

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

Date: Friday 8 March 2019
Time: 9.30 am
Meeting Room: Ruma Marama
Venue: Nelson City Council
110 Trafalgar Street, Nelson

Nelson-Tasman Regional Landfill Business Unit

AGENDA

MEMBERSHIP

Members Cr S Walker
Cr S Bryant
Cr C M Maling
Cr I Barker

(Quorum 3 members)

Contact Telephone: 03 543 8524
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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 CONFIRMATION OF MINUTES

That the minutes of the Nelson-Tasman Regional Landfill Business Unit meeting held on Friday, 7 December 2018, be confirmed as a true and correct record of the meeting.

6 PRESENTATIONS

Nil

7 REPORTS

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7 REPORTS

7.1 GENERAL MANAGER'S UPDATE

Decision Required

Report To:	Nelson-Tasman Regional Landfill Business Unit
Meeting Date:	8 March 2019
Report Author:	Don Clifford, Acting General Manager
Report Number:	RRLBU19-03-1

1 Summary

- 1.1 This is the three monthly General Manager's Update report.
- 1.2 A draft Business Plan 2019/2020 is presented.
- 1.3 Proposed landfill charges for 2019/2020 are presented.

2 Draft Resolution

That the Nelson-Tasman Regional Landfill Business Unit:

1. receives the Nelson Tasman Regional Landfill Business Unit General Manager's Report, RLBU19-03-01; and
2. approves the Nelson Tasman Regional Landfill Business Unit draft Business Plan 2019/2020; and
3. approves the Nelson Tasman Regional Landfill Business Unit's proposed landfill charges for 2019/2020.

3 Purpose of the Report

- 3.1 This report provides the three-monthly update on activity for the Nelson Tasman Regional Landfill Business Unit (NTRLBU).

4 Health and Safety

- 4.1 The contractor at York Valley has expressed concern at the frequency of drivers of customer vehicles not wearing correct PPE on site. A reminder is to be sent out to all customers; if necessary they will be turned away from site.

5 Operations**Finance report on trading to date**

- 5.1 **Attachment 1** includes two financial reports up to the end of December 2018:

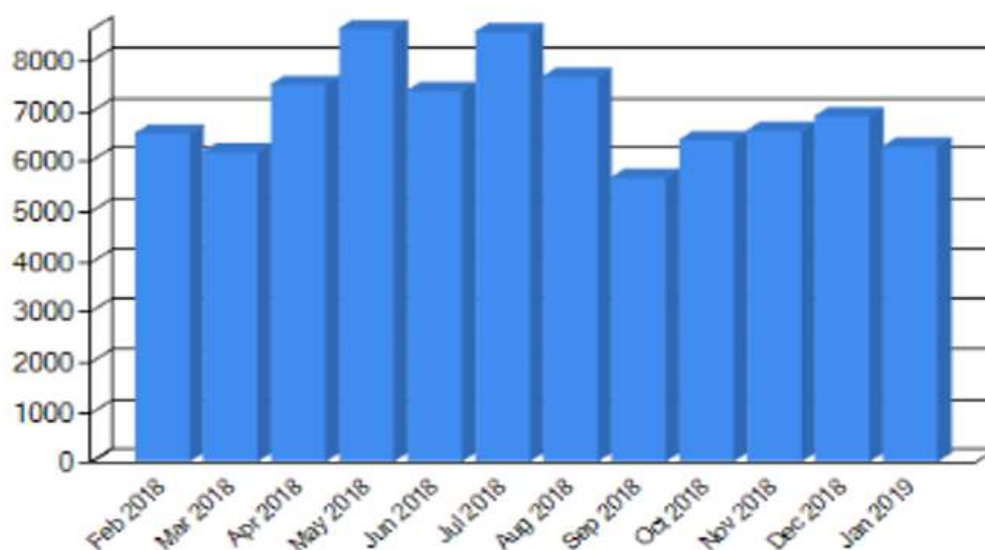
- Income Account for the period to 31 December 2018
- Balance Sheet as at 31 December 2018

Landfill O&M York Valley

- 5.2 The new contract commenced on 1 January 2019.
- 5.3 Residual waste tonnages are tracking slightly above budget projections. As per the previous year, the high volumes are likely to be associated with continuing high activity in the construction industry.
- 5.4 Landfill costs have tracked above budget. York Valley expenses are up due to higher cost of the operations contract and a higher waste levy (as a result of the increased volumes). Eves Valley costs are up as a result of un-budgeted leachate costs.
- 5.5 The ETS levy is up as a result of both volume increase and price increase.
- 5.6 Aftercare provision is up significantly on budget. The unwinding of the NPV of the Eves Valley provision was not budgeted for and the York Valley provision is higher due to increased initial assessment of costs and volumes.
- 5.7 The major movements in the balance sheet during the year to date have been:
- The surplus to date added to equity
 - The increased accrual for ETS which will be paid in May 2019
 - The increase in the current account with Nelson City Council
 - Debtors increased in December 2019 due to some sales not being invoiced.
- 5.8 At the time of writing this report, the 2017/18 post-closure provision had not been finalised or audited. An assessment of Eves Valley aftercare costs indicates a significant increase in what has previously been provided. This is also likely to be the case for York Valley. When these cost assessments have been completed it will significantly increase the costs recognised in 2017/18 and will also impact on the costs recognised in this and future years.

