



ATTACHMENTS MINUTES

**Strategy, Finance and Risk Committee
meeting**

Monday, 7 August 2023

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Strategy Finance and Risk - Treasury Update

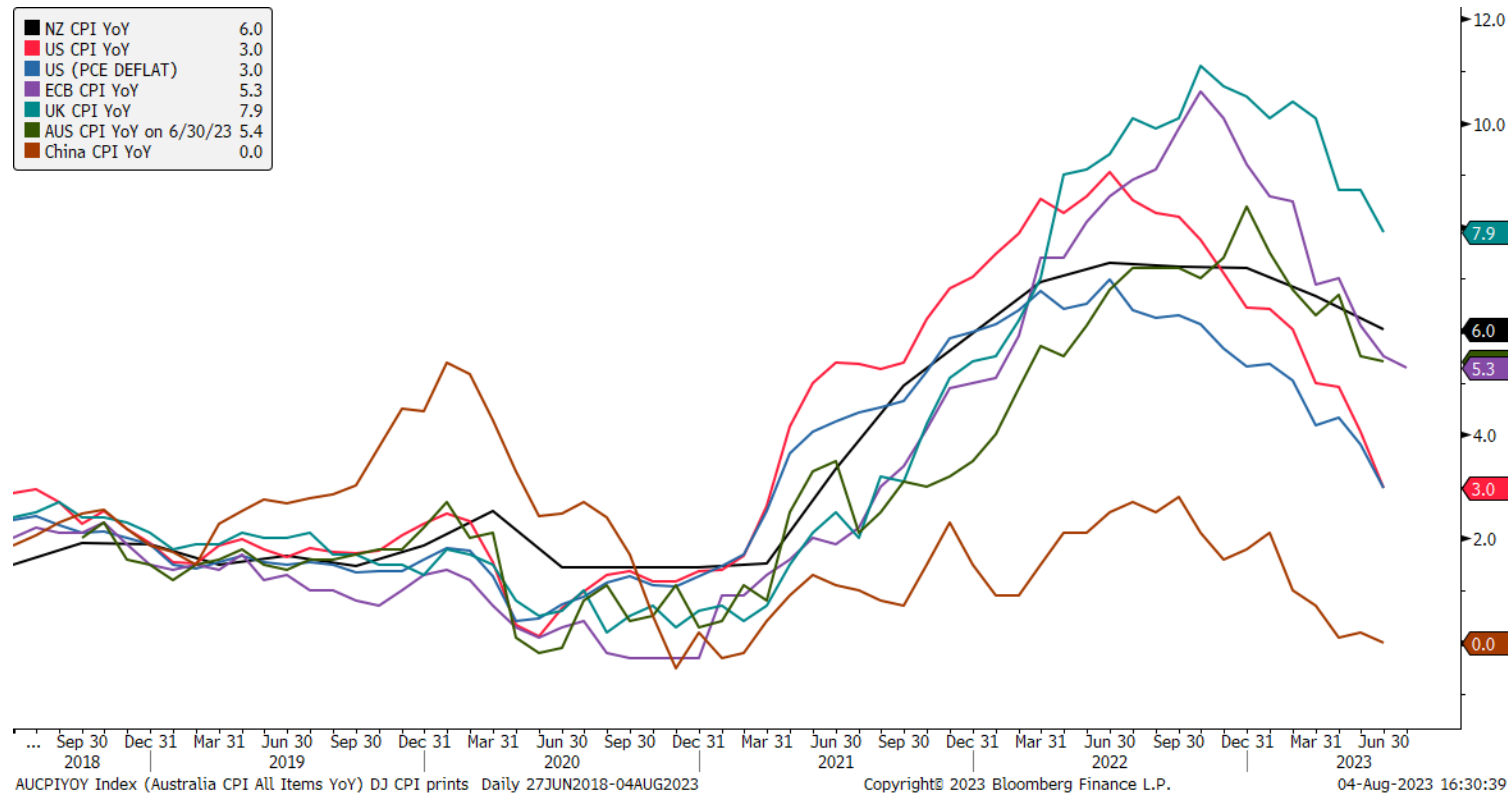
7 August 2023

STRICTLY PRIVATE AND CONFIDENTIAL



CPI past peak inflation but China (our customer) is a big worry

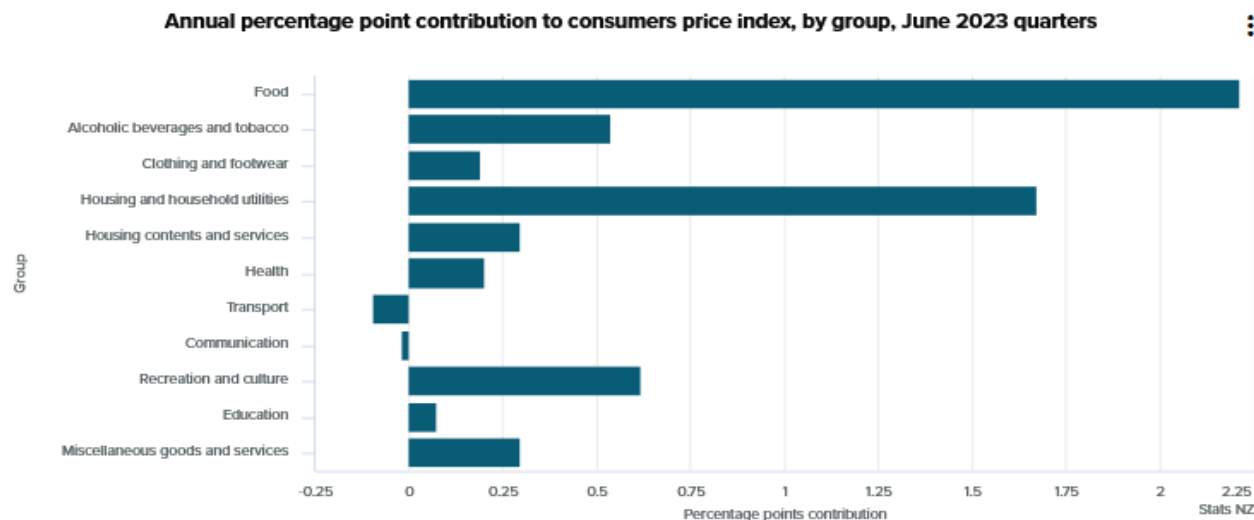
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- Headline inflation in the US has fallen from a peak of 9.1% in June 2022 to 3.0% in June 2023.
- Annual inflation in China is 0.0%, highlighting the economic challenges for the world's second largest economy.
- NZ year to June CPI was 6.0%, down from 7.2% in the December – note we only get quarterly data.

