

### **AGENDA**

## Strategy, Finance and Risk Committee meeting Monday, 7 August 2023

I hereby give notice that a Strategy, Finance and Risk Committee meeting will be held on:

Date: Monday, 7 August 2023

**Time: 9.30am** 

**Location: Bay of Plenty Regional Council Chambers** 

Regional House 1 Elizabeth Street

**Tauranga** 

Please note that this meeting will be livestreamed and the recording will be publicly available on Tauranga City Council's website: <a href="https://www.tauranga.govt.nz">www.tauranga.govt.nz</a>.

Marty Grenfell
Chief Executive

## Terms of reference – Strategy, Finance & Risk Committee

#### **Membership**

**Chairperson** Commission Chair Anne Tolley

**Deputy chairperson** Dr Wayne Beilby – Tangata Whenua representative

Members Commissioner Shadrach Rolleston

Commissioner Stephen Selwood

Commissioner Bill Wasley

Matire Duncan, Te Rangapū Mana Whenua o Tauranga

Moana Chairperson

Te Pio Kawe – Tangata Whenua representative Rohario Murray – Tangata Whenua representative

Bruce Robertson - External appointee with finance and

risk experience

**Quorum** Five (5) members must be physically present, and at least

three (3) commissioners and two (2) externally appointed

members must be present.

Meeting frequency Six weekly

#### Role

The role of the Strategy, Finance and Risk Committee (the Committee) is:

- (a) to assist and advise the Council in discharging its responsibility and ownership of health and safety, risk management, internal control, financial management practices, frameworks and processes to ensure these are robust and appropriate to safeguard the Council's staff and its financial and non-financial assets;
- (b) to consider strategic issues facing the city and develop a pathway for the future;
- (c) to monitor progress on achievement of desired strategic outcomes;
- (d) to review and determine the policy and bylaw framework that will assist in achieving the strategic priorities and outcomes for the Tauranga City Council.

#### Membership

The Committee will consist of:

- four commissioners with the Commission Chair appointed as the Chairperson of the Committee
- the Chairperson of Te Rangapū Mana Whenua o Tauranga Moana
- three tangata whenua representatives (recommended by Te Rangapū Mana Whenua o Tauranga Moana and appointed by Council)
- an independent external person with finance and risk experience appointed by the Council.

#### **Voting Rights**

The tangata whenua representatives and the independent external person have voting rights as do the Commissioners.

The Chairperson of Te Rangapu Mana Whenua o Tauranga Moana is an advisory position, without voting rights, designed to ensure mana whenua discussions are connected to the committee.

#### **Committee's Scope and Responsibilities**

#### A. STRATEGIC ISSUES

The Committee will consider strategic issues, options, community impact and explore opportunities for achieving outcomes through a partnership approach.

#### A1 – Strategic Issues

The Committee's responsibilities with regard to Strategic Issues are:

- Adopt an annual work programme of significant strategic issues and projects to be addressed. The work programme will be reviewed on a six-monthly basis.
- In respect of each issue/project on the work programme, and any additional matters as determined by the Committee:
  - Consider existing and future strategic context
  - Consider opportunities and possible options
  - Determine preferred direction and pathway forward and recommend to Council for inclusion into strategies, statutory documents (including City Plan) and plans.
- Consider and approve changes to service delivery arrangements arising from the service delivery reviews required under Local Government Act 2002 that are referred to the Committee by the Chief Executive.
- To take appropriate account of the principles of the Treaty of Waitangi.

#### A2 - Policy and Bylaws

The Committee's responsibilities with regard to Policy and Bylaws are:

- Develop, review and approve bylaws to be publicly consulted on, hear and deliberate on any submissions and recommend to Council the adoption of the final bylaw. (The Committee will recommend the adoption of a bylaw to the Council as the Council cannot delegate to a Committee the adoption of a bylaw.)
- Develop, review and approve policies including the ability to publicly consult, hear and deliberate on and adopt policies.

#### A3 – Monitoring of Strategic Outcomes and Long Term Plan and Annual Plan

The Committee's responsibilities with regard to monitoring of strategic outcomes and Long Term Plan and Annual Plan are:

- Reviewing and reporting on outcomes and action progress against the approved strategic direction. Determine any required review / refresh of strategic direction or action pathway.
- Reviewing and assessing progress in each of the six (6) key investment proposal areas within the 2021-2031 Long Term Plan.
- Reviewing the achievement of financial and non-financial performance measures against the approved Long Term Plan and Annual Plans.

#### **B. FINANCE AND RISK**

The Committee will review the effectiveness of the following to ensure these are robust and appropriate to safeguard the Council's financial and non-financial assets:

- Health and safety.
- Risk management.
- Significant projects and programmes of work focussing on the appropriate management of risk.
- Internal and external audit and assurance.
- Fraud, integrity and investigations.
- Monitoring of compliance with laws and regulations.
- Oversight of preparation of the Annual Report and other external financial reports required by statute.
- Oversee the relationship with the Council's Investment Advisors and Fund Managers.
- Oversee the relationship between the Council and its external auditor.
- Review the quarterly financial and non-financial reports to the Council.

#### **B1 - Health and Safety**

The Committee's responsibilities through regard to health and safety are:

- Reviewing the effectiveness of the health and safety policies and processes to ensure a healthy and safe workspace for representatives, staff, contractors, visitors and the public.
- Assisting the Commissioners to discharge their statutory roles as "Officers" in terms of the Health and Safety at Work Act 2015.

#### **B2 - Risk Management**

The Committee's responsibilities with regard to risk management are:

- Review, approve and monitor the implementation of the Risk Management Policy, including the Corporate Risk Register.
- Review and approve the Council's "risk appetite" statement.
- Review the effectiveness of risk management and internal control systems including all
  material financial, operational, compliance and other material controls. This includes
  legislative compliance, significant projects and programmes of work, and significant
  procurement.
- Review risk management reports identifying new and/or emerging risks and any subsequent changes to the "Tier One" register.

#### **B3 - Internal Audit**

The Committee's responsibilities with regard to the Internal Audit are:

- Review and approve the Internal Audit Charter to confirm the authority, independence and scope of the Internal Audit function. The Internal Audit Charter may be reviewed at other times and as required.
- Review and approve annually and monitor the implementation of the Internal Audit Plan.
- Review the co-ordination between the risk and internal audit functions, including the integration of the Council's risk profile with the Internal Audit programme. This includes assurance over all material financial, operational, compliance and other material controls.

This includes legislative compliance (including Health and Safety), significant projects and programmes of work and significant procurement.

- Review the reports of the Internal Audit functions dealing with findings, conclusions and recommendations.
- Review and monitor management's responsiveness to the findings and recommendations and enquire into the reasons that any recommendation is not acted upon.

#### **B4 - External Audit**

The Committee's responsibilities with regard to the External Audit are:

- Review with the external auditor, before the audit commences, the areas of audit focus and audit plan.
- Review with the external auditors, representations required by commissioners and senior management, including representations as to the fraud and integrity control environment.
- Recommend adoption of external accountability documents (LTP and annual report) to the Council.
- Review the external auditors, management letter and management responses and inquire into reasons for any recommendations not acted upon.
- Where required, the Chair may ask a senior representative of the Office of the Auditor General (OAG) to attend the Committee meetings to discuss the OAG's plans, findings and other matters of mutual interest.
- Recommend to the Office of the Auditor General the decision either to publicly tender the external audit or to continue with the existing provider for a further three-year term.

#### **B5 - Fraud and Integrity**

The Committee's responsibilities with regard to Fraud and Integrity are:

- Review and provide advice on the Fraud Prevention and Management Policy.
- Review, adopt and monitor the Protected Disclosures Policy.
- Review and monitor policy and process to manage conflicts of interest amongst commissioners, tangata whenua representatives, external representatives appointed to council committees or advisory boards, management, staff, consultants and contractors.
- Review reports from Internal Audit, external audit and management related to protected disclosures, ethics, bribery and fraud related incidents.
- Review and monitor policy and processes to manage responsibilities under the Local Government Official Information and Meetings Act 1987 and the Privacy Act 2020 and any actions from the Office of the Ombudsman's report.

#### **B6 - Statutory Reporting**

The Committee's responsibilities with regard to Statutory Reporting relate to reviewing and monitoring the integrity of the Annual Report and recommending to the Council for adoption the statutory financial statements and any other formal announcements relating to the Council's financial performance, focusing particularly on:

- Compliance with, and the appropriate application of, relevant accounting policies, practices and accounting standards.
- Compliance with applicable legal requirements relevant to statutory reporting.
- The consistency of application of accounting policies, across reporting periods.
- Changes to accounting policies and practices that may affect the way that accounts are presented.

- Any decisions involving significant judgement, estimation or uncertainty.
- The extent to which financial statements are affected by any unusual transactions and the manner in which they are disclosed.
- The disclosure of contingent liabilities and contingent assets.
- The basis for the adoption of the going concern assumption.
- Significant adjustments resulting from the audit.

#### **Power to Act**

- To make all decisions necessary to fulfil the role, scope and responsibilities of the Committee subject to the limitations imposed.
- To establish sub-committees, working parties and forums as required.
- This Committee has <u>not</u> been delegated any responsibilities, duties or powers that the Local Government Act 2002, or any other Act, expressly provides the Council may not delegate. For the avoidance of doubt, this Committee has **not** been delegated the power to:
  - o make a rate;
  - o make a bylaw;
  - o borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan (LTP);
  - o adopt the LTP or Annual Plan;
  - adopt the Annual Report;
  - adopt any policies required to be adopted and consulted on in association with the LTP or developed for the purpose of the local governance statement;
  - o adopt a remuneration and employment policy;
  - o appoint a chief executive.

#### **Power to Recommend**

To Council and/or any standing committee as it deems appropriate.

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- 1 OPENING KARAKIA
- 2 APOLOGIES
- 3 PUBLIC FORUM
- 4 ACCEPTANCE OF LATE ITEMS
- 5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN
- 6 CHANGE TO ORDER OF BUSINESS

#### 7 CONFIRMATION OF MINUTES

7.1 Minutes of the Strategy, Finance and Risk Committee meeting held on 26 June 2023

File Number: A14900735

Author: Janie Storey, Governance Advisor

Authoriser: Sarah Drummond, Governance Advisor

#### **RECOMMENDATIONS**

That the Minutes of the Strategy, Finance and Risk Committee meeting held on 26 June 2023 be confirmed as a true and correct record.

#### **ATTACHMENTS**

1. Minutes of the Strategy, Finance and Risk Committee meeting held on 26 June 2023



## **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 nonfinancial 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 presentationamendments 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 coordination 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- model 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.

CHAIRPERSON

#### 8 DECLARATION OF CONFLICTS OF INTEREST

#### 9 BUSINESS

#### 9.1 Six Monthly Treasury Strategy Update

**File Number:** A14802196

Author: Sheree Covell, Treasury & Financial Compliance Manager

Kathryn Sharplin, Manager: Finance

Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. The Treasury Policy requires strategies to be approved on a six monthly basis. This report provides an update on the performance and status of Council's treasury function and seeks approval for strategies for treasury risk management activities, debt issuances, investments, foreign exchange exposures and interest rate hedging activities.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Six Monthly Treasury Strategy Update".
- (b) Approves the issuance of long and short term debt on a wholesale basis to manage cashflows.
- (c) Approves maintenance of a minimum of \$15m of cash and short term investments to manage cashflows.
- (d) Approves hedging of all significant foreign exchange exposures.
- (e) Approves to hold new retentions monies in a trust account to adhere to new legislation.

#### **EXECUTIVE SUMMARY**

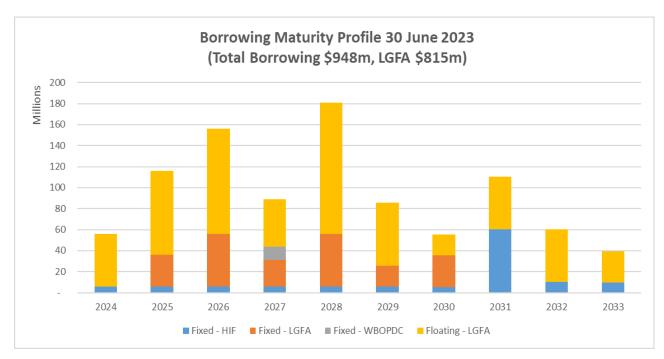
- 2. This report outlines all significant treasury operational activities and seeks confirmation of existing strategies and approvals for planned strategies.
- 3. Treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks.

#### **BACKGROUND**

#### **Debt Management - General**

- 4. Council has a large investment in infrastructure assets which have long economic lives and long term benefits. Debt is used to fund infrastructure and it is recognised as an efficient mechanism to allocate the cost of infrastructure to the community.
- 5. Core external debt and working capital requirements are managed by issuing a combination of long and short term debt. The maturity dates for new debt issuance are assessed under the following criteria:
  - Borrowing margins for short versus long term debt
  - Investor demand including bank funding
  - Local Government Funding Agency (LGFA) or other wholesale margins/maturities offered

- Compliance with LGFA covenants
- Housing Infrastructure Fund (HIF) drawdowns
- Existing maturity profile
- Available undrawn bank facilities
- 6. The graph below shows the current debt maturity profile as at 30 June 2023



- 7. As at 30 June 2023 outstanding debt was \$948.3m of which \$230m was issued since the beginning of this financial year.
- 8. This exceeds the budgeted debt per the 2022/23 Annual Plan by \$46m. Two additional borrowing programme resolutions were approved by this committee in December 2022 and May 2023 for additional borrowing totalling \$70m.
- 9. The 2023/24 Annual plan budgeted total debt is \$1.1bn which will be monitored over the coming months as the impact of a \$46m higher then budgeted opening debt balance rolls into the 2023/24 financial year.
- 10. During the 2022/23 financial year \$56m of long term debt matured. A further \$56m will mature in the 2023/24 financial year.

#### **Debt Management – Waters Reform**

- 11. The previous treasury strategy report was presented in May 2022 and at the time Waters Reform was expected to occur on 1 July 2024. A strategy for issuing short term debt to match expected waters reform debt paydowns was considered, however now that Waters reform has been delayed this strategy has been put on hold.
- 12. Council staff are in ongoing discussions with the Department of Internal Affairs in regards to debt negotiations and will adjust the councils debt issuance strategy once there is more certainty.

#### **Bank Facilities**

- 13. Access to liquid funding by way of committed bank facilities and/or liquid investments is required in order to manage liquidity risk.
- 14. Both Council's Treasury Policy and LGFA financial covenants require a level of undrawn committed bank facilities or liquid investments or a combination of both. The key objective is

- to maintain adequate liquidity in the context of managing debt maturities and debt servicing on a 12 month rolling basis.
- 15. Bank facilities are \$100m. This facility matures on 31 October 2026. Generally, the maturity date is extended by one year each year. It is planned to maintain the facility within the 2 to 4 year maturity band.
- 16. In general, bank facilities are available to be drawn down at short notice, provided that if they are drawn they are able to be repaid on a quarterly basis.
- 17. Council was required to utilise the bank facility on one occasion this financial year in order to meet higher than expected operational cashflows. \$10m was drawn and paid back within one week of issuance.
- 18. Current facility costs are 2% (\$200k for \$100m facility). Generally pricing on facilities are renewed on an annual basis.
- 19. It is important to note that any funds drawn down from bank facilities would need to be managed within the existing debt to revenue ratio. The limit for the debt to revenue ratio for the 2022/23 financial year was 295% and the Annual Plan ratio was 180%. The anticipated actual ratio for 2022/23 is estimated to be approximately 195%.

#### **Liquidity Risk**

- 20. The Treasury policy outlines the management framework for funding, liquidity and credit risks. Liquidity risk primarily focuses on ensuring that there are sufficient funds available to meet obligations in an orderly manner.
- 21. The key liquidity risk management indicators are:
  - (a) The primary debt maturity limit requires external debt committed bank facilities and cash/cash equivalents to be maintained above 100% above 12<sup>th</sup> month peak forecasted net external debt
  - (b) No more than 33% of debt to be refinanced in any rolling 12 month period

#### **Local Government Funding Agency (LGFA)**

- 22. The LGFA is an agency specialising in financing of the local government sector. LGFA was established to raise debt on behalf of councils on terms that are more favourable to them than if they raised the debt directly.
- 23. LGFA was incorporated as a limited liability company under Companies Act 1993 on 1 December 2011 following the enactment of the Local Government Borrowing Act 2011. As LGFA is majority owned by Councils it constitutes a Council Controlled Organisation (CCO) under the Local Government Act 2002.
- 24. LGFAs debt obligations are guaranteed by Council shareholders and any other Councils that borrow in excess of \$20m (total guarantors is 60). The New Zealand Government does not guarentee LGFA. Any call under the guarantee will be allocated across all guarantors on a pro rata basis in relation to their rates revenue.
- 25. As at 30 June 2002, total LGFA bonds (long term) on issue was \$17.8bn of which \$815m have been on lent to Tauranga City Council.
- 26. Fixed rate borrowing rate from LGFA for a A+ council are:

Term	LGFA rate (A+)*
2 Year	5.98%
5 year	5.50%
10 Year	5.58%
15 Year	5.79%

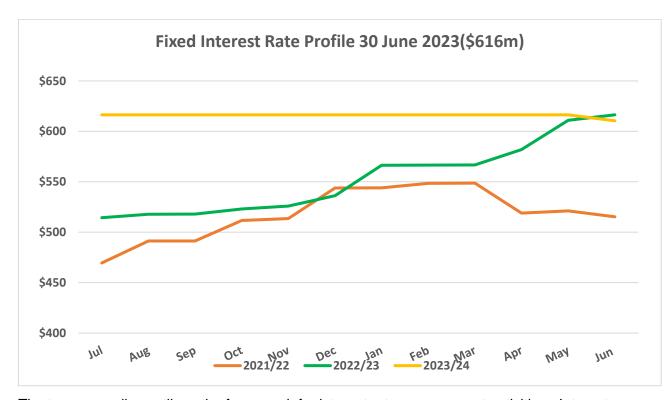
<sup>\*</sup>Rates are current at 19 July 2023

#### Security

27. Generally debt will be issued under the existing Council's Debenture Trust Deed (DTD) which offers rates revenue as security to attract lower borrowing margins. Councils Trustee appointed under the DTD is Covenant Trustee Services Limited. All debt obligations are registered with Link Market Services Limited.

#### **Interest Rate Management**

- 28. The overall objective of the interest rate risk management strategy is to:
  - (a) Minimise the average net interest cost on borrowings over the long term
  - (b) Minimise large concentrations of interest rate risk
  - (c) Increase duration of the interest rate re pricing profile
  - (d) Maintain an appropriate mix of floating and fixed rate exposures.
- 29. Council is exposed to the interest rate fluctuations on existing and future borrowings. Interest rate risk in minimised by managing floating and fixed exposures within the Treasury Policy limits framework. The overall outcome of interest rate risk management is reflected in the average interest rate on borrowings which is 4.53% (including margin) at 30 June 2023.
- 30. As at 30 June 2023 the fixed interest rate position was \$616m which is 65% of debt. The graph below shows the existing fixed interest rate positions (fixed debt and interest rate hedging) for the previous, current and next financial years.



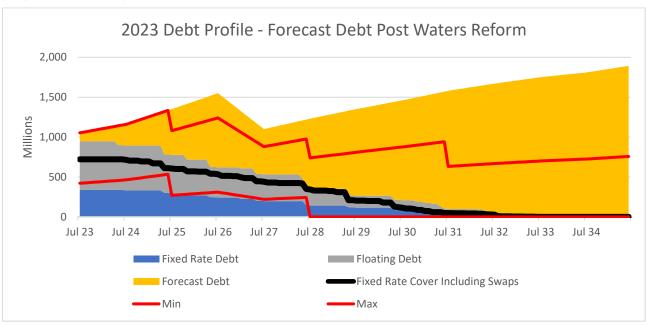
- 31. The treasury policy outlines the framework for interest rate management activities. Interest rate risk is managed with minimum and maximum fixed debt percentages by time bands. These minimum and maximum levels by time bands are designed to minimise interest rate re-price risks.
- 32. During the 2022/23 financial year \$105m of interest rate swaps were executed of which \$70m are forward start swaps to move the fixed rate debt position closer to the middle of

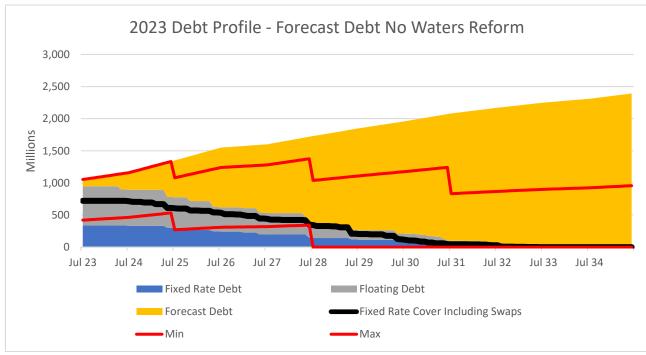
policy bands. The total amount of interest rate swaps is now \$353m with maturities ranging from now to July 2032.

33. Analysis of debt levels and associated interest rate hedging positions are reviewed on a monthly rolling basis.

#### **Fixed Debt Profile**

The chart below shows the fixed interest rate positions relative to forecast debt over time. Due to the timing of Long Term Plan data not yet being available at the time of this report the forecast debt used in this example is based on projected levels so is an estimate for the purposes of this report.

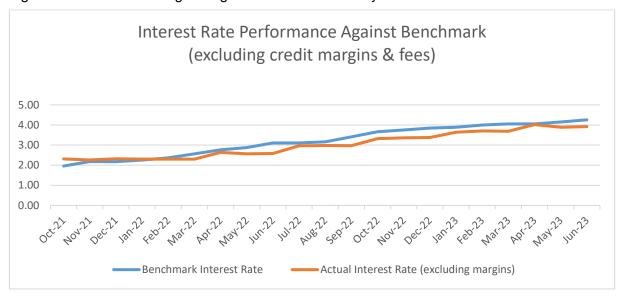




34. The above graphs show that fixed rate debt remains above the minimum policy band regardless of whether waters reform proceeds or not. If three waters remain in council operations there is minimal headroom in 2028. This being monitored and managed with interest rate swaps at each debt issuance until waters reform is confirmed.

#### **Interest Costs**

- 35. Interest is based on closing debt of \$948m at 30 June 2023. The annual plan assumption for the average interest rate for the 2022/23 financial year was 3.55% and the actual average interest rate for the same period was 4.50% including margins.
- 36. The graph below shows the actual average interest rate (excluding margins and fees) against market rate benchmarks as set in the Treasury Policy. Benchmark rates are a proportional calculation of the 90 day, 2,5,7 and 10 year swap rates. The average interest rate remains below benchmarks due to hedging placed during a low rate environment and high interest debt maturing during the 2022/23 financial year.



#### Investments

- 37. From a short-term working capital management perspective it is proposed to increase the minimum liquid investment balance from \$10m to \$15m to reflect the increasing cash outflows of Council. Investment rates aligning to OCR have been negotiated with our transactional banker (ANZ). This level of working capital is sufficient to manage the net cashflows during an average month. Overall, the investment portfolio is managed in line with the detailed forecast.
- 38. As at 30 June 2023 there was \$54m in cash and \$60m on deposit. The funds on deposit are on short terms to align with cashflow forecasts over the coming months.

#### Foreign Exchange

- 39. Under the treasury policy upon approval of expenditure, all significant commitments for foreign exchange are hedged. Generally foreign exchange exposure above \$100,000 is regarded as significant.
- 40. Currently there are no outstanding foreign exchange contracts.

#### Retentions

- 41. New legislation will require council to change the way Council deals with retentions on construction contracts. The changes come into force on 5 October 2023 and applies to commercial construction contracts entered into or renewed after this date. The key changes for Council relate to securing retention monies and reporting to contractors.
- 42. Council will now transfer retentions money into a separate trust account to hold until such time that the retentions are agreed to be released. The Trust account will earn interest at the official cash rate and Council can retain the interest earned.
- 43. This change will be included in the triennial Treasury Policy review which is currently underway as part of the Long Term Plan process and will be reported to council in October 2023.

#### STRATEGIC / STATUTORY CONTEXT

44. The treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks. These strategies ensure compliance with Treasury Policy limits.

#### **OPTIONS ANALYSIS**

45. Option 1: Approve Recommendations

The committee is recommended to approve the above Treasury strategies. The recommendations ensure compliance with the Council's Treasury Policy: the effective management of both interest rate and funding risks and allows the achievement of existing net interest rate budgets.

- 46. Option 2: Do Not Approve Recommendations
- 47. Council may decide not to approve the recommendations. This may risk Council not complying with its Treasury Policy and may lead to increased interest rate and funding risks and sub-optimal net interest costs

#### **SIGNIFICANCE**

- 48. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 49. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 50. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

#### **ENGAGEMENT**

51. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **NEXT STEPS**

52. Implementation of Treasury Strategy within the Treasury Policy framework.

#### **ATTACHMENTS**

Nil

#### 9.2 Review of Rating Categories to Differentiate Industrial Ratepayers

File Number: A14848445

Author: Jim Taylor, Manager: Rating Policy and Revenue

Kathryn Sharplin, Manager: Finance Malcolm Gibb, Contractor - Rating Review

Authoriser: Paul Davidson, Chief Financial Officer

#### PURPOSE OF THE REPORT

1. The report considers matters relevant to the consideration of further differentiation of the commercial rating category to set a separate industrial rating category and whether this could reflect a fairer and more equitable balance of funding.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the council report "Review of Rating Categories to Differentiate Industrial Ratepayers".
- (b) Receives the attachment "Report on Rating Categories Differential by P J and Associates".
- (c) Recommends to Council to consider this material in the development of the 2024-34 Long-term Plan.

#### **EXECUTIVE SUMMARY**

- 2. The Port of Tauranga (POT) and industrial companies are particularly significant to the city's economy. They bring significant employment and wealth to the city and its community.
- 3. The planning and provision of infrastructure services is crucial to this sector as well as the need for housing and social, environmental and cultural amenity.
- 4. There are costs and pressures on the city which come with this business activity including increased congestion both on the state highway network and city roading infrastructure, higher maintenance and renewals requirements from heavy vehicle use along with other wellbeing impacts both positive and negative on the community that come with a large industrial sector particularly related to a busy Port.
- 5. The Rating Policy was amended in the 2022/2023 Annual Plan to phase in a commercial rating differential for the general rate and a transportation targeted rate to reflect a 50/50 funding split between commercial and residential rating units.
- 6. In submissions, members of the commercial sector requested council to further differentiate the contributions of the commercial sector by separately recognising the benefits received and impacts of the industrial sector in the city.
- 7. The issue particularly relates to industrial warehousing, manufacturing, transportation of goods and other industrial activity related to industrial properties both within proximity of the Port of Tauranga and within other industrial areas in the city.
- 8. Commissioners have requested staff to investigate whether there is justification to introduce a new Industrial rating category which could provide for a fairer and more equitable funding outcome.

9. The recent Judgement by the Supreme Court of NZ in the successful appeal by Auckland Council, for a targeted rate on commercial accommodation providers has presented some important principles in the setting of rates by a local authority.

#### **BACKGROUND**

#### **CURRENT APPROACH**

- 10. Currently council has two rating categories
  - "Residential" which includes land whose primary use is residential, rural, educational, recreation, leisure, or conservation
  - "Commercial" which includes land whose primary use is commercial, industrial, port, transportation or utilities networks, and any land not in the residential category.
- 11. During the 2022/23 Annual Plan process, council approved an increase in the commercial general rate differential from 1.6 in financial year 2021/22 to 1.9 in 2022/23 with a further increase to 2.1 in 2023/24. The commercial transport targeted rate was also approved to move from 1.6 in financial year 2021/22 to 3.33 in 2022/23 and with a further increase to 5.2 in 2023/24.
- 12. The decision was to ensure a fairer balance between the residential and commercial ratepayers in the city whereby the funding split to fund the transportation activity was shared 50:50.
- 13. The issue about whether the commercial rating category fairly reflected all the constituent activity, particularly by the "Industrial and Port related sector", was raised by commissioners and other commercial ratepayers during the Long-term Plan deliberations. The independent reports from Insight Economics and subsequently supported by Gray Matter Ltd, looked at the volume of use of different categories of users of the transportation network. On the basis of usage statistics available at that time it was concluded that there was insufficient data to support further separating the commercial and industrial rating category. This in part reflected Tauranga City Councils (TCC) data limitations. The earlier studies did not look at the impact of heavy vehicles on the council's costs or community wellbeing.

#### OTHER REVIEWS ON OPTIONS FOR FAIR CONTRIBUTION

- 14. As part of the funding mix for the future, Council is also considering the use of variable road pricing for the city. The viability and impacts of variable road pricing in Tauranga could provide a range of benefits, including reduced congestion and faster, more reliable journey times. It could also deliver significant economic and social benefits, encourage different transport choices, reduce transport-related greenhouse gas emissions and support the Government's objective of reducing vehicle trips in main urban centres.
- 15. Variable road pricing could charge all vehicle users for access to Tauranga's main transport corridors. The charge could vary, depending on the time of day, day of the week and traffic demand. It is similar in concept to the charges applied to toll roads and would include using prepayment systems and vehicle recognition technology. The introduction of variable road pricing would require new legislation, comprehensive work on its benefits and implications and a significant community consultation process to ensure the concept was supported.
- 16. For identified new capital expenditure in the transportation activity TCC has reached agreement with Crown infrastructure partners on an Infrastructure Funding and Financing arrangement under which ratepayers will be levied over a period of 30 years to fund these projects. This financing arrangements enables future ratepayers who will benefit from this investment to contribute a fair share rather than focusing the costs on ratepayers over a shorter term which would have been the case under normal TCC financing arrangements.
- 17. Large industrial businesses are both a contributor to costs and a beneficiary of the roading network. As some of our largest businesses as evidenced by capital value and supported by

published accounts they can have a greater ability to pay a larger share which council can consider, under section 101(3)(iv).

#### **COMPARISON WITH OTHER COUNCILS**

18. The table below shows that TCC's commercial differential, at 2.1, is the lowest compared with other metro councils that we benchmark against. It also confirms that the capital value of the industrial sector as a percentage of the city's total capital value, at 9%, is higher than these councils. This is consistent with the location and function of the Port of Tauranga and the proximity of New Zealand's busiest port to the centre of Tauranga.

Council	Commercial		(% total \$	total \$ capital	Residential (% total \$ capital value)	Lifestyle (% total \$ capital value)	Other(% total \$ capital value)
Tauranga	2.1	9%	9%	1%	70%	4%	8%
Hamilton	2.98	8%	9%	2%	74%	1%	7%
Dunedin	2.47	4%	7%	3%	72%	7%	7%
Auckland	2.63	6%	8%	1%	76%	6%	3%
Wellington	3.7	2%	13%	2%	75%	1%	7%
Christchurch	2.22	7%	10%	5%	70%	2%	7%

- 19. It is noted that further review is needed to incorporate the impact of TCC's economic development rate and other metro councils' similar rates into this comparison. At present it is based on the commercial differential on the general rate only
- 20. The Waikato region will also face cost and impact issues from the development of an inland port in the Waikato region. The Port of Tauranga Limited (POTL), through their subsidiary Quality Marshalling, manage the Ruakura Inland Port, which is a joint venture between POTL and Tainui Group Holdings. The 34-hectare site is located within the Ruakura Superhub which is a 490-hectare industrial, commercial and residential development.
- 21. The inland port is adjacent to the East Coast Main Truck line and the Waikato Expressway for efficient connectivity to the Port of Tauranga. The rates on the Ruakura Superhub site will be assessed by Hamilton City Council.
- 22. It is noted that under the current rating regime road and rail traffic destined for the Port of Tauranga or returning to the Ruakura Inland Port will utilise this city's infrastructure but contribute no rate revenue. It is expected to significantly increase traffic flows and therefore increase the costs to council and the community of industrial and port-related activity.

