpose of this Report

- 3.1 The purpose of this report is to provide an update on the new Nelson-Tasman Regional Landfill Business Unit.

4 Terms of Reference and Deed of Agreement

- 4.1 The Deed of Agreement (**Attachment 1**) and the Terms of Reference (**Attachment 2**) for the establishment and ongoing governance of the Nelson-Tasman Regional Landfill Business Unit were finalised by both councils at their respective meetings on 13 April 2017.
- 4.2 During the preparation of the Deed of Agreement the councils received legal advice that the proposed arrangement would likely breach the Commerce Act. On 18 October 2016, the councils lodged a joint application to the Commerce Commission to authorise the proposed arrangement.
- 4.3 The Commission considered the councils' application and during the course of its consideration interviewed the councils and their customers. The application included an economic model to assess the potential benefits and detriments of the proposal.
- 4.4 The Commission approved the application on 24 April 2017 with a condition requiring the council's application to "ring fence" all income from the Regional Landfill Business Unit.

5 Committee Meetings, Standing Orders, Management and Support Services

- 5.1 The Regional Landfill Business Committee will meet four times each year in March, June, September and November. The meetings will commence at 9.30 am and conclude at 12.30 pm and be held alternately in Nelson and Richmond.
- 5.2 Nelson City Council is the administering council and Nelson City Council Standing Orders will apply to this committee.
- 5.3 A public forum will be called at the start of each meeting.
- 5.4 The quorum for the committee meetings is three members (at least one from each council). In the event of a split vote, the motion fails.
- 5.5 Tasman District Council and Nelson City Council are responsible for the establishment of the management group.
- 5.6 The General Manager of the Regional Landfill Business Unit will be appointed by the Chief Executives of both councils. Jeff Robinson has been appointed by both Chief Executives as the General Manager of the Nelson-Tasman Regional Landfill Business Unit from 1 July 2017.
- 5.7 The management group will include the following staff:
- Andrew Bishop and Johan Thiart from Nelson City Council; and
 - David Stephenson and Matt McGlinchey from Tasman District Council.
- Operational contracts will be managed by Graham Poxon from Nelson City Council.

6 York Valley Landfill and Eves Valley Landfill

- 6.1 The York Valley landfill in Bishopdale, Nelson opened in 1987. It has the capacity to take waste until 2032 and has resource consent until 2034. The landfill includes a methane collection system which provides water heating for the Nelson Hospital. The landfill's leachate collection system connects to the Bishopdale sewer network.



York Valley Landfill

- 6.2 The Eves Valley landfill is located near Brightwater and opened in 1989. A second stage at the landfill opened in 2001 and has only one year capacity left. Landfill gas is vented to the atmosphere and the leachate collection system is connected to the Brightwater wastewater network.



Eves Valley Landfill

- 6.3 From 1 July 2017 all landfill waste for Nelson City and Tasman District will be transported to the York Valley Landfill.

- 6.4 Staff will commence closure of the Eves Valley Landfill from 1 July 2017. There will be options for contaminated soil to be taken at Eves Valley Landfill.

7 Work Plan for the Regional Landfill Business Unit

- 7.1 The current Joint Waste Management and Minimisation Plan was adopted by the two councils in April 2012. It expires in March 2018.
- 7.2 Staff from both councils are currently preparing a Waste Assessment in preparation for a review of the Joint Waste Management and Minimisation Plan. This is proposed to be completed later this calendar year.
- 7.3 The Regional Landfill Business Unit will produce an annual Business Plan. This plan:
- Must align with JWMMP and both councils' strategic plans
 - Covers a three year period but is updated annually
 - Will be presented in draft to both councils by 31 October
- 7.4 The Regional Landfill Business Unit will also produce an Activity Management Plan. The Plan is:
- Reviewed annually
 - Revised every three years to meet LTP timeframes
 - Submitted to both councils for their approval
- 7.5 An annual report focusing on performance targets and financial forecasts will be presented to each council by 15 September each year.

8 Financials

- 8.1 The following tables summarise the 2017/2018 budget and the balance sheet as at 1 July 2017.
- 8.2 The income is primarily derived from landfill gate charges.
- 8.3 The expenditure is as outlined and covers the operational costs for York Valley and Eves Valley Landfills. The Local Disposal Levy is paid equally to each council to cover the cost associated with implementing the Joint Waste Minimisation and Management Plan.
- 8.4 The budget summary indicates a loss of \$814,000. This loss is mainly from the 1 July 2017 write-down to the remaining lives of the landfills due to the new arrangement. As this is a one off adjustment, it is considered equitable to fund this over 10 years rather than all in one year, hence resulting in a deficit in the closed account.

Nelson-Tasman Regional Landfill Business Unit	
2017/18 Budget Summary	
Income	7,420,000
Expenses	
Direct Costs	2,390,000
Staff & Overhead	234,000
LOSP, Aftercare	1,001,000
Post Closure Costs	778,000
Local Disposal Levy	3,831,000
Total Expenses	8,234,000
Surplus/(Deficit)	(814,000)

Nelson-Tasman Regional Landfill Business Unit	
Balance Sheet 1 July 2017	
Equity	6,955,000
Provision	3,301,000
Total Equity and Liabilities	10,256,000
Assets	
Property Plant & Equipment	6,570,000
Post Closure Costs	385,000
Investment (NCC&TDC)	3,301,000
Total Assets	10,256,000

9 Operational Contracts

9.1 The two councils have existing contracts for landfill operations and for professional services, which will either novate to the business unit or be managed on behalf of the councils by the business unit. The contracts are:

- York Valley landfill operations (Nelson City Council Contract 3261): Downer, ends 30 June 2019.
- York Valley professional services: Tonkin & Taylor, annual offer of service.
- Eves Valley landfill operations (Tasman District Council Contract 781): Fulton Hogan, ends 30 June 2019.
- Eves Valley professional services: Stantec (previously MWH), annual offer of service.

9.2 The Downer contract for landfill services includes provision for regional waste and all arrangements are in place. Earlier in the year the councils conducted a two-day trial of regional waste to York Valley and no significant issues were identified.

- 9.3 Fulton Hogan's Eves Valley contract will change in August 2017 to a maintenance only contract. In July 2017 Fulton Hogan will finish landfilling and cap the working face with intermediate cover. Over the next few months staff will be considering the closure programme for Eves Valley and will report back to the committee.
- 9.4 Tonkin & Taylor and Stantec currently prepare the annual reports for the landfills, and we expect this to continue for the next two years.
- 9.5 Procurement of landfill operations and professional services beyond June 2019 will be considered over the next 12 months.

10 Resource Consents

- 10.1 The York Valley landfill has the necessary designations and discharge consents for landfill operations until 31 December 2034.
- 10.2 The Eves Valley landfill has designations and discharge consents that expired on 1 October 2015, but remain in place while the consenting authority considers an application for replacement consents. This application was submitted on 31 March 2015.
- 10.3 The application for consents for Eves Valley was processed on a limited notification basis, with submissions received from six parties. The issues raised in submissions have included litter, odour, potential effects on surface water and groundwater, opening hours and access, noise, amenity and pest control.
- 10.4 The application has been placed on hold with the agreement of the consenting authority while Council staff discussed issues with the submitters and latterly while establishment of the joint business unit was considered.
- 10.5 We expect to recommence discussions with submitters, with the intention of securing consent.