NZ CPI - Annual June 2023

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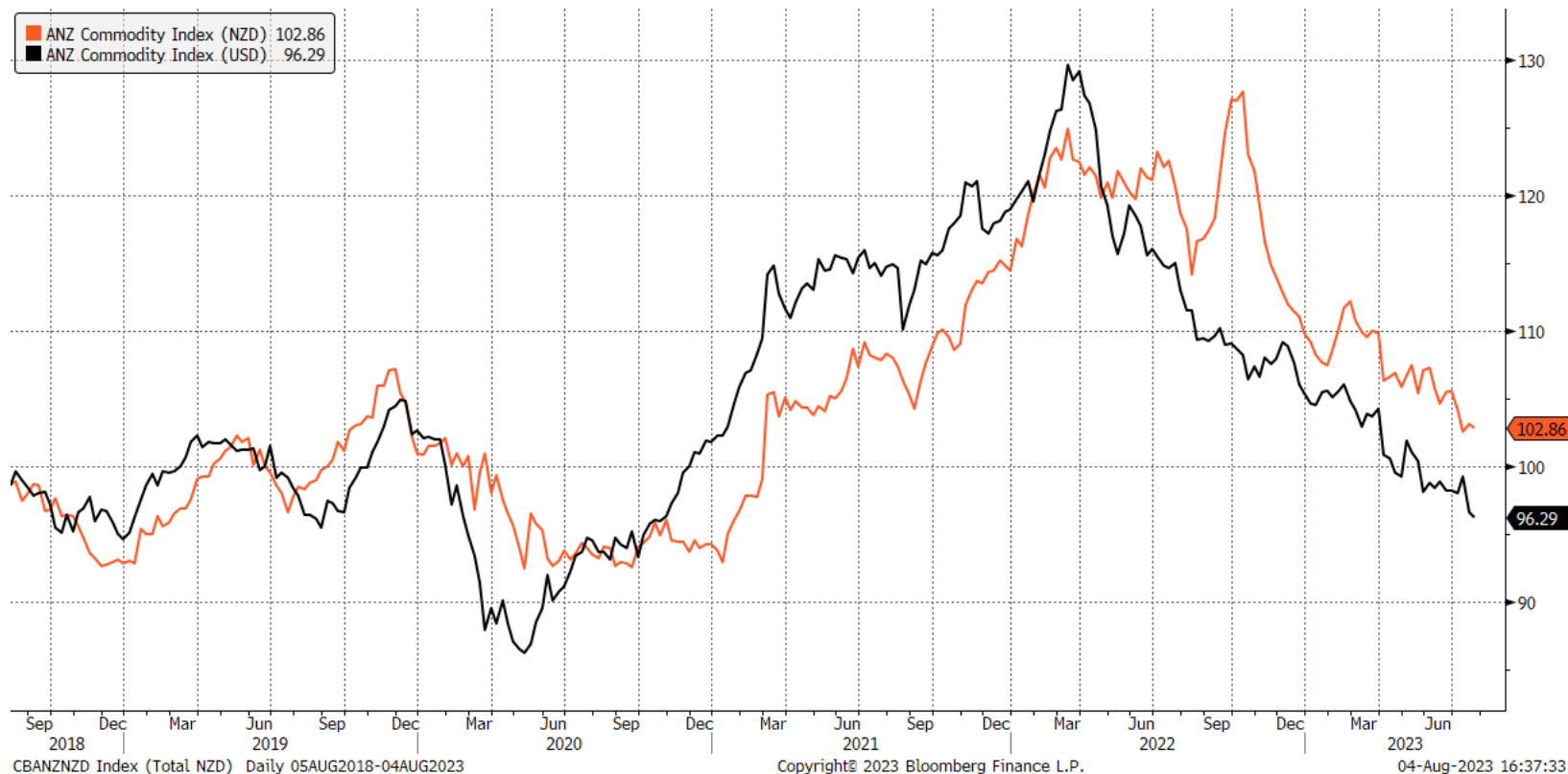


Annual change

For the 12 months to the June 2023 quarter, the CPI inflation rate was 6.0 percent.

- Food increased 12.3 percent, influenced by:
 - grocery food (up 13.2 percent)
 - fruit and vegetables (up 21.1 percent)
 - restaurant meals and ready-to-eat food (up 9.0 percent).
- Housing and household utilities increased 6.0 percent, influenced by:
 - home ownership (up 7.8 percent)
 - actual rentals for housing (up 4.2 percent)
 - property rates and related services (up 7.3 percent).
- Recreation and culture increased 7.3 percent, influenced by:
 - other recreational equipment and supplies (up 9.1 percent)
 - accommodation services (up 14.1 percent)
 - recreational and cultural services (up 4.8 percent).

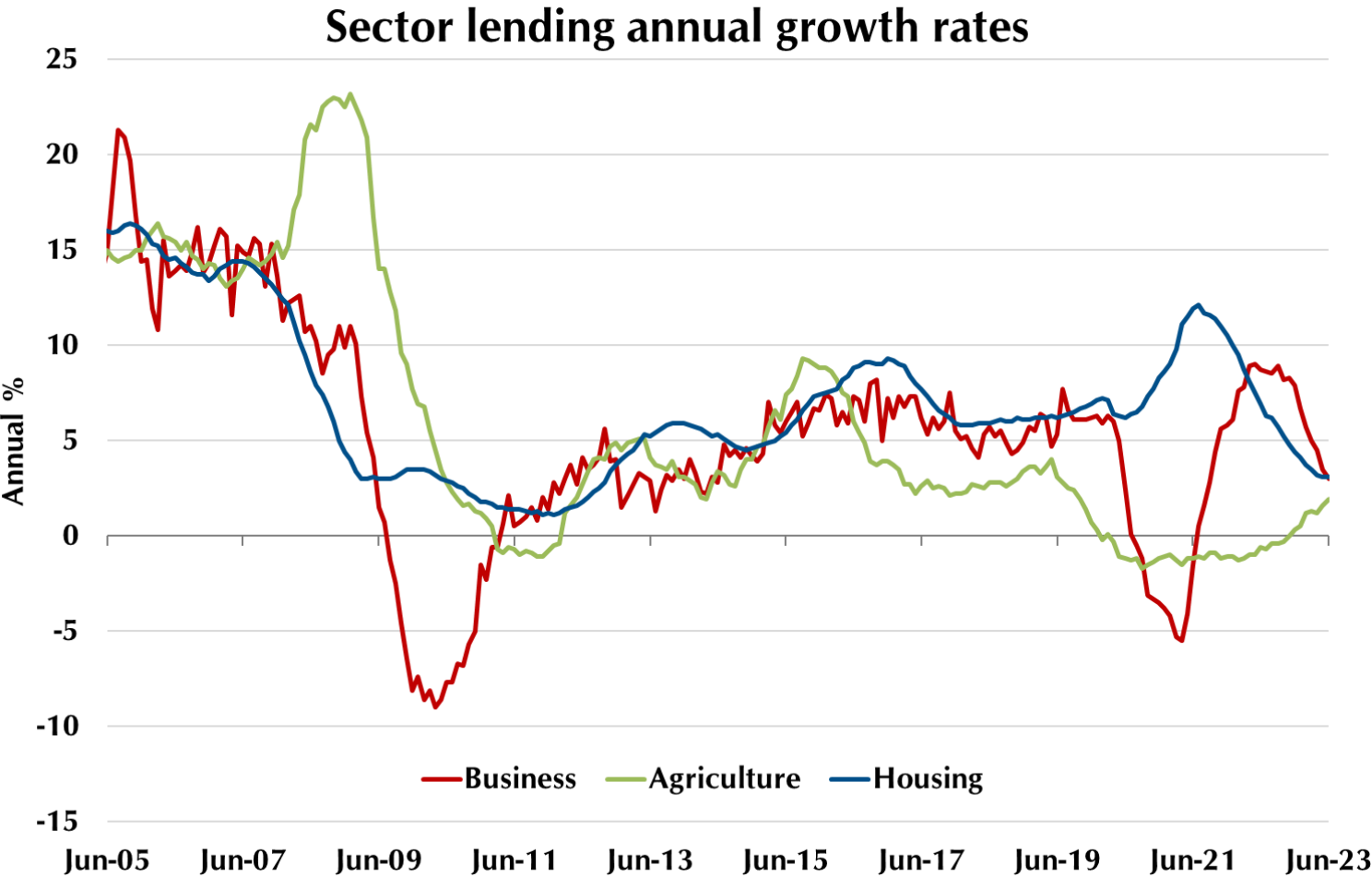
NZ commodity prices back near 3-year lows



