



MINUTES

**Strategy, Finance and Risk Committee
meeting**

Monday, 26 June 2023

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**MINUTES OF TAURANGA CITY COUNCIL
STRATEGY, FINANCE AND RISK COMMITTEE MEETING
HELD AT THE BAY OF PLENTY REGIONAL COUNCIL CHAMBERS, REGIONAL HOUSE,
1 ELIZABETH STREET, TAURANGA
ON MONDAY, 26 JUNE 2023 AT 9.30AM**

PRESENT: Commission Chair Anne Tolley, Dr Wayne Beilby, Commissioner Shadrach Rolleston, Commissioner Stephen Selwood, Commissioner Bill Wasley, Ms Rohario Murray, Mr Bruce Robertson

IN ATTENDANCE: Marty Grenfell (Chief Executive), Nic Johansson (General Manager: Infrastructure), Christine Jones (General Manager: Strategy, Growth & Governance), Alastair McNeill (General Manager: Corporate Services), Josh Logan (Team Leader: Corporate Planning), James Woodward (Manager: Capital Programme Assurance), Jane Barnett (Policy Analyst), Nigel McGlone (Manger: Environmental Regulation), Sandy Lee (Policy Analyst), Richard Butler (Community Partnerships Funding Specialist), Paula Naude (Manager: Community Development & Emergency Management), Emma Joyce (Open Space and Community Facilities Planner), Mark Armistead (Principal Urban Forester), Rory Bayliss Chalmers (Senior Business Analyst), Kim Martelli (Resilience Specialist: Natural Hazards and Infrastructure), Natalie Rooseboom (Manager: Asset Services), Carl Lucca (Team Leader: Urban Communities), Coral Hair (Manager: Democracy & Governance Services), Sarah Drummond (Governance Advisor), Anahera Dinsdale (Governance Advisor)

1 OPENING KARAKIA

Commissioner Shadrach Rolleston opened the meeting with a karakia.

2 APOLOGIES

An apology from Matire Duncan was received and an apology for Te Pio Kawe was noted during the meeting. Dr Wayne Beilby advised that he would be leaving the meeting early.

COMMITTEE RESOLUTION SFR4/23/1

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Bill Wasley

That an apology from Matire Duncan be received.

CARRIED

3 PUBLIC FORUM

Nil

4 ACCEPTANCE OF LATE ITEMS

COMMITTEE RESOLUTION SFR4/23/2

Moved: Mr Bruce Robertson

Seconded: Commissioner Stephen Selwood

That the following items be included in the agenda:

- 7.1 Minutes of the Strategy, Finance and Risk Committee meeting held on 6 June 2023.
- 11.2 Public Excluded Minutes of the Strategy, Finance and Risk Committee meeting held on 6 June 2023.

CARRIED

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

Nil

6 CHANGE TO ORDER OF BUSINESS

Nil

7 CONFIRMATION OF MINUTES

7.1 CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION SFR4/23/3

MOVED: COMMISSIONER STEPHEN SELWOOD

SECONDED: MR BRUCE ROBERTSON

THAT THE PUBLIC AND PUBLIC EXCLUDED MINUTES FOR THE STRATEGY, FINANCE AND RISK COMMITTEE MEETING HELD ON 6 JUNE 2023 BE CONFIRMED AS A TRUE AND CORRECT RECORD.

CARRIED

8 DECLARATION OF CONFLICTS OF INTEREST

Nil

9 BUSINESS

9.1 2024-2034 Long-term Plan - Significant Forecasting Assumptions Update

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Josh Logan, Team Leader: Corporate Planning
James Woodward, Manager: Capital Programme Assurance

External David Norman, GHD Chief Economist

A copy of the presentation for this item can be viewed on Tauranga City Council's website in the Minutes Attachments document for this committee meeting.

Key points

- Mr Norman had worked with staff on the assumptions that were to be fed into the Long-Term Plan (LTP).