11 Proposed Energy from Waste Plant, Westport

- 11.1 Both Council Mayors have received correspondence from a company called Waste Energy WC Ltd requesting the councils sign a Heads of Agreement document.
- 11.2 Waste Energy WC Ltd is proposing to install a waste to energy plant near Westport. It is proposed that this plant deal with 300,000 tonnes of waste. The completed Business Case proves commercial viability for the establishment of this plant. This business case is currently being peer reviewed.
- 11.3 Waste Energy WC Ltd now needs to secure the feedstock for the plant. The company has had preliminary conversations with staff from both Tasman District and Nelson City Councils on the proposal. It would now like to work with both councils to achieve a waste diversion outcome that suits both councils and its project.
- 11.4 Waste Energy WC Ltd are well aware of the changes in the Tasman and Nelson region regarding landfill and understand the progress that has been made to establish the Nelson Tasman Regional Landfill Business Unit (NTRLBU). It does not want to interfere or inhibit this process but would like to be able to consult with the NTRLBU.
- 11.5 The Heads of Agreement is asking each council to commit to investigating options with Waste Energy WC Ltd to, at some stage in the future, access some of the region's waste at

an appropriate cost. Its objective is to retain similar pricing (or lower) that the councils are currently paying to landfill.

- 11.6 This is an option that both councils need to consider into the future. As the NTRLBU is mandated to deal with the future disposal of waste across the region, it is recommended that the NTRLBU requests that both councils sign the Heads of Agreement and that Waste Energy WC Ltd be requested to communicate directly with the NTRLBU on the initiative.
- 11.7 It is understood that signing the Heads of Agreement only commits discussion with Waste Energy WC Ltd on the proposal and does not make any commitment to a predetermined outcome of those discussions. In other words we are not committing any part of our waste stream being diverted out of the region to Waste Energy WC Ltd.

12 Conclusion

- 12.1 The Nelson-Tasman Regional Landfill Business Unit will officially come into effect on 1 July 2017. All is in order for the Unit to function adequately from that date.

13 Attachments

- | | | |
|----|--------------------------------|----|
| 1. | Deed of Agreement - April 2017 | 13 |
| 2. | Terms of Reference April 2017 | 35 |

**Deed of Agreement for the Nelson-Tasman Regional
Landfill Business Unit**

NELSON CITY COUNCIL

and

TASMAN DISTRICT COUNCIL

Final Version

Dated 13 April 2017

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I Parties

- (1) **NELSON CITY COUNCIL**, Civic House, 110 Trafalgar Street, Nelson.
- (2) **TASMAN DISTRICT COUNCIL**, 189 Queen Street, Richmond.

II Background

- A. Nelson City Council (**Nelson**) and Tasman District Council (**Tasman**) are unitary authorities (jointly **the Councils**) under the Local Government Act 2002 (**the LGA**) with territorial responsibilities for promoting effective and efficient waste management and minimisation within their respective territorial boundaries (jointly **the Nelson-Tasman region**) under Part 4 of the Waste Minimisation Act 2008 (**the WMA**).
- B. Nelson owns and operates the York Valley landfill at 34 Market Road, Bishopdale, Nelson. The site includes the current operational area (Gully 1) and two other areas potentially suitable for landfill operations (Gully 3 and Gully 4) (**York Valley landfill**). The legal description of the land and the location and extent of these areas are shown in [Attachment 1].
- C. Tasman owns and operates the Eves Valley landfill at 214 Eves Valley Road, Waimea West, Tasman. The site includes a closed landfill (Stage 1), the current operational area (Stage 2) and a further area potentially suitable for landfill operations (Stage 3) (**Eves Valley landfill**). The legal description of the land and the location and extent of these areas are shown in [Attachment 2].
- D. The Councils acknowledge their respective roles and responsibilities under the LGA and the WMA.
- E. Nelson and Tasman have prepared and adopted a Joint Waste Management and Minimisation Plan dated April 2012 (**the Joint Waste Plan**) pursuant to sections 43 and 45 of the WMA.
- F. The Councils have agreed to jointly make the most effective and efficient use of York Valley and Eves Valley landfill space.
- G. The Councils have reviewed options for the provision of landfill capacity in the Nelson-Tasman region. They intend to jointly share in the management of the two landfills, through a Joint Committee of the Councils appointed pursuant to schedule 7 of the LGA (**the Joint Committee**).
- H. The Councils intend to enable the joint governance, management and use of York Valley Gully 1 and Eves Valley Stages 1, 2 and 3 as regional landfill facilities to accept all municipal solid waste (**waste**) generated in the Nelson-Tasman region.

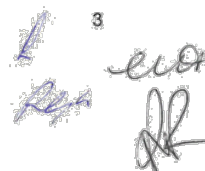
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- I. The Councils also intend the following:
- (i) That the York Valley landfill will be the primary regional landfill facility from 1 July 2017, to accept all waste generated within the Nelson-Tasman region until Gully 1 is at capacity (anticipated to be in approximately 2031), or until expiry of the existing resource consents for the York Valley landfill (being 31 December 2034), whichever occurs first.
 - (ii) That Stage 2 of the Eves Valley landfill to have all necessary consents and approvals to accept up to one years' waste from the Nelson-Tasman region in case of unforeseen temporary closure of the York Valley landfill, and that Stage 3 be retained for future use as a regional landfill facility.
 - (iii) Once the Joint Landfill Committee is established, it shall have responsibility for making all decisions on operation and use of the two landfills as regional landfill facilities, and the timing of their use.
 - (iv) That the arrangement between the Councils for a regional landfill facility is intended to be enduring (subject to the cancellation and termination provisions in this agreement) until Gully 1 of the York Valley landfill and Stages 2 and 3 of the Eves Valley landfill have been fully utilised as regional landfill facilities and are at capacity; and then the arrangement be renewed to accommodate a future regional disposal/landfilling facility.
- J. Accompanying this deed of agreement are the terms of reference for the Joint Landfill Committee, which are intended to form part of this agreement.
- K. This agreement is conditional on the Councils obtaining appropriate authorisation from the Commerce Commission for entering into and giving effect to the arrangement contained within it and, if any conditions are imposed on the authorisation, confirmation that any such conditions are acceptable to both Councils.

III Agreement:

Operative dates

1. This agreement shall come into force on 1 July 2017 provided that before that date:
- (i) the Commerce Commission has granted an authorisation under Part 5 of the Commerce Act 1986 authorising both Councils to enter into and give effect to this agreement to establish a Joint Committee to enable joint governance and management of regional landfill facilities to accept all waste generated in the Nelson-Tasman region (the authorisation); and

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- (ii) if the authorisation is granted subject to conditions, both Councils confirm in writing to each other that the conditions imposed are acceptable to each Council.
- 2. Where the authorisation is granted after 1 July 2017, this agreement shall come into force on the date the authorisation is granted, subject to clause 1(ii) being complied with.
- 3. This agreement shall remain in force until:
 - (i) the date on which both Councils agree in writing to cancel the agreement; or
 - (ii) Gully 1 of the York Valley landfill and Stages 2 and 3 of the Eves Valley landfill have been fully utilised as regional landfill facilities and are at capacity; or
 - (iii) a unilateral notice of termination is given by either Council under clause 31 below.

Ownership and control

- 4. The land and assets of the York Valley landfill and Eves Valley landfill are and shall remain owned separately by Nelson and Tasman respectively.
- 5. On the coming into force of this agreement:
 - (i) control of all activities and assets used for Gully 1 of the York Valley landfill; and
 - (ii) control of all activities and assets used (or to be used) for Stages 2 and 3 of the Eves Valley landfill; and
 - (iii) operational control of these areas within both landfills;

shall be delegated to the Joint Committee to be used as regional landfill facilities, which shall be known as the Nelson-Tasman Regional Landfill Business Unit (NTRLBU).
- 6. For the avoidance of doubt, and subject to clause 10:
 - (i) The management and operational aspects of this agreement do not apply to Gully 3 and Gully 4 of the York Valley landfill, or land to the south of the Eves Valley landfill that is owned by Tasman; and
 - (ii) the existing forestry assets located in Stage 3 of the Eves Valley landfill remain under the control of Tasman, which Tasman agrees shall not prevent Stage 3 being used as a regional landfill facility.

Handwritten signature and initials in blue ink, including a circled number 4.