#### **FURTHER INDEPENDENT REVIEW**

- 23. PJ and Associates were engaged earlier this year to investigate and report on whether the introduction of a new rating category could be supported. Philip Jones is a recognised expert in finance and asset management in the local government sector and is a member of several local authority audit and risk committees in NZ.
- 24. The report (attached) focuses on an assessment of the council's proposed expenditure as part of the development of the asset management plan in conjunction with the 2023/24 Annual Plan and 2024/34 Long Term Plan.
- 25. The report concludes that while the information on current renewal proposals supports the existing differential, there is insufficient existing TCC data collected to directly support a higher ratio. The ratios for each category for renewal costs and capital values are relatively close.
- 26. The report noted that other transportation expenditure, relating to both operational and capital expenditure, including the financial and non-financial impact of safety and congestion

- in the city, was not available for analysis. This information is not currently recorded in council's asset management system (RAMM) for each road in the city.
- 27. The report does not specifically consider traffic associated with the Port and related industries but notes that this traffic is likely to increase both from inside and outside the city boundaries in the coming years.
- 28. The report does, however, mention the opportunity for council to consider section 101(3)(b) and the overall impacts on the community and particularly the four well beings. The social, economic, environmental and cultural impacts which could be considered include safety, congestion, noise and pollution.
- 29. The industrial sector uses particular vehicle types (axle weights), travel different trip lengths and need certain road facility types which are factors in their differential impacts on the city network.
- 30. The PJ & Associates report recommends that Council continue to develop the systems and processes capable of providing the financial and asset management information to support the industrial rating category and the benefits provided to industry with the city.

#### OTHER SUPPORTING INFORMATION FOR AN INDUSTRIAL CATEGORY

- 31. A report produced by Road Controlling Authorities attached as Appendix 2, provides an independent analysis of the impact of heavy vehicles on a road network.
- 32. The report references that the typical impacts from an increase in the number and/or weight of heavy vehicles using a road include
  - A need for extra pavement width
  - Change in surfacing type and pavement thickness
  - Increase in maintenance and
  - Reduction in pavement life requiring road pavement upgrading (either strengthening or reconstruction)
- 33. Further research concluded that heavier vehicles do a lot more damage on a road due to the "fourth power law". Basically, the more weight each axle of a vehicle is required to bear, the damage done to the road increases exponentially, to the power of four so an axle bearing 10 tonnes, for example, would put 10,000 times as much stress on the road as one carrying a single tonne.

#### **RECENT LEGAL DECISIONS**

- 34. The recent Judgement made by the Supreme Court of NZ (May 2023) in the successful appeal by Auckland Council, for a targeted rate on commercial accommodation providers, has provided some important principles in the setting of rates by a local authority.
- 35. Key principles are the extent to which a local authority needs to ensure a rational connection between the imposition of the rate and the benefits from the activity. This does not need to be an exact equivalence, or a close correlation and it is reasonable for the local authority to consider the intended or expected future benefits from an activity that is to be funded.
- 36. This Judgement is significant with regard to the matter being discussed in this report and given the opportunity provided by section 101(3)(b), council staff have developed options which can now be considered.

#### STRATEGIC / STATUTORY CONTEXT

37. This report considers the options to fund the transportation activity which could be included in the 2024/34 Long-term plan consultation to ensure adequate consultation and feedback

opportunities for the community and particularly the groups and individuals who may be affected by any proposal.

#### **OPTIONS ANALYSIS**

- 38. Having considered the factors in section 101(3)(a) of the Rating Act, council can then consider section 101(3)(b) and the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. The options for strategy Finance and Risk to consider and recommend on to Council are summarised below:
- 39. **Option 1**: Include a proposal to introduce a new rating category for "Industrial" properties as part of the draft 2024/2034 Long Term Plan.

The current commercial differential would remain at 2.1:1 and the industrial properties would be created as a separate category. The level of general rates differential for the industrial category when split could initially remain at 2.1:1. This category's differential would be expected to develop over time as the costs, impacts of and benefits to the industrial sector increase.

#### Advantages Disadvantages Responds to the commercial sector's - Data to support an ongoing and likely concerns that they are paying a increasing impact of industrial activities will continue to be required disproportionate rate. to be developed. Recognises the increasing volumes of heavy vehicle to Industrial and Port related businesses in the city from journeys originating or finishing outside the city's boundary. Recognises the social and environmental impacts such as congestion, safety and pollution on the city. Confirms there is a rational connection between the benefit and a rate which could be imposed. This differential for the industrial sector would remain within a range of comparable council's general rates differential.

Key risks		d empirical financial and asset management evidence data to date. This can be mitigated by
	(a)	developing better information and communication around the impacts and relevant investments to support the industrial category and the benefits and support provided to industry along with support for the wellbeing of the wider community.
	(b)	Clearer communication of the principles underlying the recent Supreme Court judgement and council's consideration of the four wellbeing's as part of the rating process.
Recommended?	Yes	

- 40. **Option 2:** Do not include a proposal to introduce a new rating category for "Industrial" property as part of the draft 2024/2034 Long Term Plan.
- 41. Continue to monitor the fairness and equitable funding of the transportation and wider activity of council and request staff to continue to develop systems and processes capable of providing the financial and asset management information which is recommended in the PJ & Associates' report to enable clear measurements on the operational and capital expenditure.

Advantages	Disadvantages	
- Delay a decision until improved financial information is available to ensure there is a stronger proof of correlation between the benefit and the rate imposed.	<ul> <li>The rating policy is not necessarily providing a fair and equitable outcome.</li> <li>Council has legal authority to commence a process to establish a rating category without further delay and cost.</li> </ul>	

Key risks	Some of this information is difficult to capture and measure and may take time and considerable resources to get to a position of more exact equivalence. In the meantime, the allocation of costs would not recognise the impacts of the industrial category.
Recommended?	No

- 42. In conjunction with both Options, council staff will continue to investigate other options to fund the transport activity as part of the draft 2024/34 Long Term Plan.
- 43. This includes congestion pricing or variable road pricing as a long-term solution to help manage the demand on the network and provide funding to maintain and repair the road corridors.

#### **FINANCIAL CONSIDERATIONS**

- 44. If the recommendations are approved there is no significant financial impacts on the current rating base, however there may be some budget requirements to develop systems and processes to better measure who benefits from the activity expenditure in the city.
- 45. If Council decides to consider the introduction of a new rating category there will be implications on rating units that can be presented as part of the draft 2024/34 Long-term Plan

#### **LEGAL IMPLICATIONS / RISKS**

46. The Local Government Act requires Council to consult on any proposal to change the Rating Policy and this report forms part of this process.

#### **CONSULTATION / ENGAGEMENT**

47. This report is a continuation of the commissioners' response to the community concerns received as part of the changes to the Rating Policy to ensure fair and equitable funding for the transportation activity.

#### **SIGNIFICANCE**

- 48. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 49. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the proposal.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 50. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the proposal is of medium significance.

#### **ENGAGEMENT**

- 51. Taking into consideration the above assessment, that the proposal is of medium significance, staff are of the opinion that engagement is required following the Council making a decision and the draft 2024/34 LTP process will form an integral part of the engagement process.
- 52. Council may decide that given the nature of the topic that specific engagement with the industrial sector is warranted.

#### **NEXT STEPS**

53. The consideration of these issues by the Strategy, Finance and Risk Committee will be referred to Council for 21 August consideration of the option of an industrial rating category to be consulted on as part of the 2024-2034 Long-term Plan.

#### **ATTACHMENTS**

- 1. Attachment to Rating Review PJ & Associates Report on Rating Categories Differential A14891103 J
- 2. Attachment 2 to Rating Review Road Control Authority The Impact of Heavy Vehicle Traffic on Road Pavement A14891310 .



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#### **Report on Rating Categories - Differential**

A report to Tauranga City Council to support its consideration of rating structure in relation to industrial ratepayers, prepared by PJ and Associates June 2023.

Following the adoption of the rating differential applied to commercial and industrial properties based on the work undertaken by Gray Matter and Insight Economics, it was requested that further investigations be undertaken to establish whether there is additional evidence to apply a separate rating differential between commercial and industrial properties. This report is in response to that request.

#### **Approach**

The Gray Matter assessment was based on trip generation and traffic surveys, whereas this report is based on an assessment of the proposed expenditure as part of the development of the Asset management plan in conjunction with the 2023/24 Annual Plan and 2024/34 Long term plan. As the purpose is to consider a rating differential to be applied to commercial and industrial properties, this report uses potential rating categories rather than the size or detailed land use as in the Gray Matter report. This report's outcomes provide support to the legal requirement of section 101 (3) (a) of the Local Government Act 2002 (LGA) to establish which parts of the community benefit from each activity. This is in contrast to section 101 (3) (b) LGA which provides the ability to modify the outcomes based on well beings.

The approach was in two parts, with the first being to allocate the roading expenditure into the following groups based on the broad categories contained within the Tauranga City Council's district plan:

- Residential
- Commercial
- Industrial

The information that was available related to the renewal expenditure being rehabilitation and reseal. While it would have been preferable to identify both operational and capital costs including expenditure that deals with congestion or safety into the various groupings above, currently this information is not recorded in Council's asset management system (RAMM) for each road. However, the amount of renewal work being undertaken on a road is generally reflective of the proportional cost, therefore it is a useful proxy for this report

It is important to note that due to the purpose of this investigation, only the expenditure relating to the roads that are within the categories/sectors was gathered. Therefore, not all expenditure has been included within the tables below.

#### Summary of results

Set out below is the summary of the results of the accumulation of both capital values and costs.

Sector	Capital value		Renewals over next 10 years	
	Rateable	Percentage	Costs	Percentage
Residential	72,581,443,500	88.26%	178,402,577	68.29%
Commercial	1,824,113,000	2.22%	18,542,617	7.10%
Industrial	6,875,454,000	8.36%	64,300,493	24.61%
Utilities	959,200,000	1.17%		

#### Initial results and further considerations

The results above support the differential that was arrived at as part of the Gray Matters report, but from cost basis do not provide conclusive evidence that would support a separate differential for commercial and industrial properties as ratio to renewal costs and capital values are of similar values.

The costing information that was made available only related to the renewal costs, however when assessing the impacts of both commercial and industrial traffic, there is an ability for the Council to consider the wider impacts on the community.

The second part of the report considers the overall impacts on revenue by assessing the current and future wellbeing of the community.

It is generally accepted that heavy vehicles create wider impacts on the community, not just financial impacts on the roading network. These wider impacts include congestion, noise, and pollution. Therefore, it is important to note that these wider impacts be then taken into final consideration when the total rates are recovered from each of the sectors listed above.

Furthermore, when setting a general rate differentially, a local authority is able to consider the wider impacts of groups of ratepayers on the local authority, not just one activity. For example, it can consider the impacts of industrial properties on the Resource policy/planning activity.



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#### **Background**

Currently the Council has two rating differentiations, being residential and a combined commercial/industrial, which are based on the Council's view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates.

This reflects the requirements of section 101 (3) (a) (ii) Local Government Act (LGA) which states:

the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;

The Gray Matter report particularly focuses on this aspect, however, it is accepted that costs are driven by traffic volumes and size. Large vehicles have a greater impact on roads than cars. This then leads to the consideration of section 101 (3) (a) (iv) LGA which states:

the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

Therefore, rather than focus on benefits, this requires a focus on costs and the groups causing the cost of renewals and maintenance of the roading network. This was then the focus of the investigation and the first part report.

In addition, the report considers section 101 (3) (b) (LGA), which provides a wider scope where the Council is required to consider not only who benefits but the overall impacts on the community considering four well beings.

#### Methodology of cost allocation

The overall approach was to allocate the selected roading expenditure into the following grouping:

- Residential
- Commercial
- Industrial

The information that was requested related to the roads within each zones-based Tauranga City Plan zones, and the zones were then allocated into the three groups above. A list of the various zones and grouping are set out in appendix 1.

While it could have been possible to consider each of the industrial zones as separate areas for analysis, because of the significant amount of the Port Industry zone being non rateable and the large number of heavy vehicle movements that transit through that zone, this would lead to a disproportionate expenditure to capital value for this zone.

The intention of using this method was to identify the proportional roading costs associated within each of these zones rather than attempt to distribute the total costs of the roading network based on usage and vehicle types, as this was done as part of the first study discussed above.

The costing data excludes roads that are shared by a number of zone/sectors groups as the focus of the allocation of expenditure is between commercial/industrial and not between residential, commercial and industrial. Therefore, the costs of roads like Cambridge and



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Cameron have been excluded as these are clearly used by different groups/users. An additional challenge with the roading network is there are a significant number of state highways for which the council is not responsible either for the maintenance or funding.

The Information that was available only related to the renewal expenditure being rehabilitation and reseal. While it would have been preferable to identify both operational and capital costs into the various groupings above, currently this information is not recorded at specific road level. However, the amount of renewal work being undertaken on a road is generally reflective of the proportional cost, therefore it is a useful proxy for this report.

In addition, as other new capital expenditure is often being funded through contributions, loans or the Transportation targeted rate, new capital has been excluded from the calculation below.

However, this could change in the future and those benefiting from significant new capital expenditure will need to be identified to enable better allocations of rates between groups.

#### Results

Using the District plan categories as set out in appendix 1, the capital values were accumulated into the three sectors below. In addition, the total value of all utilities across the city have been included in this table as they primarily use the roading corridor for their businesses. They are also an important component of the total capital value.

While the report does not specifically consider the traffic associated with the Port and related industries, it is important to note that this traffic is likely to increase both from inside and outside the city boundaries.

Sector	Capital value		
	Rateable	Percentage	
Residential	72,581,443,500	88.26%	
Commercial	1,824,113,000	2.22%	
Industrial	6,875,454,000	8.36%	
Utilities	959,200,000	1.17%	

Set out below is a summary of the renewal expenditure for the next 10 years based on the roads within each of the sectors. The ratio of capital value to renewal for commercial is 2.94 and industrial is 3.20. While there is a difference, the amount is currently relatively small and does not support the application of a separate differential based solely on an expenditure allocation between commercial and industrial properties

Sector	Total Renewals over next 10 years		
	Costs	Percentage	
Residential	178,402,577	68.29%	
Commercial	18,542,617	7.10%	
Industrial	64,300,493	24.61%	

Set out below is a summary of reseal expenditure within each sector, including the proposed number of kms to be resealed.



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Sector	Reseal		
	Costs Kms Percentage		
Residential	121,310,354	378.06	82.87%
Commercial	12,693,158	19.10	8.67%
Industrial	12,384,971	16.58	8.46%

Set out below is a summary of rehabilitation expenditure within each sector, including the proposed number of kms to be replaced.

Sector	Rehabilitation			
	Costs Kms Percentage			
Residential	57,092,223	36.62	49.71%	
Commercial	5,849,459	2.70	5.09%	
Industrial	51,915,522	15.52	45.20%	

#### Legal requirements and further considerations

As noted above there are a number of legal considerations that a council must consider as part of the development of any rating (Revenue & financing policy), being section 101 (3) (a) LGA which requires a council to discuss who benefits based on five criteria (as listed in appendix 2). This report considers the evidence relating to who benefits but more importantly section 101 (3) (b) (LGA) provides a wider scope where a council is required to consider not only who benefits but the overall impacts on the community considering four well beings. This allows a council then to consider non financial implications of groups of ratepayers. This would allow the City Council to consider the social impacts including safety concerns, together with impacts of congestion and the environmental impacts including noise and pollution caused by heavy vehicle servicing the industrial properties and charge a differential accordingly.

This report has not quantified those wider impacts, but notes that these tools are available to the Council if it so wishes to consider them as part of a subsequent step to this report.

It is not unreasonable therefore to implement a general rate differential at a higher rate for industrial properties based on the following:

- The economic impact created by the need for future capital expenditure as requested by sector groups to mitigate the impacts of heavy vehicles.
- The social impacts including congestion and safety on other road users by heavy vehicles.
- The acknowledgment by Waka Kotahi that freight heading to the port of Tauranga adds to congestion.
- The environmental impacts of noise and pollution caused by heavy vehicle servicing the industrial properties.
- The impacts of industrial properties on other activities of the Council including but not limited to monitoring.

The amount of the differential would need to be determined by the Council, but would be focused on properties that are used for industrial purposes rather than those zoned "Industry". Use rather than zone is an allowable method to identify properties under the



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Local Government (Rating) Act 2002. The Council would have to create a definition to ensure only those properties that are used for industrial purposes are included within this category.

#### Recommendations

- As there is sufficient non financial information to support an industrial rating category, that the Council considers using the provisions of section 101 (b) Local Government Act 2002 to develop a differential within the General rates for all properties used for industrial purposes
- That Council considers the need to improve the capture and recording of information at the road specific or by zone (as listed in appendix 1) level. The additional information should at least include the following:
  - Maintenance and other key operational costs
  - Capital development including safety improvement
  - Capture the reasons or causes for the works, for example the urgent road renewals for Totara Road and Truman Lane which have had heavy traffic volumes and a rapid deterioration.
- That once the information recommended in 2 above has been captured that the cost allocation be updated at least every three years prior to the development of the Long term plan or equivalent.



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#### Appendix 1 - Allocation based on Tauranga City Plan zones

The roads costs were allocated into the three areas based on the following:

Residential	Commercial	Industrial
City Living – Residential 9m	City Centre Business Zone	Industry
City Living – Mixed Use Commercial 19m	Commercial Business	Port Industry
Wairakei Residential	Neighbourhood Centre (Wairakei)	Tauriko Industry
City Living – Mixed Use	Papamoa East Employment	
City Living – Residential	Tauriko Commercial Business	
High Density Residential	Wairakei Town Centre (Core)	
Ngati Kahu Papakainga	Wairakei Town Centre (Fringe)	
Residential Large Lot		
Rural		
Rural Marae Community		
Rural Residential		
Suburban Residential		
Te Tumu Future Urban		

#### Non rateable and therefore not included in the table above.

Active Open Space

Active Open Space – Major

Conservation

Education Centre 1

**Education Centre 2** 

Education Centre 3

**Education Centre 4** 

Greenbelt

Passive Open Space

Rail

Road

Special Use Baypark



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#### Appendix 2 - Extract of section 101 Local Government Act 2022

- (3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,— -
  - (a) in relation to each activity to be funded,
    - (i) the community outcomes to which the activity primarily contributes; and
    - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
    - (iii) the period in or over which those benefits are expected to occur; and
    - (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
    - (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
  - (b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community.



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#### 1. THE IMPACT OF HEAVY VEHICLE TRAFFIC ON ROAD PAVEMENTS

#### 1.1 Background

The road network in NZ compromises approximately 95,100 km of roads. About 12.5 % or 11,900 km of these roads are State Highways managed by NZTA. State highways generally carry higher traffic volumes and are constructed and maintained to higher design standards.

The remaining 83,200 km of roads are managed by Local Authorities. These roads carry lower volumes of traffic and accordingly they are designed to lower design standards.

New Zealand and Australia have led the world for many years in the design and management of low cost road pavements. This has allowed sealed road access to areas which would otherwise be serviced by unsealed gravel roads. Nevertheless, approximately 40 % or 38,000 km of roads are unsealed gravel roads In New Zealand. The majority of these are local roads.

One of the largest challenges facing Local Authorities is the rapidly growing amount of heavy commercial vehicle (HCV) traffic being carried on the roads which were not designed to carry this increase in traffic. Predictions are for HCV traffic on roads to double in the next 10 years. This is a result of increased heavy traffic-generating activities, such as forestry, quarries, landfills or dairy farming.

Additionally there has been an increase in the allowable weight that HCV can carry with the introduction of High Productivity Motor Vehicles (HPMV). This has in turn resulted in increased axle loadings on the road pavements.

Road Controlling Authorities are being faced with the need to make predictions of the impact of increased HCV traffic on their road networks and the funding required to maintain and upgrade the road networks to cope with this increasing demand.

#### 1.2 The Function of Road Pavements

The road pavement must serve two basic functions: it must perform structurally and at the same time meet functional and operational requirements.

In terms of structural performance, it must be strong enough to support the axle loading from the heaviest vehicles (HCV traffic) using the road and the cumulative effects of the passage of these vehicles on the road. The surface must also be capable of resisting stresses imposed by axle loading in order to maintain its structural integrity. If a road surface is damaged and cracked by heavy axle loads, water can enter the underlying pavement layers, which weakens the pavement and can result in premature failure.

In terms of functional and operational performance, the road pavement must be wide enough and of suitable geometry to permit all vehicles to safely operate at an acceptable speed. The pavement must have a surface which has adequate strength, drainage, skid resistance, and visual delineation to ensure safe travel.

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#### 1.3 Characteristics of New Zealand Roads

The majority of New Zealand roads comprise either granular pavement layers with a thin chip seal or asphalt surface or unsealed gravel roads which have been built up over time. These have been designed and maintained to carry the loading imposed by the historically forecast traffic.

Chipseal surfaces are not considered to contribute structurally to pavement strength; however, an intact chipseal surface prevents the ingress of water into a pavement, with water having a negative impact on pavement performance, particularly the subgrade.

Research since the 1960's by AASHTO, ARRB, Austroads and the NZ Transport Agency has shown that pavement deterioration of granular pavements is a function of the axle load applied to the pavement, the number of axle loads applied (expressed as Cycles) and the strength of the road pavement.<sup>1</sup>

This relationship between the load and the pavement structure is the key determinant of the rate of pavement wear. Pavement wear caused by the passage of HCV traffic depends not only on the gross weight of the vehicle but also on the distribution of the vehicle weight onto the pavement. In particular it depends on:

- The number of axles on the vehicle
- The manner in which these axles and their wheels are configured into axle groups
- The loading applied to the pavement through each of these axle groups the axle group load and the contact stress (governed by tyre size and pressure).

Figure 1 below shows the dispersion of the wheel load from a vehicle axle onto the underlying pavement and the imposed stress on the pavement layers.

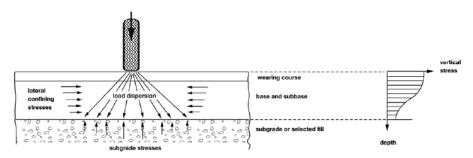


Figure 1: Stresses within a pavement under loading

Anecdotal evidence also indicates that the rate of pavement deterioration and the road maintenance costs increase with increased repetitions of axle loads on a road pavement and increased axle loads imposed by HCV traffic.<sup>2</sup>

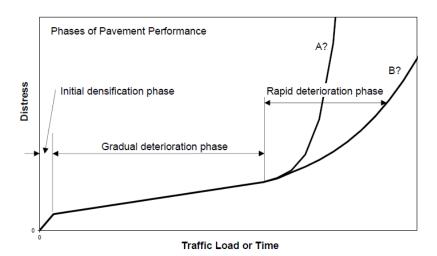
Figure 2 below shows the typical road pavement performance over time.

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<sup>&</sup>lt;sup>1</sup> Austroads Technical Report AP-T104/08 Relative Pavement Wear of an Unbound Granular Pavement due to Dual Tyres and Single Tyres

<sup>&</sup>lt;sup>2</sup> Austroads Research Report AP-T216-13 Estimating Accelerated Road Wear Costs Due To Increased Axle Mass Limits



Over time, the road pavement slowly deteriorates during the gradual deterioration phase due to the wear caused by axle loadings imposed by HCV traffic. During this phase maintenance work carried out by RCA's will maintain the road in an acceptable condition. At some point in the life of the road pavement, the road condition reaches a point when rapid deterioration occurs due to structural failure of the road pavement. At this point the road pavement is no longer able to a carry the loads imposed by HCV axle loading and accelerated wear of the pavement occurs. This is shown as the rapid deterioration stage on Fig 2. At this stage the pavement has reached its terminal condition and the road pavement will require reconstruction or rehabilitation to restore the road pavement structural capacity.

Road pavements are designed to carry the forecast HCV traffic and to operate in the gradual deterioration phase. If the pavement loading increases due to increased HCV loading, this will shorten the gradual deterioration phase, which in turn brings forward the rapid deterioration phase of the pavement. The result is a corresponding decrease in the pavement life. As a result, the amount of maintenance required to maintain the road in acceptable condition will increase substantially, and the pavement will require reconstruction or rehabilitation to strengthen it to carry the additional loading earlier in the life of the pavement.

As outlined above, the axle loading applied to road pavements due to HCV vehicles contributes disproportionately to the pavement wear. Unless the affected road pavements are designed to carry the extra loading, the pavement will suffer accelerated deterioration which will result in the need to reconstruct or rehabilitate the road pavement, rather than maintaining the pavement with periodic resurfacing and maintenance. The increase in pavement maintenance and reduction of the pavement life is directly proportional to the pavement deterioration, which in turn is proportional to the HCV loading on the pavement.

Where the axle loading due to HCV movements on a road increases, the road's structural wear will generally increase in proportion with the increasing numbers (cycles) of axle loads on the road pavement. A substantial increase in axle loading from HCV traffic on a road that is not designed to carry the additional axle-loading will result in multiple adverse effects in the form of:

- · increased routine maintenance and resurfacing
- reduction in the level of service (road quality) as the road pavement deteriorates
- · reduction in the pavement life

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- · increased reconstruction and or rehabilitation costs due to the increase in required structural capacity
- increased lateral instability and damage along roads due to heavy wheel loads tracking close the edge
  of the road
- added traffic effects and cost of control measures ( eg lower speed limits, signage, turning lanes, lane widening, islands, pedestrian paths or cycleways, removal of spillage or detritus to maintain safety and restore traffic flow

#### 1.4 Road pavement design

Design of road pavements in New Zealand generally adheres to the guides produced by Austroads (2012) and the New Zealand Transport Agency's Supplements to Austroads (Transit 2007 for new pavement design, Transit 1999 for rehabilitation). These documents identify the methods by which the design traffic and the pavement structure are determined.

The design life of a pavement is typically chosen as 25 years, based on the period over which the expected traffic is calculated. The total design traffic loading may be applied earlier than 25 years if the design assumptions are not met and thus the theoretical life of the pavement will be less. Conversely, the pavement may not be subjected to the design traffic in the design period and the achieved life may theoretically be greater.

The design traffic is the product of a number of factors: typically the average daily traffic (averaged over a year as the annual average daily traffic), the percentage of heavy vehicles, the axle load per heavy vehicle, and the growth rate. Other factors, including the design period, the average number of axle groups per heavy vehicle, lane distribution and the direction factor, need to be considered in calculating the design traffic.

Design traffic is calculated by quantifying all the loading from heavy vehicles into Equivalent Standard Axles (ESA). This is achieved by determining the allowable Standard Axle Repetitions (SAR) before expected failure, based on the ratio of the load on an axle group to the standard load for an axle group to the power of an exponent. This is expressed in the equation:  $SAR = (L/SL)^m$  where L is the load on the axle group, SL is the standard load on the axle group, and m is the load damage exponent (specified by NZTA to be equal to 4 for general pavement wear to granular pavements with thin bituminous surfacings).

The load applied by a single axle with dual tyres subjected to a load of 80 kN with an individual tyre contact area of 0.0267 square metres is 1 ESA. With a load damage exponent of 4, a doubling of axle load has a sixteen-fold increase on the pavement wear induced by the axle.

The standard loads for various axle groups that cause the same pavement wear as a single standard axle are reproduced from Austroads (2010) in Table 1 below. Austroads assumes that roads with the same surface deflection will suffer the same pavement wear, after the SAR value for the relevant case is taken into account.

Table 1 Axle group loads

Table T Axie group loads	
Axle group type	Load (kN)
Single axle with single tyres	53
Single axle with dual tyres	80
Tandem axle with single tyres	90
Tandem axle with dual tyres	135
Tri-axle with dual tyres	181
Quad-axle with dual tyres	221

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A recognised method to establish design traffic loading involves establishing the commodities being carried on a road and applying the appropriate ESA load factor for the commodity for each heavy vehicle. The load factors for commodities commonly encountered on rural local roads are listed in Table 2.

Table 2 Mean Load factors for common primary industry commodities<sup>2</sup>

Commodity	ESA4	ESA7		
Aggregates	2.90	3.77		
Livestock	1.49	1.92		
Logging truck carrying jinkers	1.40	1.93		
Logs	5.18	11.04		
Milk	2.65	3.56		
Powders (lime, fertiliser)	1.97	2.91		
Stock food	1.62	1.69		
Wool, hides	1.13	.77		

#### 1.5 Road pavement wear effects of heavy vehicle traffic

Where the number of vehicle movements on a road increases, the structural wear will generally increase in proportion with the increasing movements if the axle loads remain constant. By contrast, the load-wear-cost relationship results in an exponential function that means even small increases in individual axle loadings induce disproportionately large decreases in road pavement structural life.

The anticipated pavement damage caused by different axle configurations and axle weights can be determined by converting the axle loading to an equivalent number of passes of the standard axle using the fourth power relationship. As a result of extensive full-scale road testing<sup>3</sup> in the USA in the late 1950s on heavy-duty structural asphaltic pavements, the pavement damage caused by an axle passing over any form of flexible pavement has traditionally been considered proportional to the fourth power of its weight relative to a standard axle.<sup>4</sup>

Rural roads usually have narrow traffic lanes and a surface water channel on each side of the road. This road construction is adequate for low levels of heavy commercial traffic. With increased pavement loading, however, the additional loading often over-stresses the pavement edge, resulting in loss of edge support followed shortly thereafter by edge break and shear failure, with associated substantial impacts on maintenance costs. Lane widening may be necessary, as truck and trailer units tend to track along a wider traffic path on corners than normal traffic, thus requiring a wider traffic lane than lighter traffic and placing greater stresses on the road edges.

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<sup>&</sup>lt;sup>1</sup> Transfund NZ, (RR185), 2000, 5.2.6

<sup>&</sup>lt;sup>2</sup> From Transfund NZ, (RR185), 2000, Appendix B, Table B1

<sup>&</sup>lt;sup>3</sup> AASHO Interim Guide for the Design of Flexible Pavement Structures. AASHO Committee on Design, Oct. 12, 1961

<sup>&</sup>lt;sup>4</sup> A standard axle has been defined as a twin-tyred single axle loaded to 80kN or approximately 8.2 tonnes.

#### 1.6 Determining the impact of heavy vehicle traffic alternative loadings

A pavement impact assessment should be undertaken where a proposed increase in heavy vehicle traffic equals or exceeds 5% of the existing ESA loading on the road. A design horizon of at least twenty years should be adopted for the pavement life assessment. The 30-year Long Term Plan horizon is likely to be appropriate, and a longer horizon can be appropriate in some circumstances. In practice it is very straightforward to allow modelling to be projected out to 50 years or more in order to carry out a sensitivity analysis for the impact of any given cut-off date on the associated net present value calculation of future lifecycle costs. Where only a small number of roads is being considered, a long evaluation period is often necessary because of the irregular (markedly stepped) profile of the cumulative cost curve as the date for each life-cycle renewal expenditure is reached.

A pavement impact assessment should consider the surface condition and structural capacity of the pavement, and the effect on the forward works programme. Surface condition should be assessed preferably from high speed data surveys as well as visually and recorded with detailed location data. Structural capacity can be assessed readily with measurement of pavement deflection. Increased deflection before and after a temporary increase in loading of the pavement can be used to quantify any evidence of pavement deterioration.

Measured change requires falling weight deflection structural evaluation for the affected road prior to the increase in heavy vehicle traffic, as well as subsequent to that increase. Comparison of the change in deflection, considering any increase in pavement deflection and allowing for any seasonal variation in moisture content, allows the post trafficking remaining pavement life to be recalculated. Hence the cost of the additional trafficking can be determined from the difference in net present value between the respective forward work programmes.