- A challenge with the Waka Kotahi categories were that they were backward looking and their indices did not take into account the specific mix of capital works programmes at the different councils.
- Developed a series of indices which accounted for 81% of the capital works programme.
- Outlined the process undertaken to develop the forecasts, provided background on materials, supply chain costs and risks and the management of these.
- Cost escalation continued to be a major challenge for capital works programmes even though some indices were slowing down.
- Forecasting was being developed that quantified new risks and/or priorities of the budgeting process.
- The valuation of existing assumption/indices required moderation that enabled further development.
- Price rises and inflation were not expected to drop markedly. The New Zealand dollar remained weak and would strengthen slowly.
- Cyclones and other weather related events had increased costs, bitumen was expected to be the same price as it was at present, but petrol and steel were increasing.
- Immigration numbers had approached a record high month on month compared to the previous Long-Term Plan.
- Mr Norman stated that in his view Tauranga City Council was ahead of other councils in management mitigation and management of risk.
- The next update to the Committee would provide updated assumptions with forecasts being reviewed every six months.

In response to questions

- Overall rises of construction costs were expected to be a bit more moderate with inflation expected to be higher. Beyond the first three years the predictions were based on discussions held with a number of sectors including our own contractors and from year 4 and beyond assumes inflation reduced to just above 2%, with construction costs just above 2.5%.
- In response to a query as to whether the impact on growth was sufficiently captured regarding the use now, and the potential future use, of council community facilities, it was noted that this was captured when planning new facilities at an individual project level. As part of the LTP the timing of growth and investment was considered and staff were looking at what it would do to the growth rollout, which may result in some refinement to the current assumptions. Any flow on to the growth projections would be brought back to Council within the LTP. A section could be added to specify how infrastructure met the current demand, growth demand within the TCC area and outside the TCC area to clearly recognise future demand for council facilities.
- The rapid movement of Artificial Intelligence (AI) technology had not been specifically recognised in the assumptions, but an environmental scan was carried out at the start of the process which included information on AI as part of the digital services activity planning. Information could be added to the assumptions to cover AI.
- In answer to a query on assumption 12 as to whether the risk covered the contracting out of facilities as opposed to the best outcome of the delivery of those services, it was noted that the Council had a statutory requirement to look at options for delivering services including non-financial benefits and costs.
- It was noted that the population percentages in the report on page 23, needed to be corrected.
- The information used in the assumptions would be reviewed up until the LTP was adopted to go to audit on 11 September 2023 and these would be the assumptions used for consultation.
- The Committee requested staff to circulate the power point presentation that focused on assumptions, RMA, and water costs.

Discussion points raised

- Appreciation was given to all who had worked on the assumptions.

COMMITTEE RESOLUTION SFR4/23/4

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Strategy, Finance and Risk Committee:

- (a) Receives the report “2023-2034 Long-Term Plan – Significant Forecasting Assumptions Update”.
- (b) Approves the recommended changes to the Significant Forecasting Assumptions as proposed in **Attachment 1**, noting that Assumption 41 “Impact on growth beyond city boundaries” was to be updated.
- (c) Approves the updated Draft 2023 – 2034 Long-Term Plan Significant Forecasting Assumptions and associated mitigation actions as set out in **Attachment 2**.
- (d) Recommends to Council that Council:
 - (i) Adopts the full updated Draft Significant Forecasting Assumptions (**Attachment 2**) to form part of the supporting documentation for the purpose of public consultation for the proposed Long-term Plan 2024-2034 in November 2023.
 - (ii) Authorises the Chief Executive to make minor amendments to the documentation to ensure accuracy and correct minor drafting errors.

CARRIED

Attachments

- 1 GHD Presentation - Tauranga Cost Escalation

9.2 Alcohol Control Bylaw Amendment

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Jane Barnett, Policy Analyst
Nigel McGlone, Manger: Environmental Regulation

Key points

- The temporary alcohol-free area over the summer period had been in place over the last five years, the amendment was now incorporating that as part of the bylaw.
- Approval was being sought to consult on the proposed amendment.

In response to questions

- It was noted that working group meetings had been held with the New Zealand Police regarding the bylaw changes they had requested.

Discussion points raised

- Reference was made to the plans that were in place for events on the green spaces along the waterfront, Masonic Park and similar areas and it was noted that the bylaw amendment was at odds with that. It was requested that staff take note of the future use of these areas and consider whether the bylaw aligns with those uses.
- It was suggested that the bylaw be revisited in its entirety and carry a separate review of the bylaw be carried out in the new year.
- The temporary bylaw provisions could be approved at this meeting to enable these provisions to stay in place over summer and allow the Police to enforce the bylaw.
- The review of the bylaw also needed to be aligned with the spatial reviews and how spaces were to be used given the changes to the city centre and the Mount Maunganui since the bylaw was introduced.