- The ASB Commodity Index is near a 3 year low in USD terms, the weaker NZD is providing only a partial offset.
- Fonterra cut its 2023/24 forecast Farmgate Milk Price range from \$7.25 - \$8.75 per kgMS, with a midpoint of \$8.00 per kgMS, to \$6.25 - \$7.75 per kgMS, with a midpoint of \$7.00 per kgMS.

New Zealand bank lending growth

5



Global house prices - NZ was No2 behind Turkey in 2021

6

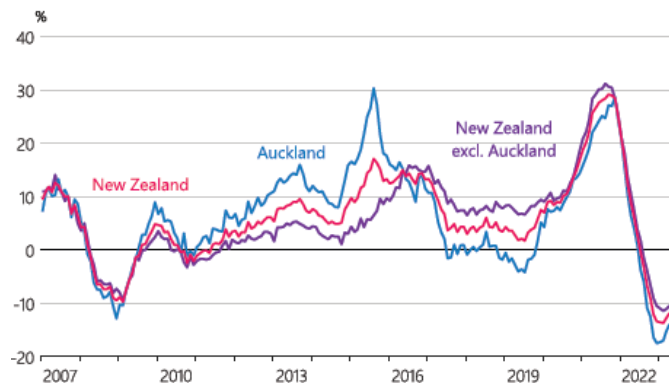
THE KNIGHT FRANK GLOBAL HOUSE PRICE INDEX
2023 Q1 edition, countries / territories ranked by annual % change

Rank/Location	12-month % change	6-month % change	3-month % change
1 Turkey	132.8	40.8	22.2
2 North Macedonia	18.8	6.1	1.3
3 Croatia	17.3	7.7	4.7
4 Hungary	16.6	0.4	-2.2
5 Lithuania	15.3	13.5	8.2
6 Greece	14.5	6.2	4.0
7 Iceland	13.4	0.7	-0.6
8 Mexico	11.7	5.6	3.2
9 Portugal	11.4	3.8	1.7
10 Singapore	11.3	2.9	2.6
11 Malta	10.5	7.6	7.3
12 Israel	9.8	0.4	-0.2
13 Bulgaria	9.5	2.0	1.6
14 Colombia	9.4	4.8	3.0
15 Poland	9.3	3.7	1.3
16 Estonia	9.2	0.3	0.0
17 Slovenia	8.8	3.0	1.6
18 Cyprus	8.5	2.7	1.4
19 Romania	6.8	1.3	2.5
20 Japan	6.8	4.0	3.9
21 Jersey	6.1	-3.8	0.4
22 Latvia	6.0	-0.6	0.0
23 Brazil	5.7	2.5	1.1
24 Luxembourg	5.6	0.6	-1.5
25 Taiwan	5.0	-0.5	1.2
26 Belgium	4.8	1.1	1.5
27 India	4.6	2.3	1.3

28 Ireland	4.1	-0.8	-1.4
29 Spain	3.1	2.8	2.2
30 France	2.7	-0.1	-0.1
31 South Africa	2.2	0.6	-0.0
32 Czech Republic	1.9	-3.3	-1.2
33 Slovakia	1.8	-5.8	-3.9
34 Indonesia	1.8	0.9	0.4
35 Switzerland	1.8	0.2	-0.2
36 Malaysia	1.2	-0.2	-2.4
37 Italy	1.1	-	0.1
38 Austria	1.1	-2.3	-0.4
39 United States	0.7	-1.1	1.0
40 Norway	-0.1	-2.2	1.9
41 Morocco	-0.1	-0.8	-0.2
42 Peru	-0.4	3.5	1.0
43 Germany	-1.0	-3.8	-2.4
44 Chile	-1.2	-4.3	-2.0
45 Chinese mainland	-2.2	-1.5	-0.8
46 Netherlands	-2.3	-4.3	-0.6
47 United Kingdom	-3.1	-5.6	-1.9
48 Australia	-5.0	-0.3	0.1
49 Denmark	-5.8	-2.5	1.0
50 Canada	-6.9	-4.0	-0.8
51 Finland	-7.6	-7.7	-3.1
52 Ukraine	-7.8	-1.6	-1.6
53 Sweden	-8.8	-10.2	-4.5
54 Hong Kong SAR	-10.3	-6.1	1.4
55 New Zealand	-13.0	-4.5	-4.1
56 South Korea	-15.7	-8.5	1.4

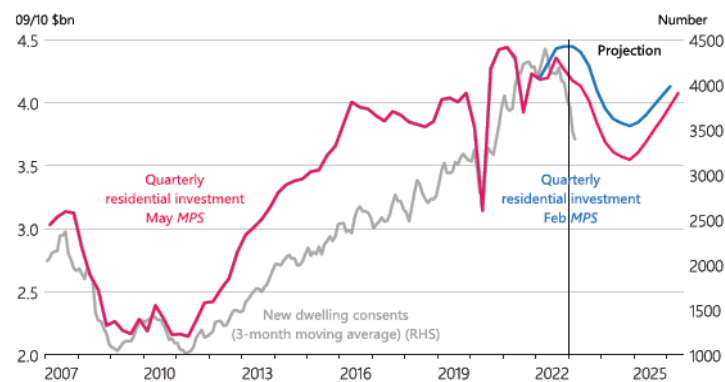
The NZ housing market

House price inflation (annual, nominal)



Source: REINZ.