- 5.9 At the current rate of landfill we are still tracking to use up the available airspace by approximately 2031/2032.

Record of landfill disposal tonnages



York Valley Annual Monitoring Report

- 5.10 Tonkin & Taylor has been asked to submit a proposal to address the recommendations from the Annual Monitoring Report for York Valley Landfill.

Eves Valley Annual Monitoring Report

- 5.11 Stantec has been asked to submit a proposal to address the recommendations from the Annual Monitoring Report for Eves Valley Landfill.

Joint Landfill Asset Management Plan (AMP)

- 5.12 At the 22 June 2018 meeting the Committee approved the draft AMP being issued to both councils for approval.
- 5.13 We are awaiting a formal response from Tasman District Council. It is understood that Nelson City Council approved the AMP on 15 November 2018.

6 NTRLBU Business Plan

- 6.1 The Terms of Reference require a draft Business Plan for 2019/2020 to have been issued to both councils by 31 October 2018.
- 6.2 This year we held back on the drafting of the Business Plan until the O&M contract was awarded and the new costs were known. The draft Business Plan is attached (**Attachment 2**).
- 6.3 The Terms of Reference further require that 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. The NTRLBU is required to

present the final Business Plan to the councils by 31 May 2019 for inclusion in each council's draft Annual Plan.

- 6.4 There are two key financial amounts (that are included in the Business Plan) which both councils need to include in their Annual Plans:
- The 2019/2020 Landfill Schedule of Charges
 - The 2019/2020 Local Disposal Levy to each council
- 6.5 The value of the local waste disposal levy has been agreed at \$2.4m for 2019/2020.
- 6.6 Landfill Charges: The proposed 2019/2020 financial year landfill charges (ex GST) per tonne are shown below with 2018/2019 amounts in brackets:
- | | |
|-------------------------|-------------------|
| Residual Waste | \$163 (\$141) |
| HAIL > 17,000 tonnes | \$138 (\$103) |
| HAIL < 17,000 tonnes | \$146 (\$108) |
| HAIL Residential/Tested | \$98 (\$72) |
| Polystyrene | \$2,080 (\$1,800) |
- 6.7 There are some changes to the Emissions trading Scheme (ETS) that affect the budgets (and therefore gate charges). The ETS is 1.19 unit per tonne from 1 January 2019 compared to one unit per tonne for the 2018 calendar year.
- 6.8 The new O&M contract pricing has commenced.
- 6.9 Following formal audit of the finances, there will be some budgetary changes required such as the aftercare provisions.
- 6.10 There are several physical works items to be undertaken at York Valley and Eves Valley that will impact budgets eg, stormwater control and treatment.

7 Emissions Trading Scheme

- 7.1 The NTRLBU incurs a liability to the New Zealand ETS Scheme for its carbon emissions from the York Valley landfill.
- 7.2 The Government has announced changes to the ETS scheme. It is “replacing the current price ceiling (the \$25 fixed price option) with a cost containment reserve through auctioning” and “introducing the auctioning of New Zealand Units (NZUs) in a way that aligns the supply of NZUs in the ETS to our emissions targets.”
- 7.3 The \$25 fixed price option is available for the 2018 liability. (We can pay the Government \$25 instead of redeeming units). This option is not currently available to meet the 2019 liability which will have to be met by redeeming NZUs.
- 7.4 The price of NZUs has moved from around \$17 in mid-2017 to around \$21.50 mid-2018. Since the Government announced that the ETS was to be reviewed the price of units has jumped to around \$25.
- 7.5 The ETS works on a calendar year. Our liability for the 2018 year is 83,000 NZUs. Our budget for 2019/20 is based on a liability for 79,400 NZUs.
- 7.6 The Business Unit owns 101,552 units at an average cost of \$20.47.

- 7.7 The maximum number of NZUs that the NTRLBU can own at any point in time is defined in Treasury policy which allows 230,000 based on current volumes (84,000t per annum) for 18 months and budgeted volumes for 3.5 years (79,000t pa)
- 7.8 The 2018 liability will be met using the fixed price option to exploit the fixed price opportunity rather than redeeming units. We have not been purchasing units for the last few months as the market price had moved to around \$25.
- 7.9 For accounting purposes this will result in 2018/19 financial year expensing our liability at \$25 and 2019/20 at the average cost of our units of \$20.47. For pricing of gate charges for 2018/19 we have used \$21.56 and will use \$25 for 2019/20.