- As part of the review it was requested that evidence be provided of the differences the temporary bylaw provisions had made.
- It was requested that definitions be included in the bylaw review rather than referenced to other legislation.

COMMITTEE RESOLUTION SFR4/23/5

Moved: Commissioner Bill Wasley

Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Alcohol Control Bylaw Amendment".
- (b) Approves that a temporary alcohol-free area be put in place during the summer period along the coastal strip along Marine Parade from its intersection with Grove Avenue, and Ocean Beach Road and Maranui Street in a similar manner to previous years.
- (c) Requests a report back on options in respect of the Alcohol Control Bylaw review, particularly in respect of the city centre and Mt Maunganui area.

CARRIED

Dr Wayne Beilby left the meeting at 10.35 am

9.3 Draft Revised Community Funding Policy

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Sandy Lee, Policy Analyst
Richard Butler, Community Partnerships Funding Specialist
Paula Naude, Manager: Community Development & Emergency Management

Key points

- The comments received in previous meetings had been incorporated in the document providing information on all the funding sources and purposes in one policy.
- An additional exception had been included in clause 5.1.5 which enabled marae that technically sit outside the Tauranga City Council boundary to be eligible for funding where they were providing services to the Tauranga community.

In response to questions

- Requiring community organisations to be a registered charity provided council with a level of accountability and assurance that these organisations were meeting the requirements of the Act and staff did not need to replicate this process.
- Reference to one source of funding per project rather than per organisation needed to be made clearer in the policy.
- It was intended that all allocations of funding allocated to organisations be captured in the programme of work to build one overall picture on assistance given. This was expected to be completed in 12 months and reported back to the Committee.
- Community leases for a sports field, verses the indoor use of a basketball court, and the benefit received from those sports fields for exclusive use, was beyond the scope of this work. As user fees did not normally cover the true cost of the facility that would become a decision about the proportion of cost that was attributed to user fees and what proportion was considered community good. There was a piece of work on this happening that would be considered as part of the LTP process.
- In response to a query as to whether the ease of the groups doing business with the Council had been tested, it was noted that this was not currently undertaken. Staff do seek comment from recipients as to how they found the process, but it could be expanded wider.

- It was noted that the partnership arrangements had been managed in the past through community grants as the funding had come from this source. However a more optimal approach would be to manage these relationships with the contractual part of the Council that was responsible for overseeing and delivering the activities, with a contract for service in place of a grant to fund this service. The feedback received would be considered and it was agreed that partnership agreements be removed from the recommendations in the report as it was more about having an outcome-based relationship with these groups rather than it just being a financial transaction.
- Members noted that they expected to consider each of the partnership agreements currently in place.

Discussion points raised

- There was a focus on the partner obligations with partnership agreements but not on the Council meeting their requirements. A better balance was required to ensure that there was more than just a funding transactional process, but rather an opportunity to undertake roles and tasks which needed to be made clearer.
- Contestable funding should be about developing more effective relationships with our partners with the possibility of having a relationship longer than three years.
- In relation to having one partnership agreement per sector, it was suggested that given the breadth of some of the sectors, there could be more than one. It was felt that a much more effective relationship was needed in terms of the arrangements.
- It may be more beneficial from a partnership perspective to know where the Council's policies and strategies were not working rather than having these partners as advocates. The groups were another way of Council getting good information about what was working in the community, and what was not working, as these were trusted organisations. There was a need to get the essence of the partnerships well defined and the expectations from both sides to be contributing to it.
- Recommendation (h) in the report - to provide delegated authority to the Chief Executive to approve future amendments was removed.
- The process to amend the funding schedules would need to come back to this Committee for approval.

COMMITTEE RESOLUTION SFR4/23/6

Moved: Commissioner Bill Wasley

Seconded: Commissioner Stephen Selwood

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Draft Revised Community Funding Policy".
- (b) Agrees to establishing a Community Funding Programme to identify and make visible the whole collection of community funding provided by the Council, excluding partnership agreements.
- (c) Agrees to include Capital Funding and Community Leases in the scope of the Community Funding Policy.
- (d) Agrees to continue to exclude Community Event Funding, funds provided by central government, Grants for Development Contributions for Community Housing and Papakāinga Housing, and Rates Remissions from the scope of the Community Funding Policy but include them in the Community Funding Programme.
- (e) Agrees to continue to exclude Service Agreements, partnership agreements and Mayoral Grants from the scope of the Community Funding Policy and from the Community Funding Programme.
- (f) Agrees to include the definitions for each of the principles specified in 4.1 of the revised policy.