While it has been widely recognised that routes carrying increased traffic loadings will incur additional road pavement wear and associated additional costs, quantification of such wear has, until very recently, been contentious and uncertain. Advances in pavement asset management technology and more comprehensive databases available for many authorities' pavement networks, now enable relatively reliable quantification of pavement structural wear and the marginal cost of increased loading. Once the current and proposed future axle loadings are defined it is possible to consider both the (i) "bring forward" costs of the added wear and (ii)consumption of existing assets to calculate equitable apportioning of those marginal costs.

Pavement wear and associated costs can be calculated, once the distress mode and relevant critical layer are identified and the relevant load damage exponent determined, where the region has a suitable database of pavement structural information (FWD data).

For many low volume roads, however, such a database may be unavailable and this procedure could be disproportionately costly for the levels of service and likely maintenance costs if the length of the affected route is short. (For larger studies costs can be brought down to less than \$100/lane km.) The methods adopted to determine the cost of the impact of heavy vehicle traffic on low volume road pavements need to be appropriate to the use and requirements of the road.

Assessing impacts on the Forward Works Programme involves a comparison of the nature and timing of roadworks required with and without the extra heavy vehicle traffic, based on predicted ESA loads. Forecasting required pavement works requires a sound knowledge of the issues involved, solid data and good professional judgement. RAMM condition data is not sufficient on its own, for this purpose.

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Works to provide heavy vehicle access, such as widening, corner radius smoothing or pavement strengthening, can be identified separately from the load related damage. Routine resurfacing and maintenance costs need to be allocated with appropriate consideration of potential damage caused by all other road users.

#### 1.7 Assessing the Impacts of HCV Traffic Loading on Road Pavements

Calculation of the remaining life of the road pavement can be conducted as a desk top analysis from records of the existing pavement design, current pavement loading (ESA), pavement age, and past traffic. The remaining life (in ESA's) is the difference between the pavement design life (in ESA's) and the cumulative past traffic. The calculation of pavement life can be further refined using Falling Weight Deflectometer (FWD) testing to determine the existing pavement strength and to calculate the remaining life.

New developments or land use activities can generate increases in heavy commercial vehicle traffic which may have adverse impacts on road pavements. Typical impacts resulting from an increase in the number and /or weight of vehicles using the road include:

- a need for extra pavement width
- a change is in surfacing type or pavement thickness
- an increase in maintenance, and
- a reduction in the pavement life, requiring road pavement upgrading, which may include strengthening works or reconstruction of the pavement.

The pavement assessment needs to consider the impact of the additional HCV traffic loading pavement on the road pavement and to determine the extent, timing and costs of:

- pavement upgrading such as road widening
- additional maintenance
- pavement strengthening and or reconstruction.

The procedures for assessing the impacts of HCV traffic on road pavements are outlined in the Queensland Government Department of Transport and Main Roads "Guidelines for the Assessment of Road Impacts of Developments." These guidelines are consistent with the road pavement design and maintenance principles adopted throughout NZ including:

- NZTA Economic Evaluation Manual (EEM)
- NZTA's Supplement to Austroads Pavement Design Procedures
- Austroads Guide AGP-T01-09 Pavement Technology Part 1 Introduction to Pavement Technology
- Austroads Guide AGP-T02-12 Pavement Technology Part 2 Pavement Structural Design
- Austroads Guide to Traffic Management AGTM12-09 Traffic Impacts of Developments

The following steps outline the process described in the Queensland Guideline to assess the road pavement impacts due to increased HCV traffic generated by a development or land use activity:

Identify the Land Use

1. Such as forestry, quarrying, dairy farming, dry stock beef raising, stock finishing, sheep farming, horticulture, viticulture, arable, etc.

Impact of heavy vehicle traffic on road pavements

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Determine the traffic loading

2. Determine the current road network affected by the proposed activity, and existing HCV traffic and pavement axle loading (ESA).

Austroads Guide AGP-T02-12 Pavement Technology Part 2 Pavement Structural Design; NZTA Supplement to Austroads Pavement Design Procedures

Calculate remaining pavement life

3. Determine the condition of the existing road network and estimated remaining pavement life from road asset information held. Use RAMM data, maintenance records, as-builts, distress test results, condition data, deflection tests and unit rates for renewals.

Determine new HCV traffic

4. Determine the HCV traffic and pavement axle loading (ESA) generated by the proposed activity. List the types and number of HCV and calculate the total ESA generated.

Compare existing and new HCV traffic

R

Carry out a 'with" and "without" proposed activity HCV assessment for the pavement design period, based on likely traffic growth rates in both cases within the design period.

Austroads Guide AGP-T02-12 Pavement Technology Part 2 Pavement Structural Design; NZTA's Supplement to Austroads Pavement Design Procedures

Determine remaining pavement life

6. Determine the remaining life of the pavement based on information held or from FWD testing of the road pavement. If the axle loading (ESA) is increased by more than 5 % above the existing loading, the increase will result in a reduction in the pavement life.

Estimate new works schedule

7. Predict when the road pavement will require upgrading and/or strengthening due to the increased axle loading (ESA) on the pavement.

Calculate new works programme costs

8. Predict the cost of pavement upgrading and/or strengthening due to the increased loading generated by the development /activity. Establish if there is a change in the vehicle mix using the road that may require widening of the pavement or surfacing, and estimate the cost of the upgrading works and the associated maintenance and resurfacing throughout the design period.

Austroads / NZTA State Highway Geometric design requirements, for the appropriate traffic volume.

Calculate the added cost from new HCV traffic

9. Predict the total cost of routine and programmed maintenance in each year within the design period, with the current traffic (ESA), and with the current traffic plus the additional traffic (ESA) generated by the development / activity. Discount to determine net present value.

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The above analysis should determine the extent to which any additional pavement upgrading works are required to accommodate the additional HCV traffic generated by a development /activity.

In some cases the pavement may have reached the end of its design life, but it may continue to operate satisfactorily with the current traffic volume. However, an increase in the pavement axle loading due to HCV traffic generated by a development or activity might not be able to be sustained by the pavement. In such cases a full pavement evaluation using FWD testing is recommended to assess what pavement upgrading and strengthening is required to carry the additional pavement loading from the additional HCV traffic generated by the development or activity.

The results of the pavement impact assessment give an indication of the road upgrading or strengthening works and maintenance requirements, (including resurfacing) required as a result of the increased pavement loading from HCV traffic generated by the development or activity.

The timing of the upgrading works depends on the residual strength of the existing road pavements and the increased axle loading on the pavement. In some cases the upgrading works need to be undertaken prior to commencement of the development or activity. However if the existing road has sufficient strength to carry the additional axle loading, the upgrading works may be deferred. In these cases it is recommended that monitoring of the road pavement is carried and the upgrading works are implemented before the road pavement reaches its terminal condition.

The impacts on bridge and other structures within the road corridor also need to be considered in cases where the additional axle loading imposed by HCV traffic generated by developments and changes in land use activities exceed the capacity of existing infrastructure.

#### 1.8 Pavement Wear Calculations

#### Simplified vs Detailed Approaches

The spreadsheet calculation example in Appendix A demonstrates the calculation procedure using the Austroads Simplified Approach, as well as establishing a template for application elsewhere.

Simplified methods may suffice for specific instances of activities affecting pavement wear. However the nature of pavements in practice presents a need for due consideration of the level of detail warranted. A pavement is an assemblage of particulate materials that will vary in localised particle size distribution. As a result the pavement will have variations in stiffness within any constituent layer that can vary by an order of magnitude. The pavement will contain multiple layers with variations in stiffness and thickness.

The result will be variations in the pavement life in terms of ESA along any one road where the traffic is constant that can be several orders of magnitude. The cumulative distributions of pavement life highlight the importance of identification of valid structural treatment lengths. Homogenous sub-sections within each road will act in a similar fashion and will require a similar thickness of treatment for rehabilitation.

Effective sub-section identification for each road can reduce the variation in pavement life from two or three orders of magnitude to a typical variation of about one order of magnitude. A lesser variation should not be expected within a normal practical treatment length, which will encompass at least 100 m of pavement and usually more.

The consequence is that rehabilitation triggers are set based on a specified percentage of a given treatment length reaching a terminal condition. In practice the allowable percentage in terminal condition becomes a

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criterion beside maintenance cost in the selection of pavements for rehabilitation. The allowable percentage in terminal condition is, therefore, a key parameter in the FWP calculation.

If the identification of valid structural treatment length sub-sections has not been done in accordance with best practice, the modeled life of a pavement sub-section can change by a factor of five, depending on the adopted percentile for testing. This can have a massive effect on the NPV calculation. Some of this uncertainty can be offset by ensuring consistency, using the same assumptions and approaches for both original and altered activity calculations, but for equitable apportionment where costs are significant, detailed best-practice structural evaluation, rather than simplified approaches, should be considered.

#### 1.9 REFERENCES

Yeo et al, (2006) Investigation of the Load Damage Exponent of Unbound Granular Materials under Accelerated Loading.

AUSTROADS Research Report Ap-T216-13 Estimating Accerated Road Wear Costs Due To Increased Axle Mass Limits.

AUSTROADS Research Report Ap-R486-15 The Influence Of Multi Axle Group Loads On Flexible Pavement Design.

AUSTROADS Technical Report AP-T104/08 Relative Pavement Wear of an Unbound Granular Pavement due to Dual Tyres and Single Tyres.

AUSTROADS Research Report Ap-R486-15 The Influence Of Multi Axle Group Loads On Flexible Pavement Design.

NZTA Research Report No 185 Design Trafic Loading

AUSTROADS TP-T195-12 Improving Cost Allocation By Road Type

AUSTROADS Pavement Technology Guide Part 1 And Part 2

AUSTROADS Guide To Traffic Management Part 12

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# 9.3 Capital Programme 23/24 Update

1. An update will be provided to the Committee.

# **ATTACHMENTS**

Nil

#### 9.4 Q4 Financial and Non-Financial Monitoring report to 30 June 2023 - Draft results

File Number: A14865036

Author: Kathryn Sharplin, Manager: Finance

**Tracey Hughes, Financial Insights & Reporting Manager** 

Josh Logan, Team Leader: Corporate Planning

Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. The purpose of this report is to provide information on Council's performance for the 2022/23 financial year. These are early results, substantively correct but prior to some revaluation impacts and subject to ongoing review including from Audit New Zealand.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

(a) Receives the report "Q4 Financial and Non-Financial Monitoring report to 30 June 2023 - Draft results".

#### **EXECUTIVE SUMMARY**

- 2. This report along with the material in attachment one outlines council's draft financial performance against budget for 2022-2023 financial year. Results are presented and variances explained in **Attachment 1**.
- 3. The overall surplus for the year including asset revenues was \$116m against a budget of \$121m (\$5m unfavourable variance). This unfavourable variance largely arises from reclassification of expenditure budgeted as capital but recorded as operational in nature. It is offset by favourable variances in the capital programme for Tauriko West and Digital projects.
- 4. Overall rates collected were sufficient to cover actual expenditure budgeted to be funded by rates.
- 5. Capital Expenditure of \$287m was delivered which compares to the annual plan budget of \$298m, excluding vested assets and projects delivered by third parties. This is Council's highest spend ever on capital projects. While at a total spend level it represents 96% of the budget the result represents a combination of annual plan budgeted spend (75% of budget), bring forward and carry forward of budgets for projects budgeted through the LTP and some new expenditure approved by Council. Attachment 2 provides more information on the capital programme delivery for the 12 months.
- 6. The 75% delivery of annual plan budget means there is a significant carry forward of budgeted project spend to 2023-24 or later years (in total \$150m). Most of this has already been integrated with the Long-term Plan capital programme and final budget adjustments for the LTP and as revision to the 2023-24 annual plan will be presented to Council for approval in August.
- 7. **Attachment 3** presents how Council, and the community are tracking towards achieving Council's non-financial performance measures and levels of service in 2022/23.
- 8. Of the 100 non-financial performance measures, 64 measures (64%) have achieved the annual target, up from 60% in 2021/22. 32 measures (32%) were not achieved, down from 37% in 2021/22. Data was not available for four (4%) of the measures and these have not been measured for 2022/23.

#### **BACKGROUND**

- 9. This report is for monitoring and reporting purposes showing Council's financial and non-financial quarterly performance in delivering services to the community.
- 10. The operational budgets were set during the annual plan process with some changes to year two of the Long-term Plan (LTP) to deliver on agreed service levels and capital investment. In an LTP, the level of service that the council will deliver along with operational budgets and the capital investment programme are agreed upon by the council in consultation with the public. Rates and user charges are set based on these budgets.
- 11. The Local Government Act 2002 requires local authorities to report on how well they are performing in delivering these levels of service to their communities as measured by the non-financial performance indicators.
- 12. In the 2021-31 LTPA there were 100 KPIs that were agreed upon, 23 of which are mandatory measures as per section 261B of the Local Government Act.

#### STRATEGIC / STATUTORY CONTEXT

- 13. Maintaining expenditure within budget ensures delivery of services in a financially sustainable way.
- 14. This 12-month financial performance report will be followed by presentation in September of the draft Annual Report for audit and later in the year the audited Annual Report in accordance with the Local Government Act 2002.
- 15. Monitoring non-financial performance is a key function of the committee.

#### **DISCUSSION**

#### Part 1: Financial Performance

- 16. The financial results for the full 12 months of the 2022-23 financial year are presented in **Attachment 1**.
- 17. The overall surplus for the year including asset revenues was \$116m against a budget of \$121m (\$5m unfavourable variance). This unfavourable variance largely arises from reclassification of expenditure initially budgeted as capital now recorded as operational. It is offset by favourable variances in the capital programme for Tauriko West and digital projects.
- 18. This unfavourable variance was heavily influenced by the change in accounting treatment of capital works at Tauriko West which in total was an unfavourable impact on the Statement of Comprehensive Revenue and Expense of \$18m. The Tauriko West costs and revenues are shown separately in the Statement of Revenue and Expense in attachment 1.
- 19. There was a further \$10m of digital costs budgeted as capital which have been reclassified as operational under software as a service (saas) accounting requirements. These costs are offset by underspends in the capital programme. They are proposed to be loan funded as they relate to work of a long-term nature to enable software to be used within TCC. The request to Council to fund these costs through loan rather than rates will be made as part of the presentation of the annual report later in the year.

#### **REVENUE VARIANCE**

- 20. Operating revenue is ahead of budget not only due to the accounting treatment of Tauriko West but also from interest revenue due to higher interest rates and subsidies from Waka Kotahi on maintenance above budgeted levels and for three waters transition.
- 21. Development contributions were also \$10.8m higher than budgeted offsetting a lower value of vested assets and capital grants.
- 22. User fee revenue is significantly below budget. Key areas of lower revenue include building services and environmental planning where volumes have been reducing and in the case of planning, delays in consents processing have led to higher than budgeted discounts. Parking

- revenue has been down due to the extension of the free parking trial and airport revenue is still recovering post covid. Water revenue from forestry harvesting in the water catchment has also been delayed
- 23. Rates revenue is \$500k under budget because of lower rates to be charged to properties as a result of challenges to values resulting from the last property valuation.

#### **EXPENDITURE VARIANCE**

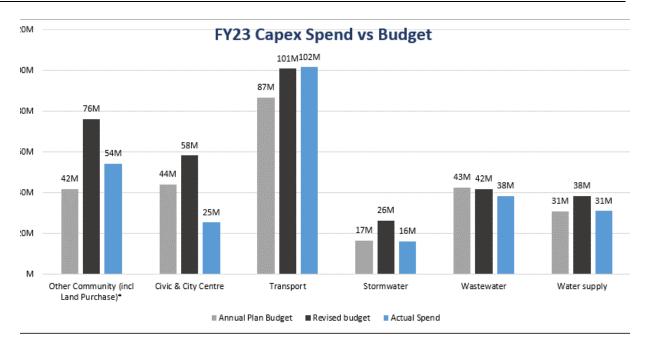
- 24. Total operational expenditure, (excluding capital project reclassification for Tauriko West and digital) was \$8m favourable to budget. This overall favourable variance was made up of a combination of significant under and over expenditure in various expenditure categories as outlined in Attachment 1.
- 25. The main operational overspends were in depreciation and interest which accounted for \$7m of overspend caused by higher interest costs and increased depreciation arising from asset revaluation primarily in transportation.
- 26. Transportation is the main activity where an unfavourable operating result is recorded. The cost pressure on the transportation activity has been reported to council, which has approved over-spend to budget on transport operations and maintenance costs through to the end of the year (\$5.5m). Benchmarking analysis provided in December had indicated that prior to recognising these additional costs TCC expenditure was tracking significantly below comparator councils.
- 27. Across council personnel expenses along with contractors and consultants were \$5m below budget reflecting ongoing unfilled positions and lower consultant spend on city planning projects due to delays in government guidance and changes to legislation affecting planned areas of work. Lower capitalisation rates reflect less time than budgeted being recorded against capital projects. In part this reflects greater use of consultants on projects and also some over-estimate of likely capitalisation of positions not directly involved in project delivery.
- 28. Other operational expenditure is underspent particularly in community contributions and grants (timing of grants particularly for Community Partnerships, BVL and Bay Oval) and operational costs (slower expenditure for biosolids disposal, software licenses).

#### **RATES REQUIREMENT**

29. Higher expenditure in rate funded transportation has been largely offset by higher Waka Kotahi subsidies and lower operational expenditure elsewhere. Some rates funded budget is proposed to be carried forward to 2023-24 or later years. This will be outlined in reports to Council in August/September.

#### **CAPITAL**

- 30. Capital Expenditure of \$287m was delivered which compares to the annual plan budget of \$298m, excluding vested assets and projects delivered by third parties. This is Council's highest spend ever on capital projects. While at a total expenditure level it represents 96% of the budget, it represents a combination of:
  - (a) budgeted projects spend from the annual plan (75% of budget),
  - (b) projects carried forward from previous years (\$29m),
  - (c) budget brought forward for projects that are being delivered ahead of budget timing under CE delegation or council approval (\$34m), and
  - (d) additional budget approved by Council or CE delegation (\$20m).
- 31. The graph below shows delivery against annual plan budget and revised budget after the above additions. Further Information is provided in **Attachment 2**



32. The 75% delivery of annual plan budget means there is a significant carryforward of budgeted project spend to 2023-24 or later years (in total \$150m). Most of this has been integrated with the Long-term Plan (LTP) capital programme. Final budget adjustments for the LTP and required revision to the 2023-24 annual plan will be presented to Council for approval in August.

#### **BORROWING AND DEBT**

33. Net debt at year end was \$835m, which was slightly below the Annual Plan budget of \$853m, while gross debt is above reflecting timing of forecast capital expenditure and forward funding of debt maturities. The cost of borrowing has increased with our average cost of borrowing at 4.53%.

#### Part 2: Non-Financial Performance to March 2023

- 34. **Attachment 2** presents how Council, and the community are tracking towards achieving Council's non-financial performance measures and levels of service.
- 35. Of the 100 non-financial performance measures, 64 measures (64%) have achieved the annual target, up from 60% in 2021/22. 32 measures (32%) were not achieved, down from 37% in 2021/22. Data was not available for four (4%) of the measures and these have not been measured for 2022/23.
- 36. 32 measures, across 12 groups of activities, are off-track. In detail, these are:
  - Transportation five off-track from nine measures
  - Water Supply one off-track from 11 measures
  - Stormwater two off-track from six measures
  - Sustainability and Waste one off-track from four measures
  - City and Infrastructure Planning one off-track from three measures
  - Community Services six off-track from 20 measures
  - Community, People and Relationships two off-track from six measures
  - Economic Development one off-track from eight measures
  - Emergency Management one off-track from three measures

- Marine Precinct two off-track from three measures
- Regulatory and Compliance nine off-track from 17 measures
- Spaces and Places one off-track from five measures.
- 37. It should be noted that of the 32 measures that were not achieved above, we were within 1-10% of our target for 15 of the measures.
- 38. The four measures that were not measured were:
  - Water Supply The water loss data for 2022/23 will not be ready until after the adoption of the annual report and so is reported as not measured. To meet DIA requirements the 2021/22 result is entered into the commentary in the annual report.
  - Community Services Following a review of the Project Tauranga city partners' programme, the decision was made to wind up Project Tauranga in November 2021 and so the Project Tauranga measure will remain not measured for this annual report and the next.
  - Economic Development The airport customer satisfaction survey for facilities was not carried out. A few minor complaints were received about airport facilities which were addressed.
  - Marine Precinct Percentage of customers satisfied with fish unloading facilities and access to existing ice loading facilities was not measured due to the wharf being replaced.
- 39. A recent request has come from Commissioners to include more trend graph reporting to the quarterly non-financial reporting. We have added two pages called "Measures of interest" on pages 3-4 of the attachment report which highlight trends in Building Services (processing measures) and Transportation (congestion measures).
- 40. We are seeking feedback on whether this is what Commissioners envisaged for these trend graphs and note that we are happy to take any feedback on how this can be improved further and if there were other measures they would like to see in this section.
- 41. Also, the Annual Residents Survey results are usually reported along with this report but due to it being the full year this is reported in a separate report which is also on this agenda.

#### **OPTIONS ANALYSIS**

42. There are no options associated with this report. The report is provided as information only.

#### **FINANCIAL CONSIDERATIONS**

43. This report monitors performance to budget to ensure council delivers on proposed expenditure within allocated budgets to ensure financial sustainability and accountability.

#### **LEGAL IMPLICATIONS / RISKS**

44. This monitoring report has no specific legal implications or risks.

#### **CONSULTATION / ENGAGEMENT**

45. This report is made public.

#### **SIGNIFICANCE**

46. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.

- 47. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 48. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

#### **ENGAGEMENT**

49. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **NEXT STEPS**

50. This report ensures monitoring of Council performance to ensure compliance with Council's budgets, policies and delegations. The non-financial monitoring report summary will be presented on the Council website.

#### **ATTACHMENTS**

- 1. Attachment 1 Financial Performance to 30 June 2023 A14891418 🗓 🖺
- 2. Attachment 2 Capital Financial to 30 June 2023 A14891445 🗓 🖺
- 3. Attachment 2b Budget Adjustment June 2023 A14891448 🗓 🖺
- 4. Q4 (01 April 30 Jun 2023) Non-Financial Performance Off Track Measures\_PDF A14903968 4

**Financial Statements** 

Year to 30 Jun 2023

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Favourable (Unfavourable)



					FULL YEAR			
\$'000	Actual YTD	Budget VTD	Variance	Variance 9/	May Forecast	Total Budget	Variance Act to	
OPERATING REVENUE	Actual 11D	Budget YTD	variance	variance %	May Forecast	Total Budget	Forecast	
Rates	230,044	230,564	(520)	0%	229,614	230,564	430	
Rates - metered water	36,755	39,319	(2,565)	-7%	35,747	39,319	1,008	
Subsidies & Grants	14,795	9,153	5,642	62%	15,077	9,153	(282)	
Subsidies & Grants - Tauriko West NZTA and related IFF	8,894	9,133	8,894	0%	5,610	9,133	3,284	
Other Revenue	59,973	61,374	(1,400)	-2%	57,055	61,374	2,919	
Finance Revenue	7,225	3,604	3,621	100%	6,900	3,604	325	
Total Operating Revenue	357,686	344,014	13,672	4%	350,003	344,014	7,683	
ASSET DEVELOPMENT REVENUE & OTHER GAINS	337,000	J++,01+	10,012	770	330,003	377,017	7,000	
Development Contributions	45,838	34,993	10,844	31%	34,993	34,993	10,844	
Other Gains/(Losses)	5,776	1,380	4,396	319%	5,500	1,380	276	
Subsidies & Grants Capital Expenditure Contributions	84,107	89,080	(4,973)	-6%	86,467	89,080	(2,360)	
Subsidies & Grants - Tauriko West NZTA	04,107	15,588	(15,588)	-100%	00,407	15,588	(2,500)	
Assets vested to Tauranga City Council	21,038	23,795	(2,757)	-12%	23,795	23,795	(2,757)	
Assets Vested to Other Entities	21,030	23,793	(2,757)	-1270	25,795	25,195	(2,737)	
Total Asset Development Revenue & Other Gains	156,758	164,837	(8,079)	-5%	150,756	164,837	6,002	
TOTAL REVENUE	514,444	508,851	5,594	1%	500,759	508,851	13,685	
OPERATING EXPENDITURE	514,444	500,051	5,554	1 /0	500,759	300,031	13,003	
Personnel Expense	87,499	90,667	3,168	3%	90,667	90,667	3,168	
Depreciation & Amortisation Expense	78,057	75,213	(2,844)	-4%	86,798	75,213	8,741	
		· · · · · · · · · · · · · · · · · · ·	,	-13%				
Finance Expense Consultants & Contractors	35,258	31,225	(4,032) 2,307	7%	36,000	31,225 34,431	(683)	
	32,124	34,431		0%	31,441	0		
Consultants & Contractors - Tauriko West NZTA works Other Expenses:	10,967 154,955	0 154,677	(10,967) (279)	0%	10,852 147,739	154,677	(115) (7,216)	
R&M		· · · · · · · · · · · · · · · · · · ·	. ,					
	36,735	32,436	(4,299)	-13%	34,865	32,436	(1,870)	
Community contributions & grants	23,574	31,457	7,883	25%	26,430	31,457	2,856	
Rent, rates & utilities	16,666	14,944	(1,722)	-12%	14,312	14,944	(2,354)	
Administration	22,209	14,686	(7,523)	-51%	12,979	14,686	(9,230)	
Other Operational costs	55,772	61,154	5,382	9%	59,153	61,154	3,381	
Total Operating Expenditure	398,860	386,213	(12,647)	-3%	403,498	386,213	4,637	
OTHER EXPENSES			0	00/		0		
Investment Property Revaluation Movements	0	0	0	0%	0	0	0	
Loss on Disposal of Assets	0	0	0	0%	0	0	0	
Assets Vested by TCC to Outside Entities	0	0	0	0%	0	0	0	
Provision Expense	0	0	0	0%	1,200	1,200	1,200	
Total Other Expenses	0	0	0 (40.047)	0%	1,200	1,200	1,200	
TOTAL EXPENDITURE	398,860	386,213	(12,647)	-3%	404,698	387,413	5,837	
SURPLUS/(DEFICIT)	115,584	122,637	(7,054)	6%	96,061	121,437	19,522	
OPERATING SURPLUS/(DEFICIT)	(41,174)	(42,199)	1,025	2%	(53,495)	(42,199)	12,320	
Portion of total variance due to Tauriko West			(17,661)					

Item 9.4 - Attachment 1

#### **Overall Comments on Year to Date and Forecast Balances**

### Operating Revenue

Rates revenue in total is behind budget, reflecting lower water by meter revenue due to reduced water consumption. Also, \$520k of rates were unable to be recovered due to revaluation objections.

Subsidies & Grants revenue from Waka Kotahi for roading maintenance is ahead of budget (along with expenditure), with \$3.5m more than budget agreed with the agency. The remainder of the variance and the forecast variance relates to subsidies received from Central Government to fund the water reform transition work and unbudgeted funds received for City Events and Community Development.

Subsidies & Grants - Tauriko West NZTA project subsidies and related IFF subsidies are now accounted for as operating subsidies, generating the positive variance. This income is offset against unbudgeted consultants and contractors costs. Full year forecast of \$5.6m from NZTA was received up to June 2023. This arrangement replaces the annual plan budget for capital subsidies (\$15.6m full year budget now forecast to zero).

Other Revenue, primarily user fees, are significantly below full year budget in several activities. Nearly \$0.5m in the Parking activity due to the extension of the free parking trial, \$2.1m in Environmental Planning due to lower volumes and higher discounts than planned, \$2.6m in Building Services due to a budget duplication and lower than anticipated volumes, \$0.5m Airport income due to reduced passenger numbers and \$0.6m of Forestry income postponed until 2024. These have been offset by unbudgeted insurance proceeds, an increase in revenue from traffic fines, higher recoveries for lab testing in City Waters, higher than budgeted trade waste fees and wastewater pipeline use at Omokoroa, unbudgeted recovery of vessel demolition costs in the Marine Precinct and more income than anticipated from the Cemeteries activity.

**Finance Revenue,** Interest revenue has a positive variance to budget due to higher interest rates and deposit balances than anticipated at the time of the annual plan. This positive variance of \$3.6m offsets the negative interest expense variance.

#### **Asset Development Revenue & Other Gains**

**Development Contributions** are primarily from city-wide development contributions, Papamoa East and Tauriko Business Estate development contributions.

Subsidies & Grants Capital Expenditure Contributions Delays in delivering the capital programme or in realising funding agreements have resulted in reduced subsidy income for the roading capital programme (particularly the Papamoa East Interchange), Te Maunga Transfer Station and City Development (\$17m in total). These funds are expected to be claimed in 2024. Offsetting this deficit, IFF and Crown Infrastructure revenues for the Cameron Road redevelopment have been claimed faster than anticipated (\$10m) and unbudgeted grants related to Waters reform transition have been received.

Tauriko West project works led by NZTA are now accounted for as operating subsidies.

Other Gains and Losses includes non-cash accounting entries in relation to:

- a \$4m unbudgeted gain recognised from the Housing Infrastructure Fund loan (\$131m loan for Waiari and Te Maunga), which recognises a zero percent interest rate as a gain over market, and
- a \$1.7m budgeted gain relating to the Totara Farm (Te Tumu) land transaction.

Assets vested to Tauranga City Council - revenue recognition is dependent on the timing of project completion of infrastructure projects by developers.

### Operating Expenditure

**Personnel Expense** variance comprises an underspend on employment costs due to a significant number of unfilled positions, which is partially offset by below budget capitalisation credits.

**Depreciation** is above budget due to a significant increase in asset values following the 2022 revaluation of infrastructure assets (mainly roads), and a concerted effort to catch up on capitalisation of completed projects.

Finance Expense costs increased as loans were renegotiated at the higher prevailing interest rates (the official cash rate (OCR) is significantly higher than the budgeted OCR average of 3.5%) and debt levels increase due to the ramp up in capital expenditure. Overspend at year end is \$4m which is largely offset by increased interest revenue.

**Consultants and Contractors**: An overspend in the Transport activity (generated by the maintenance contract negotiations being out of sync with the planning cycle) has been more than offset by general under budget expenditure, particularly in the City Planning activity (due to delays in government guidance, changes to legislation, and more work completed in-house).

Consultants and Contractors - Tauriko West NZTA: Unbudgeted YTD expenditure of \$11m (offset with subsidies of \$8.8m). The amounts are the same as the forecast prior to year end. The remainder is loan-funded until all revenues related to the enabling works have been received.

#### Other Expenditure:

**Repairs & Maintenance:** Expenditure ahead of budget due to increased roading maintenance contract costs and remedial work required in Wastewater from the weather events early in the year.

Community contributions & grants: \$3.4m capital grant for Bay Oval delayed until 2024, and BVL renewals behind budget (\$3m) mainly due to the timing of the Greerton pool project. A carry forward of \$611k to FY24 has been requested due to delays across aquatic and finance system capital projects. Additional BVL operating grant of \$320k has been paid out to fund decisions on the living wage.

Other Operating costs: The underspend has been generated by a number of significant items. Public information and engagement costs are under budget by \$2.0m. Sports fields upgrades are behind schedule \$1.5m. Biosolids disposal has been delayed due to asbestos found in the ponds \$1.7m, and Waste Management is under budget by \$0.5m due to the delays in the Te Maunga development along with a 25% reduction in waste tonnage. Offsetting this, Transport is overspent by \$1.6m relating to vegetation control costs.

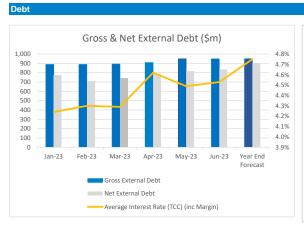
**Rent, rates, & utilities:** Overspends for rates, electricity and security expenditures, partly offset by the savings in metered water and cleaning costs.