Residential investment and consents (seasonally adjusted)



Source: Stats NZ, RBNZ estimates.



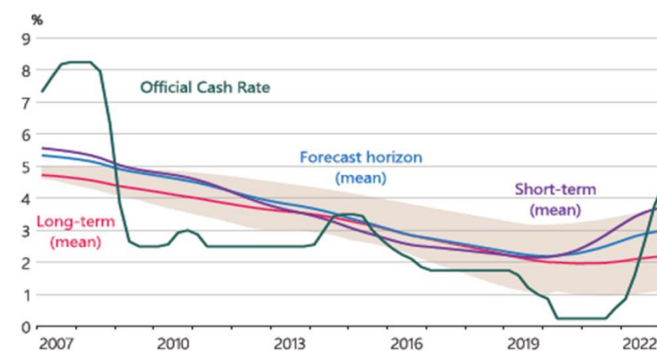
Mortgage interest rates



Source: interest.co.nz, RBNZ estimates.

Note: The rates shown for the fixed terms are the average of the advertised rates from ANZ, ASB, BNZ, and Westpac, shown as weekly data. The floating rate represents the monthly yield on floating housing debt from the RBNZ Income Statement survey.

OCR and nominal neutral OCR indicator suite (quarterly average)



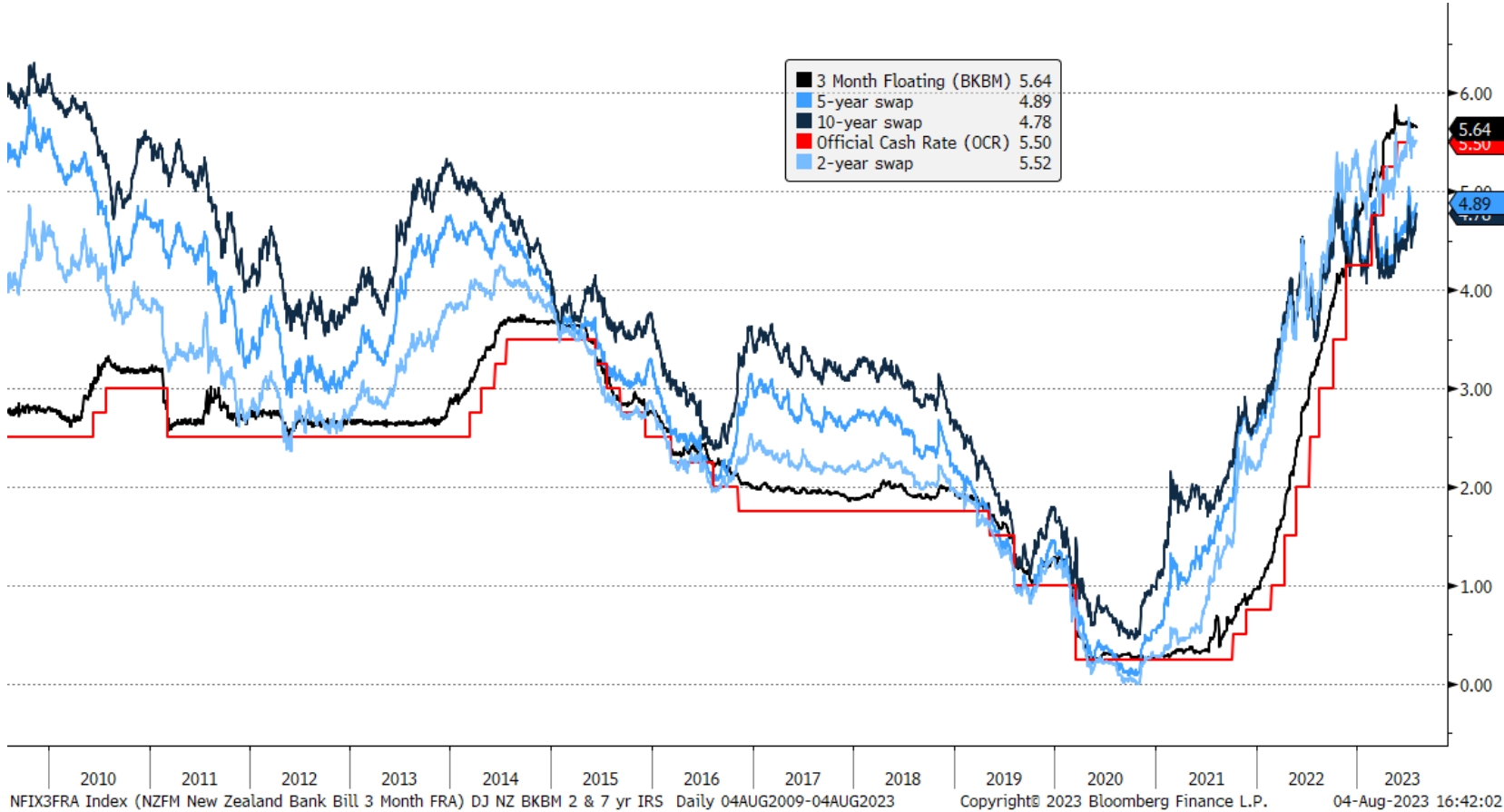
Source: RBNZ estimates.

Note: The shaded area indicates the range between the maximum and minimum values from our suite of long-run nominal neutral OCR indicators. See chapter 4.1 of the November 2022 Statement for more information.

**RBNZ
Neutral
range
between
2.00% &
3.75%**

NZ OCR, BKBM and swap rates

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Memorandum

To: The Executive and Commissioners

From: Raj Naidu: Corporate Planner

Subject: Amendments to report and attachment of 7 August SFRC meeting.


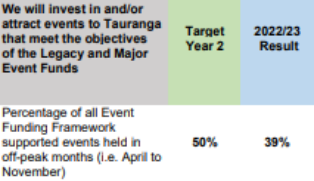
Date: 4 August 2023

Purpose: To inform the Executive and Commissioners of corrections in 'Q4 Financial and Non-Financial Monitoring report to 30 June 2023 - Draft results' report and Attachment 4 Q4 (01 April - 30 Jun 2023) - Non-Financial Performance Off Track Measures - A14903968.

Background

During due diligence on the Venues and Events Q4 Monitoring Report for the Annual Report, staff became aware that data was not reflected correctly and once rectified, one of the KPIs for Venues and Events which had been reported as 'not achieved' has in fact been achieved.