- (g) Agrees to remove specific details in the policy in line with making it an umbrella policy for community funding.
- (h) Approves the draft revised Community Funding Policy and attached Funding Schedules (Attachment 1) for community consultation from early July to early Aug 2023, excluding partnership agreements.
- (i) Authorises the Chief Executive to make any necessary minor drafting or presentation-amendments to the draft revised Community Funding Policy and Funding Schedules and related consultation material prior to the commencement of consultation.

CARRIED

9.4 Retrospective approval of submission on Discussion document: Review of the Electricity (Hazards from Trees) Regulation 2003

Staff Emma Joyce, Open Space and Community Facilities Planner
Mark Armistead, Principal Urban Forester

COMMITTEE RESOLUTION SFR4/23/7

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Bill Wasley

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Retrospective approval of submission on Discussion document: Review of the Electricity (Hazards from Trees) Regulation 2003".
- (b) Approve the staff submission to Ministry of Business, Innovation and Employment (MBIE) *Discussion document: Review of the Electricity (Hazards from Trees) Regulation 2003* (attachment 1) noting the key points of the submission as follows:
 - Differences between well-managed trees in urban environments and commercial forestry plantations
 - Willingness to collaborate with works owners (lines companies) on a risk-based approach to managing trees in urban environments
 - Role of trees in meeting strategic and legislative obligations to increase tree canopy and indigenous vegetation
 - Role of trees in mitigating climate change effects.

CARRIED

9.5 House it going? Dashboard

Staff Alastair McNeil, General Manager: Corporate Services
Rory Bayliss Chalmers, Senior Business Analyst

Key points

- The dashboard aimed to tell the story of Tauranga's housing shortfall in a succinct and dynamic way, showing the challenges being faced with housing in the city.
- The dashboard included a number of assumptions on the capacity and what and where housing could be achieved in future years.
- The city was lacking over 5,000 houses to meet the overall demand and this widened slightly over the next 15 years.
- It also included the number of building consents being approved.

In response to questions

- The data was provided by the strategy team and the assumptions included the feasible amount of housing that could be accommodated such as greenfield areas as well as the infrastructure available to determine the number of houses that could be accommodated. Factors such as stormwater, natural hazards etc had also been considered.
- In response to a request that the data be included from the wider sub-region and reported regularly, it was noted that the data had been sourced through the SmartGrowth Housing and Business Assessment (HBA) for the Western Bay of Plenty sub-region and was reported through SmartGrowth.
- More regular reporting on housing supply would come through this Committee via the regular Growth & Land Use Projects Progress re.
- It was noted that the dashboard would also include information on Māori land.

Discussion points raised

- Acknowledged the information and ease of use of the resource and it was requested that it be expanded to become a sub-regional tool.
- Sourcing reliable data on the capacity of each of the potential areas was recognised as a challenge, as were other details including the supply and demand by tenure, type, rental verses ownership.
- There was a need to think about how to address the deeper underlying issue of providing affordable housing.

COMMITTEE RESOLUTION SFR4/23/8

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Bill Wasley

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "House it going? Dashboard".

CARRIED

9.6 Infrastructure Resilience Programme update

Staff Nic Johansson, General Manager: Infrastructure Services
Kim Martelli, Resilience Specialist: Natural Hazards and Infrastructure
Natalie Rooseboom, Manager: Asset Services

Key points

- Provides a first cut indication of the resilience component of the Resilience and Sustainability Programme and an outline of how to de-risk and rank the resilience component of Council work resulting in a good picture of the hazards in the city.
- The improvements of the infrastructure were evident as it had coped and helped to reduce the damage during the recent weather events.
- Started with 320 projects of which 130 had dropped out for various reasons including some becoming operational rather than capital expenditure.
- A focus in the LTP was for bridges of \$40m, including lead up and causeways, and water projects of \$20m.
- Four of the five projects in the last LTP had carried on into this period.
- The data that the risks were based on was changing and these had been adapted to feed into the upcoming LTP.
- The bridges provided key connections throughout the city, and several had also been included in the Waka Kotahi resilience programme to address seismic, tsunami and storm issues.