Administration: Unbudgeted \$10m Software as a Service (SAAS) expenditure for digital was recognised for the year (budgeted as capital). A resolution to loan fund this will be sought due to the multi-year nature of the benefits of this expenditure. This was partly offset by \$2.9m underspend in computer licencing.

# **Treasury Policy Compliance Monthly Report to SFR**

As at 30 June 2023





Gross debt as at 30 June 2023 was \$950m and net debt is \$835m.

New long-term debt of \$230m has been issued since the beginning of the financial year with \$10.5m of this being 0% interest HIF loans.

#### Forecast:

Planned gross debt for 30 June 2023 was \$903m, an additional \$70m of borrowing for the year was approved via council reports in November 2022 and April 2023. The final gross debt balance at year end was \$948m which was \$45m higher than approved annual plan budget but lower than the revised limit.

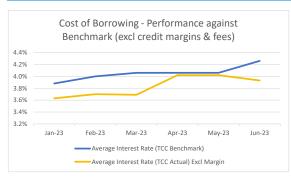


Money market investments and bank balances are at \$114m this includes term deposits of

Average Interest Rate (investments)

5.60%

#### Interest



Both interest rate hedging and debt maturity levels are within recommended levels. \$616m of total debt (65%) is at fixed interest rates as at 30 June 2023.

The Official Cash Rate ("OCR") is currently 5.5% following a 25bp increase in May 2023. The announcement from RBNZ in July 2023 confirmed the rate will remain the same.

A five year fixed rate from LGFA is 5.42% and one year floating is 36bp above the 90 day bank bill rate.

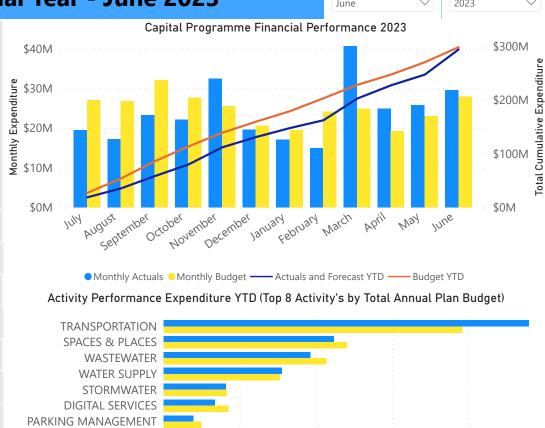
Average Borrowing Rate Inc Margins

# **Capital Programme - 2023 Financial Year - June 2023**

For the last quarter of FY23, expenditure exceeded budget, mainly due to land purchases (\$13m). Actuals to date are still lower than expected with the largest variance due to delays in the Civic & Waterfront programme.

The total TCC delivered capital programme achieved 75% of revised budget this year.

Budget Current Month	\$27.9M			
Actuals Current Month	\$29.5M			
FY23 Budget to Date	\$298.2M			
FY23 Actuals to Date	\$286.6M			
FY23 Annual Plan Budget	\$298.2M			
FY23 Revised Budget	\$381.8M			
FY23 Variance to Annual Plan	\$83.7M			



Item 9.4 - Attachment 2 Page 70

SUSTAINABILITY & WASTE

\$0M

\$20M

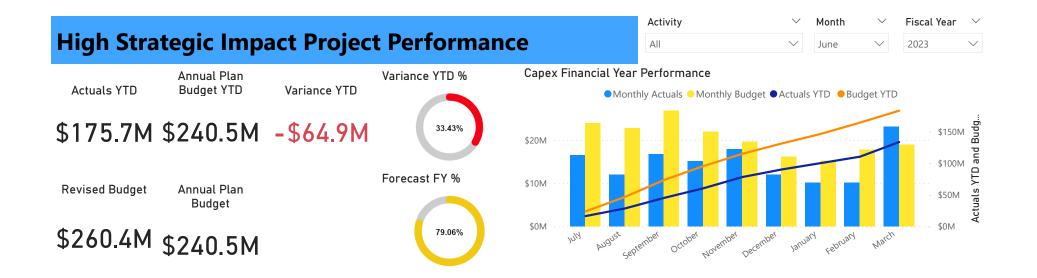
• FY23 Actuals to Date • Annual Plan YTD (Proj)

\$40M

\$60M

\$80M

Capital Programme - 2023 Financial Year - June 2023				<b>Month</b> June		Fiscal Year	~			
Project Category	FY23 Budget	FY23 Revised Budget	FY23 Actual	FY23 Variance						
High Strategic Impact Projects	\$240.5M	\$260.4M	\$175.7M	-\$84.7M	See attached high strategic projects for more detail					
Balance of Growth Projects	\$26.7M	\$40.8M	\$20.6M	-\$20.3M	Increase in budget was primarily due to an accelerated purchase of strategic properties. Not all anticipated land purchases were realised in this financial year					
Capital Delivery Adjustment Growth Projects	-\$45.0M	-\$45.0M	\$0.0M							
Balance of Level of Service Projects	\$51.1M	\$91.7M	\$67.2M	-\$24.5M	Level of service projects actual expenditure was lower than revised budget primarily due to delays across the Civic programme and Transport Low Cost - Low Risk programme (however this is expected to be delivered within the 3 year Waka Kotahi funding period)					
Capital Delivery Adjustment Level of Service Projects	-\$10.0M	-\$10.0M	\$0.0M							
Renewal Projects	\$34.8M	\$43.9M	\$23.2M	-\$20.7M	Renewals programme actual expenditure was under budget, due to some delays caused by extreme weather conditions					
Total Capital Programme	\$298.2M	\$381.8M	\$286.6M	-\$95.2M						
Other Capital (Land Sales and capital delivered by third parties)	\$37.2M	\$0.8M	\$31.1M	\$30.3M	Actuals below budget due to delays with the Waka Kotahi led delivery of the Tauriko West Netw Connection Projects, and timing of the realisation of the Elder Housing portfolio sale.				rk	
Total Capital Programme and Other	\$335.4M	\$382.6M	\$317.7M	-\$64.9M						



<b>High Strategic Impact Project Pe</b>	rformance		
Reference	Actuals YTD	Annual Plan	Budget Total FY
		Total	(Proj)
ACTIVE RESERVE DEVELOPMENT PROGRAMME	\$2,616,254	\$5,213,767	\$6,713,767
ARATAKI SAFETY IMPROVEMENTS	\$193,215	\$2,326,990	\$2,326,990
AREA B (OTUMOETAI LOOP)	\$2,044,812	\$3,665,899	\$3,665,899
CAMERON ROAD STAGE 1	\$37,817,941	\$31,391,955	\$34,791,955
CAMERON ROAD STAGE 2	\$1,020,633	\$2,930,607	\$2,559,535
CARPARK SEISMIC STRENGTHENING	\$5,037,498	\$6,762,000	\$6,631,849
COMMUNITY CENTRE DEVELOPMENT	\$362,968	\$1,301,177	\$1,301,177
DIGITAL PROGRAMME	\$13,311,325	\$16,331,406	\$16,331,406
DIVE CRESCENT & STRAND WATERFRONT	\$3,562,990	\$9,922,000	\$9,998,279
ELIZABETH ST STREETSCAPE	\$235,755	\$1,250,000	\$1,661,032
INFRASTRUCTURE RESILIENCE	\$563,163	\$680,000	\$781,983
KOPURERERUA VALLEY DEVELOPMENT	\$2,777,293	\$3,017,270	\$3,214,796
LOCAL ROAD REHABILITATION AND RESURFACIN	\$10,915,781	\$15,238,914	\$15,618,480
MARINE PARADE BOARDWALK	\$1,912,314	\$5,185,436	\$5,211,761
MARINE PRECINCT - OFFLOADING WHARF	\$121,086	\$3,181,000	\$3,702,718
MAUNGANUI ROAD SAFETY IMPROVEMENTS	\$6,179,072	\$5,942,305	\$6,814,707
MEMORIAL PARK AQUATICS FACILITY	\$0	\$2,279,369	\$2,359,059
OMANAWA FALLS	\$4,087,289	\$4,713,227	\$5,963,890
OPAL DRIVE WASTEWATER PROGRAMME	\$6,276,506	\$5,989,825	\$6,389,825
PAPAMOA EAST INTERCHANGE	\$16,295,666	\$17,569,983	\$22,538,262
SKATEPARK FACILITY	\$1,070,724	\$1,023,877	\$1,083,024
STRAND EXTENSION	\$613,279	\$3,600,000	\$3,600,000
TE MANAWATAKI O TE PAPA (CIVIC REDEVELOP	\$9,305,094	\$25,690,076	\$29,623,797
TE MAUNGA TRANSFER STATION	\$1,609,658	\$8,992,200	\$9,931,884
REDEVELOPMENT			
TE MAUNGA WASTE WATER TREATMENT PLANT	\$16,219,936	\$20,763,078	\$16,515,140
TOTARA STREET IMPROVEMENTS	\$4,744,865	\$1,600,000	\$3,518,570
TRANSPORTATION SAFETY PROGRAMME (LCLR)	\$3,514,051	\$6,203,668	\$6,203,668
TURRET RD & 15TH AVE CORRIDOR	\$1,191,695	\$1,164,110	\$1,554,870
WAIARI WATER TREATMENT PLANT	\$18,704,441	\$18,737,817	\$20,760,797
WAIRAKEI STREAM LANDSCAPING	\$827,540	\$1,837,108	\$2,950,587
WESTERN CORRIDOR STAGE 1A (WASTE WATER)	\$2,522,911	\$6,040,000	\$6,040,000
Total	\$175,655,755	\$240,545,064	\$260,359,707

Ca	pital Programme -	2023 Fi	nanci	al Yea	r - Budget adjustment	
Category	Project	Activity		Movement from Annual	Commentary	Approved by
Bring Forward of Budget	Papamoa - Wairakei Stream Land Purchase	Stormwater	High Strategic	Plan 630,000	To complete payment to Nga Potiki for the leasehold interest and cover associated professional services	CE
Bring Forward of Budget	TSP Reserves, Walkways & Corridors	Spaces & Places	High Strategic	3,400,000	To acquire 79 Grey Street for establishment of laneway from Durham Street to Grey Street	Council
Bring Forward of Budget	Museum & Exhibition Centre Stage 2 - Pre Construction	Arts & Culture	High Strategic	3,514,286	Bring forward design budget from 2024/2025 to 2023 FY per Willis Bond's alternative timing to support	CE
Bring Forward of Budget	Sands Avenue - Boulevard to Te Okuroa Drive	Transportation	Growth	100,000	Better Off Funding Application (tranche 1) To support planning and valuation work for Wairakei town Centre	GM Strategy, Growth & Governance
Bring Forward of Budget	Churchill Rd Foreshore Sewer - new gravity main	Wastewater	Growth	150,000	Design work for the Churchill Road foreshore sewer	CE
Bring Forward of Budget	Pyes Pa West - Dam 5 & Dam 25 Construction	Stormwater	Growth	300,000	To complete design and consenting	CE
Bring Forward of Budget	Waiari - No 1 Road Reservoir Land Purchase	Water Supply	Growth	1,500,000	No 1 Road Reservoir Land purchase to take advantage of the willing seller/buyer situation	CE
Bring Forward of Budget	Pyes Pa West Keenan Rd access	Transportation	Growth	200,000	To support the transport planning of this area ealier than previously intended	CE
Bring Forward of Budget	Main Wairakei Pump Station Papamoa East	Wastewater	Growth	281,138	To enable design and geotechnical investigation to commence this financial year to accelerate the delivery programme	CE
Bring Forward of Budget	Wairakei Rising Main - Papamoa East	Wastewater	Growth	159,545	To enable design and geotechnical investigation to commence this financial year to accelerate the delivery programme	CE
Bring Forward of Budget	Land Purchase - Bluehaven Reserve Acquisition	Spaces & Places	Growth	550,000	To meet the required timeframes for the spend of DC funds	CE
Bring Forward of Budget	Gordon Spratt Pathway, Skatepark and Shade	Spaces & Places	Growth	895,000	To meet the required timeframes for the spend of DC funds	CE
Bring Forward of Budget	Ila Place Renewal	Wastewater	Growth	40,000	To start planning and design work on the gravity sewer upgrade before the 2023/24 financial year	GM: Infrastructure
Bring Forward of Budget Bring Forward of Budget	Te Tumu Multi Internal Modal BC Harrisons Cut Bank Stabilisation	Transportation Stormwater	Growth Level of		To complete the Business Case Additional scope/extension of the retaining wall	GM: Infrastructure CE
Bring Forward of Budget	Civic Whare - Pre Construction	Civic Complex	Service Level of Service		Bring forward design budget from 2024/2025 to 2023 FY per Willis Bond's alternative timing to support	CE
Bring Forward of Budget	Museum & Exhibition Centre Stage 1 - Pre	Arts & Culture	Level of	5 142 858	Better Off Funding Application (tranche 1) Bring forward design budget from 2024/2025 to 2023	CE
Bring Forward of Budget	Construction Totara Hull Maunganui Planning & Design	Transportation	Service Level of		FY per Willis Bond's alternative timing to support Bring forward design budget from 2023/2024 to deliver	
Bring Forward of Budget			Service	·	project  Bring forward from FY24 and reallocate this funding to	
bring Forward of Budget	Waimapu Walkway - Fraser Street Reserve 1 Development	Spaces & Places	Level of Service	1,201,362	enable delivery of a number of projects and enhanced delivery outcomes for others	CE
Bring Forward of Budget	Cemetery Loop Road	Cemeteries	Level of Service	60,000	To undertake the initial design work	GM: Community Services
Bring Forward of Budget	Historic DC Funded Neighbourhood Reserve-Papamoa UGA	Spaces & Places	Level of Service	1,240,872	To meet the required timeframes for the spend of DC funds	CE
Bring Forward of Budget	CFIP Strategic LP for social infrastruct- 6 & 8 Tutchen Street - Land Purchase	Spaces & Places	Level of Service	2,800,000	To acquire 6 & 8 Tutchen Street	CE
Bring Forward of Budget	Coastal Structures Renewals - The Strand RIP RAP Wall	Marine Facilities	Renewal	1,621,279	Bring forward design budget from 2024/2025 to 2023 FY per Willis Bond's alternative timing to support Better Off Funding Application (tranche 1)	CE
Bring Forward of Budget	Stormwater Reticulation Renewals	Stormwater	Renewal	1,240,000	To perform the investigations, design and construction already completed and planned for the current 2022/23 financial year	CE
Bring Forward of Budget	Opal Drive Rising Main	Wastewater	High Strategic	400,000	to cover the potential for variations and contingency	CE
Bring Forward of Budget	Waiari Treatment Plant Stage 1	Water Supply	High Strategic	1,500,000	to ensure the project progresses in the agreed timeframe and effective use is made of the programme budget	GM
Bring Forward of Budget	Te Okuroa Dr to Te Tumu Construction	Transportation	Growth	40,000	allow design work to be started earilier than previousli	GM
Bring Forward of Budget	P1 - PEI Early Works Stage 1 Construct	Transportation	Growth	4,059,696	allow work to be started earilier than previously planned	CE
Bring Forward of Budget	P3- Papamoa East Interchange Design	Transportation	Growth	908,583	allow work to be started earilier than previously planned	CE
Total Bring Forward of Budget Total Carryforwards from 2021				34,446,782 29,066,383	Final washup of unspent budget from 2021-22 after adoption of Annual Plan 2022-23. Approval under CE	CE
New Projects	New Apron Gates	Airport	Growth		delegation Airport expansion new expenditure	Council
New Projects	Strategic Acquisition Non Growth	Strategic Investment & Commercial Facilitation	Level of Service	14,500,000	Purchase of the properties at 160, 168 and 176 Devonport Road and 134 Durham Street	Council
New Projects	New Power Centre & Airfield Lighting	Airport	Level of Service	500,000	Airport expansion new expenditure	Council
New Projects	In-housing - Vehicle & Equipment Purchases	Spaces & Places		2,500,000	Plant purchase for re-patriations of Vegetation Contracts as approved through Council in November 2022	Council
New Projects	Body Cameras	Regulation Monitoring	Level of Service	6,551	To purchase 2 body worn cameras, lone worker devices and infringement printers for the 2 new parking officer roles	GM - Regulatory and Compliance
New Projects	New Mower - gravely compact Pro-34	Cemeteries	Level of Service	16,100	To purchase a new mower	GM

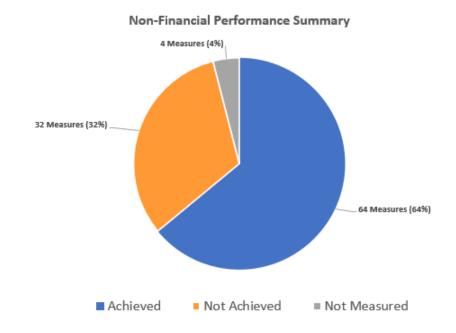
Ca	nital Programmo -	2023 Ei	nanci	al Voa	r - Budget adjustment	
	<u>.                                    </u>					
New Projects	Portable EV Chargers	Civic Complex	Level of Service	48,830	To purchase 4 Portable EV Chargers	GM
New Projects	TSP044 Gloucester Street Extension	Transportation	Level of Service	25,000	Spend on project began earlier than expected	GM
New Projects	New Fire Station	Airport	Renewal	500,000	Airport expansion new expenditure	Council
New Projects	Ski Data Equipment Upgrade	Airport	Renewal	250,000	Airport expansion new expenditure	Council
New Projects	Water Fluoridation Implementation	Water Supply	Renewal	320,000	design fee	CE
Total New Projects	·			19,266,481	*	
Overspends	Hastings Rd Upgrade Construction	Transportation	Growth	739,431	Increase in project costs based on latest engineers estimate prior to tender	CE
Overspends	Pond G Construction	Stormwater	Growth	200,000	To process the final claim which includes 24-month landscape maintenance and other minor items	CE
Overspends	Airpport Carpark Design and Consent	Airport	Level of Service	696,698	Airport expansion as approved through Council in September 2022	Council
Overspends	Wharf Street Streetscape	Spaces & Places	Level of Service	51,067	Additional costs to deliver Kiosk	GM - Community Services
Overspends	Tauranga Domain TV Filming Platform	Spaces & Places		64,800	Timing adjustment of \$603,000	Council
Overspends	Grenada Street Cycleway	Transportation	Level of Service	710,000	To deliver a cycle facility along Grenada Street between Girven Road and Sandhurst Drive	CE
Overspends	New Skatepark Facility-Contingency	Spaces & Places		53,347	For the development of a destination skate park	Council
Overspends	Te Maunga Landward Section of Outfall	Wastewater	Growth	1,679,297	to funds Clarifier 3 from Bioreactor & Landward Outfall	Council
Overspends	Formal Track Establishment	Spaces & Places	Level of Service	1,053,000	to finalise physical works	Council
Overspends	Wairakei Strm Clvrt Upgd Emerald Shores	Stormwater	Growth	527,500	to finalise payment	Council
Overspends	TSP007 Turret Rd 15th Ave multimodal imp	Transportation	High Strategic	200,000	to ensure that committed expenditure for the balance of the FY is within funding limits	CE
Overspends	Maunganui Road Safety Improvements	Transportation	High Strategic	400,000	Improvement works at the crossing	CE
Total Overspends				6.375.140		
Opex transferred to Capex				1,500,000		
Opex transferred to Capex	Artificial Turf installation - Link Ave	Spaces & Places	High Strategic		The funding would be used for artificial turf, rather than natural grass	GM
Reduced Budget	Cameron Road Stage 2 BC & Design NZTA	Transportation	High Strategic	-391,109	Shifting of budget to later years	No approvals required
Reduced Budget	Sunrise Ave Ext incl playground	Spaces & Places		-424,772	Shifting of budget to later years	No approvals required
Reduced Budget	Construction of cycle paths	Transportation	Level of Service	-31,350	Moved to Operational expense	No approvals required
Reduced Budget	Widen Wlkwy & Construct Pedest Bridge	Spaces & Places		-152,834	Shifting of budget to later years	No approvals required
Reduced Budget	Historic Village	Historic Village	Renewal	-25.000	Shifting of budget to later years	No approvals required
Reduced Budget	Te Maunga WWTP	Wastewater	Growth		Shifting of budget to later years	No approvals required
Reduced Budget	Te Maunga WWTP	Wastewater	Growth		Shifting of budget to later years	No approvals required
Total Reduced Budgets				-7,002,303	,	., ,
Movements from Annual Plan 2	022-23			83,652,483		

# Non-financial performance measures monitoring report

Quarter four | 1 April – 30 June 2023

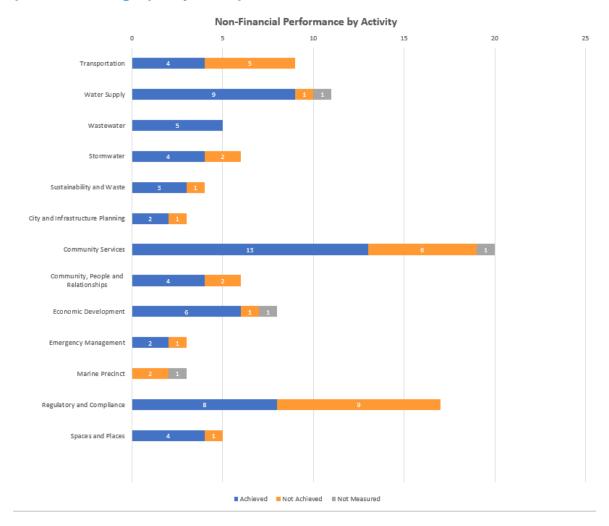
# Non-financial performance measures overview

- Performance measures help us report back on our service performance. Targets are set for the full financial year.
- See below an overview of how we're tracking on our performance measures across council for the financial year 2022/23. The reporting period Q4
  (01 April 30 June 2023) collates the year-to-date results across the 100 KPIs that we monitor.
- Our performance is grouped by the number of measures we're on track to achieve, have not achieved, and measures that have not been measured.



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# Non-financial performance graph by Group of Activities

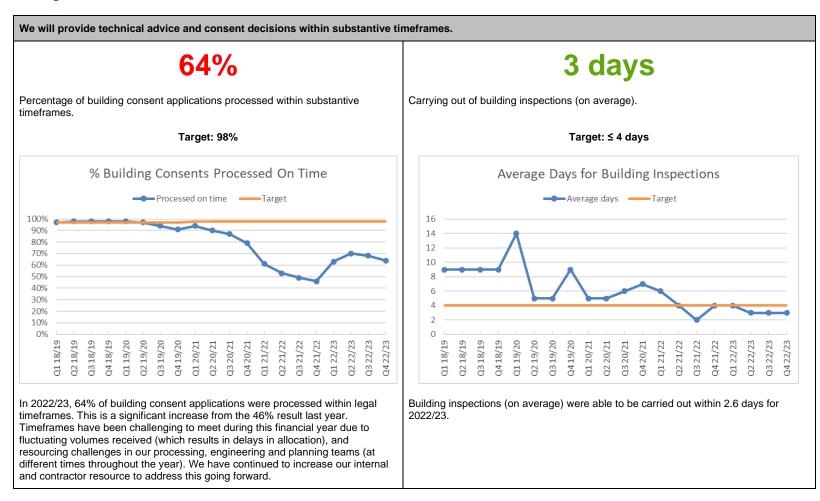


Non-financial performance measures Q4 monitoring report (1 April - 30 June 2023)

2

#### Measures of interest

#### **Building Services**



Non-financial performance measures Q4 monitoring report (1 April - 30 June 2023)

3

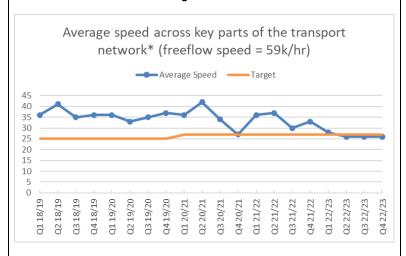
#### **Transportation**

We will provide an efficient transport network, minimising all-day congestion.

# 26 km/hr

Average speed across key parts of the transport network\* (free flow speed = 59k/hr)

#### Target: 27km/hr

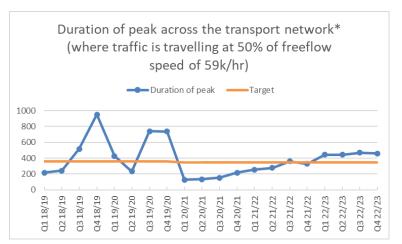


The average speed across key parts of the transport network\* (freeflow speed = 59km/hr) was 26 km/hr. Citywide our transport network remains under significant pressure from high trip demand and reduced capacity due to the significant construction work occurring on key corridors.

# **461 min**

Duration of peak across the transport network\* (where traffic is travelling at 50% of free flow speed of 59k/hr)

#### Target: 345 min



The duration of peak across the transport network\* (where traffic is travelling at 50% of freeflow speed of 59km/hr) was 461 min. Citywide our transport network remains under significant pressure from high trip demand and reduced capacity due to the significant construction work occurring on key corridors.

# Off track measures report

Groups of Activities		ievement of  Not Achieved	f targets  ■ Not Measured	KPI off t	rack		Discussion and action taken to improve result
Transportation	44%		56%	We will provide an efficient transport network, minimising all-day congestion	Target Year 2	2022/23 Result	The average speed across key parts of the transport network* (freeflow speed = 59km/hr) was 26 km/hr. Citywide our transport network remains under significant pressure from high trip
	5 of 9 measures off track	Average speed across key parts of the transport network* (freeflow speed = 59k/hr)  * Hewletts Road (between Aerodrome Road and Totara Street); Turret Road/15th Avenue (between Hairini Bridge and Fraser Street); Cameron Road (between 15th Avenue and Elizabeth Street); Totara Street (between Hull Road and Hewletts Road)	27km/hr	26km/hr	demand and reduced capacity due to the significant construction work occurring on key corridors.  • The duration of peak across the transport network* (where traffic is travelling at 50% of freeflow speed of 59km/hr) was 461 min.  Citywide our transport network remains under significant pressure from high trip demand and reduced capacity due to the significant construction work occurring on key corridors.		
				Duration of peak across the transport network* (where traffic is travelling at 50% of freeflow speed of 59k/hr)  * Hewletts Road (between Aerodrome Road and Totara Street); Turret Road/15th Avenue (between Hairini Bridge and Fraser Street); Cameron Road (between 15th Avenue and Elizabeth Street); Totara Street (between Hull Road and Hewletts Road)	345min	461min	

Non-financial performance measures Q4 monitoring report (1 April - 30 June 2023)

5

Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off t	rack		Discussion and action taken to improve result
		We will provide opportunities for walking, cycling and bus travel, and encourage increasing awareness of sustainable transport initiatives, including school walking/cycling programmes	Target Year 2	2022/23 Result	<ul> <li>1) a vehicle as the driver – achieved – with 2% less than the targeted proportion travelling to work as the driver</li> <li>2) a vehicle as a passenger – not achieved – with 0% of those travelling to work as a vehicle passenger</li> <li>3) walking/jogging – achieved – with 3% of those getting to work, doing so on foot</li> <li>4) cycling – not achieved – the target of 8% was</li> </ul>
		Proportion of people journey to work via:  1) a vehicle as the driver 2) a vehicle as a passenger 3) walking/jogging 4) cycling 5) bus 6) didn't go to work or not stated 7) Worked from home	1) 54% 2) 2-3% 3) 3% 4) 8% 5) 10% 6) 23-25% 7) 5-6%	1) 52% 2) 0% 3) 3% 4) 2% 5) 3% 6) 26% 7) 13%	<ul> <li>not met, with 2% cycling to work.</li> <li>5) bus – not achieved – the target of 10% was not met with 3% of individuals travelling to work by bus</li> <li>6) didn't go to work or not stated – 26% of individuals did not travel to work or did not state their mode of transport, which was 1% more than expected</li> <li>7) Worked from home – achieved – 13% of individuals worked from home, which was 7% more than expected.</li> </ul>
		We will provide a well- maintained and fit-for- purpose road and footpath network, and well-utilised and available city centre parking	Target Year 2	2022/23 Result	97% of footpaths fall within the level of service standard for the condition of footpaths set out in the asset management plan (less than or equal to 1.5m of Grade 4 or 5 faults per km of footpath). The footpath maintenance program has been executed to address Grade 4 and 5
		Percentage of footpaths that fall within the level of service standard for the condition of footpaths set out in the asset management plan (less than or equal to 1.5m of grade 4 or 5 faults per km of footpath).  (DIA measure)	98-100%	97%	has been executed to address Grade 4 and 5 faults. We are currently in the process of documenting the completed tasks in order to reassess the updated level of service requirements.

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Groups of Activities	% Achievement of targets ■ Achieved ■ Not Achieved ■ Not Measured	KPI off track			Discussion and action taken to improve result
		The percentage of the sealed local road network that is resurfaced. (DIA measure)	4%	3%	The percentage of the sealed local road network that is resurfaced is approximately 3%. The decrease in delivery efficiency is attributed to adverse weather conditions and limited resources
Water Supply	9% 9% 1 of 11 measures off track	We will manage the average consumption of drinkable water	Target Year 2	2022/23 Result	This is calculated on 61,819 water service line connections with a total of 796 incidents:  (a) drinking water clarity - 113 complaints (b) drinking water taste - 11 complaints
		The total number of complaints received by the local authority for any of the following:  (a) drinking water clarity; (a) drinking water taste; (b) drinking water odour; (c) drinking water pressure or flow; (d) continuity of supply; and (e) the local authority's response to any of these issues, expressed per 1000 connections to the local authority's networked reticulation system.  (DIA measure)	<u>≼</u> 10	12.9	(c) drinking water date 1 of complaints (d) drinking water odour - 9 complaints (d) drinking water pressure or flow - 104 complaints (e) continuity of supply - 559 complaints. It is noted that as a result of some larger breaks and shutdowns, the number of repeat complaints coming in for the same issue (either water quality or no water issues) has increased significantly this year. As an example the 34 most recent clarity complaints were discoloured water due to a shutdown of a bulk main at the Oropi Water Treatment Plant which affected from Greerton to City Business District.

Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off track			Discussion and action taken to improve result
Stormwater	67% 33% 2 of 6 measures off track	We will provide a conveyance and treatment network to effectively manage stormwater and to deliver safety to persons	Target Year 2	2022/23 Result	Eight flooding events for habitable floors were reported from our 61,819 connections.     Three occurred from April to June 2023 (Q4) period. The high number of events can be attributed to the severe weather events.
		The number of flooding events that occur in a territorial authority district. (DIA measure). * * A flooding event refers to an overflow of stormwater that enters a habitable floor (meaning a building, including a basement, but does not include garden sheds or garages).	No more than one flooding event	8	
		We will provide satisfaction to our customers	Target Year 2	2022/23 Result	Total of 226 requests for service were received.     A large number of properties are on soakage for stormwater disposal and are not connected to the stormwater network. Calculations for
		The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. (DIA measure)	<2	3.6	stormwater measures have always been done on the number of water connections as this more accurately reflects the number of properties.  - Stormwater connections = 39,075  - Water connections = 61,819

Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off t	rack		Discussion and action taken to improve result
Sustainability and Waste	75% 25% 1 of 4 measures off track	We will provide a rubbish collection service to all residential properties in urban and rural-residential areas	Target Year 2	2022/23 Result	The 2022/23 result from the annual residents' survey was 71%, up from 63% in 2021/22. Most of the commentary around dissatisfaction centred around cost of the service, the scope of collection (such as collecting soft plastics/glass and tidiness of the service), and having only one recycling centre available (after closure of
		Percentage of residents that are satisfied with Council run rubbish collection service.	75%	71%	Maleme Street Recycling plant).
City and Infrastructure	1 of 3 measures off track	We will deliver and monitor a planning framework for the city that provides sufficient development capacity to accommodate ongoing growth	Target Year 2	2022/23 Result	The 2022 Housing and Business Assessment (HBA) identified a short-term (next three years) housing shortfall for Tauranga City as at 30 June 2022 of 724 dwellings, rising to a 1,412 dwelling shortfall when the required NPS-UD competitiveness margin of 20% was applied.  In Q4, 160 dwellings were issued consents.
		Compliance with the National Policy Statement for Urban Development Capacity which require 3, 10 and 30 years of development capacity and infrastructure capacity to be provided/identified along with additional buffers	Short term compliance achieved	Not Achieved	<ul> <li>From 1 July 2022 to 30 June 2023, 358 fewer dwelling consents were issued than projected demand for this period (i.e., 838 dwelling consents issued vs 1,196 dwellings projected).</li> <li>While consent issue indicates less dwelling uptake has been realised than projected, and more dwelling supply remains as a result, short term non-compliance with supply as quantified in the 2022 HBA remains.</li> </ul>

Groups of Activities	% Achievement of targets Achieved Not Achieved Not Measured	KPI off t	track		Discussion and action taken to improve result
Community Services  Activities Include: Arts and Culture	65% 30% 5% 6 of 20 measures off track	We will facilitate, support and advocate for the arts in Tauranga including management of relationships with Creative Bay of Plenty, Tauranga Art Gallery, and The Elms	Target Year 2	2022/23 Result	The total number of proposals received for the Creative Communities Scheme in Q4 is 22, bringing the total applications received to 62. This is three applications fewer than the target of 65 for the year. This is the first year that Tauranga City Council (TCC) has operated the Creative Communities Funding scheme in house, and the visibility of this may have been
Community Partnerships Elder Housing		Number of proposals received for the Creative Communities Scheme	65	62	a contributing factor, as applicants had been used to applying through Creative Bay of Plenty. The scheme has also moved to three funding rounds per year, up from two funding rounds, which may have had an impact on when applicants apply.
Libraries  Venues and Events		Provide a comprehensive and fully functional performing arts venue, which is for use by the community and to attract high quality performing arts events to our city.	Target Year 2	2022/23 Result	The total number of patrons that attended ticketed events at Baycourt in 2022/23 was 59,038. Despite not achieving this measure, compared to the FY 2021/22 end of year result, there has been a 130% increase in attendance this year (largely due to having operated under the 'red' COVID-19 restrictions during Q3 FY 2021/22). This
		Number of patrons attending ticketed events at Baycourt	70,000	59,038	<ul> <li>indicates that consumer confidence (following the peak pandemic period) is returning.</li> <li>Of the 315 days available to be booked this</li> </ul>
		Deliver a diverse programme of arts experiences and events through a year-round programme.	Target Year 2	2022/23 Result	year, 250 days (or 79%) were utilised for events at Baycourt. We achieved 91% utilisation in Q4 (83 event days), the busiest quarter of the year, contributing to an overall 2022/23 result of 79% utilisation. Despite this measure being 'not achieved', venue utilisation statistics are tracking better than the previous three pandemic affected years, demonstrating that market confidence (both
		The number of event days that Baycourt is occupied from total possible available days using booking information.	280	250	demonstrating that market confidence (both audience and promoter/hirers) is returning.

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Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off t	rack		Discussion and action taken to improve result
		We will provide a well maintained and managed Historic Village as a community facility, available for commercial and community tenancies and as a function and events venue	Target Year 2	2022/23 Result	For 2022/23, the total occupancy rate of Historic Village leasable village space was (86%). Average occupancy rates for the year finished 9% below our target of 95%. There were some high-quality boutique retail and hospitality tenants come onboard over the year and equally some tenants have moved out. There is a large capital program rolling
		Occupancy rate of Historic Village leasable village space	95%	86%	out at The Historic Village which has created challenges and has led to temporarily relocating tenants into vacant spaces while works proceed which has negatively affected tenant occupancy.
		Occupancy rate of Historic Village hireable venue space	25%	8%	For 2022/23, the total occupancy rate of Historic Village hireable venue space was 8%, 17% below target of 25%. The Historic Village
		We will invest in and/or attract events to Tauranga that meet the objectives of the Legacy and Major Event Funds	Target Year 2	2022/23 Result	capital program this year has focused on two of the most popular venues, The Balcony Room located in Complex two and The School House. As a result, The Balcony room has been unavailable for hire since Q1, and this will continue for some time. The School House was also unavailable for hire in Q3 and Q4. Capital works to bring the venues up to a
		Percentage of all Event Funding Framework supported events held in off-peak months (i.e. April to November)	50%	39%	higher level of service combined with a strong sales and marketing program will position The Historic Village as a popular destination for meetings and events in the future.  The total percentage of all Event Funding Framework supported events held in off-peak months (i.e. April to November) for 2022/23 was 39%. Events delivered in Q4 were:  100% Summer Series 2023 (15/04/23)  Aramex Kiwi Walk & Run Series (29/04/23)  2023 Festival of Disability Sport (29/04/23)  - 30/04/23)  CONCERTINA! (7/05/23)

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Groups of Activities	% Achievement of targets  ■ Achieved ■ Not Achieved ■ Not Measured	KPI off track			Discussion and action taken to improve result
					<ul> <li>Latin-American Cultural Celebration (26/05/23)</li> <li>Smokefree rockquest and Smokefree Tangata Beats 2023 (27/05/23 - 23/06/23)</li> <li>Project Youth Hip Hop Dance Competition (3/06/23 - 4/06/23)</li> <li>Madagascar Jr Inclusive Youth Theatre (3/06/23 - 4/06/23)</li> <li>June YPT concert (10/06/23)</li> <li>Matariki at the Village (17/06/23)</li> <li>PWYW Half Marathon (2/04/23)</li> <li>60th National Jazz Festival (3/04/23 - 10/04/23)</li> <li>Generation Homes Mount Swim (8/04/23)</li> <li>Lexus Urban Polo (1/04/23)</li> <li>Ultimate Athlete (29/04/23)</li> </ul>
Community, People and Relationships	67% 33% 2 of 6 measure off track	We will provide a Land Information Memoranda service	Target Year 2	2022/23 Result	2,757 (92%) of 2,955 LIMS were issued within the 10-day statutory time. The Service Centre team had a high staff turnover during the year. However, LIM customers were proactively managed to ensure we met the applicants'
Activities Include: Community Relations		10 Day Statutory timeframes are met	100%	94%	own priorities which may have been different to the statutory timeframe. So, whilst some statutory targets were not met for some LIMs, customers overall were largely satisfied.

Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off	track		Discussion and action taken to improve result
Customer Service Democracy Services		We provide opportunities for the community to participate in decision making.	Target Year 2	2022/23 Result	The 2022/23 result from the annual residents' survey was 55%, up from 50% in 2021/22.  Given the current extensive programme of works council is delivering, there are always a large number of consultation and engagement.
Te Pou Takawaenga Māori Unit		Percentage of residents who are satisfied or neutral with the way the Council involves the public in decision-making processes.	60%	55%	opportunities, which appears to be reflected in these results. Many of the projects are however in an implementation phase where design is largely complete. Last year there were substantive engagement programmes around more strategic planning, including spatial plans, cycle ways and action and investment plans. Looking forward there will be another significant opportunity for community input through the next Long-Term Plan which is scheduled to be consulted on in November 2023.
Economic Development	75% 13% 13% 1 of 8 measures off track	Resident likelihood to recommend Tauranga as visitor destination	Target Year 2	2022/23 Result	The 2022/23 result from the annual residents' survey was 33%, down from 38% in 2021/22.
		Net promoter score	Maintain	33%	

% Achievement of  ■ Achieved ■ Not Achieved		KPI off	rack		Discussion and action taken to improve result	
67% 33%  1 of 3 measures off track	We will provide community education initiatives increase public awareness and preparedness	Target Year 2	2022/23 Result	The 2022/23 result from the annual residents' survey was 80%, down from 81% in 2021/22. Our community education and planning has been progressing well. Recent extreme weather events may have reinforced the community's appreciation for self-reliance during and emergency. Seeing the local		
		Percentage of residents that know they need to be self- reliant in the event of a major civil defence emergency	95%	80%	impacts might have prompted people to re- evaluate their own levels of preparedness and resilience. The Welcome Bay Community Response Team is also progressing well with the first draft of a community response plan presented. The EOC team has also been active in a number of community events such as Home Shows & Multicultural Festivals in an effort to educate the community about emergency preparedness. The team has also assisted with some local businesses and organisations in reviewing their own internal emergency procedures.	
Marine Precinct  67%  2 of 3 measures off track		We will provide the marine industry with access to efficient and reliable large/heavy vessel lifting and hardstand facilities	Target Year 2	2022/23 Result	The total annual average hardstand occupancy for 2022/23 was 43% which is below the target of 50%. While there is room for improvement, this figure indicates a significant utilisation of our facilities.  This trend can be attributed to significant competition in the commercial marine refit market, and the ongoing impacts of the closed	
		Average annual hardstand occupancy	50%	43%	international maritime border due to the pandemic. In response to these circumstances, we took steps to bolster business by expanding and diversifying our marketing approach. Concurrently, the privately owned vessel shed at the Marine Precinct experienced high utilisation, a trend indicative of shifting customer preferences.	
	67%  1 of 3 measures off track	67% 33%  1 of 3 measures off track  67% 33%	67% 33%  1 of 3 measures off track  Percentage of residents that know they need to be self-reliant in the event of a major civil defence emergency  We will provide community education initiatives increase public awareness and preparedness  Percentage of residents that know they need to be self-reliant in the event of a major civil defence emergency  We will provide the marine industry with access to efficient and reliable large/heavy vessel lifting and hardstand facilities  Average annual hardstand	We will provide community education initiatives increase public awareness and preparedness  Percentage of residents that know they need to be self-reliant in the event of a major civil defence emergency  We will provide the marine industry with access to efficient and reliable large/heavy vessel lifting and hardstand facilities  Average annual hardstand  We will provide the marine industry with access to efficient and reliable large/heavy vessel lifting and hardstand facilities	Target year 2  1 of 3 measures off track  We will provide community education initiatives increase public awareness and preparedness  Percentage of residents that know they need to be self-reliant in the event of a major civil defence emergency  We will provide the marine industry with access to efficient and reliable large/heavy vessel lifting and hardstand facilities  Average annual hardstand  Average annual hardstand	

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Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off t	track		Discussion and action taken to improve result
		We will provide the marine industry with access to quality berthing facilities, for working vessels, that are well utilised and fit for purpose	Target Year 2	2022/23 Result	The total average annual berth occupancy for 2022/23 was 62%. Following decisive action, numerous long-term tenants at Bridge Wharf, who had not been engaging in refit operations and did not maintain active workboats, have transitioned out. Consequently, the valuable space vacated has been repurposed for
		Average annual berth occupancy	>65%	62%	productive vessels, better supporting the local marine sector.
Regulatory and Compliance  Activities Include:	9 of 17 measures off track	We will provide an effective dog registration process that supports a safe community	Target Year 2	2022/23 Result	There were 14,961 dogs registered from a database of 15,716 known dogs. Of the 755 unregistered dogs, 409 infringements were issued, leaving 346 dogs for which there were no enforcement action. To meet this KPI, the team have to visit every unregistered dog and sight the dog before action can be taken. Unfortunately, this was not possible due to an
Animal Services Building Services Environmental Health and		All known dogs are registered, or appropriate enforcement action is taken.	100%	98%	<ul> <li>increase in general complaints that diverted resources away from this task.</li> <li>In 2022/23, 86% of all urgent requests were responded to within 60 minutes. Of 28 complaints that had potential ongoing risk(s), four (14%) were not responded to within the</li> </ul>
Licensing Environmental Planning		We will provide a prompt response time to animal behavioural issues	Target Year 2	2022/23 Result	required timeframe due to internal processing errors. Each error was a result of a different system issue, and these are addressed on case-by-case bases.
Regulation Monitoring		All urgent animal requests are responded to within 60 minutes where there is an ongoing risk to safety	100%	86%	

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Groups of Activities	% Achievement of targets  ■ Achieved ■ Not Achieved ■ Not Measured	KPI off	track		Discussion and action taken to improve result
		We will provide dog management and behavioural education to the community	Target Year 2	2022/23 Result	For the year 2022/23, 13 education events were provided by the team regarding dog handling, management and bite prevention to schools and other relevant businesses. The education officer is responsible for technical support for Animal Services. The officer started in September 2022 and focus has been primarily learning the support role while
		Provide educational presentations regarding dog handling, management and bite prevention to schools and other relevant businesses	15 events	13	developing the education position and contacts.
		We will provide technical advice and consent decisions within statutory timeframes	Target Year 2	2022/23 Result	In 2022/23, 64% of building consent applications were processed within legal timeframes. This is a significant increase from the 46% result last year. Timeframes have been challenging to meet during this financial year due to fluctuating volumes received
		Percentage of building consent applications processed within legal timeframes	98%	64%	(which results in delays in allocation), and resourcing challenges in our processing, engineering and planning teams (at different times throughout the year). We have continued to increase our internal and contractor resource to address this going forward.

Groups of Activities	% Achievement of targets  Achieved Not Achieved Not Measured	KPI off	track		Discussion and action taken to improve result
		Ensure Building warrant of fitness are current and compliant.	Target Year 2	2022/23 Result	420 of the 456 (92%) building warrant of fitness's were renewed on time and were compliant. We are finding that Independent Qualified Persons are having difficulties with staffing levels of qualified people able to
		Ensure Building warrant of fitness are renewed on time and are compliant with the building compliance schedule	94%	92%	complete remedial work and or inspections, therefore this is holding up warrant documents and creating issues with missed inspections.
		We will undertake audits of all food premises registered with Tauranga City Council	Target Year 2	2022/23 Result	In 2022/23, 405 of 652 food premises verifications were completed. In addition, Food Safety Officers conducted 43 food safety investigations and of these 5 required enforcement actions. Staffing and resourcing issues were again an issue in the fourth
		Percentage of TCC verified food premises that have been inspected and had appropriate enforcement action taken	100%	62%	quarter, in addition the contractors were only able to assist for one month of the year and the team was unable to reach targets.  • From 1 April 2023 to 30 June 2023, there were
		Council will aim to reduce alcohol-related harm by annually inspecting alcohol licensed premises to ensure compliance with the Sale and Supply of Alcohol Act 2012 and licensing conditions in general.	Target Year 2	2022/23 Result	38 renewal premises inspected. In addition, there were three new licensed premises inspected. Of the 41 new and renewal premises inspected five infringement notices were issued by police on behalf of the Alcohol Licensing Inspectors. For 2022/23 year there were 149 (80%) renewal premises inspected out of a total of the 186 premises identified as requiring an inspection. All 26 new licensed premises inspection were completed. As of
		Percentage of new and renewed licensed premises inspected and appropriate enforcement action taken	100%	80%	29 <sup>th</sup> May 2023, the team has finally managed to recruit to the required complement of staffing levels who are able to assist in premises inspections. It is envisaged a much better output in inspections next year with this extra assistance will be achieved.

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Groups of Activities	% Achievement of targets Achieved Not Achieved Not Measured	KPI off	track		Discussion and action taken to improve result	
		We will meet the community's expectations through making informed decisions, delivering fit for purpose vested infrastructure through robust engineering assessments and by taking an education first approach to compliance.	Target Year 2	2022/23 Result	For Q4 reporting for period 1 April 2023 to 30 June 2024, 21 of the 29 resource consents were processed within statutory timeframes with a Q4 result of 72%. In 2022/23, 69% of resource consent applications were processed within statutory timeframes. The level of service is still well below the target but has slowly lifted through the year. Performance has been affected by continued staff turnover and continued complexity of workload. The level of service is expected to continue to	
		Percentage of new resource consent applications processed within statutory timeframes	95%	69%	improve as new staff and consultant capacity beds in.	
		We will monitor traffic and parking bylaw and related legislation, taking an education approach to raise awareness in the community, or enforcement where appropriate.	Target Year 2	2022/23 Result	In Q4, of the 689 parking complaints received, 550 (89%) were responded to within 24 hours. Levels of service continue to be impacted by reduced resources with ongoing vacancies in the team.  The YTD result is 92% - 2224 complaints were received of which 2034 were attended to	
		Respond to all parking complaints within 24 hours	100%	92%	within 24 hours. (*note that complaints are carried over from one quarter to the next so are often reported on twice)	

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Groups of Activities	% Achievement of tar Achieved Not Achieved N	gets lot Measured	KPI off track			Discussion and action taken to improve result		
Spaces and Places  Activities Include: Cemeteries	80% 1 of 5 measure off track	20%	We will provide high quality coastal and reserve land and structures, including	Target Year 2	2022/23 Result	For the period March 2023 to June 2023, zero coastal encroachments were removed from public land. The team had programmed to focus on an area that combined reducing coastal encroachments with the development of a walkway, unfortunately newly adopted National Policy Statement for Freshwater Management meant the walkway had to be		
Mount Beachside Holiday Park Marine Facilities Spaces and Places			Removal of 20 coastal encroachments from public land each year.	20	3	postponed hence a change of focus for the team. This is an extremely challenging project as many people with encroachments have benefitted from the extra land for many years. There is a plan to start working on a city-wide encroachment plan, along with public education program along with enforcement, to focus results for this measure in 2023/24 and into the next LTP.		

## 9.5 Annual Residents' Survey 2022/23

**File Number:** A14861614

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#### **PURPOSE OF THE REPORT**

1. The purpose of this report is to present the Annual Residents' Survey 2022/23.

## **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

(a) Receives the report "Annual Residents' Survey 2022/23".

#### **EXECUTIVE SUMMARY**

2. Each year, Council seeks feedback from its residents regarding their perception on various aspects of Council provided services and initiatives. This survey is carried out over four waves during the year and is collated into an annual report. The results of the most recent survey are reported to this Committee.

#### **BACKGROUND**

- 3. The Annual Residents' Survey 2022/23 forms part of a wider set of information we have around engagement with the Tauranga community and their wants, needs and perceptions of Council and of Tauranga as a place to live.
- 4. Survey results help Council staff assess the performance of the Council against a set of predetermined actions and performance levels, including those outlined in the Long-term Plan.
- 5. *Key Research* has undertaken an annual residents' survey from 2006 to 2023, on behalf of the Council, by collecting responses via a mail-out with an option to complete the questionnaire online.
- 6. Data collection for the 2022/23 year took place by *Key Research* between 18th September 2022 and 30th May 2023 in four waves. A statistically robust sample of n=612 residents across the Tauranga City Council area was collected and the resulting data analysed.
- 7. The sample selection was based on a random selection from the Electoral Roll. This method ensures each member within the population has an equal probability of selection, thereby minimising the opportunity for bias.
- 8. Post data collection the sample was weighted so it aligned with known population distributions for the Tauranga City Council area, as per the Census 2018 results, based on age, gender, ward and ethnicity.
- 9. The report, included as **Attachment 1**, by *Key Research* explores the findings in detail, looking at trends and how the results to individual questions contribute to residents' overall perception of Council.

#### **KEY FINDINGS**

- 10. The results of the key performance indicators trending up include:
  - For 2022/23 **overall performance**, 40% of respondents are satisfied or very satisfied with Tauranga City Council in general, up from 32% in 2021/22.

- Reputation measures the community's perception of four key areas leadership, faith and trust, financial management and quality of services/facilities. For 2022/23 reputation, 29% of respondents are satisfied or very satisfied with Tauranga City Council in general, up from 23% in 2021/22.
- Within reputation, there is the measure in terms of respondent's **trust** in Council, the 2022/23 result is that 30% of respondents are satisfied or very satisfied, up from the full year result for 2021/22 which was 24%.
- For 2022/23 overall value for money, 38% of respondents are satisfied or very satisfied with Tauranga City Council in general, up from 36% full year result of 2021/22.
- 11. A summary of the rest of the high-level survey results of the 2022/23 full year compared to 2021/22, and their trend is summarised in the table below:

12. Measure	2021/22 result	2022/23 result	Trend
Overall performance	32%	40%	•
Overall image and reputation	23%	29%	•
Overall value for money	36%	38%	•
Overall core services deliverables	56%	60%	•
Overall water management	55%	56%	•
Overall road and footpaths	44%	32%	•
Overall waste management	63%	71%	•
Overall outdoor spaces	73%	68%	•
Overall public facilities	70%	71%	•

- 13. However, declining satisfaction trends worth noting are in:
  - Roading and footpaths (-12%), based on the comments, is mainly due to the extensive roadworks, safety concerns, and protection from flooding.
  - Outdoor spaces (-5%) which, from the comments, is mostly due to the decline in satisfaction with the parks' maintenance and investment.

#### **ANNUAL RESIDENTS' SURVEY 2023/24**

- 14. Following the 2021/22 Annual Residents' Survey presentation, a resolution was passed endorsing staff exploring other options to gain more meaningful insights into community sentiment and satisfaction of council services, including consideration of an online citizen panel and bespoke activity surveys.
- 15. Further work and consideration have been undertaken by the Corporate Planning and Community Relations teams to assess the usefulness of the survey to inform decision making and operational improvement.
- 16. It was decided that the Annual Residents' Survey should continue in 2023/24 due to the need to provide data for existing measures that need to be reported on for year three of the current Long-term Plan (LTP) and in the 2023/24 Annual Report.

- 17. Also, in the review of the performance framework as part of the 2024-34 LTP it has been identified that a number of the proposed new measures will draw their results from the survey. So, in 2023/24 new questions will be added to the survey to collect baseline data to inform the targets for these new measures in the LTP.
- 18. In addition to this Community Relations have launched a number of complimentary new initiatives in May 2023 to help enable better engagement with the community. These include:
  - the Korero mai Let's talk Tauranga website; and
  - a fortnightly Kōrero mai Let's talk Tauranga email newsletter.
- 19. The two teams will continue to look at and explore other options to gain more meaningful insights into community sentiment and satisfaction of council services.

#### STRATEGIC / STATUTORY CONTEXT

20. The Annual Residents' Survey allows effective monitoring of performance and insights to be gained to inform future planning.

#### **SIGNIFICANCE**

- 21. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 22. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the matter.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 23. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the while the services that are covered by the satisfaction survey are of high significance to the community, the matter of receiving the report is of low significance.

#### **ENGAGEMENT**

24. Taking into consideration the above assessment, that the matter is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision to receive this report.

#### **NEXT STEPS**

- 25. The results of the report will inform reporting in the Annual Report 2022/23 and will be published on our website.
- 26. The 2023/24 survey waves will take place in August 2023, November 2023, February 2024, and May 2024.

## **ATTACHMENTS**

1. TCC Residents Survey Report - A14887811 (Separate Attachments 1)

9.6 2024 - 20234 Long-term Plan - Revenue and Finance Policy Framework - Funding Needs Analysis

**File Number:** A14887475

Author: Sarah Holmes, Corporate Planner

Kathryn Sharplin, Manager: Finance

Josh Logan, Team Leader: Corporate Planning

Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. To provide information on Council's obligation relating to its Revenue and Financing policy.

2. For Strategy, Finance and Risk Committee to provide direction on the Funding Needs Analysis (FNA), so that it can be used to inform the Draft Revenue and Financing Policy, to be presented to Council meeting on 21 August 2023.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "2024 20234 Long-term Plan Revenue and Finance Policy Framework Funding Needs Analysis".
- (b) Adopt the draft Funding Needs Analysis (Attachment 1) to confirm step one of the process and to inform the drafting of the Revenue and Finance Policy for consideration at Council on 21 August 2023.

#### **EXECUTIVE SUMMARY**

- 3. Council is required to review and adopt a Revenue and Financing policy every three years. The purpose of the policy is to show how Council's activities are funded who pays for what and why. The policy would come into effect from 1 July 2024.
- 4. This report presents the first step in the policy review process by putting forward the draft Funding Needs Analysis (FNA) (**Attachment 1**) for approval.
- 5. The funding decisions in the draft FNA largely reflect the funding positions in the 2021 Revenue and Financing Policy, with new activities City Centre Development, and Flood Protection being included.
- 6. Changes are proposed to the operating funding bands for some activities to reflect an increase or potential increase in funding from fees and charges and targeted rates.
- 7. The draft FNA also sets out the Council's preference for funding capital expenditure and allows for the possibility of each funding source to be used.

#### **DISCUSSION**

## **Legal Requirements**

- 8. The Local Government Act 2002 (LGA) requires Council to adopt a Revenue and Financing Policy that must then be included in the Long-term Plan (LTP).
- 9. The Revenue and Financing Policy sets out how Council plans to fund each of its activities and outlines how it has made these decisions.
- 10. The policy is an important step in the rate setting process, in determining levels of development contributions, and in setting fees and charges. A policy that has not been

- created following correct process or is unreasonable may result in decisions that flow out of the policy being invalid.
- 11. Two separate steps are required under the LGA to develop the draft Revenue and Financing policy. The first step is the process set out in section 101(3)(a) of the LGA (see chart below).
- 12. Having completed this analysis for each activity the second step is to aggregate all of the results and consider the impact that these results might have on the community. This includes consideration of differentials, the level of rates set on a uniform basis, and the factors used to set targeted rates.
- 13. Following the transition of Water Supply, Stormwater, and Wastewater activities to the Water Services Entity, Council will need to carry out Step Two again to consider the overall impact of allocation of liability for revenue. At that stage, any proposed amendments to the Revenue and Financing Policy will need to be consulted in a manner that gives effect to the requirements of section 82 of the Local Government Act 2002.

## The two-step funding process

## **Step One:**

For each activity consider:

- the community outcomes the activity promotes (and how the funding arrangements support that)
- who benefits
- whose action created the need for expenditure
- the costs and benefits of funding the activity separately



# Step Two:

Taking the completed results from Step One, consider:

the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community

- 14. The draft FNA (**Attachment 1**) is the documentation of the step one analysis and informs the draft Revenue and Financing Policy.
- 15. Approval of the proposed analysis is sought to allow step two to be progressed.

## **Provisional Changes**

16. The funding decisions set out in the FNA largely reflect the funding positions in the current Revenue and Financing Policy, with the exception of the following changes.

# Capital funding changes

- 17. The FNA includes Infrastructure Funding and Financing (IFF) as a second funding preference for new and growth-related capital expenditure. With the initiation of the IFF, the Transportation Targeted Rate has been removed as a funding source, this is reflected in the FNA Operating Expenditure table in Attachment 1.
- 18. Inclusion of depreciation reserves as a third funding preference where there is a renewal portion of capital projects.
- 19. Clarification that the third preference for new capital is funding by loans. The loans could be funded through general or targeted rates, user fees, or activity surpluses. This allows for capital projects to be funded through income received from activities such as parking.
- 20. Addition to the third preference for growth related projects to allow for targeted rates or general rates, user fees, or activity surpluses for the portion of capital that offers wider benefit or where there has been an under collection in development contributions.

## Operating funding changes

- 21. Introduce a Flood Protection activity, to ensure the continued flood protection service after the Stormwater activity has been transferred to the new Water Service Entity. This activity has been included in the FNA with an initial assessment completed. The new Flood Protection activity is proposed to be funded by a mix of general and targeted rates. It is important to note however that there are uncertainties around the new activity, with the Water Services Entities Amendment Bill currently at Select Committee stage.
- 22. The FNA includes the potential for a Community Facilities Targeted Rate to be used in the future for Spaces & Places, City Centre Development, Libraries, Venues & Events, and Arts & Culture.
- 23. Introduction of a targeted rate for required private pool inspections under the Building Act 2004. Inspections are required every three years, and a targeted rate spreads the cost burden over that period, ensuring future owners pay their fair share. Replacing the current three yearly fee with a targeted annual rate will reduce administration, allowing resources to be used in other areas of the Building Services activity.
- 24. Funding bands have been revised to reflect the additional revenue opportunities from fees and charges and other revenue sources within the ten-year LTP period. These revenue opportunities will be covered in a separate presentation and include:
  - (a) Redesign of how the fees and charges are structured and align to the Use of Council Land Policy adopted in Dec 2022.
  - (b) Introduction of fees for using the main boat ramps through parking charges for vehicles and trailers.
  - (c) Additional revenue has been included for the crematorium business which has increased significantly following the closure of the other facility operated by the private sector.
  - (d) Introduction of fees for sports fields so all recreational activities contribute something to the operational costs of the facilities they use.
  - (e) Opportunity to charge education providers for the cost of programmes at the Art Gallery and Museum.
  - (f) Additional revenue for Beachside Holiday Park for higher shoulder and peak season rates and the addition of more cabins.
  - (g) Addition of paid parking at Mount Maunganui and Beachside.

### STRATEGIC / STATUTORY CONTEXT

25. The policy sets out how Council will fund its activities. These activities help deliver our community outcomes.

#### **FINANCIAL CONSIDERATIONS**

26. The financial implications of the proposed funding sources for each activity will be considered in the step two analysis and will be included in the initial drafting of the 2024-34 LTP.

## **LEGAL IMPLICATIONS / RISKS**

- 27. There is no risk to providing direction on the proposed draft FNA because it simply sets the framework. Formal approval of the FNA is expected on 21 August. Further consideration is required in step two, and this allows for adjustments to funding sources once the full impacts are known.
- 28. If direction is not provided on the FNA at the workshop there is a risk that the LTP could be delayed.

29. As noted above, if the correct process is not followed or the resulting policy is considered to be unreasonable, it can be challenged and the decisions that flow out of the policy could become invalid.

## **CONSULTATION / ENGAGEMENT**

30. Consultation on the draft Revenue and Financing policy will occur as part of the 2024-34 LTP plan consultation.

#### **SIGNIFICANCE**

- 31. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 32. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 33. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of medium significance.

#### **ENGAGEMENT**

- 34. Taking into consideration the above assessment, that the decision is of medium significance, officers are of the opinion that no further engagement is required prior to Council making a decision.
- 35. This is due to the draft Revenue and Finance Policy and Funding Needs Analysis being scheduled to be adopted as supporting material alongside the LTP consultation document in November 2023. After that adoption all will be consulted on with the community in accordance with section 93A of the LGA.

## **NEXT STEPS**

- 36. Once Strategy Finance and Risk Committee provides direction on the draft FNA, the funding decisions can be applied to calculate the aggregate impact on the community.
- 37. Council will consider this impact on 21 August 2023. In considering the impact on the community, Council can make changes to the draft Revenue and Financing Policy.
- 38. After any changes have been made, a revised policy will be approved for legal review. This may result in changes to wording in the policy and will be noted in future reports.
- 39. The draft Revenue and Financing Policy will be subject to an audit as part of the LTP process.
- 40. The revised draft Revenue and Financing policy will form the supporting information to the LTP consultation document, with public consultation planned for November 2023. During consultation Council can receive feedback from the community on its funding decisions.

## **ATTACHMENTS**

1. DRAFT Funding Needs Analysis 2024 - Revenue and Financing Policy - A14426953 (Separate Attachments 1)

9.7 2024 - 2034 Long-term Plan - Update - Funding and Reserves

File Number: A14886828

Author: Kathryn Sharplin, Manager: Finance

Frazer Smith, Manager: Strategic Finance & Growth

Authoriser: Paul Davidson, Chief Financial Officer

#### **PURPOSE OF THE REPORT**

1. The purpose of this report is to provide an opportunity for the Strategy Finance and Risk Committee to consider the current situation in relation to reserves, including depreciation and weathertight, risk and unfunded liabilities reserves and provide recommendation to council for consideration in preparing the Long-term Plan (LTP)

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "2024 2034 Long-term Plan Update Funding and Reserves".
- (b) Recommends to Council that the following matters are considered in the LTP to address both the significant impacts of large asset revaluations on depreciation and the current risks and impacts on the depreciation reserves.
  - (i) Phasing in of increased funding of depreciation expense in the early years of the LTP to mitigate the otherwise significant up-front increases in rates arising from significant asset revaluation.
  - (ii) Restoring depreciation funding and the level of reserve balances within the ten years of the LTP.
  - (iii) Short term loan funding of capital renewals for activities where there are insufficient depreciation reserves
  - (iv) additional rates funding to retire debt for those activities where there are insufficient depreciable assets to repay debt over time
- (c) Recommends to Council that the phased retirement of debt in the weathertight and unfunded liabilities reserve subject to rates affordability should aim to significantly reduce these reserve deficits through the period of the LTP
- (d) Recommends that Council consider the value of risk reserve funded through the LTP taking into account both debt headroom maintained in the debt to revenue ratio below LGFA funding limits and the value of the reserve.