Results summary

Currently reported	Amended information	Notes
<ul style="list-style-type: none"> 64 measures (64%) achieved 32 measures (32%) not achieved 	<ul style="list-style-type: none"> 65 measures (65%) achieved 31 measures (31%) not achieved 	<ul style="list-style-type: none"> Pages 61, 64 and 76 of the agenda
<ul style="list-style-type: none"> 32 measures, across 12 groups of activities, are off-track. In detail, these are: Community Services – six not achieved from 20 measures 	<ul style="list-style-type: none"> 31 measures, across 12 groups of activities, are off-track. In detail, these are: Community Services – five not achieved from 20 measures 	<ul style="list-style-type: none"> Page 64 of the agenda
<ul style="list-style-type: none"> It should be noted that of the 32 measures that were not achieved above 	<ul style="list-style-type: none"> It should be noted that of the 31 measures that were not achieved above 	<ul style="list-style-type: none"> Page 65 of the agenda
<ul style="list-style-type: none"> Community Services – 13 achieved, six not achieved, and one not measured 	<ul style="list-style-type: none"> Community Services – 14 achieved, five not achieved, and one not measured 5 of 20 measures not achieved 	<ul style="list-style-type: none"> Pages 77 and 85 of the agenda
	<ul style="list-style-type: none"> Result is 59% 	<ul style="list-style-type: none"> Page 86 of the agenda

Further action(s) needed

- Amended information to be captured in the minutes of the 7 August SFRC meeting.
- Relevant sections within the draft Annual Report 2022/23 to be updated accordingly.



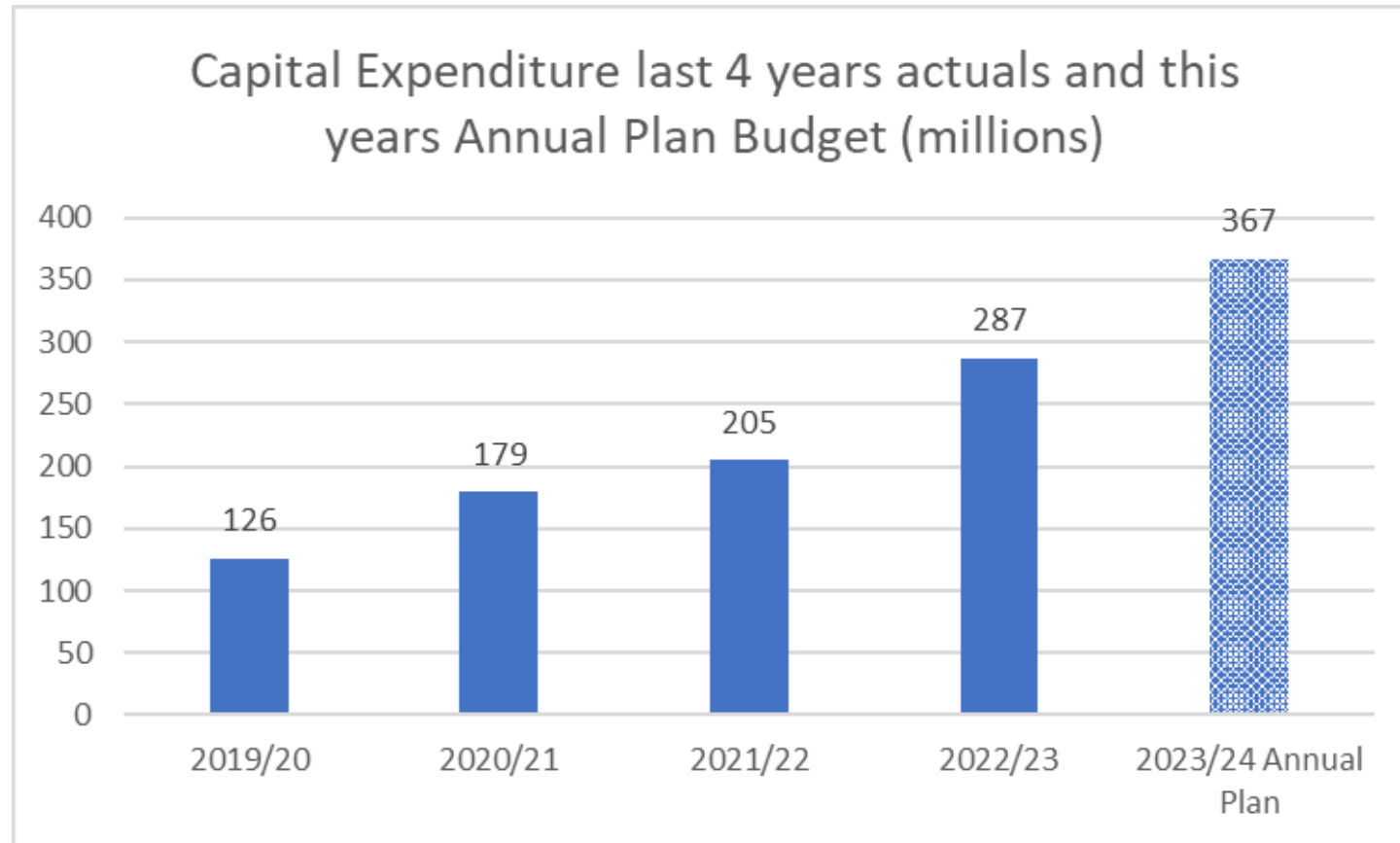
2023/24 Capital Programme



Agenda

- Past Performance
- Year Ahead
 - Spaces & Places
 - Transport
 - Waters
 - City Centre & Civic

Past Performance



Spaces & Places

Projects Being Completed FY24



Projects Being Completed FY24



Projects Moving into Delivery FY24



Continuing Project Delivery



Transport

Transport Projects



Poike Road Retaining Wall



Kingswood Speed humps



Windsor Princess Crossing



Blindzone Demonstration – Travel Safe



Totara street



Wairoa Cycleway



Waters

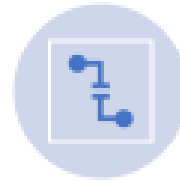
Collaboration (TCC & WBOPDC) – 2 years of joint contract



\$32.8 million spend
in first two years



Achieving outcomes
sought as part of
this collaboration



Relationship is
strong



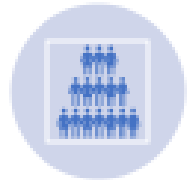
High customer
satisfaction



Shared resources
(Cont Mgmt and
Ops Support)



Pump station
renewals
programme
included to take
advantage of
contract rates



108 Downer Staff
working in our
region

- 3 partners (Downer, TCC and WBOPDC)
- Celebrating 2 years of contract
- Breakfast, awards and recognitions