8 Attachments

- | | |
|----------------------------------|----|
| 1. Financial report | 11 |
| 2. Draft Business Plan 2019/2020 | 13 |

Nelson Tasman Regional Landfill Business Unit

	Balance Sheet as at 31st December 2018		
	Current	Last Month	30 June 2018
Equity			
Equity 1 July	7,307,371	7,307,371	8,805,257
Plus Net Income	542,168	438,555	(1,497,886)
Closing Equity	<u>7,849,539</u>	<u>7,745,926</u>	<u>7,307,371</u>
Which was invested as follows -			
Current Assets			
NCC Current Account	1,919,091	1,772,022	734,273
Debtors	240,435	-	960,331
NZETS units	2,079,194	2,079,194	2,079,194
Total Current Assets	<u>4,238,719</u>	<u>3,851,215</u>	<u>3,773,798</u>
Fixed Assets	5,919,110	5,937,886	6,037,845
Investments	3,356,487	3,350,215	3,318,859
Total Assets	<u>13,514,317</u>	<u>13,139,317</u>	<u>13,130,502</u>
Less Liabilities			
Current Liabilities			
Sundry Creditors	142,811	65,793	221,295
NCC Creditor	-	-	1,235,619
ETS Accrual	1,849,451	1,679,226	816,826
Aftercare provision - Current	512,461	512,461	534,200
Total Current Liabilities	<u>2,504,723</u>	<u>2,257,480</u>	<u>2,807,941</u>
Term Liabilities	<u>3,160,055</u>	<u>3,135,911</u>	<u>3,015,191</u>
Net Assets	<u>7,849,539</u>	<u>7,745,926</u>	<u>7,307,371</u>

Nelson Tasman Regional Landfill Business Unit

Income Account for the period to 31st December 2018

	Actual Month	Budget Month	Actual YTD	% YTD	% Year	2018/19 Budget	
						YTD	Annual
Income							
Landfill Fees	821,408	675,633	5,018,061	124%	62%	4,053,796	8,107,590
Other recoveries	3,267	4,910	25,229	86%	43%	29,461	58,921
Interest	6,272	8,990	37,628	70%	35%	53,940	107,879
Total Income	830,947	689,533	5,080,918	123%	61%	4,137,197	8,274,390
Less Expenses							
Staff and Administration	30,859	19,537	174,462	149%	74%	117,217	234,432
York Valley Expenses	134,251	141,659	971,908	114%	57%	849,961	1,699,917
ETS Levy	170,225	130,482	1,032,625	132%	66%	782,889	1,565,778
Eves Valley Expenses	1,189	1,141	14,891	217%	109%	6,847	13,694
Aftercare provision	24,144	5,556	144,864	435%	217%	33,335	66,669
Total Expenses	360,668	298,375	2,338,750	131%	65%	1,790,249	3,580,490
Net Surplus before levy	470,280	391,158	2,742,168	117%	58%	2,346,948	4,693,900
Local Disposal Levy	366,667	366,666	2,200,000	100%	50%	2,200,000	4,400,000
Net Surplus (Deficit) after Levy	103,613	24,492	542,168			146,948	293,900



Draft
Nelson-Tasman
Regional Landfill Business Unit

**Business Plan
2019/20**



Nelson-Tasman Regional Landfill Business Plan (NTRLBU) Business Plan 2019/20

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Prepared by:

Approved by: Don Clifford
Acting General Manager

NRLBU Approved:

Cover photograph: Toe Embankment York Valley

1.

PURPOSE

The purpose of the Nelson Tasman Regional Landfill Business Unit (NTRLBU) Business Plan 2019/20 is to outline management goals and objectives to ensure that there is a sanitary landfill available in the Nelson Tasman region.

2. TERMS OF REFERENCE REQUIREMENTS

The Terms of Reference document states that the Nelson Tasman Regional Landfill Business Unit (NTRLBU) Joint committee shall by 31 October each year supply to the councils (Nelson City and Tasman District Councils) a copy of its draft Business Plan for the management of the NTRLBU and the assets for the ensuing year. This requirement was not achieved in 2018 due to the tender process for the new Operations & Maintenance Contract (which commenced 1 January 2019). The final Business Plan must be presented to both councils by 31 May. This draft Business Plan was delayed until the new Operations and Maintenance contract was in place (and the new operating costs were known).

The Terms of Reference document was revised November 2018; and shall be reviewed if and when required.

3. INTRODUCTION

This Business Plan 2019/20 summarises the projects and initiatives to be implemented during the year. It also outlines the associated funding required.

The Business Plan is aligned with the NTRLBU Strategic Plan and the NTRLBU Landfill Asset Management Plan 2018. It incorporates the business objectives and performance targets (Section 7), the three-year renewal and upgrade forecasts (Section 9); and the Financial Plan (section 11)

The Joint committee activity schedule and levels of service are appended.

Appendix A – Joint committee Activity Schedule;

Appendix B - Targeted levels of service established by the Landfill Asset Management Plan.