## **EXECUTIVE SUMMARY**

- 2. There have been significant increases to depreciation expense in recent years based on significant recent asset revaluations that in the absence of phasing in of the funding of this depreciation would give rise to a substantial one-year increase in rates.
- 3. Tauranga City Council maintains separate activity depreciation reserves to help demonstrate that we are using rates charged to maintain our assets appropriately. Predominantly because we are also using these reserves for debt retirement, along with non-funding a portion of depreciation some of these reserves are going into overdraft. There are steps that can be taken by Council within the LTP to rectify these problems which are discussed in this report.

- 4. There are deficit balances sitting in two reserves, the weathertight reserve and the unfunded liabilities reserve, for which specific rates funded debt is required to continue through the LTP.
- 5. Council currently provides for unforeseen events through the risk reserve and the debt headroom maintained by borrowing below Local Government Funding Agency limits. The adequacy of these reserves and borrowing capacity needs to be reviewed as part of the funding strategy for the LTP.

## **BACKGROUND**

### **Basis for Depreciation Reserves**

- 6. Councils are required to fund (collect revenue for) depreciation under the Local Government Act. The intention is that these funds will be used to renew assets as they wear out.
- 7. Tauranga City Council keeps track of the money collected via depreciation and spent on renewals, with the net amount being the balance of activity depreciation reserves. This transparent approach demonstrates prudence in the management of council assets and helps to ensure depreciation funding is spent appropriately.
- 8. Council has also resolved to repay debt through depreciation reserves rather than specifically charging rates (or user fees) for this. In the long term this decision implies that depreciation reserves will not have enough funds to fully pay for asset renewals but that debt will be lower to enable further borrowing.
- 9. There are also instances where Council does not fully fund (charge rates or user fees) depreciation. Historically this is when we are expecting other future renewals funding, the most common example being Waka Kotahi subsidies on transport

#### **RENEWALS APPROACH**

## **Depreciation Reserves and Funding of Depreciation**

- 10. Table 1 below shows the increase in depreciation facing council in the early years of the LTP arising from both new assets and asset revaluation. Because of the significant increases in asset valuations (driven by inflation) and the flow on increase to depreciation this expense has increased significantly in 2025 from earlier levels (\$20m from 2022-23 actuals). To manage this large impact without a significant one-year impact on rates Council has the option to not fully fund the new higher levels of depreciation in the initial years of the LTP.
- 11. Because of the significant increases in asset valuations (driven by inflation) and the flow on increase to depreciation (and rates) we have increased the level of non funded depreciation in the initial years of the LTP. The increased non funded depreciation adjustments are shown in Figure 1.
- 12. Council on 19 June 2023 agreed to increase funding to the BVL depreciation reserve to ensure sufficient funding to renew assets. To fully fund this decision in year one of the LTP would be an increase in rates for the year of \$3.6m. Council has the option to phase the rates funding of this increase in depreciation over several years which is also included in the table below.

13.

Figure 1: Additional Non Funded Depreciation included in the LTP

	2023 \$M	2024 \$M	2025 \$M	2026 \$M	2027 \$M	2028 \$M	2029 \$M	2030 \$M	2031 \$M
Total Depreciation	78.1	82.5	98.7	111.8	85.6*	95.4	108.8	119.1	129.5
This is made up of:									
Funded Depreciation	66.1	68.6	68.7	89.2	70.0	79.1	87.3	97	106.9

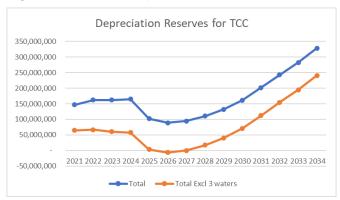
	2023 \$M	2024 \$M	2025 \$M	2026 \$M	2027 \$M	2028 \$M	2029 \$M	2030 \$M	2031 \$M
Base non funded depreciation (transport)	12.0	10.9	12.0	13.6	15.6	16.3	21.5	22.1	22.6
Increased Non Funded Depreciation	0	3.0	18.0	9.0	0	0	0	0	0
CCO Non Funded Depreciation									
BVL			1.3	1.8	1.8	1.6	1.0	0.3	0.3

<sup>\*</sup> total depreciation reduces once three waters are removed from LTP.

## **Balances of Depreciation Reserves**

14. Most depreciation reserves across Council remain in funds (ie more money collected than spent). However, for a few activities this has not been the case, eq transport.

Figure 2: Model of Depreciation Reserves for Council over LTP



15. We note that there are significant depreciation reserves relating to the 3 waters activities. This is because there are a large portion of these assets which have very long asset lives (up to 100 years) but are still relatively new. These will transfer out when 3 waters activities are split off from Council.

# Approach to remedy depreciation reserves in overdraft

16. Table 2 shows activities where there is a concern over the level of depreciation reserves available and a proposed approach to remedy reserve balances over the LTP.

Figure 3: Summary of activities that have depreciation overdrafts

Activity Area	Peak Overdraft (\$M)	Year of Peak Overdraft	Suggested solution.
City Waters Support	\$1.4M	2034	Adjust against other water activities (Figure 5)
Transportation	\$43.7M	2026	Loan fund some renewals projects  Reverse non funded depreciation in later LTP years (Figure 4)

Activity Area	Peak Overdraft (\$M)	Year of Peak Overdraft	Suggested solution.
Emergency Management	\$2.9M	2034	Rates Fund Debt retirement (Figure 5)
Environmental Health	\$0.02 M	2024	Rates Fund Debt retirement (Figure 5)
Community Partnerships	\$0.09M	2034	Rates Fund Debt retirement (Figure 5)
Spaces and Places	\$16.0	2029	Loan fund some renewals projects
Marine Facilities	\$11.3M	2030	Loan fund some renewals projects
Property Management	\$0.3M	2030	Rates Fund Debt retirement (Figure 5)
Historic Village	\$4.3M	2028	Loan fund some renewals projects
Libraries	\$3.6M	2027	Loan fund renewals portion of new city library

## Loan funding of renewals

17. This should have little or no impact on rates. This action would not change the classification of the project for financial reporting purposes, but would cease to draw funds from reserves for a period of time.

## Reverse non funded depreciation in later LTP years

18. Reverse the adjustments made in the first years of the LTP. This will directly increase rates in later years of the LTP but will bring the reserve balances back into funds.

Figure 4: Reversed Non Funded Depreciation included in the LTP

	2028 \$M	2029 \$M	2030 \$M	2031 \$M	2032 \$M	2033 \$M	2034 \$M
Reduced Non Funded Depreciation	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(4.0)	(4.0)
CCO Reduced Non-funded Depre	ciation						
BVL					(0.3)	(1.1)	(1.9)

## Rates Fund Debt retirement

- 19. These are activities that have loan funded activities in the past but have little or no depreciable assets. This means that the reserves will never rectify themselves without direct rates funding. The amounts required are lower than the peak overdraft in the table because early intervention removes the effect of compounding interest exacerbating the problem.
- 20. The additional rates required are shown in Figure 5 below. This could be spread over later years.

Figure 5: Rates funding of Debt retirement

Activity	2026 \$M	2027 \$M	2028 \$M	2029 \$M	2030 \$M	Total \$M
Emergency Management		0.72	0.72	0.72		2.16
Environmental Health		0.01				0.01

Community Partnerships		0.06				0.06
Property Management		0.27				0.27
Total additional rates funding	0	1.06	0.72	0.72		2.50
Additional Funding from Allocation						
City Waters Support	0.40					0.40

#### **RENEWALS APPROACH**

#### **Other Financial Reserves**

- 21. In the 2021-31 LTP Council separated out an ongoing risk reserve into which it annually rate funded an amount (\$1m) to increase available reserves to fund unexpected events. There is potential to increase funding of the risk reserve through the LTP with a view to ensuring there is sufficient capacity for council to respond to unforeseen events. Further work is required over the development of the Long-term Plan to determine an agreed level of risk reserve balance also taking into account the level of internal debt to revenue limit that has in the past been proposed to be prudent in our approach to financial sustainability. The debt capacity by holding borrowings at a lower debt to revenue ratio that has been targeted in past LTPs allowed for \$100 to \$150m of expenditure. However, the use of a rates funded reserve better recognises intergenerational equity.
- 22. There was a large deficit reserve balance held in the risk reserve in 2021 when it was split at that time as a result of past risk realisation from weathertight claims, and unforeseen costs including Bella Vista costs and Harrington Street carpark write off of capital expenditure. These unfunded deficits have been placed into separate deficit reserves with a view to remaining stranded debt being retired over time through rates funding of debt retirement.
- 23. There is potential to increase contribution to these reserves to substantial address deficit balances which would also free up Council's capacity for future capital investment.

#### STRATEGIC / STATUTORY CONTEXT

24. Under the Local Government Act 2002 section 101 (1) a Council "must manage its revenues expenses liabilities investments and general financial dealings prudently and in a manner and in a manner that promotes the current and future interests of the community".

### **OPTIONS ANALYSIS**

## **Depreciation Reserves and Funding of Depreciation**

- 25. As noted above Council may choose to phase in the funding of the significant increase in depreciation costs arising from revaluation of the value of assets.
- 26. The reason for this mitigation is to delay the full impact of this revaluation on the ratepayer. If this rates mitigation is not put in place rates (in 2025) would be \$18M representing a rate increase of 7 % for depreciation alone.
- 27. By phasing in the funding through later years of the LTP rates will be increased in those years. The reduced non funded depreciation (Figure 4) in the later year further increases rates increases in the outer years of the LTP.

Figure 6: Options analysis in relation to the immediate funding of the increase in depreciation

	Advantages	Disadvantages		
Option 1	Delays the full rates	Risk that future valuation		
Use non funded depreciation to reduce the short term impact on the	impact of the valuation impact	increases have a similar impact creating a need		
	Recognises that many	for an ongoing		

	Advantages	Disadvantages
ratepayer	ratepayers are under financial hardship	<ul> <li>adjustment</li> <li>Reduced revenue (and effectively higher debt) limit TCC's future debt headroom</li> </ul>
		Lower depreciation reserves may require future renewals to be loan funded (no rates impact)
Option 2 Immediately fund the full impact of the valuation increase	<ul> <li>Reflects the full cost to the ratepayer of asset ownership</li> <li>Gives Council more borrowing capacity for the future</li> </ul>	Very significant impact on rates in 2025 (over 7% increase)

### Recommendation

28. Because of the significant increases in the cost of living for most ratepayers and the anticipation that, as inflation returns to previous levels, future valuation increases are likely to be much lower Strategy Finance and Risk committee may consider recommending to Council that the options are considered for the Long-term Plan.

#### **FINANCIAL CONSIDERATIONS**

#### **Depreciation Reserves and Funding of Depreciation**

29. The options and risks have been fully outlined in the sections above. Any underfunding of depreciation represents an increase in debt and higher rates later in the LTP.

#### **LEGAL IMPLICATIONS / RISKS**

30. There are no direct legal implications from this report.

#### **CONSULTATION / ENGAGEMENT**

31. Decisions on depreciation and reserves will form part of the long term plan financials and ultimately be reflected in rates and debt over time.

#### **SIGNIFICANCE**

- 32. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 33. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the issue.

- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 34. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of low significance.

#### **ENGAGEMENT**

35. Taking into consideration the above assessment, that the issue is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

#### **NEXT STEPS**

36. Council will consider these issues as part of its consideration of the draft Long-term Plan.

## **ATTACHMENTS**

Nil

9.8 2024-2034 Long-Term Plan - Non-Financial Performance Measures

File Number: A14888046

Author: Josh Logan, Team Leader: Corporate Planning

**Rob Lahey, Principal Strategic Advisor** 

Authoriser: Christine Jones, General Manager: Strategy, Growth & Governance

### **PURPOSE OF THE REPORT**

1. The purpose of this report is to provide an overview of the non-financial performance measures proposed for inclusion in the 2024-2034 Long-term Plan ("LTP").

### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "2024-2034 Long-Term Plan Non-Financial Performance Measures".
- (b) Approves the draft non-financial performance measures for inclusion the Groups of Activities section of the Long-term Plan 2024-2034 as proposed in **Attachment 1 – Appendices 1-12**.
- (c) Recommends to Council that Council:
  - (i) Adopts the draft non-financial performance measures for inclusion in the Longterm Plan 2024-2034 (**Attachment 1 – Appendices 1-12**) to form part of the supporting documentation for the purpose of public consultation for the proposed Long-term Plan 2024-2034.
  - (ii) Authorises the Chief Executive to make any minor amendments to the documentation necessary to ensure accuracy and to correct minor drafting errors.

#### **EXECUTIVE SUMMARY**

2. This report outlines proposed revisions to the non-financial performance measures for Tauranga City Council's (TCC) Long-Term Plan (LTP). The primary aim is to streamline the number of measures for better focus and comprehension while ensuring a balance between output and outcome measures. Measures are set to align with the Council's responsibilities under the Local Government Act 2002 and with Council's strategic framework. A reduction in measures from 100 to 80 is proposed, and a proposed broader performance management framework has been attached for review.

#### **BACKGROUND**

#### Monitoring and reporting overview

- 3. Council is in the process of considering its wider monitoring and reporting framework, of which the LTP non-financial performance measures are just one part. An emerging theme of that review is to create a two-pronged approach to external accountability, separately meeting the needs of:
  - (a) the measures required to meet statutory obligations for planning and reporting, particularly regarding the LTP legislation, and
  - (b) a more comprehensive reporting framework that is aligned with the vision, community outcomes, and council's strategic framework as encapsulated in the Our Direction suite of documents.

- 4. It is highly likely that there will be some cross-over between these two needs, but it is also highly likely that some measures will be exclusive to one or other of the needs. As part of the assessment of the practicality of such an approach, staff will shortly engage with Audit New Zealand.
- 5. We have recently received some useful feedback from Commissioner Selwood on this emerging approach. Unfortunately, there has not yet been sufficient time to incorporate that feedback into the approach that is described in the remainder of this report. This feedback, and any further feedback during, or after, the Strategy Finance and Risk Committee meeting will be incorporated before the LTP measures are brought back to Council formally in September 2023, when the LTP Consultation Document and supporting material are adopted for audit.
- 6. This report deals only with the LTP element of the performance framework (other than proposing, in **Attachment 1 Appendix 14**, a potential model for a broader framework that is consistent with the thinking noted above).

### Statutory basis for LTP measures

- 7. The Local Government Act 2002 ("the Act") requires councils to include within the LTP performance measures and targets that "the local authority considers will enable the public to assess the level of service for major aspects of groups of activities". Performance measures need not be in place for every activity in the Council; instead, our focus should be on the major aspects that significantly contribute to the overall performance narrative for the community.
- 8. To ensure a baseline level of common reporting among councils, the Act also requires that LTPs include measures required by the Secretary for Local Government, taking advice from the Department of Internal Affairs ("DIA"), covering:
  - Water supply.
  - Sewerage and the treatment and disposal of sewage.
  - Stormwater drainage.
  - Flood protection and control works.
  - The provision of roads and footpaths.
- 9. There are 24 of these "DIA measures". During this review, we have updated targets using a combination of past performance data and the relevant Activity Manager's understanding of the planned investment program that would impact delivery against the measure. The description of some of the DIA measures in the LTP has been amended for brevity and clarity.
- 10. In terms of reporting, Subpart 2 of Part 6 of the Act requires that Annual Reports compare the actual activities and the actual performance of the local authority in the year with the intended activities and the intended level of performance as set out in the LTP. The Act does not require quarterly reporting against LTP measures, as is the practice at TCC. However, note that Council Control Organisations (CCOs) are required to report twice yearly.<sup>1</sup>

### **Current LTP performance measures**

11. Although the primary purpose of LTP performance measures is to establish a foundation for Council accountability to the public, these measures have inadvertently become the default performance management framework within TCC. The identification of measures, targets, and data sources occurs during the LTP development process, with performance evaluation and reporting conducted quarterly for the Executive and Council, as well as being published on a quarterly and annual basis.

<sup>&</sup>lt;sup>1</sup> https://www.legislation.govt.nz/act/public/2002/0084/167.0/DLM171896.html

- 12. In some respects, this approach mirrors a customer-centric organisation, embodying the notion that "the interests of my customers captivate my attention." However, with every activity in Council represented with several measures, and no alternative formal performance measurement or management methods in place, the LTP measures (and the associated reporting and performance management) have grown cumbersome and unwieldy.
- 13. The LTP for 2021-2031 included 100 measures, which is widely considered to be excessive. See Table 1 for a comparison of measures and the number of groups of activities/activities across a selection of councils:

Table 1: LTP performance measures across councils

Council (LTP)	# of measures	# of groups of activities	# of activities
Tauranga City Council (2021-2031)	100	14	39
Auckland City Council (2021-2031)	81	8	22
Hamilton City Council (2021-2031)	61	12	Not clear, organised around 5 community outcomes.
Masterton District Council (2021-2031)	42	8	24
Queenstown Lakes District Council (2021-2031)	50	9	20
Western Bay of Plenty District Council (2021- 2031)	127	5	15
Proposed: Tauranga City Council (2024-2034)	80	14	36

- 14. TCC's high number of performance measures is likely a combination of the number of groups of activities and activities represented in the LTP and the lack of alternative mechanisms for performance measurement and reporting.
- 15. To realign the LTP non-financial performance measures with their intended purpose, it is proposed that TCC implement a performance management framework where LTP performance measures constitute only one element. A suggested performance management framework tailored for TCC is provided in **Attachment 1 Appendix 14** for discussion.

### What do good measures look like?

- 16. Just like our goals, measures and targets should be specific, measurable, achievable, and time bound. However, they should also be aligned to the level of service statement, Council's strategic framework, and controllable or at least strongly influenceable by Council. Finally, as required by the LGA, the measures need to be outward facing and useful for the public in assessing how the council have performed in delivering our level of service.
- 17. In performance management generally, it's recommended to have a small number of measures that are highly relevant and meaningful to the public, team, or organisation's objectives. Having too many measures can create information overload and make it difficult to focus on what's most important. On the other hand, having too few measures can lead to a lack of understanding of overall performance and progress towards goals.
- 18. A mix of both output and outcome measures is required to provide a holistic insight into the council's performance.
  - (a) Output measures focus on the quantity and quality of the services delivered by the council, such as the number of parks maintained, or the kilometres of roads repaired. These measures are typically more straightforward to track and are directly linked to the council's efforts. An example of an output measure proposed for inclusion in LTP

- 2024-2034 is the "Percentage of Land Information Memoranda provided within the 10-day statutory timeframe."
- (b) Outcome measures evaluate the broader impact and effectiveness of these outputs in achieving the council's objectives and meeting community preferences, such as improved community well-being, reduced traffic congestion, or resident satisfaction with recreational facilities, An example of an outcome measure proposed for inclusion in LTP 2024-2034 is the "Percentage of residents satisfied or neutral with the quality and experiences offered by Tauranga's open spaces, parks, and play spaces".
- 19. Outcome measures are usually more challenging to measure and attribute directly to the council's actions, but they provide essential insights into the actual benefits that the council's activities deliver to the community.

# Approach to reviewing measures for the 2024-2034 LTP

- 20. We conducted interviews with all activity managers and some supporting staff. LTP 2021-2031 measures were assessed and either retained, discarded, or amended, or new measures were proposed. We have sought to:
  - (a) Streamline the number of performance measures: Focusing on the most relevant and meaningful indicators for each group of activities. This will help to alleviate information overload and facilitate a clearer understanding of overall performance and progress towards goals.
  - (b) Maintain a balance between output and outcome measures: To provide a comprehensive assessment of the council's performance in achieving its objectives and delivering value to the community.
  - (c) Align performance measures with the Council's strategic framework: Ensure that all performance measures are closely aligned with the level of service statements and the Council's broader strategic framework, enabling the public to assess the Council's performance effectively.
  - (d) Enhance the clarity and simplicity of performance measure descriptions: Enabling the public to better comprehend the Council's performance and progress.
  - (e) Review and update targets: Taking into consideration past performance, an assessment of improvements to be realised through capital investment/process efficiencies etc, and the professional judgement of the relevant Activity Manager.
- 21. Where an activity has one or just a handful of measures, we have generally favoured outcome measures, especially resident satisfaction, as the most essential means of assessing performance against the level of service statement. This is not inconsistent with other councils' LTPs but does carry with it the risk of sentiment blow-back, where resident satisfaction rises or falls for reasons unrelated to the Council's performance in that particular area.

### Key changes to LTP measures

22. Changes are summarised in the table below:

Table 2: Summary of changes from LTP 2021-2031

	LTP 2021-2031	LTP 2024-2034
# measures	100	80
# mandatory DIA measures	24	23 <sup>2</sup>
# of discretionary measures	76	57

23. A summary of the proposed changes by groups of activities, additions, and deletions, is provided in **Attachment 1 – Appendix 13**.

<sup>&</sup>lt;sup>2</sup> Two measures related to drinking water standards have been combined due to the introduction of the *New Zealand Drinking Water Standards*.

### A note about measures proposed for deletion

- 24. Performance measures from LTP 2021-2031 are proposed for deletion where the existing measure:
  - (a) Does not meaningfully help the public assess the level of service of the major aspects of the Council's groups of activities (the LGA test)
  - (b) Has poor data availability and/or frequency
  - (c) Does not reflect an indicator for which the Council has a strong degree of control or influence.
- 25. In most instances where a measure is proposed for deletion, a similar, often higher-level measure, is adopted. For example, a measure of the level of satisfaction reported by a survey of Baycourt hirers was replaced with a city-wide resident satisfaction measure for the range and frequency of event experience in Tauranga.
- 26. Where measures are proposed for deletion, that data is still available to support good corporate decision-making within the groups of activities themselves, and more broadly across Council staff and governance, when needed. For example, the occupancy rate of the Historic Village leasable space is proposed for deletion as an LTP measure. But the Venues and Events team will continue to monitor and seek to improve that internal system-health indicator.

#### STRATEGIC / STATUTORY CONTEXT

27. The statutory context of the non-financial performance measures for the LTP has been covered above in paragraphs seven to ten.

### **LEGAL IMPLICATIONS / RISKS**

28. Legislative issues are considered in the Background section to this report.

#### **CONSULTATION / ENGAGEMENT**

29. The LTP Consultation Document and supporting documentation is scheduled to be adopted in November 2023. After that adoption it will be consulted on with the community using the special consultative procedure outlined in section 93A of the LGA. The performance measures will form part of the supporting documentation.

### **SIGNIFICANCE**

- 30. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 31. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the decision.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 32. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the LTP and its contents is of <u>high</u> significance. However, this decision is considered to be of <u>low</u> significance.

### **ENGAGEMENT**

33. Taking into consideration the above assessment, that the decision is of low significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

### **NEXT STEPS**

- 34. Feedback on the proposed LTP measures is sought from the Strategy Finance and Risk Committee during or after the meeting of 7 August.
- 35. All feedback sent after the meeting should be emailed to the General Manager: Strategy, Growth & Governance by Friday 25 August 2023.
- 36. Once the preferred measures have been established, we will confirm data sources and assess baseline performance for new measures to refine or confirm the targets.
- 37. It is proposed that the performance framework will be provided to Council for formal endorsement on 11 September 2023 as part of the Groups of Activities section that will form the supporting information alongside the LTP Consultation Document.

#### **ATTACHMENTS**

1. Attachment 1 - Appendices 1-14 - LTP performance measures - A14888613 (Separate Attachments 1)

9.9 Parking Management Plan roll out adjustment.

**File Number:** A14811795

Author: Reece Wilkinson, Parking Strategy Manager

Authoriser: Nic Johansson, General Manager: Infrastructure

#### **PURPOSE OF THE REPORT**

1. Seeks to update and modify the roll out of Parking Management Plan (File Number: A13763600) in the city fringe.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

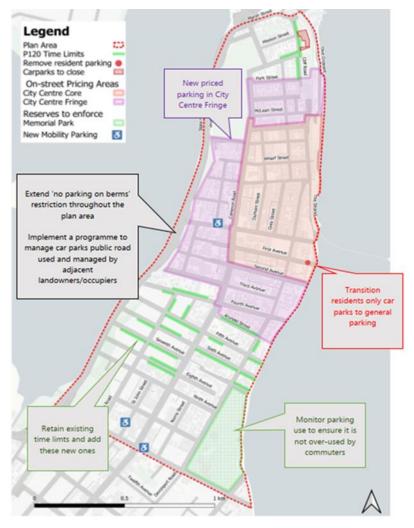
- (a) Receives the report "Parking Management Plan roll out adjustment.
- (b) Approves the following changes to the Parking Management Plan, to modify the implementation of parking restrictions across the city centre fringe and wider areas in Te Papa up to Eleventh Avenue as follows:
  - i. Parking restrictions to be introduced on First Avenue, Second Avenue West, Third Avenue, Fourth Avenue and Mclean Street from 1 November 2023.
  - ii. From 1 April 2024 paid parking will be expanded West of Cameron Road from Third Ave until Wharepai Domain. From 1<sup>st</sup> September 2024 will see the introduction of time restricted zones down to 11<sup>th</sup> Ave (map showing proposed changes in below report).

#### **EXECUTIVE SUMMARY**

- 2. The previously approved (on 3rd October 2022) parking management plan proposes the roll out of time restrictions for parking in the city centre fringe. The proposed parking restrictions were to take effect in the purple area outlined in the map below and were being introduced to encourage higher turnover in parking spaces along the city centre fringe.
- 3. In keeping with the parking management plan, we are due to roll out the next phase of changes from 1 November 2023 onwards. However, in light of a reduced number of all-day parking spaces in the city centre, disruption due to ongoing development and cost of living concerns among residents, we have the opportunity to consider three options regarding the roll out of further restrictions:
  - We continue with the roll out of restrictions from the 1st of November as planned.
  - We stagger the roll out of restrictions, starting with a defined area and expanding approximately one block out every 6 months (Recommended).
  - We defer the expansion of restrictions in the city centre entirely focusing on other parts of Tauranga City and reviewing in 12 months.

#### **BACKGROUND**

 Changes approved in October 2022 outlined the below parking restrictions to take effect from November 1<sup>st</sup>.



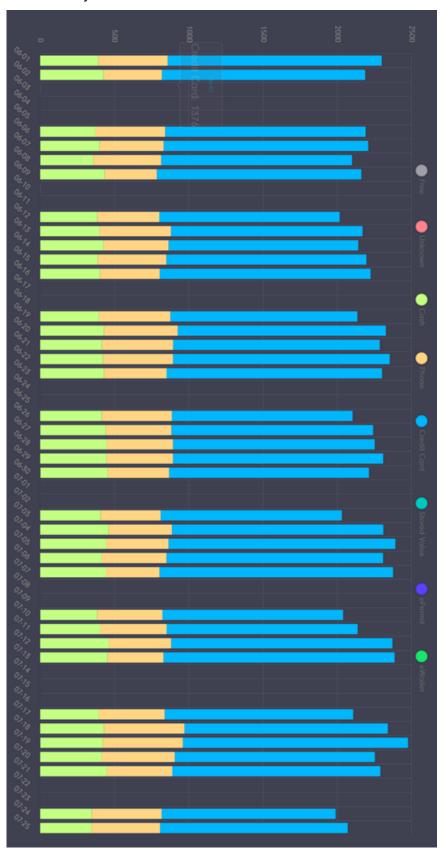
- 5. Since the approval of the above changes the council has been implementing frequent changes to tackle parking concerns in the city centre.
  - Re-introduction of free weekend parking.
  - Encouraging visitors to city centre over the weekend.
  - Lease structure changes in the buildings.
  - Making more spaces available to the public in the buildings.
  - Development of temporary carparks for commuters into the city. First site is being established at 160-176 Devonport rd.
  - More parking options for those seeking to access Devonport rd and the waterfront areas.
  - Implementation of wayfinding signage at city centre entrances.
  - Allowing people to easily find vacant carparks on their way into the city.

6. The below is an example of our occupancy signage on Devonport Rd at 0830 1st of August.

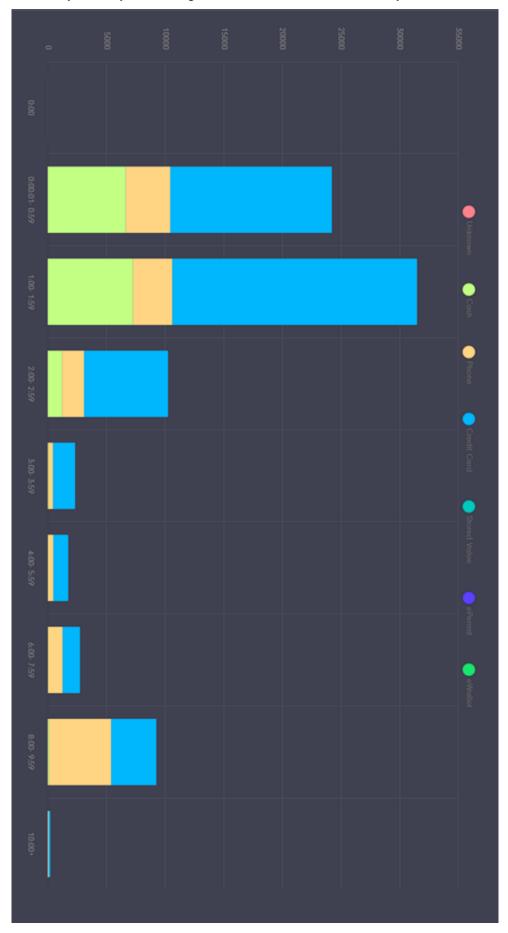


- 7. Occupancy remains relatively low in the city centre buildings and on street, while the free time-restricted parking on the city centre fringe is in high demand. Some high-level figures from the 1st of June, on the state of the city's parking network are below.
  - (i) 50%-60% on-street occupancy for city centre paid parking Mon-Friday.
  - (ii) 70% average peak occupancy for off-street parking (buildings and open-air carparks).
  - (iii) 68% of all on-street and open-air transactions from June 2023 were for two hours or less. Meaning we are getting the high turnover of parking spaces we aimed for in the pricing structure.
  - (iv) People parking for eight hours or more account for 11.6% of transactions for on street and open-air carparks.
  - (v) The two parking buildings make up roughly 20% of our parking transactions and are mainly made up of people parking their all day.
  - (vi) Parking transactions have remained steady in the city centre since 1st June 2023 with a very slight increase in demand during the week.
  - (vii) Parking occupancy is much higher on the city centre fringe (free parking areas) than in the city centre, as workers seek to avoid paying for parking.
  - (viii) A survey completed in June 2023 showed a third of cars parked at Memorial Park during the working week are there all day suggesting they are city centre workers.