Principles of agreement

7. Nelson and Tasman agree they will act co-operatively with one another in accordance with this agreement and support the NTRLBU to operate in accordance with its terms of reference.
8. Nelson and Tasman agree that for the duration of this agreement they will retain ownership of the York Valley and Eves Valley landfills to ensure that they remain available for use as regional landfill facilities for the disposal of waste generated within the Nelson-Tasman region.
9. Nelson and Tasman agree to operate with each other in an open and transparent manner on all matters relating to the York Valley and Eves Valley landfills.
10. In particular, Nelson and Tasman agree that (subject to compliance with all regulatory requirements that may be applicable to operation of the landfills and any operational requirements that may be agreed between the Councils):
 - (i) they will continue to accept all waste generated within the Nelson-Tasman region, subject to compliance with established acceptance criteria for waste to landfills;
 - (ii) they will use either the York Valley landfill or the Eves Valley landfill (whichever is operational) as the primary landfill for the disposal of waste generated in the Nelson-Tasman region; and
 - (iii) they will take all reasonably practicable steps to maintain all designations authorising the use of the York Valley (including Gully 3 and 4) and Eves Valley landfills and shall retain their existing ownership of all buffer land surrounding the landfills so as to avoid activities that are likely to conflict with the landfill operations; and
 - (iv) the operation and use of each landfill, and the timing of such use will be subject to decisions of the NTRLBU.
11. For the purposes of this agreement, Nelson shall be the administering Council.

Out-of-district waste

12. Nelson and Tasman agree that any regional landfill facility established under this agreement shall accept waste from Buller District until January 2024 (in accordance with the agreement between Tasman and Smart Environmental dated 17 June 2014 as varied by a deed of variation dated 20 August 2015 – the Buller waste agreement) and that after the coming into force of this agreement Tasman shall novate the agreement to the NTRLBU with all benefits received by and obligations pursuant to the Buller waste agreement.
13. Subject to clause 14, Nelson and Tasman further agree that the NTRLBU may enter into other agreements to accept out-of-district waste on terms and conditions acceptable to the

NTRLBU.

Responsibilities delegated to the NTRLBU

14. The Councils agree that responsibility for all management and administrative matters associated with the operation of the Joint Committee shall be delegated to the NTRLBU. The NTRLBU may without the need to seek any further authority from the Councils:
- (i) operate a bank account for the NTRLBU.
 - (ii) enter into all contracts necessary for the operation and management of the NTRLBU in accordance with the approved budgets and intent of the Business Plan and the 'Procurement guidance for public entities' as produced by the Office of the Auditor General.
 - (iii) authorise all payments necessary for the operation and management of the NTRLBU within the approved budgets and intent of the Business Plan.
 - (iv) do all other things that are necessary to achieve the objectives as stated in the Joint Waste Plan, Long Term Plan, Activity Management Plan or Business Plan approved by the Councils, including setting terms of trade and acceptance criteria for waste to landfills.
 - (v) comply with applicable Health and Safety legislation, and standing orders and administrative requirements of the administering Council.
 - (vi) comply with all regulatory requirements concerning operation of the regional landfill facilities.

Joint decision to disestablish the NTRLBU

15. In the event that both Councils make a decision to disestablish the NTRLBU, the Councils shall:
- (i) jointly engage a single entity (e.g. a contractor, company or agency) to undertake a peer reviewed revaluation of the business to establish 'fair value', using an equivalent valuation methodology to that used in the valuation for York Valley and Eves Valley landfills by Deloitte in February 2016, including any new plant, land, consents obtained or works undertaken since that valuation which shall be taken into account in arriving at the 'fair value'. The Councils agree to apportion the 'fair value' arrived at on a 50:50 basis (subject to any equalising payment that may be required) on the basis that the fair value accounts for aftercare costs and liabilities, and any value attributed to the duration of any remaining resource consents for either landfill facility; and
 - (ii) provide sufficient time (being a minimum of five years) for each Council to develop,

apply for and obtain all necessary consents and approvals to manage their solid waste activities separately.

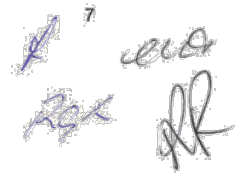
Dispute resolution

- 16. In the event of any dispute arising between the parties to this agreement the parties shall immediately explore in good faith whether the dispute can be resolved by agreement between them using informal dispute resolution techniques such as negotiation, mediation, independent expert appraisal, or any other alternative dispute resolution technique that the parties may agree to use.
- 17. In the event the dispute is not resolved by such agreement within 21 days of written notice by one party to the other of the dispute (or such further period agreed in writing between the parties) either party may refer the dispute to arbitration by three arbitrators, pursuant to the Arbitration Act 1996.
- 18. The arbitrators shall be agreed between the parties within 10 days of written notice of the referral by the referring party to the other, or failing agreement shall be appointed by the President of the Nelson Branch of the New Zealand Law Society.
- 19. No person may be appointed as an arbitrator who has participated in an informal dispute resolution procedure in respect of the dispute.
- 20. The parties agree to co-operate fully in every respect with the arbitration and to endeavour to have all matters that are the subject of the dispute referred to the appointed arbitrators within two months of their appointment. The parties further agree that any decision made by the arbitrators shall be final and binding on them, and hereby waive any right to appeal against the decision, or seek a judicial review of it in any court.

Administrative agreements

(a) Operating account

- 21. As from the date of coming into force of this agreement, the operating account for the York Valley landfill and Eves Valley landfill will be administered by Nelson (as the administering Council) as a joint closed business account (**the operating account**), with each annual operating year being from 1 July to 30 June in each succeeding year (**the operating year**). Subject to section 52 of the WMA, the operating account shall be used in the following manner:
 - (a) to meet all operating costs (including but not limited to contractor's costs, resource consent charges, other administrative charges including overheads, insurance, government levies, emissions taxes and aftercare costs).
 - (b) annually, the NTRLBU will agree a schedule of payments at appropriate intervals to each council in the proportions 50% to Nelson and 50% to Tasman to enable them

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to fund any waste management and minimisation service, facility or activity (either jointly or independently).

- (c) to pay any operating surplus as a 'solid waste rebate' (or to apportion any operating deficit) at the conclusion of each operating year in the proportions 50% to Nelson and 50% to Tasman, for each Council to apply any such surplus solely for funding any waste management and minimisation service, facility or activity (either jointly or independently).

22. The Councils agree to the following treatment of financial matters:

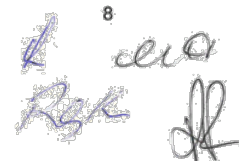
- (a) accounting shall be conducted in accordance with the financial practices of the administering Council, including the calculation of depreciation, repayment of loans and revaluation policies;
- (b) pre-agreement liabilities and after-care costs are to be included in the operational accounts.
- (c) any net surplus income before extraordinary items over budget shall be returned to the Councils on an equal share basis.
- (d) it is agreed that where any contribution is required to be made by the Councils to the ongoing operational costs of the NTRLBU, each Council shall pay an equal share of any contribution required.

Capital expenditure

- 23. The NTRLBU shall ensure that all capital assets are appropriately depreciated to enable a fund to be established for the replacement of such assets.
- 24. The NTRLBU shall have the sole authority to determine what expenditure is made from the depreciation fund so accumulated.
- 25. Any capital expenditure that is required which exceeds the amount held in any depreciation fund or account and is in the way of expansion or major upgrade shall require approval of the Councils (this may be via the normal Business Plan approval process, or separate report and resolution by the Councils).

Value equalisation

- 26. Tasman will pay Nelson \$4,200,000 on the coming into force of this agreement. The purpose of the payment is to equalise the value of the assets of the York Valley landfill with those of the Eves Valley landfill, thereby enabling each Council to have an equal interest in the operation of the NTRLBU.
- 27. The payment shall be made as a single payment to Nelson.

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28. All costs associated with the payment shall be met by Tasman.