4. MISSION STATEMENT

The NTRLBU's mission statement is:

“To 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.”

5. STRATEGIC GOALS

The NTRLBU aspires to achieve the following goals:

- Provide sanitary landfill capacity for the needs of the Nelson Tasman region.
- The costs of disposal of residual solid waste are affordable.
- Risks associated with the activity are identified and mitigated to a level agreed with the owners.
- We engage the right people with the right skills and experience.
- The NTRLBU operates sustainably and endeavours to remedy or mitigate any identified adverse environmental, social and cultural impact.
- Good relationships are maintained with all stakeholders.
- All statutory obligations are met.

The NTRLBU functional activities are managed by the Nelson City Council and therefore the NTRLBU functional activities shall comply with the requirements of the Nelson City Council Health and Safety Policy and fully subscribe to the vision for a Zero Harm Culture.

All strategic goals are important and no one goal will be pursued at the expense of another.

6. NTRLBU BACKGROUND

The NTRLBU was established in April 2017 and started operating on 1 July 2017.

The Landfill Asset Management Plan was adopted June 2018 by the Board. A draft of the long-term financial plan was adopted on 8 December 2017 and will enable council staff to integrate this into their own long-term plans at their discretion.

The Deed of Agreement determines that the NTRLBU will annually agree on the value to be distributed 50:50 at appropriate intervals to the two councils to fund waste management and minimisation activities; and to recover this amount from landfill charges.

At the end of each financial year the operating surplus/deficit will be shared equally between the two councils and used exclusively for waste management and minimisation initiatives.

7. BUSINESS OBJECTIVES AND PERFORMANCE MEASURES

The objectives outlined below describe the long term aims of the business unit. Performance is to be reported quarterly to the Joint Committee and annually or six monthly, as appropriate, to the shareholding councils.

Long Term Objectives	Key Performance Measures
<i>Landfill capacity is available to receive solid waste generated within the Nelson Tasman region.</i>	
The development of a new sanitary landfill is agreed on by the time that the estimated remaining useful life of the current active landfill is five years.	<ol style="list-style-type: none"> 1) Reporting the available landfill airspace annually (in terms of years remaining). 2) Adequate planning has been completed and agreed to before the five year wind down period begins.
Levels of service are defined in all contracts and are met.	100% compliance with service level agreements by all contractors.
<i>The costs of disposal to landfill are affordable</i>	
The cost of disposal to landfill is minimised.	That the sum of the landfill surplus/deficit as measured over a five year period does not exceed the value set by the joint committee (the NTRLBU retains up to \$300,000 of surpluses for the purpose of managing year-by-year income fluctuations)
The economic lives of all assets are optimised.	Three yearly internal audit of asset management practices confirms this.
The available airspace at the landfill is used efficiently.	Airspace consumption of 1.23m ³ per tonne of residual waste received is maintained or improved.
New technology choices are well understood and are proven to be reliable, sustainable and cost effective.	All significant technology choices are supported by cost benefit analysis, independent peer review, energy efficiency analysis, risk analysis and, where appropriate, by other users of those technologies.

Long Term Objectives	Key Performance Measures
<i>Risks associated with the services provided are identified and mitigated to a level agreed with owners.</i>	
Risk management plans include all significant health and safety, environmental, cultural, social, economic and contractual risks.	No event, which impacts on agreed levels of service, occurs that has not been identified in the NTRLBU risk management plans.
Contingency plans adequately address emergency events.	The effectiveness of the York Valley Landfill Management Plan is reviewed and confirmed following incidents which require activation of the plan.
<i>We engage the right people, with the right skills and experience.</i>	
Those engaged with the NTRLBU have the right skills, experience and support to perform well.	Annual staff performance reviews include assessment of the skills and experience required in their role in NTRLBU and their development needs are identified and met. The Joint Committee reviews its performance at least annually.
Operation and maintenance manuals reflect best practice for the activity are followed consistently.	An internal audit every three years confirms this.
<i>NTRLBU operates sustainably and endeavours to remedy or mitigate any identified adverse environmental, social or cultural impact</i>	
NTRLBU minimises adverse environmental, social and cultural impacts where this is economically viable.	Environmental, social and cultural impacts are considered in all decision making.
<i>Good relationships are maintained with all stakeholders</i>	
Shareholders are satisfied with the strategic direction and the economic performance of the business unit.	All strategic and business plans are approved by shareholders. Budget projections are met.
Good relationships are maintained with all stakeholders including owners, iwi, customers, contractors, neighbours, and the wider community.	All complaints or objections are addressed promptly. All applications for resource consents are approved. Up to date information on activities and achievements are publicly available.
<i>All statutory obligations are met</i>	
All statutory obligations are identified and met and are included in contracts with suppliers.	100% compliance with all statutory obligations.

Long Term Objectives	Key Performance Measures
All resource consent requirements are met.	100% compliance with all resource consents.