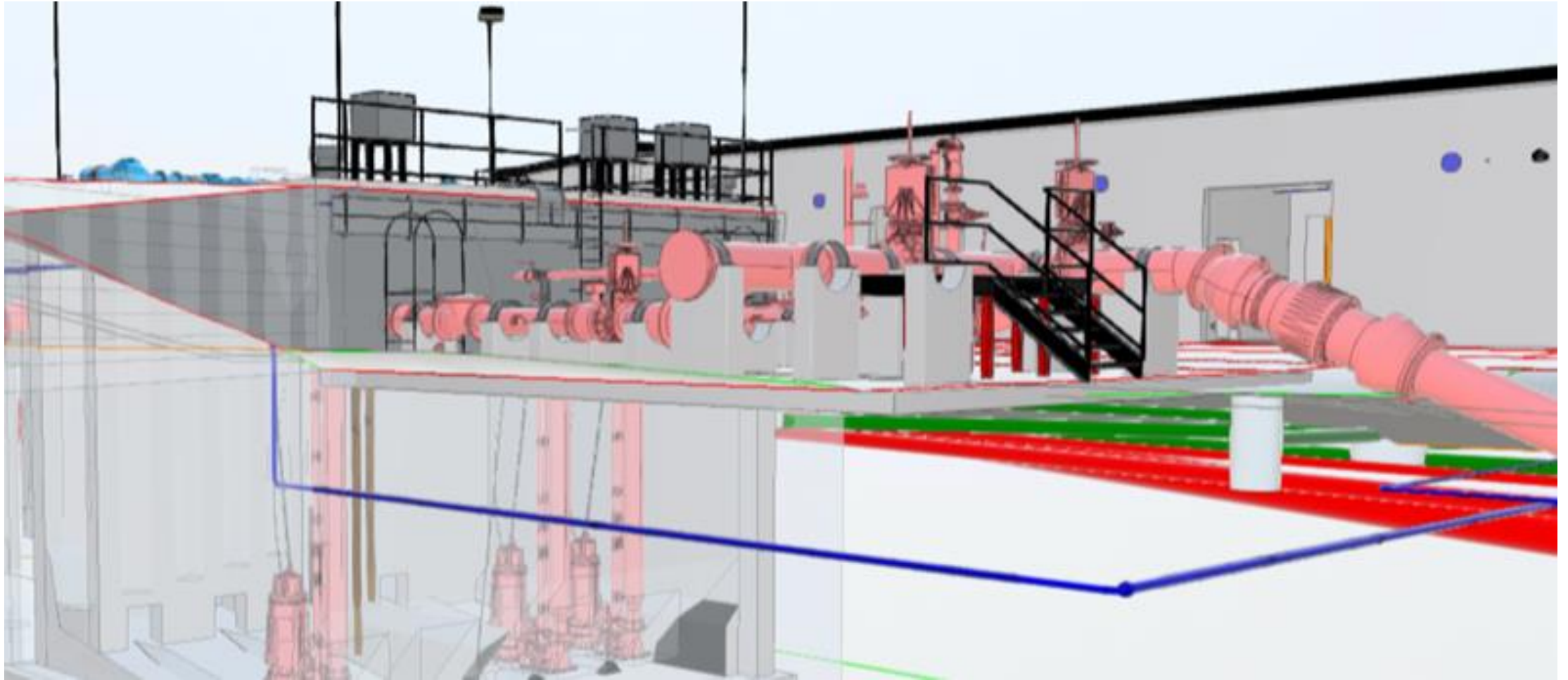
24 hour & 7 day working week



Opal Drive Wastewater Pump Station



Construction of a new pump station to replace the existing one which is end of life. Highly complex and challenging build estimated to take 18 months, construction cost estimate is \$26M. Image from 3D model below cut away to show pumps in the wet well etc. Also attached link to a recent render of what it will look like.



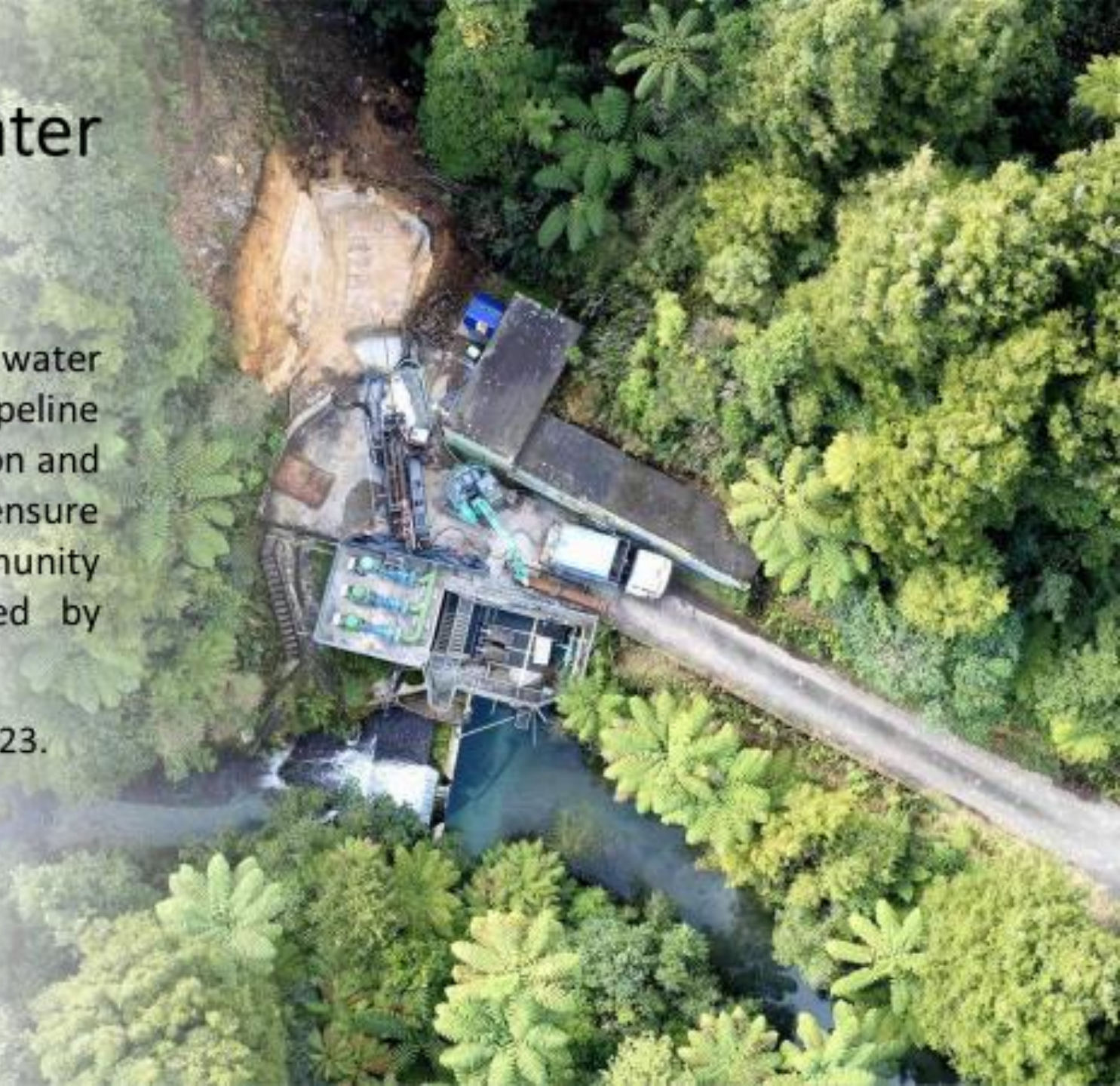
Project: Tautau Raw Water Pipeline Duplication

The project aims to enhance Tauranga's water supply resilience by adding a backup PE pipeline between Tautau Stream Intake Pump Station and Oropi Gorge Road Reservoir. To ensure continuous water supply to the community should the existing pipeline be affected by severe natural hazards.