Monthly invoicing and accounting

29. Invoices for fees and charges for disposal of waste at the York Valley and the Eves Valley landfills and statements of account for payment of the waste rebate will be issued by the NTRLBU to Nelson and Tasman on a monthly basis. Invoices shall be paid by the 20th of the following month.

Variations

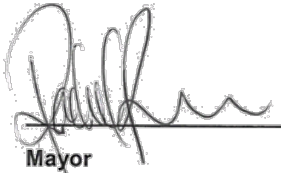
30. This agreement may be varied by joint agreement of the two Councils.

Notice of termination

31. If either Council wishes unilaterally to terminate this agreement and disestablish the NTRLBU, it may only do so after giving a minimum of 10 years notice, in writing to the other Council and to the NTRLBU of its intention to do so (or such shorter period as the Councils may jointly agree) and on expiry of the notice, the provisions of clause 15(i) shall apply.

Executed and delivered as a deed the 28 day of April 2017

Signed by
NELSON CITY COUNCIL:



Mayor



Chief Executive

Signed by
TASMAN DISTRICT COUNCIL:



Mayor



Chief Executive

Attachment 1: Plan - York Valley Landfill

Current Operational Area – Gully 1

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York Valley landfill



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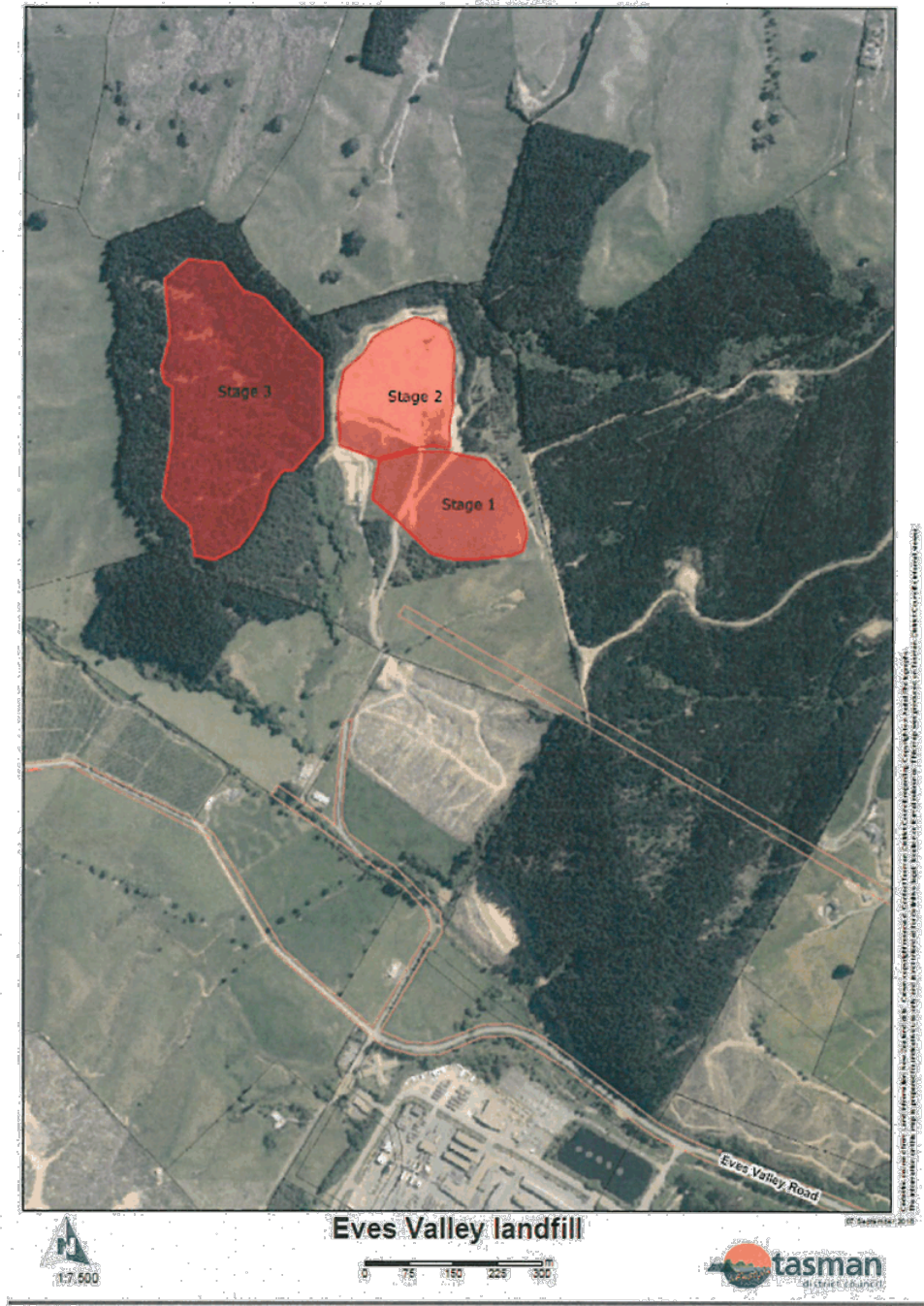


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Attachment 2: Plan - Eves Valley Landfill

Current operational area Stage 2





Attachment 3: Certificate of Title Eves Valley landfill

NL8B/799

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**COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952**



Search Copy

Identifier **NLSB/799**
Land Registration District **Nelson**
Date Issued **31 March 1988**

Part-Cancelled

Prior References
NLSD/918

Estate **Fee Simple**
Area **42.0430 hectares more or less**
Legal Description: **Lot 1 Deposited Plan 13422**

Proprietors:
The Richmond Borough Council as to a 1/2 share
The Waimate County Council as to a 1/2 share

Interests

42780 Transfer creating the following easements

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Lot 1 Deposited Plan 13422 - herein	Part herein	Lot 2-3 Deposited Plan 4112 - CT NL107/037	

Subject to Section 50 Land Act 1948
 205884.1 Easement Certificate specifying the following easements - 24.7.1980 at 11.34 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Part Lot 15 Deposited Plan 10560 - CT NL6D/922	R.D DP 10560	Lot 1 Deposited Plan 13422 - herein	

The easement specified in Easement Certificate 205884.1 is subject to Section 509(1)(a) Local Government Act 1974:

8523427.1 Gazette Notice (2009.7.p.3539) declaring part of the within land, (1178 m²) now known as Section 6 SO 15671 to be road and vested in the Tasman District Council - 23.10.2009 at 10:38 am

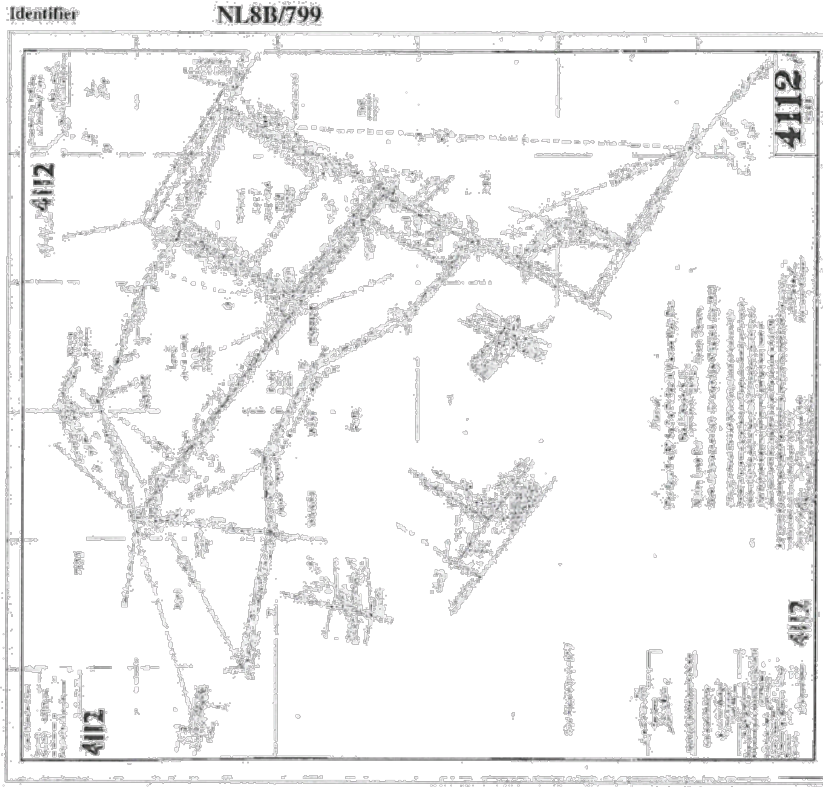
8523427.1 Gazette Notice (2009.7.p.3539) declaring part of the within land, (1415 m²) now known as Section 7 SO 15671 to be severance and amalgamated CT 502027 issued - 23.10.2009 at 10:38 am