8. LANDFILL CHARGES

It is projected that a modest surplus will be achieved during the 2019/20 financial year if expenditure is maintained within the projected budget at the proposed landfill charges.

The proposed landfill charges per tonne (ex GST) are:

Residual waste:	\$163
HAIL > 17,000 tonne:	\$138
HAIL <17,000 tonne:	\$148
HAIL Residential/tested:	\$98
Polystyrene:	\$2,080

9. OPERATIONS & MAINTENANCE BUDGET

The budget includes known/predictable costs, plus operation and management discretionary contingencies as follows:

Professional advice:	\$100,000	(Joint committee discretion)
Re-active Maintenance:	\$50,000	(General Manager)
Operational:	\$30,000	(Engineer to the Contract)

10. THREE YEAR RENEWAL AND UPGRADE EXPENDITURE FORECAST (\$'000)

Renewal Plan (\$,000)	2019/20	2020/21	2021/22
Piezo monitoring well	20	20	20
Moveable debris fences	15		
Upgrade vehicle wash	50		
Planting	15	15	15

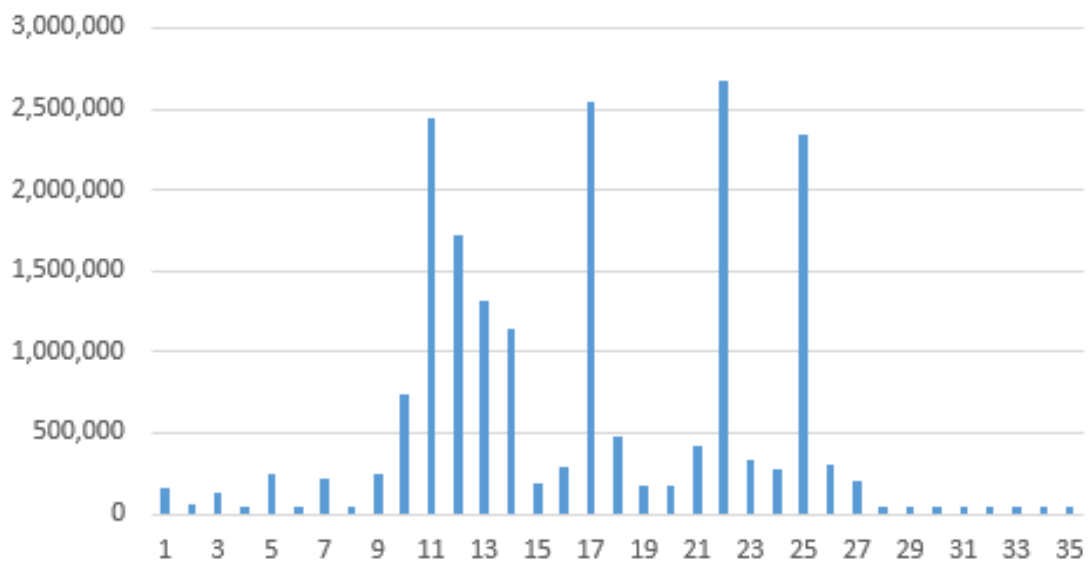
Storm water control	150	500	200
Planning/investigation for Stage 3 Resource Consent at Eves Valley	35	35	35
Total	107	13	83

Following recommendations from the annual monitoring reports, there are several renewal and upgrade items above that were not included in the earlier Asset Management Plan.

A contingency amount of \$75,000 is included in the renewal budget for allocation by the General Manager if required.

11. LONG TERM CAPITAL PROGRAMME

Capital Expenditure 2018/19 to 2052/53



12.

FINANCIAL PLAN**Nelson Tasman Regional Landfill Business Unit****Budget Summary for 2019 to 2021**

	Projection	Budget	Budget	Budget
	2018/2019	2019/2020	2020/2021	2021/2022
	\$000	\$000	\$000	\$000
Income				
Landfill income	9,392	9,622	10,015	10,994
Interest	75	83	83	83
Other Recoveries	46	51	51	51
Total Income	9,513	9,756	10,149	11,128
Expenditure				
Operations and Maintenance	1,535	1,725	1,674	1,795
Emissions Trading Scheme	2,111	2,023	2,452	3,302
Waste Levy (MfE)	779	680	687	694
After care (adjustment)	238	290	290	290
Local Disposal Levy	4,400	4,800	4,800	4,800
Interest	0	0	0	0
Insurance	4	5	5	5
Depreciation	225	233	241	242
Total Operating Cost	9,292	9,756	10,149	11,128
Surplus/Deficit	221	0	0	0

13.

BUSINESS IMPROVEMENT PLAN

This section describes initiatives to improve the efficiency and effectiveness of the Business Unit and is based on the Nelson Tasman Regional Landfill Business Unit Strategic Plan and referenced to the 2018 NTRLBU Asset Management Plan.