8. Transactions Mon-Fri from 1st June to 26th July 2023 for open air and on street carparks in the city centre.



# 9. Payment by time bought from 1st June 2023 in the city centre



10. Areas of highest demand in Tauranga City Centre based on parking transactions over the last 6 months.



- 11. It is well documented we are playing catch-up in terms of development in the city centre. This catch-up has resulted in significant impacts to parking and transport in the city centre. Additional upcoming parking disruptions include:
  - The closure of The Strand waterfront and Masonic Park carparks
  - The delayed completion of the Hamilton Street parking building
  - Continued earthquake strengthening at Spring Street parking building
  - The temporary closure of Elizabeth Street East and continued day by day disruptions from key building developments in the city centre.
- 12. An influx of work vehicles and delivery trucks that require loading zones and layover areas will continue to increase and impact current city centre parking spaces.
- 13. While implementing the 'no parking on berms' restrictions, proposed in the October 2022 plans, will be relatively straight forward to implement, the expansion of timed parking restrictions will be a more significant change, doubling the restricted parking coverage area.
- 14. Increased restrictions in the residential city fringe will be required over time as more properties are built without off-street parking, shifting the perceived responsibility from the

- landowner to the public. We are already beginning to see an uptake in parking enforcement requests in higher density residential streets. If we follow the pattern of Auckland's higher density suburbs, we can expect to see a marked increase in requests for the restrictions outside of the traditional city centre over the next few years.
- 15. The expansion of paid parking is also an eventual necessity for the city. Currently based on our transaction data, Tauranga doesn't have a shortage of parking available, it has a shortage of free all-day parking. Occupancy remains low and spaces are available for visitors into town.
- 16. To put the above numbers in context, efficient use of parking spaces both in buildings and off street should have an average occupancy of 85%. That average is not being met for on or off-street parking; however the city centre fringe continues to face occupancy issues limiting availability for residents.
- 17. We also cannot talk about parking changes in isolation from the experiences of our parking wardens and technicians in the field. Irrespective of the options picked we have witnessed a marked increase in conflict situations and threatening emails over the past 6-12 months. Paid parking generally returns lower levels of harassment and abuse than time restricted parking. This has been put down to the fact that when people are enforced for exceeding time limit, they feel they are being punished for using something that is free anyway. Paid parking meanwhile is well understood in most regional centres.

### STRATEGIC / STATUTORY CONTEXT

- 18. The current parking demand is highly variable with everything from macro-economic changes, weather and roadworks all factoring into the daily data results.
- 19. The city centre transport network is expected to be highly changeable over the next 18 months and we will need to ensure parking follows suit. A staggered roll out allows us time to continue monitoring the parking demand in the city centre and be more adaptable to ensure we are minimising further disruption for residents during the city centre transformation.
- 20. Pivoting the parking changes is a necessity at this stage of the city centre development. However, as the city centre transformation is progressed it will be an entirely new environment, requiring a new parking strategy to ensure the most efficient use of our assets and the best customer experience going forward.

### **OPTIONS ANALYSIS**

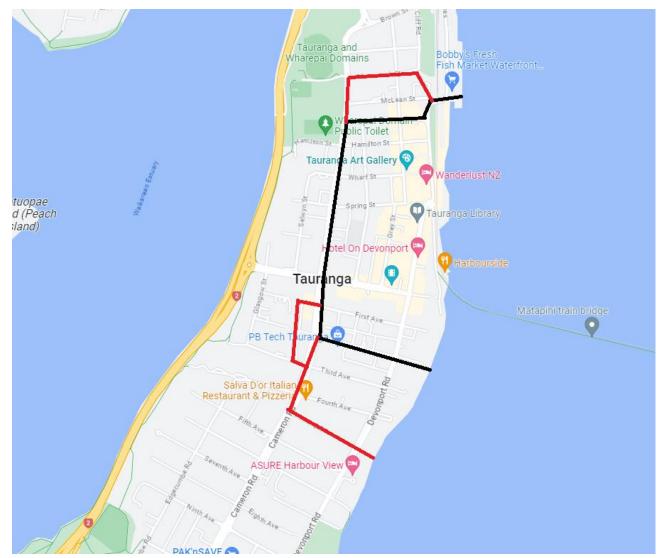
- 21. Given the current environment and for the reasons mentioned above our recommended approach is Option 2 (staggered roll out) however if this is not feasible Options 1 and 3 do have their own advantages and disadvantages.
- 22. **Option 1**: Continue as planned with November 1st roll out of city centre fringe parking changes. This plan is straight forward as it is purely sticking to the original plan with no further adjustment.

Advantages	Disadvantages
Easy to implement and fast	Not adjustable to the reality on the ground
	<ul> <li>Expected to be unpopular and create a negative response from visitors and residents to the city centre.</li> </ul>
	Option is in conflict with our commitment to support the city centre during its period of transformation.

23. **Option 2:** Staggered roll out in the city centre. Introducing parking controls on Fourth Ave, First Ave, Second Ave west and Mclean Street from 1st of November. We then wait six months and move out a block. This will continue every six months until the changes proposed last year are met. The proposed first stage to take effect 1st of November is outlined in red below. We will continue

Advantages	Disadvantages
<ul> <li>Gives residents time to prepare and allows us an opportunity to regularly report on changes in city demand.</li> <li>Allows us to me more agile in our approach and make changes as we go.</li> </ul>	Has the potential to be confusing for people who are visiting and living in the area as they have to keep track of the regular changes.

- 24. Areas outlined in black are the pre-existing parking restrictions. Areas outlined in red are where we seek to expand paid parking from 1st November 2023.
- 25. Further changes will be reviewed every 6 months with the goal of reaching 11<sup>th</sup> Ave in 18 months.



26. **Option 3**: Put the rollout of any further changes in the city centre on hold for 12 months. We could instead use the opportunity to focus on areas outside the city centre which are facing parking pressure for parking spaces. The crunch on space in the suburbs is starting to affect workload of our enforcement officers and council staff as we have to monitor and restrict an

increasingly large swath of the city. With the city centre facing heavy development and an impending cost of living crises we could use the time to focus in other areas.

Advantages	Disadvantages
<ul> <li>Expected to be broadly popular among city residents</li> <li>Gives us a chance to monitor parking in the city waiting for completion of work.</li> </ul>	Doesn't drive change and doesn't remove the need for that change in behaviour.

#### **FINANCIAL CONSIDERATIONS**

- 27. Financial considerations in this case are limited to the expected increase in revenue from expanding parking in the city fringe and enforcement of time limited parking areas.
- 28. The roll out is expected to cover and increase of approximately 30 parking machines to the 80 we currently have operating in the city centre.
  - **Expected Revenue**
- 29. Parking \$316,000pa
- 30. Enforcement Revenue is highly dependent on abuse. We expect more notices to be issued at a lower rate of \$12-\$15 from the time limited zones than the paid parking areas. Unfortunately, the low cost of the fines in time limited parking means once labour and equipment is taken into account and as long as our 40% payment rate for parking tickets holds, we expect to barely break even on enforcement. The update of the Land Transport Act is currently sitting with Waka Kotahi, and we expect no change with this until after the general election.
- 31. Staggering or holding off the approved plan will delay and split up projected revenue, but costs of implementation will also be spread out.

### **LEGAL IMPLICATIONS / RISKS**

- 32. It is important to acknowledge the potential risk that the public may not engage with the proposed changes. We may see the public not adjust their transport habits as parking restrictions extend resulting in an impact on parking in the non-restricted areas when changes are rolled out.
- 33. We will monitor the situation as we roll out and if this appears to be happening, we may need to recommend a full roll out as planned.

### **CONSULTATION / ENGAGEMENT**

- 34. The initial approval for the proposed changes on the 1st of November came after public consultation on the Parking Strategy the approved changes where the implementation of this.
- 35. The recommendation to stagger the roll out is the result of public discourse regarding parking in the CBD.

### **SIGNIFICANCE**

- 36. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 37. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
- (b) any persons who are likely to be particularly affected by, or interested in, the decision.
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 38. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the decision is of high significance.

#### **ENGAGEMENT**

39. Taking into consideration the above assessment, that the proposal is of high significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

Click here to view the TCC Significance and Engagement Policy

#### **NEXT STEPS**

40. Once the proposed changes to the roll out of parking restrictions are approved the implementation process will commence immediately under the guidance of the Parking Strategy Manager. We will work in close partnership with the communications and city development teams to ensure the information is clear across all avenues of communication with our residents.

#### **ATTACHMENTS**

Nil

### 9.10 Street Use Policy Review - Issues and Options Report

**File Number:** A14622141

Author: Vicky Grant-Ussher, Policy Analyst

Authoriser: Nic Johansson, General Manager: Infrastructure

#### **PURPOSE OF THE REPORT**

1. To seek direction on several issues raised in the review of four street related policies in order to develop a consolidated draft policy.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Street Use Policy Review Issues and Options Report".
- (b) Gives direction on the following issues to inform the creation of a combined street policy:

### Issue One: Principles of the policy

(i) Include the proposed tailored policy principles (outlined in Attachment One)

### Issue Two: Inconsistent charging for street and balcony dining

- (ii) Include eligibility criteria for a temporary reduction in street dining fees
- (iii) Include zoned dining charges for street dining
- (iv) Include aligned charges for balcony dining and street dining

### **Issue Three: Compliance issues**

- (v) Require application fees reflective of the costs of inspection and administration and require bonds to cover potential remediation that could be required from private or commercial users of the street
- (vi) Waive application fees and bonds where an activity is a community activity or has a primarily community benefit
- (vii) Do not require design features or verandas approved by council to have a lease or licence to occupy, and do not require ongoing fees

### Issue Four: Accessibility

(viii) Progress accessibility improvements through a working group made up of council, businesses, disability representatives, mainstreet associations, and community members

#### **Issue Five: Other matters**

- (ix) Include a reference to street dining aesthetics and design guidelines in the policy
- (x) Include smoke-free and vape-free requirement for new licences or leases for street dining
- (xi) Include information on vehicle crossing relocations in the policy
- (xii) Do not permit artificial grass in the policy.

### **EXECUTIVE SUMMARY**

- 1. The council currently has four policies and one bylaw outlining how streets may be used by businesses, residents, and the community. The policies relate to the licensing or leasing of streets for activities such as dining, parking, planting, verandas, balconies, and other infrastructure. The policies do not cover the use of the roadway. The four polices are:
  - lease of airspace above roads 2000
  - lease of subsoil below roads 2002
  - licences for occupation of road reserves and unformed road 1997
  - occupation of road berms for public parking and for planting on berms in front of private residences 2000<sup>3</sup>.
- 2. The policies are more than twenty years old, and we are reviewing them to assess their relevance and whether they are fit for purpose, with the intention of consolidating them into one policy covering street use.
- 3. We have engaged with internal staff, mainstreet associations, and representatives of the disability community. Our review has highlighted that within the existing policies there are gaps in policy positions, and inconsistent approaches to some issues.
- 4. We are seeking your direction on these issues:
  - developing principles for the policy
  - addressing inconsistent charging for street and balcony dining<sup>4</sup>
  - compliance matters
  - accessibility matters
  - other matters, such as artificial grass, vehicle crossing relocations and smoke-free requirements.

### **BACKGROUND**

- 5. Currently we have four street related policies that primarily deal with the leasing, licencing, or use of street spaces adjacent to but not including the roadway. We have 114 leases or licences to occupy the street space, these include:
  - 82 road reserve leases or licenses to occupy (which include balconies, retaining wall, parking, landscaping),
  - two subsoil leases
  - 30 footpath licences for street dining.

Not all street dining requires a licence to occupy as the activity is permitted by the Street Use and Public Places Bylaw providing furniture is removed outside of business hours (and subject to conditions being met).

- 6. As part of the review, we referred to the engagement material from the use of council land review, including community survey responses and feedback from Te Rangapū on relevant matters. We engaged with Greerton Mainstreet, Downtown Tauranga and Mount Business Association on the principles of the policy and street dining issues. We conducted an accessibility audit of the street dining at Mount Maunganui to inform the coverage of the accessibility issues. Further engagement with the disability community is planned as part of the consultation on the draft combined policy.
- 7. Since the four existing policies were created streets, especially in central suburbs, have become increasingly important as public spaces and policies on the use of these spaces need to reflect their role in providing vibrancy and amenity value. However, streets are a

<sup>&</sup>lt;sup>3</sup> The policies are available on the council website at <a href="https://www.tauranga.govt.nz/council/council-documents/policies">https://www.tauranga.govt.nz/council/council-documents/policies</a>.

<sup>&</sup>lt;sup>4</sup> Balcony dining is where balconies protrude into the airspace above the street, at first floor level, and provide for open air dining.

primary part of the infrastructure of the city and ensure people can move about the city easily. As the city intensifies the pressure on street spaces will increase. To address this pressure, a consistent approach is needed to guide when, how, and for what purposes leases and licences will be provided for the use of the street.

### STRATEGIC / STATUTORY CONTEXT

- 8. The City Vision adopted by Council and developed in conjunction with the community outlines our collective vision for the city. 'Tauranga, together we can' captures the vision for a collaborative approach to realising a city that 'prioritises nature', 'lifts each other up', and 'fuels possibility'. These three pillars inform council's refreshed strategic framework, with our five primary strategies geared towards delivering the five community outcomes that together contribute to the vision.
- 9. The vision and strategic framework inform the council's plans and policies, which guide the implementation of these higher-level strategies in council's day-to-day activities. It is therefore important that council's approach to street use is aligned with the council's strategic direction. More specifically, the policies for how streets can be used by businesses and the community should deliver public benefits through easy movement and accessibility and provide inclusive, diverse, and vibrant spaces.

#### **OPTIONS ANALYSIS**

### Issue One: Principles of the policy

- 10. We are proposing a set of principles to guide decision-making on the use of streets. The principles support the city vision strategy and reflect the role the use of streets can play in achieving community outcomes. We recommend:
  - including the principles (as outlined in Attachment One) in the draft policy.

### Issue Two: Inconsistent charging for street and balcony dining

- 11. There are both public and commercial benefits from street and balcony dining. Well-planned street and balcony dining creates vibrancy and interest in city centres. Premises with street dining or balconies create an inviting atmosphere and encourage people to congregate increasing passive surveillance and feelings of safety. Currently fees for street and balcony dining are not consistently applied leading to similar activities being charged differently.
- 12. We recommend three key changes to provide more consistent charges for street and balcony dining including:
  - eligibility criteria for a temporary reduction in street dining fees this will allow council
    to consider reducing fees in times of disruption (as is the case in the city centre at
    present)
  - zoned dining charges for street dining this approach provides greater consistency and transparency across different areas of the city (further analysis and other options considered are provided in Attachment Two)
  - aligned charges for balcony dining and street dining<sup>5</sup> this will ensure that any changes to street dining fees flow through to balcony dining fees, reflecting the similar nature of these activities.

### **Issue Three: Compliance requirements**

13. The council as the landowner of the street may specify certain requirements within leases or licences to occupy to ensure policy conditions are met. For example, council may require balconies to have regular inspections, or berm planting to be maintained or otherwise returned to grass. We recommend three changes to the way we approach compliance:

<sup>&</sup>lt;sup>5</sup> Different application fees and bonds may apply.

- require application fees and bonds for commercial or private use of the street (this
  ensures council is not left with a bill if the street is damaged)
- waive application fees and bonds for use of the street where an activity is a community activity or has a primarily community benefit
- do not require voluntary design features or verandas approved by council to have a lease or licence to occupy or to pay ongoing fees, bringing settings into line with design features or verandas required by the City Plan.

### Issue Four: Accessibility

- 14. Our Tauranga Mataraunui Inclusive City Strategy sets out Council's goals to achieve an inclusive city and a key part of this is access that works for all, where no-one experiences physical barriers. However, street dining, alongside other street items is causing issues in Mount Maunganui at present as outlined in Attachment Three. We recommend:
  - Council to progress accessibility improvements through a working group<sup>6</sup>.

#### Issue Five: Other matters

15. Through the review a range of other matters were raised for consideration, these are outlined in Table One below.

Table One: Other matters

Issue	Recommendation	
Aesthetic and design elements of street furniture and decorative elements lack cohesion	Provide a reference in the policy to aesthetic and design guidance developed with working group of council, street dining businesses, disability representatives, mainstreet organisations, and community members	
No position on smoking or vaping for street or balcony dining on council land	Include smoke-free and/or vape-free requirement for new licences or leases for street dining	
Need to clarify when council will relocate vehicle crossings <sup>7</sup>	Include key considerations for determining when a vehicle crossing may be relocated including:	
	<ul> <li>when a street or area is being redeveloped and the existing vehicle crossing obstructs the desired outcome from the redevelopment; and</li> </ul>	
	<ul> <li>a suitable alternative vehicle crossing is already available to service the property, or a relocated vehicle crossing could be developed to service the property.</li> </ul>	
Need to clarify position on the use of artificial grass on berms	Include position in the policy that clarifies that artificial grass will not be permitted for berms	

<sup>&</sup>lt;sup>6</sup> The working group would include relevant council staff, businesses, disability representatives, mainstreet associations, and community members.

<sup>&</sup>lt;sup>7</sup> Vehicle crossings are the portion of a driveway located on council land between the road and the property boundary

### **FINANCIAL CONSIDERATIONS**

- 16. Issue two, would have financial implications. The recommended approach is expected to increase revenue overall, however specific financial implications would be dependent on the set level of charge, in line with the policy direction, which would be determined through user fees and charges.
- 17. For issues three to five, the options would require additional administrative, or compliance staff resource to support the proposed changes.
- 18. For issue three, no longer requiring a lease or licence to occupy for a veranda or design feature may have a small fiscal cost. Not all verandas or design features incur fees, for those that do these are often in the range of several hundred dollars a year. The administrative savings may offset some of this cost.

#### **LEGAL IMPLICATIONS / RISKS**

19. There are no identified legal implications.

#### **SIGNIFICANCE**

- 20. The Local Government Act 2002 requires an assessment of the significance of matters, issues, proposals and decisions in this report against Council's Significance and Engagement Policy. Council acknowledges that in some instances a matter, issue, proposal or decision may have a high degree of importance to individuals, groups, or agencies affected by the report.
- 21. In making this assessment, consideration has been given to the likely impact, and likely consequences for:
  - (a) the current and future social, economic, environmental, or cultural well-being of the district or region
  - (b) any persons who are likely to be particularly affected by, or interested in, the issue.
  - (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.
- 22. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of medium significance.

#### **ENGAGEMENT**

23. Taking into consideration the above assessment, that the issue is of medium significance, officers are of the opinion that, following the adoption of a draft policy, targeted consultation/engagement is suggested under the Local Government Act 2002.

#### **NEXT STEPS**

24. Following any direction on the issues in this paper a draft policy will be prepared for consideration at the 18 September 2023, Strategy, Finance and Risk Committee meeting.

### **ATTACHMENTS**

- 1. Principles for the Policy A14905876 🗓 🖼
- 2. Street Dining Charging Options A14905883 🗓 🖼
- 3. Accessibility Audit A14885591 🗓 🖺

### Principles for the policy

We are proposing a set of principles to guide decision-making on the use of streets. These principles will help guide decision-making especially in situations where there may be trade-offs between the use of the space for transport and as a public space.

We have developed principles based on the existing street design guide principles but tailored towards lease and licencing decisions. The principles support the city vision strategy and reflect the role the use of streets can play in achieving community outcomes. The principles relate to those already in place for the use of council land, which were consulted on with Te Rangapū, users of council land and the wider community through the use of council land review.

**Principle 1**: Streets support a well-connected city and make it easy to move around in and with a range of sustainable transport choices.

**Principle 2**: Streets are safe, inclusive, and accessible public spaces for the community to use, any use of a street must comply with relevant legislation and plans, including appropriate health and safety requirements.

**Principle 3**: Streets are public spaces; any private or commercial use of a street should offer a public benefit.

**Principle 4**: The activation of streets through alfresco dining, events or commercial activities can create vibrant and diverse commercial centres.

**Principle 5**: Streets can support environmental and wellbeing outcomes through providing green spaces and spaces for nature within the city.

**Principle 6** Street spaces with high cultural, archaeological, and historical value are recognised, valued, and protected.

#### Inconsistent charging for street dining

Recommendation: Zoned dining charges for street dining

- The original policy rationale for charging for street dining in certain parts of the central city was due to the investment in road upgrades. In 2005, the council set the policy position that in locations where significant council investment is made to create space for street dining, businesses should have to pay. This coincided with the Strand upgrade which became the first area to be charged for street dining. In 2020 when Wharf Street was pedestrianised, the local businesses agreed that this would result in a charge to occupy the location.
- 2. At present businesses on The Strand or Wharf Street pay approximately \$100-\$160 per square metre per annum to use the street, depending on their location. Elsewhere in the city, such as in Mount Maunganui, businesses still benefit from the use of highly valuable council land but have no requirement to pay. With the significant growth in the city and the development of multiple retail and hospitality centres, this current approach to charging does not reflect the commercial benefit many businesses receive from the use of the street¹.
- 3. A council survey of 487 people in 2020 conducted on the use of council land, asked people what they thought businesses should pay for ongoing commercial use of a space. The survey used the example of tables and chairs outside a cafe/restaurant next door to a reserve and found that most people (around 75%) would like council to charge market value. A further 23% supported council charging a small fee. Mainstreet associations prefer no charge, to incentivise street and balcony dining and reflect the public benefit gained. Other councils have different approaches to whether to charge for street dining as outlined in Figure One below
- 4. Figure One: Street dining charges

Region	Annual permit fee	Variable charge
Auckland	\$401	Inner-city zones \$154 p/sqm Inner-city suburbs \$93 p/sqm other areas \$21 p/sqm
Wellington	First permit \$190 Annual renewals \$95	None
Hamilton	\$85	Per table fee \$25 annually
Palmerston North	None	None

<sup>&</sup>lt;sup>1</sup> Based on 2023 council transport data and visitor spending information from Tourism Bay of Plenty, Mount Maunganui receives a greater visitor spend on food and beverage services than the Tauranga CBD and has a larger footfall.

Table One: Street dining charges options considered

Option	Advantages	Disadvantages	Financial
Option One (Status Quo) Free, except where significant council investment is made to create space for street dining	Helps recoup the costs of the initial council investment     Charges relate to benefits business receives from council upgrades     Incentivises the provision of street dining in areas	Market value includes the underlying value of the land not just the council funded improvements      Inequitable costs continue for city	None
3	where no fees are charged	businesses	
Option Two: Charge a small permit and annual fee for all street dining	Reflects the joint public and commercial benefit of street dining and incentive to provide street dining due to low cost of entry      Easier to administer than individual valuations and highly transparent for businesses      Requiring permits would give a mechanism to enforce other conditions	<ul> <li>Administrative resource would be required</li> <li>Does not recognise value of street improvements, variations of value across the city and provides limited return for ratepayers</li> </ul>	Likely negative impact on ordinary revenue (*not considering the current reduction in licence to occupy fees)
Option Three: Charge a market valuation-based fee for street dining (street and balcony)	Reflects the commercial benefits of street dining     Full return for ratepayer on use of land     Requiring permits would give a mechanism to enforce other conditions such as accessibility and appearance across the city	Street space may be less utilised impacting on feeling of vibrancy, safety, and community     Would require significant administrative resource	Increase in revenue due to the additional businesses required to pay fees
Option Four: Zoned dining charges, charge a set permit fee then per sqm charge depending on zone through user fees and charges, with high value areas paying more per sqm of dining space Recommended	<ul> <li>Reflects the joint public and commercial benefit of street dining and return for ratepayer on use of land</li> <li>Gives consistency across popular areas within the city</li> <li>Zone charging is easier to administer than individual valuations and highly transparent for businesses</li> <li>Requiring permits would give a mechanism to enforce other conditions</li> </ul>	Street space may be less utilised if businesses are charged      Does not recognise variations of value within zones      Would require administrative resource to implement	Likely to result in an increase in revenue overall due to the additional businesses required to pay fees Individual businesses in prime sites within a zone may pay less

#### **Accessibility Audit**

#### **Process**

On two separate mornings our disability advisor, who uses a wheelchair, went out in the Mount Maunganui area to assess the accessibility of the space. The first morning was a sunny Saturday morning the second was a sunny weekday morning. For the second morning our advisor was joined by two other people who use a wheelchair and live locally to discuss their perspectives given they visit the area at many different times of the day and year.

### **Key Findings**

The issues identified during the audit included:

- areas where there are multiple items in the street close together can lead to bottlenecks (for example, dining, clothing racks, e-scooters, sandwich board signs, menu signs, street tree planters, seating, parking signs and rubbish bins)
- some cafés and restaurants have selected furniture that significantly encroaches on the pedestrian way
- some areas are set up mindfully to start but then adjusted by patrons when they
  would like to accommodate more people, prams, or dogs
- when cafés had serving windows the congregation of people could create a blockage.
- recent private development is not always designed with full accessibility and inclusion in mind, often spaces would accommodate prams but not wheelchairs
- there was very little consistency in design or markings and the pedestrian way often weaved across the road which would likely be difficult for those who are blind or vision impaired.

The opportunities identified included:

- the area has a warm, welcoming village feel and that it was important to maintain and build on this atmosphere
- some spaces are already well set out, welcoming and inclusive, these are often spaces where the establishment is used to accommodating accessibility requirements
- when asked or alerted to issues people and businesses are often highly friendly, receptive, and accommodating
- an approach that looks to maximise the value of the street space and move, minimise, or eliminate lower value items creating clutter within the street would go a long way towards improving accessibility.

### Images of accessibility bottlenecks

Figure One: Example of poor placement of items for different businesses, the sandwich board sign relates to a different business to the dining tables.



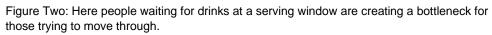




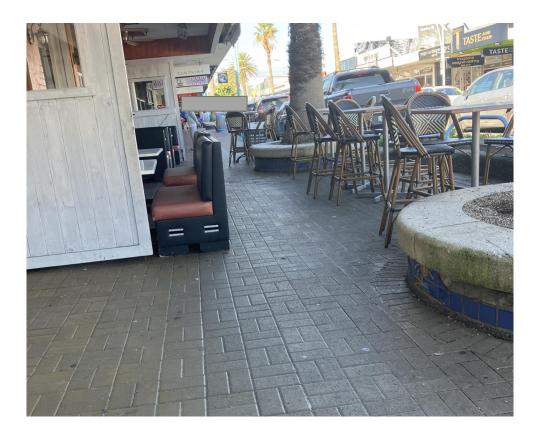
Figure Three: Here the combination of a full-size clothing rack angled into the street in combination with the street planter creates a bottleneck that may become worse if people utilise the planter for seating.

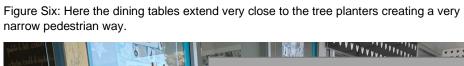


Figure Four: Here the combination of table size and placement, the parking sign and congregation of people have significantly encroached on the pedestrian way.



Figure Five: Here the size and placement of furniture in combination with the tree planters significantly encroaches on the pedestrian way and any use of the tables would likely encroach further.







### 9.11 Water Services Reform Update

**File Number:** A14671986

Author: Diane Bussey, Contractor - Three Water Reforms

Authoriser: Nic Johansson, General Manager: Infrastructure

#### **PURPOSE OF THE REPORT**

1. To provide a progress update on the Water Services Reform project, legislative update and the expected activities in coming months.

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Water Services Reform Update".
- (b) Notes that a joint submission on the Water Services Entities Amendment Bill was submitted on 5 July 2023 (Joint between TCC and Te Rangapu).
- (c) Endorses the Water Services Reform project team to continue with the next steps, summarised as follows: -
  - (i) Engage with the remaining legislative processes for Water Services Reform, with relevant communication and engagement activities,
  - (ii) Completion of outstanding deliverables, per National Transition Unit (NTU) advice, and revise transition planning for reforms, once the establishment date for Entity C and regional transition approach have been confirmed.

### **EXECUTIVE SUMMARY**

- 2. Tauranga City Council (TCC) continue to participate in the Water Services Reforms and are meeting all obligations placed upon TCC with the enactment of the Water Services Entities Act. 7 December 2022.
- 3. Government announced a 'Reset' position for Water Services Reform, requiring a fourth piece of legislation to be introduced to the house on 22 June 2023, the Water Services Entities Amendment Bill. TCC and Te Rangapu completed a joint submission on 5 July, with the Select Committee report expected 27 July 2023. Government has confirmed the intention for all required legislation to be passed by 31 August 2023, when the house rises ahead of the general election.
- 4. The water services currently provided by TCC, will now transition to Entity C, made up of six Bay of Plenty councils. Previous to the 'reset', TCC was to transition to Entity B, consisting of 22 councils from Bay of Plenty, Waikato and Taranaki.
- 5. The establishment date for Entity C is unknown, increasing uncertainty for impacted staff and the current transition project. National Transition Unit (NTU) have provided entity sequencing principles and criteria to support the consultation with councils and iwi to determine an establishment date for all WSE.
- 6. NTU have advised a change in transition approach, moving from the current central model to a more regional based model.
- 7. Project risks continue to be monitored, with new risks and opportunities being identified post 'reset'. The key risk continues to be the impact of the increased uncertainty on staff and the ability to continue service levels within our community through the longer transition period.

#### **BACKGROUND**

- 8. Central government announced a 'reset' for the proposed 'Three Waters Reforms', now referred to as Water Services Reforms. Significant changes to reforms and impacts include:
  - (a) Moving from four Water Services Entities (WSE) to ten, to enable all territory authority owners representation on Regional Representation Groups (RRG), this meant Tauranga City Council (TCC) moving to Entity C, along with Western Bay of Plenty District Council, Whakatane District Council, Kawerau District Council, Opotiki District Council and Rotorua Lakes District Council.
  - (b) The previous WSE establishment date of 1 July 2024 remains in place for Entity A (Northland and Auckland), with the other nine WSE being established, on a staggered basis, through to 1 July 2026.
  - (c) The transition approach of the National Transition Unit (NTU) will change to enable support across ten WSE transitioning on a staggered timeline through to 1 July 2026.
  - (d) Council planning and reporting documents will be required to reflect that they will continue to be responsible for provision of water services until the, yet to be confirmed, handover date. This includes the 2024-34 Long Term Plan.
  - (e) The second tranche of 'Better Off' funding has been discontinued. 'No Worse Off' and Transition Support funding will continue, further details regarding specific methodology and allocations are yet to be provided.
- 9. TCC have, as a result of the 'reset' announcements adjusted the approach of the Water Services project, which was established to support the transition of council water services and staff to a larger proposed WSE B.

### WATER SERVICES LEGISLATION UPDATE

- 10. There are now four pieces of legislation that are required to establish the WSE:
  - (a) Water Services Entities Act (WSE Act);
  - (b) Water Services Entities Amendment Bill introduced 16 June 2023 as a result of central government 'reset' position. First reading was 22 June 2023;
  - (c) Water Services Legislation Bill; and
  - (d) Water Services Economic Efficiency and Consumer Protection Bill.
- 11. TCC and Te Rangapu provided a joint submission to the Governance and Administration Select Committee on the Water Services Entities Amendment Bill, within the 13-day period provided. The Select Committee report is expected 27 July 2023. The joint submission is attached to this report, and has been published on the external website.
- 12. The Select Committee report on both the Water Services Legislation Bill, and Water Services Economic Efficiency and Consumer Protection Bill was released on 7 and 8 June 2023. Simpson Grierson provided analysis of this report and provided a briefing to Commissioners on 27 June 2023. As a result of that briefing, Simpson Grierson are developing a Supplementary Order Paper (SOP) for TCC outlining an ongoing concern as regards the lessened powers of a WSE to enter private property.
- 13. It is government's intention to have all four pieces of legislation passed, before the house rises for the general election on 31 August 2023.
- 14. TCC continue to participate and engage with the water reform legislative process.

### TRANSITION APPROACH

 A standard transition approach ('transition runway') to establishing all ten WSE was presented by NTU at a roadshow for Entity C Councils and iwi on 30 June 2023. NTU

- advised their intention of using this standard transition approach, which outlines 12 15 months of activities prior to a WSE establishment date, to establish Entity A. Adjustments will then be made for any lessons learned.
- 16. NTU advised a change from the central NTU model to a more regional based model, further details as to how this model will be implemented are yet to be provided. TCC has continued to participate with all Local Transition Team meetings, engagements and NTU Reference groups.