9234455.1 Notice pursuant to Section 195(2) Climate Change Response Act 2007 - 26.11.2012 at 1:24 pm

Transaction ID: **1500001**
Client Reference: **1500001**

Search Copy Date: **2009/10/20 10:38 am**, Page: **1 of 2**
Register Only

Handwritten signatures and initials: **AR**, **RSA**, **15**, **ma**



Transaction ID:
 Client Reference: 10000000

Search Copy Date: 2016/06/02 am, Page 2 of 3
 Register Only

16:
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Attachment 4: Certificates of Title York Valley landfill
NL13A/517 and NL7B/1186

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COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952



Search Copy

Identifier **NL7B/1186**
Land Registration District **Nelson**
Date Issued 27 August 1985

Prior References
GN-245551.1

Estate Fee Simple
Area 13.3078 hectares more or less
Legal Description Part Lot 34 and Part Lot 37 Deposited Plan
210
Purpose Rubbish disposal purposes

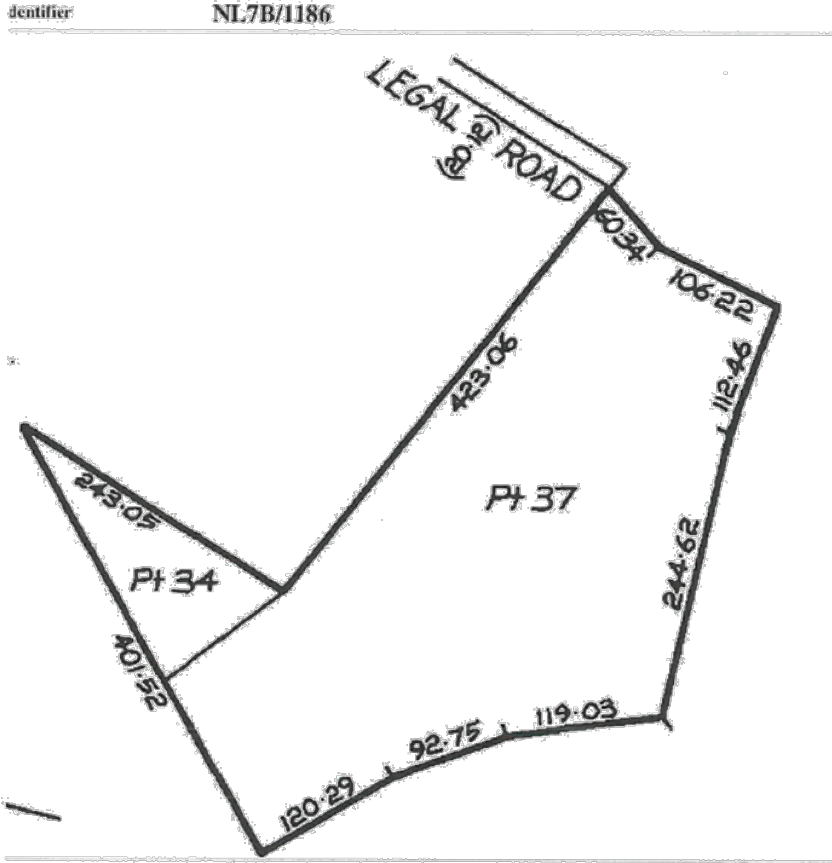
Proprietors
The Nelson City Council

Interests
The within land has no frontage to a public road
8932904.1 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 5:12:2011 at 4:43 pm

Transaction Id
Chain Reference 1000099

Search Copy Date: 2009/10/06 03:40m, Page: 1 of 2
Register Only

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**COMPUTER FREEHOLD REGISTER
UNDER LAND TRANSFER ACT 1952**



Search Copy

Identifier: **NL13A/517**
 Land Registration District: **Nelson**
 Date Issued: **21 October 1999**

Prior References:
 NL58/81

Estate Fee Simple
Area 27.4308 hectares more or less
Legal Description Part Section 7 Suburban South District

Proprietors
 The Nelson City Council

Interests

K3718 Building Line Restriction

54751 Transfer creating the following easements - 4.10.1956 at 11.10 am

Type	Servient Tenement	Easement Area	Dominant Tenement	Statutory Restriction
Right of way	Part Section 7 Suburban South District - herein	Blue Line Transfer 54751	Section 18, Section 20-21, and Part Section 19 Block D District of Wakapuia and Lot 3 Deposited Plan 19858 - CT NL13A/518	

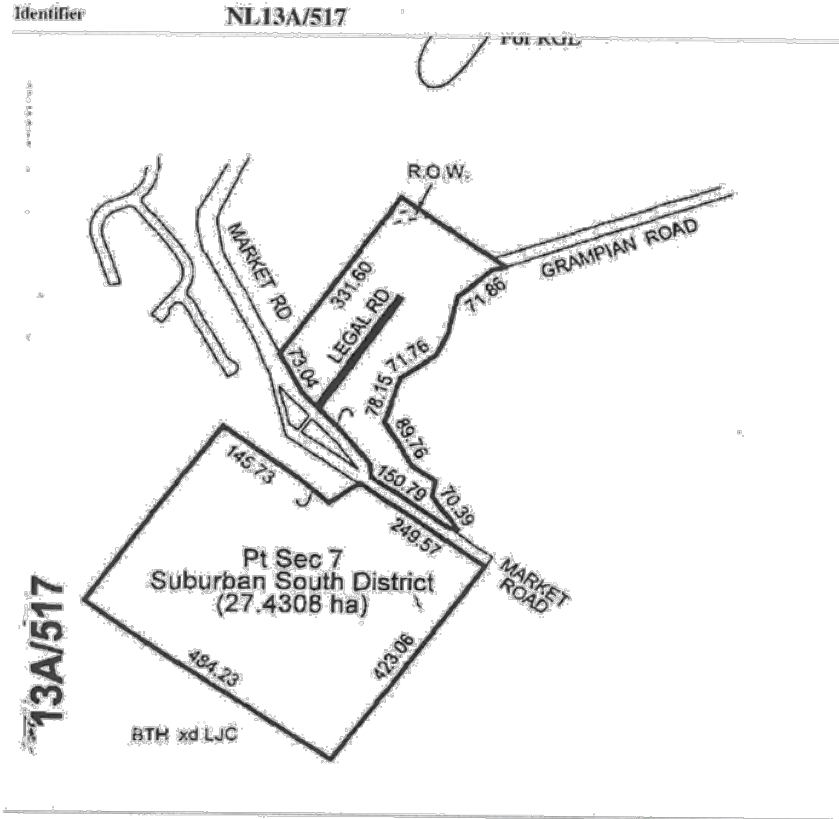
Subject to a right (in gross) to convey electricity, telecommunications and computer media over part herein marked A on DP 368568 in favour of Network Tasman Limited created by Easement Instrument 6941586.1 - 11.7.2006 at 9:00 am

8932382.3 Notice pursuant to Section 195(2) Climate Change Response Act 2002 - 5.12.2011 at 4:36 pm

Transaction Id: **Wan091**
 Prior Reference: **Wan091**

Search Copy Dated 20/06/2003 and Page 1 of 2
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RSC
[Signature]