IP	Description	Resource Requirements	Progress
1	Optimise procurement of landfill operation and management services	Internal and consultant	Completed (new contract in place)
2	Optimise landfill cover	Contract Manager and Contractor	Ongoing
3	Develop long term strategy for storm water management	Board, Internal and consultant	Yet to start
4	Review landfill gas harvesting	Internal and consultant	Yet to start

APPENDIX A: Nelson-Tasman Regional Landfill Business Unit – Joint Committee Activity Schedule 2019-2020

Date	Activity	Papers required
By 31 August 2019	Review draft Annual Report and Financial Statement	Draft annual report and financial statement
By 15 September 2019	Deliver draft Annual Report to Councils	
By 31 October 2019	Review joint committee planning/meeting timetable Adopt draft business plan for presentation to Tasman District Council and Nelson City Council Review and update Interests Register	Planning/meeting timetable Draft Business Plan Interests Register
By 31 May 2020	Present Annual Report and Business Plan to Tasman District Council and Nelson City Council	Annual Report and Business Plan
By 30 June 2020	Review joint committee performance Receive report on Contingency Plan review by customer representatives Review customer satisfaction survey results Annual review of Strategic Plan Review Audit Management Report	Checklist for joint committee effectiveness Report on Contingency Plan review by customer representatives Customer survey report Strategic plan Audit Management Report

APPENDIX B: Landfill Levels of Service Targets

Related Community Outcomes	Strategic Themes	Levels Of Service	Performance Indicators	Method of Measurement	Target
SOLID WASTE DISPOSAL - NTRLBU will provide a landfill for waste disposal					
Health Environment Education	Impacts	All landfill activities, facilities and services comply with resource consent conditions, site management plans and appropriate legislative requirements.	Compliance with resource consents	Number of non-compliances	Nil
		Adequate landfill airspace available to ensure future sustainability of solid waste disposal.	Available landfill space that has been consented	Years of available consented landfill space	5 Years
	Available landfill space that has been developed		Years of available developed landfill space	2 Years	
	Costs	Cost effective and sustainable landfill services available.	No rates required to support landfill activities	User Pays %	100%
Demand	NTRLBU operational contracts require minimum standards of waste compaction to maximise landfill capacity. Landfills are open at convenient times.	Waste compaction density exceeds minimum target level.	Surveyed compaction	> 0.8t/m ³	

Related Community Outcomes	Strategic Themes	Levels Of Service	Performance Indicators	Method of Measurement	Target
			Hours and days that the landfill is available for disposal	Opening hours specified	100%
	Health and Safety	Landfill activity provided in a safe manner and pose no health and safety risks to nearby residents.	No reported incidences of injury or illness attributable to use of facilities.	Complaints and incident forms.	Nil
	Quality	Good quality customer service Inquiries received through the Councils' service request system acknowledged within 24 hours	Customers are content with the services offered. All requests responded to in compliance with Council customer service policy	Customer satisfaction survey Service request response time	Highly satisfied 90%

7.2 NELSON TASMAN REGIONAL LANDFILL BUSINESS UNIT - TERMS OF REFERENCE**Decision Required**

Report To:	Nelson-Tasman Regional Landfill Business Unit
Meeting Date:	8 March 2019
Report Author:	Andrew Bishop, Management Accountant ; Robyn Scherer, Senior Executive Assistant - Engineering
Report Number:	RRLBU19-03-2

1 Summary**Nelson Tasman Regional Landfill Business Unit Annual Report Audit**

- 1.1 The existing Terms of Reference for the Nelson Tasman Regional Landfill Business Unit (NTRLBU) require an audit of the NTRLBU Annual Report.
- 1.2 The current auditor has asked if there is a need for the Business Unit's Annual Report to be separately audited.
- 1.3 The audit fee provision for the 2017/18 financial year was \$18,150.
- 1.4 Tasman District Council's Corporate Services Manager advises that the separate audit does not provide good value given the cost and time involved.
- 1.5 The operation of the NTRLBU will be audited as part of the administering Council's external audit.
- 1.6 A clause has been included in the terms of reference regarding the basis for recovery of Council costs to provide comfort to Audit NZ.

Appointment and Remuneration of Jointly-Appointed Members to Committees

- 1.7 Both Tasman District Council and Nelson City Council, on 8 November and 15 November 2019 respectively, approved changes to the Joint Council 'Policy for the Appointment and Remuneration of Jointly-Appointed Independent Members to Committees'.
- 1.8 These changes have a flow on effect to the NTRLBU Terms of Reference.
- 1.9 Both the proposed audit decision and member appointment changes are reflected in the current Terms of Reference using "track changes" (**Attachment 1**).