### **TRANSITION TIMING**

- 17. At the roadshow on 30 June 2023, NTU advised:
  - (a) Entity A has a legislated establishment date of 1 July 2024.
  - (b) All other WSE establishment dates will be determined using the following principles:
    - (i) A maximum of three WSE able to be established on the same date;
    - (ii) Required to spread WSE establishment on a scale and regional basis;
    - (iii) Go live dates will be aligned to financial quarters; and
    - (iv) Go live must achieve all future state capabilities in scope.
- 18. NTU also provided the sequencing criteria they will be using to determine WSE establishment, in consultation with Councils and iwi. NTU will be required to support the transition of 10 WSE at different stages of transition over a two-year period, with limited resources and capacity.
- 19. TCC, along with other Entity C councils and iwi have commenced discussions regarding a preferred establishment date for Entity C.
- 20. NTU have advised confirmed WSE establishment dates will be available no later than 31 December 2023. The roadshow presentation indicated this information may be available August / September.
- 21. The outcome of the general election in October may impact Water Services Reforms.

#### **IMPACT ON WATER SERVICES REFORM PROJECT**

- 22. The 'reset' position has impacted all project workstreams with most planned deliverables, dates and approach now awaiting confirmation of an establishment date for Entity C, and confirmation of the central v regional led transition approach.
- 23. The TCC team continue to support the ongoing work regarding development of national frameworks and the Customer, Data and Digital workstream as regards data migration.
- 24. Contracted project support has had an agreed reduction in hours required for transition support functions, until such time as there is greater clarity around project requirements.
- 25. The current project team are continuing to complete deliverables requested by NTU, including the Position and Pathway Consultations for all impacted staff.
- 26. Internal communications and engagement activities continue, with internal engagement via monthly newsletters. External communication, specifically regarding legislative implications are continuing.
- 27. The project governance continues to meet monthly, or as required, with regular project status updates.

### **NEXT STEPS**

- 28. Finalise the Supplementary Order Paper Water Services Legislation Bill.
- 29. Analyse and communicate impacts of the Select Committee report on Water Services Entities Amendment Bill.

- 30. Support the discussions and NTU consultation to determine transition date for Entity C.
- 31. Transition planning once Entity C establishment date and transition approach is known. This will 'reset' the TCC water services reform project.
- 32. Finalise Position and Pathway consultations for impacted staff.
- 33. Finance and Settlement confirm settlement process being revised for 10 WSE being stablished over staggered timeline.
- 34. Relationship and Service Level Agreements review draft and determine TCC impacts.
- 35. Review 'No Worse Off Funding' methodology when released, determine TCC impacts.

#### **ATTACHMENTS**

1. Attachment 1 - Final Submission Water Services Entities Amendment Bill - A14898673





## **Tauranga City Council and**

# Te Rangapū Mana Whenua o Tauranga Moana

# **Joint Submission - Water Services Entities Amendment Bill**

5 July 2023

#### **Section 1**

#### 1. Introduction

Tauranga City Council (TCC) forms part of proposed Entity C Water Services Entity (WSE), along with 5 other Councils. The city has a population of 155,200, making it the largest Council in the proposed Entity C.

TCC owns water assets, as of 30 June 2021, valued at \$1.53 billion, with debt of \$447 million. The capacity to continue to service a high-growth city is the major concern of our staff and Commission.

The relationships between TCC and Mana Whenua o Tauranga Moana are highly valued. There are 17 hapū and iwi within Tauranga Moana whose responsibilities and duties are within the TCC area. TCC gives support to the autonomous body of Te Rangapū Mana Whenua o Tauranga Moana to work in partnership and ensure that Tauranga Moana interests are protected throughout this change.

We have taken this opportunity to work together on a joint submission on the Water Services Entities Amendment Bill. While this Bill amends existing legislation to account for the resent 'Reset' announced by Government, there is still work to be done to alleviate some of our concerns about water reforms.

#### 2. Background

There are 145 TCC staff who are focused on the water services business, with a further 152 staff that support the water services business functions to varying degrees. It is important to note the impacts from water services reforms will be far reaching for our staff, our council, and our community.

We would like to acknowledge that the key outcomes that underpin the Water Services Reforms are outcomes that TCC and Te Rangapū fully support:

- Safe, reliable drinking water
- Better environmental performance of wastewater and stormwater services
- Efficient, sustainable, resilient, and accountable water and sewage services
- Making water affordable for future generations.

TCC believes water services reform has the potential to enable sustainable, affordable, and consistently high-quality waters services at a national, entity and local council level. Removal of current and future water services debt from TCC's balance sheet would strengthen Council's financial position and might allow us to better deliver other services, infrastructure needs and the four wellbeing benefits to our community on a long-term, sustainable basis.

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Tauranga City Council / Te Rangapū Mana Whenua o Tauranga Moana Joint Submission Water Services Entities Amendment Bill





#### 3. Key Concerns

TCC identified the following key concerns, developed from earlier community feedback. An update to these key concerns has been completed, for those impacted by Government's reset advice and associated legislative changes.

#### 3.1 Development Contributions

TCC uses development contributions to fund growth related infrastructure projects, such as the Walari Water Treatment plant. Based on proposed legislation, local authorities are able to recover a contribution in respect of capital works undertaken while the assets are in local authority ownership, as well as administering the development contributions policy.

The 2024/34 LTP (Long Term Plan) will include proposed water service projects for Years 1-2, but not Years 3-10. Therefore, the developer contributions could be recovered as per the development contributions policy, however these projects for Years 3+ will not be in the LTP, which would be a significant issue for TCC.

TCC's position is that further clarity is required to confirm all water projects undertaken by TCC in the future (Years 3+) would be able to be recovered through development contributions. We note that, at the time of submitting, further advice is expected from Simpson Grierson on this matter.

#### 3.2 Debt Settlement and Funding

TCC is a heavily indebted Council with a high debt to revenue ratio. Post waters reform a significant amount of revenue will be lost to Council, and there will be an ongoing requirement to increase funds to provide transportation, community, and growth infrastructure. As a result, it is important to Council that the timing for settlement of waters debt needs to align with the loss of waters revenue for Council. Without this alignment, Council would breach borrowing covenants and incur additional operating costs and negatively impact Council's credit rating. Because of this we do support the proposal to establish WSAFA as a way to ensure timely settlement of waters debt to Council.

#### 3.3 Communications and Engagement

The intent of these reforms has been poorly communicated by Government, such that the general level of community and mana whenua understanding around key aspects of the reforms is lacking and local government has been placed in the difficult position of trying to keep our communities and mana whenua informed about a process we are not leading and do not have full information about.

TCC's position is that communicating quality and easily understood information on Water Services Reform with our communities, including the expected benefits, impacts and timelines is the role of Government and is urgently required to support the next stages of reform.

#### 3.4 Clarity of Entity Establishment Dates

The establishment date for Entity C is unknown. The National Transition Unit (NTU) have advised of a consultation process with local authorities; however, this consultative approach is not legislated. TCC initiated and resourced a Transition Project in 2021, to participate and support the activities required to achieve a 1 July 2024 establishment date.

TCC's position is that the consultative process regarding preferred establishment dates with local authorities should be legislated There are significant impacts from these decisions, not only on current levels of service and transition activities, but also on supporting our valued staff through these uncertain times.

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Tauranga City Council / Te Rangapū Mana Whenua o Tauranga Moana Joint Submission Water Services Entities Amendment Bill





It is acknowledged that Entity A will be established on 1 July 2024, however the dates for establishing the remaining 9 WSE need to be advised urgently to support commitments and planning activities required of Council.

#### 3.5 Government Funding Package Adequacy

The removal of the second tranche for 'Better Off' funding is disappointing.

There continues to be no confirmed approach, definition, or quantification of funding levels for TCC as regards 'No worse off' funding. In addition, quantification of transition support funding for TCC beyond 1 June 2023 remains unclear.

This lack of clarity regarding government funding packages constrains effective decision making and planning processes. The sudden loss of Better Off funding has required significant rework for funding and capital investment planning. In the case of No Worse Off and transition support funding the lack of clarity is affecting our ability to resource transitional work and plan for operations post water reform.

## 3.6 Protection of Mana Whenua (Hapū, iwi) Interests and Concerns

The detail of the submission points of Te Rangapū Mana Whenua o Tauranga Moana have been included in previous submissions.

In summary these concerns are:

- Ensure the Three Waters Reforms give effect to the Principles of Te Tiriti o Waitangi in all aspects and at all levels
- 2. Ensure regionalisation takes proper account of natural Māori alliances
- Discharge to whenua is more appropriate than discharge to wai and we expect further detail should support this as more details emerge
- Protect kaitiakitanga iwi and hapū must be supported to maintain guardianship over their taonga (which includes associated flora and fauna) but also that we protect the integrity of the reforms
- Prioritise supporting the utilisation of Māori land in the delivery of infrastructure, now and into the future and we expect further detail should support this as more details emerge
- 6. Plan for better alignment with the natural form and function of the taiao and we expect further detail should support this as more details emerge
- 7. That the Water Services reform programme must support the implementation of Te Mana o te Wai in all aspects. Partnering and engaging with mana whenua.

#### 4. Submission Approach

The timelines given for submissions on this Bill were short and did not allow for any form of public consultation with the Tauranga Moana community. We have relied on customer feedback previously sought in 2021, 2022 and 2023, along with the insight from subject matter experts.

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Tauranga City Council / Te Rangapū Mana Whenua o Tauranga Moana Joint Submission Water Services Entities Amendment Bill





## 5. Industry Submissions

TCC support the submissions of the following key industry organisations:

- 1. Taituarā. (DRAFT submission reviewed)
- 2. Water New Zealand.

Marty Grenfell

Tauranga City Council

Chief Executive

MDuncan

**Matire Duncan** 

Chair

Te Rangapū Mana Whenua o Tauranga Moana

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Tauranga City Council / Te Rangapū Mana Whenua o Tauranga Moana Joint Submission Water Services Entities Amendment Bill

## 9.12 2023 Q4 Apr-June Health and Safety Report

File Number: A14386919

Author: Stuart Kokaua, Health, Safety and Wellbeing System Support

Authoriser: Alastair McNeil, General Manager: Corporate Services

## **PURPOSE OF THE REPORT**

1. To provide a summary of Health and Safety activities over the April to June 2023 quarter.

## **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

(a) Receives the report "2023 Q4 Apr-June Health and Safety Report".

## **EXECUTIVE SUMMARY**

- 2. This is a quarterly report provided to the Committee, designed to monitor Health and Safety activities, and share learnings.
- 3. Any feedback regarding content or topics that the Committee would like is welcomed.

## **ATTACHMENTS**

1. 4\_2023\_04 Health & Safety Report PDF - A14882524 🗓 🖺

Item 9.12 Page 148





April 2023 – June 2023

### Introduction

Within this Health and Safety (H&S) report:

- Health and Safety Management System Audit
- Due Diligence
- Assault (Verbal/Physical) and/or Antisocia
- Beacon Wharf Demolition

## **Health and Safety Management System Audit**

4(f) To verify the provision and use of resources and

Status of management actions from Financial Year 2019/20 Internal Audit.

> Actions identified

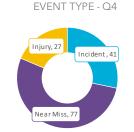


For completion 2022/23

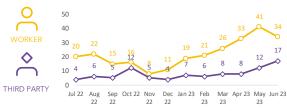


#### Q4 EVENT DATA (APR - JUN)





#### **EVENTS BY PERSON TYPE**



#### TOP EVENT CATERGORIES - Q4

Q4	Q3	Trending
73	41	<b>A</b>
24	7	<b>A</b>
10	2	<b>A</b>
9	10	_
6	1	<b>A</b>
	73 24 10 9	73 41 24 7 10 2 9 10

TOTAL EVENTS IN Q4

MORE THAN Q3

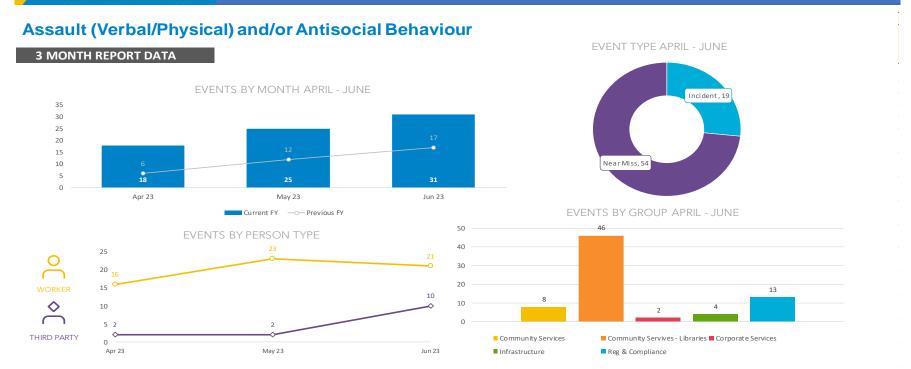
NOTIFIABLE EVENTS

DUE DILIGENCE





April 2023 - June 2023



In 2020, Tauranga City Council identified 13 critical health and safety risks related to our organisation. A 'critical risk' is something that has potential to fatally injure or seriously affect the health of our people, our contractors, or members of our community. Not all risks are in all business units, however it is vital as an organisation to work towards the highest standard of safety, especially for those things that could severely affect someone's life. 'Risk controls' are actions that are taken in response to a risk factor. The control measures can either be designed to reduce the risks or eliminate them completely. All TCC employees need to understand the risks present in their workplace. The risks will be different for each employee depending on the job you do. If you're not sure which risks relate to your work, please have a chat with your colleagues, people leader and the HSW Team. The more we talk about them, the more aware we will all be of risks that can cause us harm.https://inside.tauranga.govt.nz/Portals/0/data/health\_safety/files/assault-violence-at-work.pdf





April 2023 – June 2023

## Assessing the Impact of Assault (Verbal/Physical) and/or Antisocial Behavior: A Statistical Overview

Civic Development:	Community Services:	Community Services - Libraries:	Corporate Services:	Infrastructure:	Regulatory and Compliance:
During the first half of the year, there were 2 reported events related to assault and/or antisocial behavior within civic development. While these numbers may seem relatively low, it is important to recognise that even a single incident can have far-reaching consequences for public safety and community wellbeing. This highlights the need for proactive measures to address such issues at their root.	In the realm of community services, a total of 14 events were reported during the given period. These incidents might have occurred in various settings, such as parks, recreational facilities, or public gatherings. Community services play a vital role in fostering social cohesion and engagement, making it imperative to address instances of assault and/or antisocial behavior to ensure safe and inclusive environments for all.	Statistics reveal a significantly higher number of incidents within community services - libraries, with a total of 67 reported events. Libraries are typically regarded as safe havens for learning and personal growth, making these figures particularly concerning. Further analysis is necessary to identify the underlying causes and implement effective preventive measures to safeguard library spaces for the benefit of the entire community.	The data shows that assault and/or antisocial behavior incidents were relatively low within corporate services, with only 3 reported events. Nevertheless, it is crucial for businesses and organisations to remain vigilant and address any emerging issues promptly. Promoting a respectful and supportive workplace culture can contribute to reducing the occurrence of such incidents and fostering a sense of security among employees.	Within the domain of infrastructure, 7 events related to assault and/or antisocial behavior were reported. This category encompasses public spaces, transportation systems, and other critical infrastructure elements. Maintaining a safe environment within these settings is vital for promoting public trust and encouraging community engagement. Close collaboration between infrastructure managers, law enforcement, and relevant stakeholders is essential to effectively address these challenges.	Statistics indicate a higher number of reported events within the regulatory and compliance sector, with a total of 21 incidents. This category encompasses regulatory bodies, enforcement agencies, and compliance officers. Addressing assault and/or antisocial behavior within these domains is crucial for maintaining law and order, as well as public trust in the compliance system. Strengthening preventive measures, enhancing community-police relations, and providing appropriate support to staff are all key components of an effective response.

#### Conclusion:

The statistics presented in this article provide a glimpse into the prevalence of assault and/or antisocial behavior incidents across various sectors from January 1st to June 30th. The numbers underscore the need for continuous efforts to address these issues and promote safer and more inclusive communities. By analysing such statistics, stakeholders can develop targeted strategies to prevent and respond to assault and/or antisocial behavior effectively, ensuring the well-being and security of individuals in our society.





April 2023 – June 2023

## Mitigating the Impact of Assault (Verbal/Physical) and/or Antisocial Behavior at Tauranga City Council

Mitigating the impact of assault (verbal/physical) and/or antisocial behavior at Tauranga City Council requires a comprehensive approach that involves various stakeholders and strategies. Here are some steps that the council has taken to address these issues effectively:

Zero-Tolerance Policy:	A clear and strict zero-tolerance policy towards assault (verbal/physical) and/or antisocial behavior within the council premises. Such behavior will not be tolerated, and appropriate actions will be taken against offenders, including possible legal consequences.
Training and Education:	Regular training and workshops for those teams effected on conflict resolution, de-escalation techniques, and communication skills. This empowers staff to handle difficult situations effectively and promote a respectful workplace culture.
Safe Reporting Mechanisms:	Using DAMSTRA our Confidential and secure reporting mechanism for employees and visitors to report incidents of assault and antisocial behavior. We regularly collect and investigate data on incidents of assault and antisocial behavior to identify trends and areas that need targeted interventions. We use this data to continuously improve strategies
Collaboration with Enforcement Agencies:	Established ties with local law enforcement agencies to promptly respond to incidents of assault and antisocial behavior within the council area. Encourage the reporting of incidents to the police and cooperate fully in their investigations.
Policies and Protocols:	Reviewed and updated existing policies and protocols related to workplace safety, behavior standards, and incident reporting. Ensuring that these policies are communicated clearly to all employees.
Security Measures:	Enhanced security measures within the council premises, such as CCTV cameras, security personnel presence at our more high-profile sites such as libraries and the pound, and access control systems to deter and identify potential offenders.
Personnel Protective Equipment:	Frontline staff such as Parking Wardens and Animal Services Officers are supplied with Body worn Cameras and Personnel Welfare Devices. Library staff have access to a Duress pendants for before and after hours along with panic buttons located throughout the libraries.
Public Spaces Design:	Urban planners and architects design public spaces in a way that discourages antisocial behavior, such as increasing visibility and incorporating elements that promote community interaction.

By taking a multi-faceted approach that involves prevention, response, and support, Tauranga City Council has created a safer and more respectful environment for its employees, visitors, and the wider community. It's crucial to continuously evaluate the effectiveness of these strategies and adjust as needed to address evolving challenges



April 2023 – June 2023



## **Due Diligence**

4(b) To understand the nature of operations, along with hazards and risks.

## Civic Development: Progress and Updates on Health and Safety Initiatives

We prioritize health and safety and want to share recent developments. Our commitment to a safe working environment for our team members and stakeholders remains strong. There are no outstanding actions or investigations in the Civic Development (CD) group. We aim to continue momentum with due diligence visits and involve other members of the Executive team. We're diligently working on a plan based on the HSW Contract Management Standard, which is a critical risk for our operations. We're also integrating reporting for Project Managers (PMs) into CARTA at TCC. We encourage you to review the Contract Management Standard, awaiting Executive sign off. PMs find this framework valuable for their work.

#### **Project Updates:**

Dive Crescent Carpark: We conducted a health and safety visit and resolved two minor paperwork-related actions. Another visit is scheduled for this afternoon. We had a productive discussion with WSP about challenges with the Dive Crescent car park project.

**Underpass:** A recent health and safety inspection focused on crane lift and traffic management plans. No safety actions were identified, and there have been no incidents. The project is nearing completion by the end of next week, with no plans for another check.

Beacon Wharf: Demolition at Beacon Wharf begins next week. The Management Plan has been accepted by TCC, addressing concerns, and ensuring safety.

Spring Street: A health and safety visit found no necessary actions, but an incident occurred during hot work steel cutting. Additional controls have been implemented, and we'll discuss the incident and next steps in an upcoming visit.

Other Updates: We're working to understand the officers and CCO structure better. A meeting is scheduled for Monday afternoon to discuss this topic. We're actively involved in advancing security standards and participating in relevant discussions.











April 2023 – June 2023

# Beacon Wharf Demolition: Ensuring Safety during Barge-based Operations.



In preparation for the development of a new structure at Beacon Wharf the removal of the current wharf, an unstable structure, was needed. Most of the demolition work required to dismantle the wharf is being executed from a barge, necessitating careful planning and the implementation of specific safety measures. A temporary works design has been crafted to address the lifting requirements of the demolition process while ensuring the safety of the workers operating from the barge.

#### **Barge-based Demolition:**

The crane, which plays a pivotal role in the dismantling process, is strategically positioned on the barge. By utilizing this setup, the demolition team can safely carry out the required tasks while minimizing potential risks. The barge offers stability and a secure platform for the crane and its operators, allowing for efficient and controlled demolition operations.





To maintain a safe working environment during the demolition, a comprehensive temporary works design was meticulously developed. This design considers all the necessary lifting requirements, ensuring that the operation remains secure throughout. By carefully planning each step, the risk of accidents or structural failures is mitigated, providing peace of mind for the workers and project stakeholders.

#### **Beam Removal and Worker Safety:**

Before the piles can be extracted, it is necessary to remove the beams. This delicate operation involves suspending a worker from the crane in a single person man cage, positioned to the right of the photo. Equipped with proper safety gear, including a harness and a lifejacket, the worker secures the beams to the lifting equipment. Once secured, the man cage is lifted above the pile and the beams are carefully transported to the designated drop zone on-site. These precautions are implemented to ensure the worker's safety and to prevent any potential incidents while working over the water.



#### Conclusion:

The removal of Beacon Wharf is an intricate process due to its unstable nature, requiring meticulous planning and implementation of safety measures. By conducting a majority of the demolition work from a barge, the project ensures stability and reduces risks associated with the dismantling process. The comprehensive temporary works design addresses the lifting requirements, allowing for safe operations. The use of a man cage, combined with safety gear such as harnesses and lifejackets, further enhances worker safety during the delicate beam removal process. Through these careful considerations and proactive safety measures, the Beacon Wharf demolition project aims to achieve its objectives while prioritizing the well-being of all involved.

Item 9.12 - Attachment 1

## 9.13 LGOIMA and Privacy Annual Report and Q4 for 2022/2023 year

File Number: A14882260

Author: Jolene Wells, Administrator: Democracy Services

Authoriser: Christine Jones, General Manager: Strategy, Growth & Governance

## **PURPOSE OF THE REPORT**

1. The purpose of this report is to update the Committee on Local Government Official Information and Meetings Act 1987 (LGOIMA) and Privacy requests for the fourth quarter of 2022/23 and a summary for the year 2022/23

#### **RECOMMENDATIONS**

That the Strategy, Finance and Risk Committee:

(a) Receives the report "LGOIMA and Privacy Annual Report and Q4 for 2022/2023 year

#### **EXECUTIVE SUMMARY**

2. These reports are provided to the Committee to provide assurance on statutory compliance for LGOIMA and Privacy requests.

## **ATTACHMENTS**

1. LGOIMA and Privacy Annual Report and Q4 for 2022/23 year - A14882203 🗓 🖺

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## LGOIMA and Privacy Annual Report and Q4 for 2022/2023 year

## **Annual Report**

## How many requests did we receive?

348 = 327 LGOIMA + 19 Privacy + 2 combined LGOIMA/Privacy

T (This is a 7% increase on the 2021/22 year where 325 requests were received.)

- 344 completed
- Four requests yet to be responded to

## How long did it take us to respond?

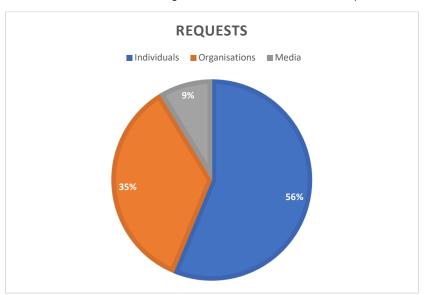
15 = the average number of days to provide a response.

98% = requests responded to within the statutory timeframe. The KPI is 98%

- 318 responses and 19 extensions provided within the initial or extended due date.
- 5 responses provided outside the statutory time frame and without an extension.
- 21 extensions were notified. Extensions were notified for requests seeking large amounts of information, in particular all correspondence, or where consultation with other parties was necessary.

## Who did the requests come from?

199 individuals + 120 organisations + 29 media= 348 requests



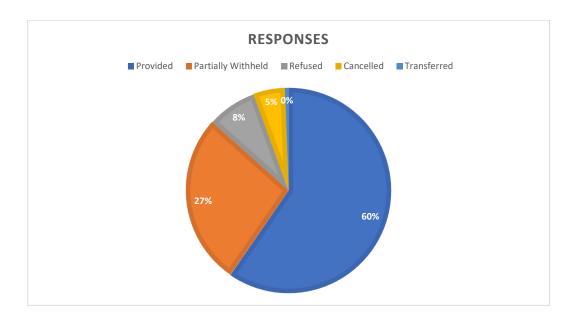
**5** = Number of requesters who made more than 2 requests in 2022/23.

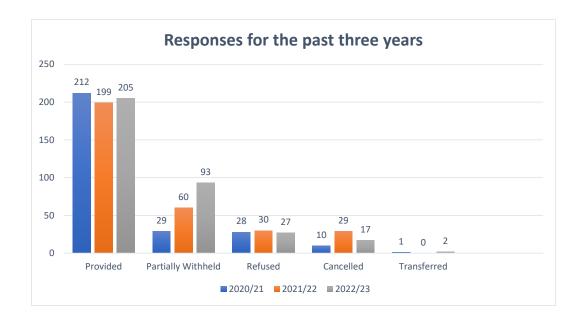
17 = Number of requests made by the NZ Taxpayer's Union

#### What was our response?

205 provided + 93 partially withheld + 27 refused + 17 cancelled + 2 transferred

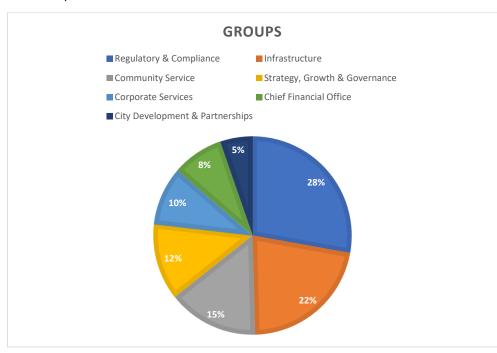
- No charges were applied in the 2022/2023 year.
- Common grounds for refusing all or part of a request are to:
  - protect individual privacy,
  - o avoid prejudice to commercial activities,
  - o the requested information does not exist
- Requests for correspondence are often 'partially withheld' to protect individual privacy.



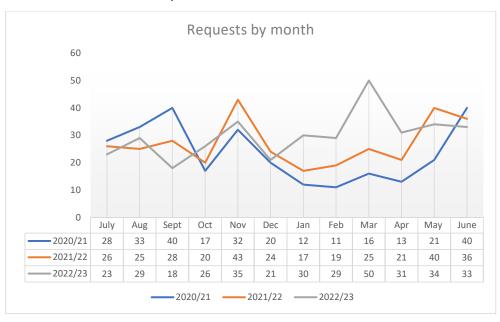


## What groups received the requests?

84 Regulatory and compliance + 78 Infrastructure + 57 Community Services + 48 Strategy, Growth & Governance + 33 Corporate Services + 26 Chief Financial office + 20 City Development and Partnerships + 2 Chief Executive



## When did we receive the requests?



March 2023 saw a significant spike in requests due to:

- 6 requests in relation to Cyclone Gabrielle and its impacts in March
- 6 requests from the NZ Taxpayers Union in March.

## **Common requests**

- Requests about developments and projects (43)
- Animal services enforcement information (20)
- Staff salary, organisational arrangements (18)
- Building compliance information (17)
- Parking and vehicle infringements, including enforcement of the bus lane (14)
- Noise issues (10)
- Cameron Road upgrades (10)
- CCTV and crime prevention information (9)
- Maunganui Road upgrades (7)

## Office of the Ombudsman and Privacy Commissioner complaints

0 = No ombudsman complaints received this year

**2** = Privacy Commissioner Complaints:

- 1 = Resolved at preliminary investigation
- 1 = Not upheld and closed by the Privacy Commissioner

Item 9.13 - Attachment 1

## LGOIMA and Privacy Q4 Report for 2022/2023

## How many requests did we receive?

93 = 86 LGOIMA + 6 Privacy + 1 that was both Privacy and LGOIMA

There has been a decrease in requests this quarter with a 6% decrease from last quarter.

- 89 have been completed
- 4 are pending response

## How long did it take us to respond?

15 = the average number of days to provide a response

• This is a slight increase from Q3 of 2022/23 when the average number of days was 14

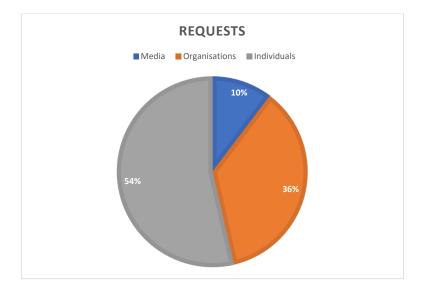
99% = requests responded to response within the statutory time frame

- 88 responses provided within the statutory time frame
- Eight extensions notified and provided in extended timeframe
- One request missed and response provided late without an extension

3 = Average hours of staff time per request, excluding sign off processes and legal review if needed

## Who did the requests come from?

**51** individuals + **33** organisations + **9** media organisations

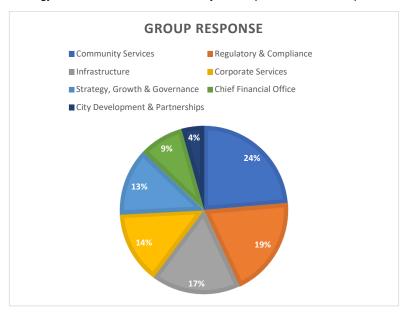


5 = Number of individual requesters who made two or more requests in Q4

- The NZ Taxpayers' Union made ten requests
- One individual made two requests
- One individual made three requests
- One individual made four requests
- One individual made six requests

## What groups received the requests?

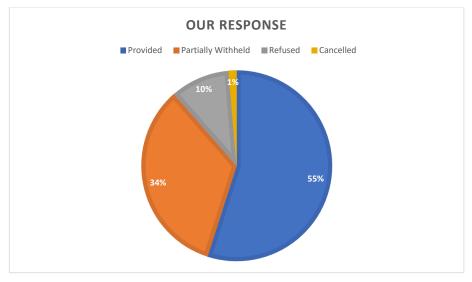
22 Community Services + 18 Regulatory & Compliance + 16 Infrastructure + 13 Corporate Services + 8 Chief Financial Office + 12 Strategy Growth & Governance + 4 City Development & Partnerships



### What was our response?

48 provided + 31 partially withheld + 9 refused + 1 Cancelled.

• requests this quarter had a charge applied.



## **Common requests**

- TCC proposals, event, and development funding (16)
- Building compliance information (6)
- Noise control complaints (3)
- Infringements, bus lanes, parking, (3
- Requests for bodycam or CCTV footage (3)

Responses with broad community interest continue to be published

## Office of the Ombudsman and Privacy Commissioner complaints

1 Privacy complaint resolved without investigation

## 10 DISCUSSION OF LATE ITEMS

## 11 PUBLIC EXCLUDED SESSION

## Resolution to exclude the public

## **RECOMMENDATIONS**

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution	
11.1 - Corporate Risk Register - Quarterly Update	s7(2)(b)(i) - The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret  s7(2)(b)(ii) - The withholding of the information is processer, to protect information where the	s48(1)(a) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which	
	is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information	good reason for withholding would exist under section 6 or section 7	
	s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities		
	s7(2)(i) - The withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)		
11.2 - Internal Audit & Assurance - Quarterly Update	s6(b) - The making available of the information would be likely to endanger the safety of any person	s48(1)(a) - the public conduct of the relevant part of the proceedings of	
	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist	
	s7(2)(d) - The withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public	under section 6 or section 7	
	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege		
	s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage		

## 12 CLOSING KARAKIA