**Terms of Reference for the
Nelson Tasman Regional Landfill Business Unit
established as a joint committee of Tasman District
and Nelson City Councils**

NELSON CITY COUNCIL

and

TASMAN DISTRICT COUNCIL

Final Version

Dated 13 April 2017

I Parties

- (1) **NELSON CITY COUNCIL**, Civic House, 110 Trafalgar Street, Nelson
- (2) **TASMAN DISTRICT COUNCIL**, 189 Queen Street, Richmond

II Background

- A. Nelson City Council (**Nelson**) and Tasman District Council (**Tasman**) are unitary authorities (jointly **the Councils**) under the Local Government Act 2002 (**the LGA**) with territorial responsibilities for promoting effective and efficient waste management and minimisation within their respective territorial boundaries (jointly **the Nelson Tasman region**) under Part 4 of the Waste Minimisation Act 2008 (**the WMA**).
- B. Nelson owns and operates the York Valley landfill at 34 Market Road, Bishopdale, Nelson. The site includes the current operational area (Gully 1) and two other areas potentially suitable for landfill operations (Gully 3 and Gully 4) (**York Valley landfill**). The legal description of the land and the location and extent of these areas are shown in [Attachment 1].
- C. Tasman owns and operates the Eves Valley landfill at 214 Eves Valley Road, Waimea West, Tasman. The site includes a closed landfill (Stage 1), the current operational area (Stage 2) and a further area potentially suitable for landfill operations (Stage 3) (**Eves Valley landfill**). The legal description of the land and the location and extent of these areas are shown in [Attachment 2].
- D. The Councils acknowledge their respective roles and responsibilities under the LGA and the WMA.
- E. Nelson and Tasman have prepared and adopted a Joint Waste Management and Minimisation Plan dated April 2012 (**the Joint Waste Plan**) pursuant to sections 43 and 45 of the WMA.
- F. The Councils have agreed to jointly make the most effective and efficient use of York Valley and Eves Valley landfill space.
- G. The Councils have reviewed options for the provision of landfill capacity in the Nelson Tasman region. They intend to jointly share in the management of the two landfills, through a Joint Committee of the Councils appointed pursuant to schedule 7 of the LGA (**the Joint Committee**).
- H. The Councils intend to enable the joint governance, management and use of York Valley Gully 1 and Eves Valley Stages 1, 2 and 3 as regional landfill facilities to accept all municipal solid waste (**waste**) generated in the Nelson Tasman region.

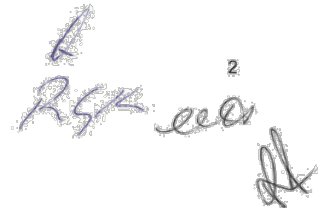
A handwritten signature in blue ink, possibly reading 'L. EIA', with the initials 'RJA' and 'JH' written below it.

- I. The Councils also intend the following:
- (i) That the York Valley landfill will be the primary regional landfill facility from 1 July 2017, to accept all waste generated within the Nelson Tasman region until Gully 1 is at capacity (anticipated to be in approximately 2031), or until expiry of the existing resource consents for the York Valley landfill (being 31 December 2034), whichever occurs first.
 - (ii) That Stage 2 of the Eves Valley landfill to have all necessary consents and approvals to accept up to one years' waste from the Nelson Tasman region in case of unforeseen temporary closure of the York Valley landfill, and that Stage 3 be retained for future use as a regional landfill facility.
 - (iii) Once the Joint Committee is established, it shall have responsibility for making decisions as per Part 3 clause 10 of these terms of reference.
- J. These terms of reference accompany a deed of agreement between the Councils and set out the membership, responsibilities, operating parameters and reporting requirements of the Joint Committee, to be known as the Nelson Tasman Regional Landfill Business Unit (NTRLBU).

III Terms of Reference

Purpose

1. The purpose of the NTRLBU is to manage and operate a regional landfill facility or facilities efficiently and in accordance with:
 - the Joint Waste Plan;
 - the Long Term Plans and Annual Plans of each Council;
 - the NTRLBU Activity [Asset] Management Plan;
 - the NTRLBU Business Plan;
 - resource consent conditions for each landfill; and
 - and the Councils' Solid Waste Activity Management Plans.
2. The NTRLBU shall plan for the future needs of the community in a cost efficient and environmentally sustainable manner in accordance with the objectives of the Joint Waste Plan.



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3. The NTRLBU will designate itself as a public benefit entity (PBE) for financial reporting purposes.
4. The NTRLBU is intended to be a self-funding body which provides a service to its customers, (which include the Councils under a contractual relationship independent of its establishment as a Joint Committee of the Councils) and provides income to the Councils to implement the Joint Waste Plan.

Structure of NTRLBU

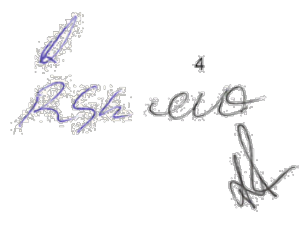
5. The NTRLBU will be established as a Joint Committee of Nelson and Tasman pursuant to schedule 7 to the LGA.
6. The NTRLBU shall comprise four or five members appointed as follows:
 - (i) Two members appointed by Tasman (at least one of whom will be an elected member of the Council);
 - (ii) Two members appointed by the Nelson (at least one of whom will be an elected member of the Council);
 - (iii) May include one jointly appointed/independent member, who is not involved in any business related to the NTRLBU activities. This member would only be appointed if mutually agreed to by both Councils and in accordance with the Councils 'Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations' (2012 version, or its replacement). This member shall be appointed for a period of three years, and in such a way as to provide continuity through the triennial election period. The member shall be remunerated in accordance with the Councils' joint policy for the appointment of independent persons to joint committees.
7. The NTRLBU will include one iwi advisor, nominated by local iwi with mana whenua at either landfill site, and appointed by both Councils. This iwi advisor shall be appointed for a period of three years, and in such a way as to provide continuity through the triennial election period. For clarity, the advisor shall not hold voting rights in the NTRLBU. Remuneration will be in accordance with the administering Council's protocol on meeting fees.
8. In appointing members to the NTRLBU, the Councils will have regard to the criteria, skills and experience required so that an appropriate mix of skills is maintained.
9. The NTRLBU will elect a Chair and Deputy Chair from its voting members at its first meeting of the triennium.

Powers and responsibilities delegated to the NTRLBU

10. The NTRLBU may without the need to seek any further authority from the Councils;
 - (i) Set fees and charges for waste disposal at the regional landfill facilities by 30 June each year; including the power to apply discounted fees and charges for the disposal of waste in bulk; and may determine other circumstances where discounted fees and charges may be applied. For clarity, the fees and charges shall be included in the draft annual Business Plan that is submitted for Council approval each year.
 - (ii) Make decisions to accept (or not accept) waste that is generated outside the Nelson Tasman region.
11. The NTRLBU may recommend the purchase of additional land for landfill facilities to the Councils.
12. The NTRLBU shall contribute to the Long Term Plan planning processes of the Councils in a timely manner, including activity management plans and infrastructure strategies. Information is to be provided in sufficient time to enable the Councils to carry out and complete their statutory planning and reporting.
13. The NTRLBU shall contribute to and comply with the Joint Waste Plan of the Councils.
14. The NTRLBU shall contribute to the development of the Councils' Development Contribution and Financial Contribution policies, where these relate to solid waste activities or planning.
15. The NTRLBU shall contribute to the Councils' Regional Policy Statement and Regional Plan reviews, where these may relate to solid waste activities or planning.
16. The NTRLBU shall contribute to Solid Waste Service Delivery reviews in accordance with section 17A of the LGA, as necessary.
17. The NTRLBU shall follow generally accepted accounting practices and comply with the accounting policies of the Administering Council.

Meetings

18. For the avoidance of doubt, the NTRLBU shall comply with the provisions of the Local Government Official Information and Meetings Act 1987 and the standing orders of the administering Council in respect of its meetings.