2 Draft Resolution**That the Nelson-Tasman Regional Landfill Business Unit:**

1. receives the Nelson Tasman Regional Landfill Business Unit - Terms of Reference report, RLBU19-03-02; and

2. **recommends to Nelson City Council and Tasman District Council that the proposed amendment removing the requirement for a separate audit of the annual report is approved; and**
3. **notes the changes to the Nelson Tasman Regional Landfill Business Unit – Terms of reference regarding the appointment of members to the committee.**

3 Purpose of the Report

- 3.1 The purpose of this report is:
- 3.1.1 to note the changes to the joint council's policy on the appointment of members to be included in the NTRLBU Terms of Reference; and
 - 3.1.2 to recommend the proposed changes to the annual report audit requirements to be included in the Terms of Reference for the NTRLBU to be approved and adopted by Nelson City Council and Tasman District Council.

4 Background and Discussion

Annual Report Audit

- 4.1 The existing Terms of Reference for the Nelson Tasman Regional Landfill Business Unit (NTRLBU) require an audit of the NTRLBU Annual Report.
- 4.2 The current auditor has asked if there is a need for the Business Unit's Annual Report to be separately audited.
- 4.3 The audit fee provision for the 2017/18 financial year was \$18,150.
- 4.4 Tasman District Council's Corporate Services Manager advises that the separate audit does not provide good value given the cost and time involved and recommends that this requirement be removed from the Terms of Reference.
- 4.5 The operation of the NTRLBU will be audited as part of the administering Council's external audit.
- 4.6 A clause has been included in the terms of reference regarding the basis for recovery of Council costs to provide comfort to Audit NZ.
- 4.7 If the committee agrees to this change to the audit requirements staff will present a separate to both councils informing of their decision.

Appointment and Remuneration of Jointly-Appointed Members to Committees

- 4.8 Tasman District Council and Nelson City Council have the power to jointly appoint independent members to joint committees such as the Nelson Tasman Regional Landfill Business Unit (NTRLBU), the Nelson Regional Sewerage Business Unit (NRSBU) and the Saxton Field Committee. However, the councils did not have a joint policy for these appointments and for the appointees' remuneration.
- 4.9 Tasman District Council recently approved its own Policy on the Appointment and Remuneration of Independent Members to Council Committees and Business Units (Full Council 9 August 2018 Report RCN18-08-07 Resolution CN18-08-10). This policy covers independent member appointments to Tasman District Council-only Committees and Business Units. It does not apply to independent members appointed jointly by Tasman District Council and Nelson City Council to joint Committees.
- 4.10 At the Tasman District Council meeting on 24 May 2018 a report was presented by the Finance Manager to Council on the remuneration of independent members appointed to Council Committees and Business Units (Report RCN18-05-12). In 1.6 of this report it was noted:

“.. that a joint policy for the appointment and remuneration of independent members of the NTRLBU and NRSBU and other joint committees will need to be developed and agreed between Nelson City Council and Tasman District Council.”

- 4.11 At the Tasman District Council meeting on 8 November 2018 and at Nelson City Council's meeting on 15 November 2018, both councils approved the changes to the Joint Council 'Policy for the Appointment and Remuneration of Jointly-Appointed Independent Members to Committees'.
- 4.12 The changes made to this policy had a flow-on effect in that changes had to be made (and were also approved) to the Terms of Reference for the Nelson Tasman Regional Landfill Business Unit.
- 4.13 The Terms of Reference encapsulating both the approved change to the appointment of members and the proposed audit reporting requirements is attached (**Attachment 1**). "Track changes" has been used to clearly demonstrate the changes.

5 Options

- 5.1 The NTRLBU joint committee has two options regarding the proposal to remove the requirement for the Annual Report to be audited:

Option 1

- 5.2 Accept the proposed changes simplifying the administration of the NTRLBU and thereby reducing costs whilst still meeting the Councils' audit reporting requirements;

Option 2

- 5.3 Reject the proposed changes and continue to have the Annual Report and Accounts audited.

6 Strategy and Risks

- 6.1 There are no risks with simplifying the audit process for the NTRLBU Annual Report and Accounts.
- 6.2 The changes to the joint council appointments policy has already been agreed by both councils.

7 Policy / Legal Requirements / Plan

- 7.1 These two changes to the Terms of Reference meet the requirements of the NTRLBU and the joint councils.

8 Consideration of Financial or Budgetary Implications

- 8.1 There are minor budget implications with this recommendation.

9 Significance and Engagement

9.1 This decision is of low significance.

Issue	Level of Significance	Explanation of Assessment
Is there a high level of public interest, or is decision likely to be controversial?	Low	
Is there a significant impact arising from duration of the effects from the decision?	Low	
Does the decision relate to a strategic asset? (refer Significance and Engagement Policy for list of strategic assets)	Yes	NTRLBU joint business unit
Does the decision create a substantial change in the level of service provided by Council?	Low	
Does the proposal, activity or decision substantially affect debt, rates or Council finances in any one year or more of the LTP?	Low	
Does the decision involve the sale of a substantial proportion or controlling interest in a CCO or CCTO?	NA	
Does the proposal or decision involve entry into a private sector partnership or contract to carry out the deliver on any Council group of activities?	NA	
Does the proposal or decision involve Council exiting from or entering into a group of activities?	NA	

10 Conclusion

10.1 The existing Terms of Reference for the Nelson Tasman Regional Landfill Business Unit (NTRLBU) require an audit of the NTRLBU Annual Report.