In response to questions

- In relation to a query regarding the citywide landslide study it was noted that it was currently going through a quality assessment. The topography data was better than the previous information from 2000, the number of properties added were in areas that were formally outside the city boundary at that time with no slope hazard data available. Once this data was available, it would be reported to the Council and the affected landowners notified and form part of the information on the Land Information Memorandum (LIM) for that property.
- Discussion ensued on what an acceptable level of risk was for each asset and a consensus of whether it was a political decision from a total network rather than an individual asset perspective.
- Broader discussions would be held once the national direction came out regarding the inclusion of private sector assets, managed retreats, and whole life cycle planning, noting what an area may look like in 60 years' time.

Discussion points raised

- Well done with adapting to the changing conditions, understanding and being better placed to manage the risk.

COMMITTEE RESOLUTION SFR4/23/9

Moved: Commissioner Stephen Selwood

Seconded: Ms Rohario Murray

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Infrastructure Resilience Programme update".
- (b) Notes that the Executive will review and propose prioritisation of the projects within the Infrastructure Resilience Programme for consideration by Commissioners through the Long-term Plan process.

CARRIED

9.7 Mount to Arataki Spatial Plan Update

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Carl Lucca, Team Leader: Urban Communities

Key points

- The Mount to Arataki Spatial Plan (MSP) sought to deliver a 30-year blueprint to provide a strategic direction for existing and future growth needs of the area, forming the basis for the co-ordination of decision making within and across multiple agencies in a growth context.
- The Mount Industrial Planning Study (MIPS) was being prepared at the same time and staff were working closely together to move both forward.
- Good engagement feedback had been received on the plan with 960 survey responses, of which 75% were from people living in the Mount spatial plan area. There were also several drop-in sessions and workshops, receiving around 10,000 comments.
- Staff were engaging directly with mana whenua representatives with a number of hui being held.
- Transport, parks, open spaces, healthy and safe communities, and road maintenance were the highest response items with many other consistent themes featuring strongly.
- Residents wanted to be connected to their communities, supporting growth around centres, and recognising the different communities also featuring strongly as well as being aware of and being responded to with the right actions. Protection of the environment was a strong theme.
- Consideration was needed of how to buffer the industrial area, with possible land use or softening the boundary and cross connections where people work.

- Environmental accord with business was also coming through strongly with key stakeholders who were willing and open to moving forward in that direction.
- Culture and identity was a theme at a number of levels from working with mana whenua to the holiday area where people walked down the road with a surfboard to head to the beach.
- A draft plan would be brought back to Council for consideration after the consultation period which would take place in September. It would have a stronger policy content as responses were made on the key land issues in the area.

In response to questions

- The Mount Business Association were not included in the reference group as they represented one community, however specific engagement, including workshops, was being undertaken with the Association.
- The proposed bus lanes being able to be used for freight was also a good suggestion.
- In response to a query as to whether some of the side streets in the suburbs could be used as a safer route for multi- modal transport, rather than the main arterial routes, it was noted that this was a common message throughout the engagement. Staff would work with the Accessible Streets project team to determine where the routes could be located.
- It would take time and partnerships between Council, Bay of Plenty Regional Council, Priority One, other key stakeholders and the businesses to finalise the Mount Industrial Planning Study and would require an amalgam of responses including voluntary environmental accords as well as plan changes to achieve changes over time. The outcomes sought may not be acceptable to all parties and this would also need to be worked through. The next process would outline the key issues and the proposed responses to them.
- A list of the next group of prioritised plan changes would be brought to the Committee before the end of the year including centre hierarchy and industrial land as core priorities for clear direction in order for them to be progressed.

Discussion points raised

- Lack of confidence by the young people to walk around the streets was noted, and it was suggested they needed to be encouraged to use different modes of travel.
- It was noted that Whakatane District Council had a specific bylaw banning trucks from going through the Ohope residential community and it was questioned whether this could be applied to Maunganui Road. This was noted for investigation.

COMMITTEE RESOLUTION SFR4/23/10

Moved: Commissioner Bill Wasley

Seconded: Mr Bruce Robertson

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Mount to Arataki Spatial Plan Update".

CARRIED

10 DISCUSSION OF LATE ITEMS

Nil

7 PUBLIC EXCLUDED SESSION

Nil

The meeting closed at 12.10 pm.

The minutes of this meeting were confirmed as a true and correct record at the Strategy, Finance and Risk Committee meeting held on 7 August 2023.

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CHAIRPERSON