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- 19. The quorum for a meeting of the NTRLBU shall be three of the members (including vacancies). There shall also be at least one member from each Council represented in the quorum.
- 20. The NTRLBU should aim to meet at least 4 times per year at intervals decided by it in order to meet its obligations under these terms of reference.

Planning and reporting

- 21. The NTRLBU will produce the following plans in respect of its operations.

1. Business Plan

The Business Plan should state the activities and intentions of the NTRLBU. It shall outline how those activities relate to the objectives of the NTRLBU as documented in the current strategic plan, the financial forecasts for the following three years, the performance targets for the coming year and any variations to fees and charges proposed for that financial year.

A draft of the Business Plan for the coming year shall be presented to the Councils annually by 31 October.

After the Councils have had an opportunity to discuss and comment on the draft Business Plan the NTRLBU shall finalise the Business Plan, incorporating any changes agreed between the Councils and the NTRLBU and present the final Business Plan to the Councils by 31 May for inclusion in each Council's draft Annual Plan.

Any changes to the draft Business Plan arising out of consultation on the draft Annual Plan shall require joint agreement of the two Councils.

2. Activity Management Plan

The NTRLBU Activity Management Plan shall provide an analysis of the assets controlled and services delivered by the NTRLBU in relation to the current levels of service required by its customers, and their likely future demands. It will also provide a financial analysis of the NTRLBU operations and indicate how the assets should be managed to ensure the most cost effective and efficient service. It will also outline the manner in which the NTRLBU will provide for appropriate risk management.

The NTRLBU Activity Management Plan shall be reviewed annually and revised at least every three years in time to meet the timeframes for each Councils Long Term Plan development and Solid Waste Activity Management Plan preparation.

The NTRLBU Activity Management Plan will be submitted to the Councils for approval.

3. Annual Report

The NTRLBU shall prepare an Annual Report at the end of each financial year which shall include reporting against the performance targets and financial forecasts in the approved Business Plan.

The annual accounts and financial statements, included in the Annual Report, shall be in a manner and form approved by the NTRLBU's auditor, fairly showing the operating and financial position of the NTRLBU for the financial year, including a statement of financial performance, a statement of financial position, a statement of cash flows, and all information necessary to enable an informed assessment of the operation of the NTRLBU. The audited financial statements must be prepared in accordance with generally accepted accounting practice and in compliance with the accounting policies of the administering Council.

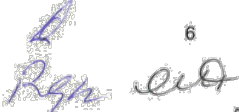

The draft Annual Report will be presented to the Councils by 15 September in each year.

4. Agendas for all meetings of the NTRLBU will be forwarded to the Chief Executives of the Councils.
5. Minutes of all meetings of the NTRLBU will be forwarded to the Chief Executives of the Councils and to all NTRLBU members as draft minutes once they have been reviewed for accuracy by the General Manager and/or the Chairperson.

Management and support services

22. Management and support services will be provided as follows:

- (i) The administering Council shall carry out operational, financial, secretarial and administrative activities as necessary for the NTRLBU to fulfil its purpose and responsibilities under these terms of reference and shall report to the NTRLBU. The administering Council will be Nelson.
- (ii) A General Manager of the NTRLBU will be appointed by joint agreement of the Chief Executives of the Councils and may or may not be on the recommendation of the NTRLBU. The Councils may choose to appoint an independent General Manager instead of appointing an independent member as outlined in clause 6 (iii). The General Manager shall be employed or contracted by the administering Council.

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- (iii) The Chief Executives of each Council will establish and maintain a Management Group, comprising the General Manager, and at least one staff member (or representative) with either engineering and/or financial expertise. The Management Group will meet as necessary and report four times a year to the NTRLBU on the matters referred to it under this agreement, or on any other relevant matter requested by the NTRLBU.
- (iv) The Management Group shall receive all operational and financial information concerning operation of the landfills and the operating account and shall have the following tasks:
- (a) reporting the financial position of the NTRLBU on a monthly basis to the Chief Executive of each Council, and quarterly to the NTRLBU;
 - (b) reporting operational performance;
 - (c) reporting compliance with resource consent conditions;
 - (d) making recommendations concerning the setting of fees and charges for the disposal of waste at the regional landfill facilities;
 - (e) making recommendations concerning the setting of discounted fees and charges for disposal of waste in bulk and other circumstances where discounted fees and charges may be applied;
 - (f) making recommendations on the awarding of operational contracts;
 - (g) making recommendations concerning any proposal to accept out-of-district waste for disposal at the regional landfill facilities, and the setting of fees and charges for the disposal of such waste;
 - (h) making recommendations concerning the setting of the waste management rebate for any operating year and carrying out a review of the operating account and waste management rebate during the year;
 - (i) the review of financial modelling information concerning operation of the York Valley landfill and Eves Valley landfill over the life of this agreement and any future agreement;
 - (j) making recommendations concerning any dispute that may be referred to it;
 - (k) making recommendations for waste acceptance criteria;

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- (l) the carrying out of and reporting on any other tasks identified in the Joint Waste Plan concerning regional waste management and minimisation referred to it jointly by the Councils; and
- (m) providing advice or recommendations on any other matters relevant to the NTRLBU.

Discharge of members

- 23. Subject to clause 24, the members of the NTRLBU will be discharged on the coming into office of the members of the Councils elected at the triennial local body elections. The new NTRLBU members shall be appointed by resolution of the Councils at the earliest opportunity after each election.
- 24. Prior to the election, the NTRLBU may recommend to the Councils that they approve a transitional arrangement through the triennial election process for representation on the NTRLBU. For clarity, this provision only applies where both Councils have approved a transitional arrangement.
- 25. The Councils may at any time replace their appointed members, or by joint agreement remove/replace the independent member of the NTRLBU. No action to replace any member will be taken without the Councils first consulting with the NTRLBU, except where the replacement is part of a triennial election process referred to in clause 23.
- 26. Iwi may nominate at any time a replacement for the appointed iwi advisor. The replacement iwi advisor shall be appointed jointly by the Councils.

Variations

- 27. These terms of reference may be varied by joint agreement of the two Councils to enable the NTRLBU to perform in such a manner as to give effect to its purpose, and to carry out its functions and duties effectively, provided that such variation is in accordance with the accompanying agreement and meets the requirements of the LGA.

Limitations

- 28. The NTRLBU may not borrow money or undertake major financial transactions other than with the approval of both Councils.

Media

- 29. The Councils shall endeavour to agree all public or media statements concerning the activities of the NTRLBU prior to release. However this clause shall not be construed as restricting the right of each Council to discuss any aspect of the accompanying agreement or these terms of reference in open Council meetings, and to have such deliberations

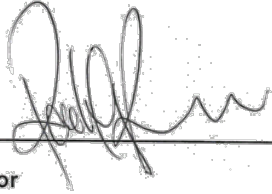
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reported in the media, or to make statements in relation to them as each Council reasonably considers is necessary or desirable in the performance of its role as a territorial authority, or in the interests of full public debate of all issues relevant to a territorial authority, its community and its ratepayers.