10.2 The operation of the NTRLBU will be audited as part of the administering Councils external audit.

- 10.3 A clause has been included in the terms of reference regarding the basis for recovery of Council costs to provide comfort to Audit NZ.
- 10.4 A report will be presented to both councils informing them of the NTRLBU committees decision to audit the NTRLBU annual report as part of the administering Councils external audit.
- 10.5 The changes to the Joint Council 'Policy for the Appointment and Remuneration of Jointly-Appointed Independent Members to Committees' will be finalised in the NTRLBU Terms of Reference.

11 Next Steps / Timeline

- 11.1 A separate report will be presented to both councils informing them of the NTRLBU committee's decision to audit the NTRLBU annual report as part of the administering Councils external audit.

12 Attachments

1. Terms of reference - track changes

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

NELSON CITY COUNCIL

and

TASMAN DISTRICT COUNCIL

March 2018

A2144233

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.
- 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.

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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.
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.

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 Tasman District Council);
- (ii) Two members appointed by the Nelson (at least one of whom will be an elected member of the Nelson City 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' 'Policy for the appointment and remuneration of jointly-appointed independent members of committees', Procedure for Joint Appointment of Directors/Trustees of Council Controlled Organisations and Council Controlled Trading Organisations' (2015 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' 'Policy for the appointment and remuneration of jointly-appointed independent members of committees', joint policy for the remuneration of independent persons to joint committees and business units.

7. The NTRLBU will include one iwi advisor, nominated by local iwi with mana whenua at either landfill site, and confirmed 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. The advisor shall hold voting rights in the NTRLBU. The member shall be remunerated in accordance with the councils' joint policy for the remuneration of independent persons to joint committees and business units. Policy for the appointment and remuneration of jointly-appointed independent members of committees'.~~

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 Tasman District Council);~~

(ii) ~~Two members appointed by the Nelson (at least one of whom will be an elected member of the Nelson City 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' 'Policy for appointment and remuneration of jointly-appointed independent members on committees'. 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' 'Policy for appointment and remuneration of jointly-appointed independent members on committees'.~~

7. ~~The NTRLBU will include one iwi advisor, nominated by local iwi with mana whenua at either landfill site, and confirmed 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. The member shall be remunerated in accordance with the councils' 'Policy for appointment and remuneration of jointly-appointed independent members on committees'.~~

~~8.5.~~ 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.

~~9.6.~~ 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

~~40.7.~~ 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.

~~41.8.~~ The NTRLBU may recommend the purchase of additional land for landfill facilities to the councils.

~~42.9.~~ 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.

~~43.10.~~ The NTRLBU shall contribute to and comply with the Joint Waste Plan of the councils.

~~44.11.~~ 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.

~~45.12.~~ The NTRLBU shall contribute to the councils' Regional Policy Statement and Regional Plan reviews, where these may relate to solid waste activities or planning.

~~46.13.~~ The NTRLBU shall contribute to Solid Waste Service Delivery reviews in accordance with section 17A of the LGA, as necessary.

~~47.14.~~ The NTRLBU shall follow generally accepted accounting practices and comply with the accounting policies of the Administering Council.

Meetings

~~48.15.~~ 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.

~~10-16.~~ The Quorum for a meeting shall be half of the members if the number of members (including vacancies) is an even number, or a majority if the number of members (including vacancies) is an uneven number. There shall also be at least one member from each council represented in the quorum.

~~20-17.~~ 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

~~24-18.~~ 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

~~22-19.~~ 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)~~ Costs incurred by either Council in providing management and support services to the NTRLBU shall be recovered from the NTRLBU on the same basis as the Subsidised Transport activity of Council.
- ~~(iii)~~ The operation of the NTRLBU shall be included in the audit of the Administering Council and the additional cost incurred as a result shall be recovered from the NTRLBU.

~~(ii)~~(iv) 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.

~~(ii)~~(v) 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)~~(vi) 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;
- (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

23-20. Subject to clause 24, the members of the NTRLBU appointed under clause 6(i) and 6(ii) 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 appointed under clause 6(i) and 6(ii) shall be appointed by resolution of the councils at the earliest opportunity after each election.

24-21. 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.

25-22. 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.

26-23. Iwi may nominate at any time a replacement for the appointed iwi advisor. The replacement iwi advisor shall be confirmed by both councils.

Variations

27-24. 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

~~28.25~~ The NTRLBU may not borrow money or undertake major financial transactions other than with the approval of both councils.

Media

~~29.26~~ 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 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.

Approved by TDC on XX XXX 2019 and by NCC on XX XXX 2019

Signed by

NELSON CITY COUNCIL:

Mayor

Councillor

Signed by

TASMAN DISTRICT COUNCIL:

Mayor

Councillor

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Item 7.2

Attachment 1