Construction Timeframe: June 2023 – Dec 2023.

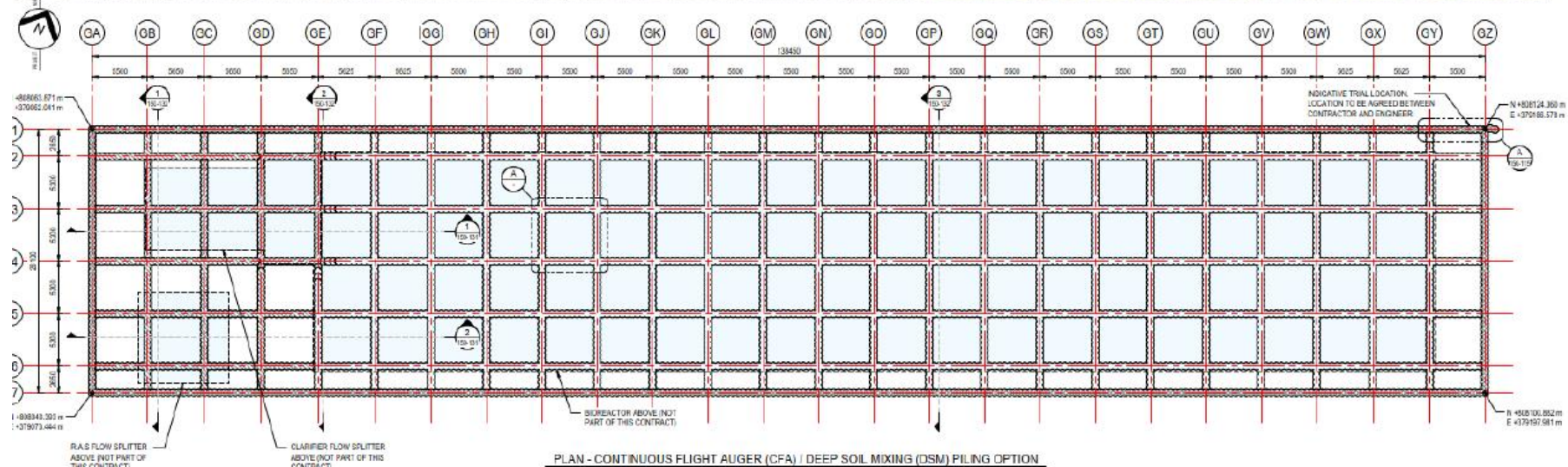
Construction Contract Value: \$2.4m

Project Manager: Michael Zhou





3078 piles x 850mm dia x 9 m deep
 Construction start: 1 April 21
 Construction complete: January 25
 Construction Cost \$10m
 Contractor: Brian Perry Civil