Executed and delivered as a deed the 28 day of April 2017

Signed by

NELSON CITY COUNCIL:



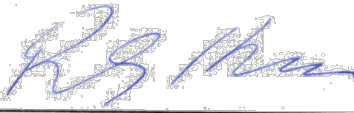
Mayor



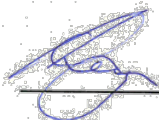
Chief Executive

Signed by

TASMAN DISTRICT COUNCIL:



Mayor



Chief Executive

7.2 SCHEDULE OF CHARGES - LANDFILL DISPOSAL**Decision Required**

Report To:	Nelson-Tasman Regional Landfill Business Unit
Meeting Date:	15 June 2017
Report Author:	David Stephenson, Asset Engineer - Waste Management and Minimisation; Richard Kirby, Engineering Services Manager
Report Number:	RLBU17-06-02

1 Summary

- 1.1 The purpose of this report is to recommend landfill disposal charges for the Nelson-Tasman Regional Landfill Business Unit (NTRLBU) for the financial year commencing 1 July 2017.
- 1.2 This year the accounts for the business unit have been set through the two councils' annual plan processes (because of timing issues with the establishment of the business unit and the need to seek approval from the Commerce Commission).
- 1.3 In preparing their Annual Plans, the Nelson City Council and Tasman District Councils have developed income and expenditure budgets for the NTRLBU. These budgets included a calculation of total revenue and a gate rate required to fund the activities of the business unit.
- 1.4 This year we have budgeted for a significant increase in landfill gas costs through the Emissions Trading Scheme (ETS), and this will require an increase to disposal charges.
- 1.5 Over the next three years our liabilities will increase from 50% of emissions in 2016 to 100% in 2019. As well as this, the cost of carbon has also increased in recent years, from around \$5 in 2015 (when the Long Term Plan was prepared) to just over \$17.00 per tonne of CO₂ this month. These two factors combined mean the Councils' costs of emissions have increased.
- 1.6 We have estimated that the total waste to landfill in 2017/18 will be 61,500 tonnes and that a gate charge of \$137.00 per tonne (including GST) will be required for general waste to fund the business unit. An equivalent increase will be required to other disposal charges.
- 1.7 Revenue from waste disposal is the primary income source for landfill activities. These revenue for these charges has already been incorporated into the annual plans of Nelson City Council and the Tasman District Council. We recommend that you adopt these charges.

2 Draft Resolution

That the Nelson-Tasman Regional Landfill Business Unit

- 1. receives the Schedule of Charges - Landfill Disposal report, RLBU17-06-02; and**

2. adopts the following Schedule of Charges for the Nelson Tasman Regional Landfill Business Unit:

All Rubbish (except as below).....	\$137.00	per tonne
Buried rubbish (e.g. documents, odourous materials)	\$137.00	per tonne plus all associated costs
Asbestos	\$137.00	per tonne plus all associated costs
Light waste (e.g. polystyrene or similar)	\$1800.00	per tonne
HAIL (Hazardous Activities and Industries List) material		
0 - 17,000 tonnes.....	\$107.25	per tonne
> 17,000 tonnes.....	\$101.30	per tonne
Soil that has been tested, meets the NESCS recreation standards and can be used as construction or cover material. Residential only.	\$71.50	per tonne

3 Purpose of the Report

- 3.1 The purpose of this report is to recommend that the Joint Landfill Committee adopts a proposed Schedule of Charges 2017/18 for disposal of refuse at landfill.

4 Background and Discussion

- 4.1 On 13 April 2017 the Nelson City and Tasman District Councils established the Nelson Tasman Regional Landfill Business Unit. Included in the Terms of Reference for the Joint Committee is the power to draft a business plan and set fees and charges.
- 4.2 This year the accounts for the business unit have been set through the two councils' annual plan processes (because of timing issues with the establishment of the business unit and the need to seek approval from the Commerce Commission).
- 4.3 In preparing their Annual Plans, Nelson City Council and Tasman District Council have developed income and expenditure budgets for the NTRLBU. These budgets included a calculation of total revenue and a gate rate required to fund the activities of the business unit.
- 4.4 This year we have budgeted for a significant increase in landfill gas costs through the Emissions Trading Scheme (ETS), and this will require an increase to disposal charges.
- 4.5 Over the next three years our liabilities will increase from 50% of emissions in 2016 to 100% in 2019. As well as this, the cost of carbon has also increased in recent years, from around \$5 in 2015 (when the Long Term Plan was prepared) to just over \$17.00 per tonne of CO₂ this month. These two factors combined mean the councils' costs of emissions have increased.
- 4.6 We estimate just under 55,000 NZUs will be required for landfill operations in the 2017/18 financial year. On 8 May 2017 each council purchased 20,000 unit (NZU's) at \$17.30 each, and the remaining units will be purchased closer to the surrender date for the landfill.
- 4.7 We have estimated that the total waste to landfill in 2017/18 will be 61,500 tonnes and that a gate charge of \$137.00 per tonne (including GST) will be required for general waste to fund the business unit. This is an increase of \$16 per tonne above the 2016/17 charge at the York Valley landfill (\$121 per tonne).
- 4.8 An equivalent increase will be required to other disposal charges.

5 Options

- 5.1 The Committee could choose to:
- adopt the schedule of charges, or
 - decrease the proposed schedule of charges, or delay the introduction of increases.

Option 1

5.2 Retaining the proposed prices will be cost-neutral to the business unit. The budgeted income in the Annual Plans of Nelson City Councils and Tasman District Council are based on these charges. The increases have been notified to the Nelson and Tasman communities through the Annual Plan processes of each Council.

Option 2

5.3 The Committee could reduce the proposed increase in charges or delay the introduction of the increases. This would result in a reduction in revenue and would result in increased debt to the business unit. This shortfall would need to be funded by a reduced payment of the local disposal levy to the Councils or increased revenue in future years. We do not recommend this option.

5.4 **Staff recommend Option 1.**

6 Strategy and Risks

- 6.1 Submissions to Tasman District Council's Schedule of Charges indicated dissatisfaction with the proposed increases. Given the increases this year are greater than 10%, this is understandable. Staff experience with submitters has been that once the increased ETS cost is explained, most submitters accepted the increase.
- 6.2 There is a risk that the increases could lead to adverse effects. This could include dissatisfaction with the councils, increased illegal dumping, burning of rubbish or contamination of recycling. We expect the councils will monitor these risks.
- 6.3 The price increases could also lead to positive outcomes. These could include reduced waste to landfill, increased recycling collection and other alternatives to landfill.

7 Policy / Legal Requirements / Plan

- 7.1 You have delegated authority to set disposal fees.
- 7.2 The councils' Joint Waste Management and Minimisation Plan supports the principle of "full cost disposal pricing", where disposers pay for the full cost of landfill disposal. The proposed schedule of charges is consistent with this principle, passing on increased costs of landfill emissions.

8 Consideration of Financial or Budgetary Implications

- 8.1 The budgeted income for the business unit is based on the proposed schedule of charges. Adopting the proposed schedule unchanged will have no financial or budgetary impact.
- 8.2 Reducing or delaying price increases would have a negative effect on the business unit. A decrease of \$1 per tonne (incl. GST) would have a negative impact of around \$53,500 (excl. GST) per annum.

9 Significance and Engagement

- 9.1 We have considered the significance of this decision.

- 9.2 Each of the councils have considered fees and charges through their Annual Plan processes. Each council has engaged and consulted with their communities, and this engagement has concluded.
- 9.3 The Tasman District Council has consulted on waste disposal charges for Resource Recovery Centres and included the expected landfill charges in this consultation. Committee members Crs Maling and Bryant heard submissions and members Crs Barker and Walker attended to observe submissions (but not deliberate).
- 9.4 Given the previous consultation to date, we consider this decision to be of **Low** significance.

10 Conclusion

- 10.1 The councils have prepared Annual Plan budgets that include the revenue and expenditure budgets for the NTRLBU. These budgets require a gate rate of \$137 per tonne (incl. GST) for general waste disposal at landfill.
- 10.2 The proposed increase is a result of increased landfill costs for the NTRLBU, which is due to increased costs of emissions from landfill.
- 10.3 Each council has consulted with their community and the Tasman District Council has consulted specifically on the proposed Schedule of Charges for refuse disposal.
- 10.4 We recommend that you adopt the proposed charges.

11 Next Steps / Timeline

- 11.1 The new schedule of charges will be effective from 1 July 2017. We propose to write to all customers advising them of the change and explaining the reasons for the increased charges.
- 11.2 Fees and charges for the 2018/19 year will be considered in the development of the business plan for NTRLBU, which we will present to the September meeting of the committee.

12 Attachments

Nil