CFA Pile Installation

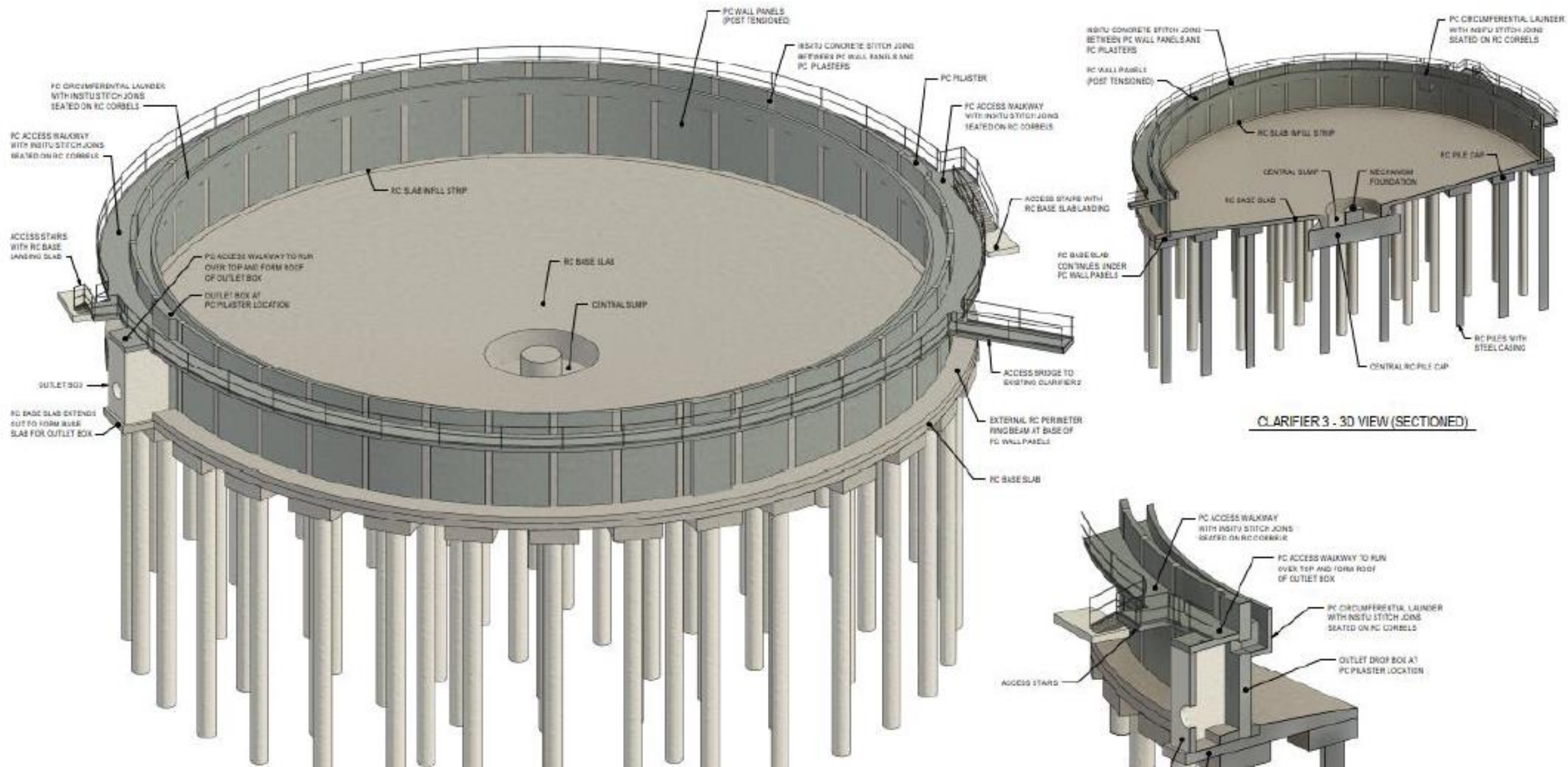




Te Munga Wastewater treatment Plant

Clarifier 3







40m in diameter

6m deep

89 piles x 900mm diameter x 20m deep

Construction start: 1 August 23

Construction complete: December 25

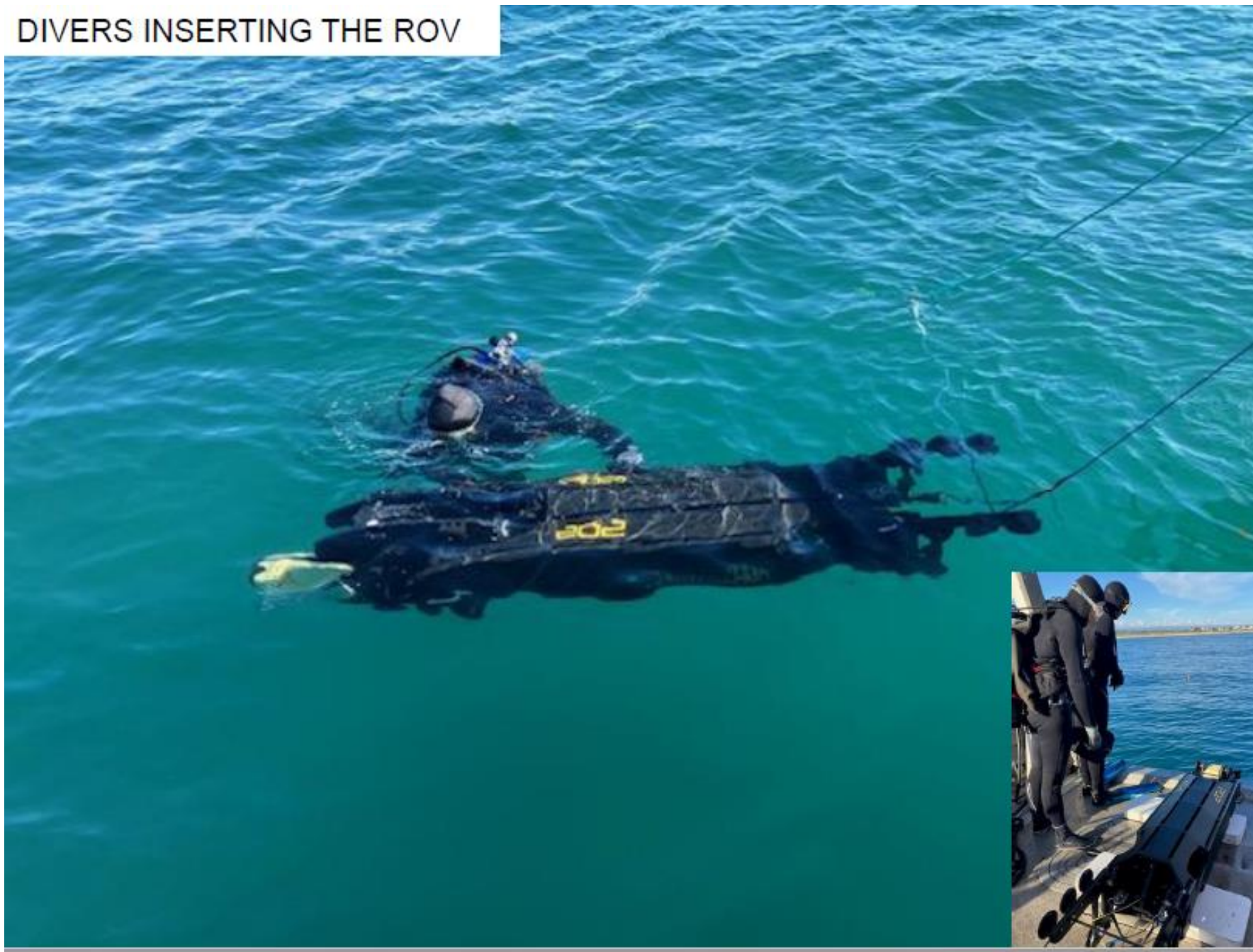
Construction Cost \$18.5m

Contractor: HEB Construction Ltd

Ocean Outfall Investigations- Planning ahead



DIVERS INSERTING THE ROV





IMAGES OF GROUT INTRUSION AT JOINTS





City Centre and Civic Programme

- Recently completed
- Completed pre-Xmas
- Started pre-Xmas
- Ongoing



Recently completed – Dive Crescent North car park



Completed pre-Xmas – Red Square activation



Started pre-Xmas – Northern Seawall



Ongoing – 90 Devonport Rd

End

Slides below not required

Spaces & Places Programme

Projects Being Completed FY 24:

- FY 24 will see the completion of the delivery of a number of key projects:
 - Marine Parade Coastal Pathway – Early 2024
 - Omanawa Falls – Late 2023
 - Kopurererua Stream Realignment – Mid 2024
 - Destination Skatepark – Early 2024
 - Papamoa Shared Path - Early 2024
 - Elizabeth Street Streetscape – Late 2024

Projects moving to Delivery:

- Design and construction of Community Centre's in Gate Pa and Merivale – In contract late 2023
- Delivery of sports facilities as part of Active Reserve Investment Programme
 - Delivery of larger facilities – such as clubrooms in Gordon Spratt Reserve, Blake Park High Performance Field and Links Ave Artificial Turf

Continuing Project Delivery on:

- Delivery of community amenity improvement programme across TCC Parks, Reserves and Facilities (over 60 smaller projects) - walkways, playgrounds, etc
- Delivery of Active Reserve Investment Programme - continuing with programme of improvements across other Active Reserves – field upgrades, lighting, etc



Transport Programme

Investment

Business cases are progressing on several large-scale projects, including the 15th Ave / Turret Rd / Welcome Bay Corridor, Cameron Road Stage 2, and Accessible Streets for both Otumoetai and Arataki / Mount Maunganui. These are estimated to move to the Construction / Delivery workstream towards the end of FY24, with construction currently estimated to begin early FY25.

Construction / Delivery

- Cameron Road Stage 1 is nearly complete, due for completion before Christmas. Contractual Practical Completion in Jan 24.
- Construction has begun on PEI Stage 2 – Te Okuroa Dr / The Sands Ave intersection, also due for completion before Christmas.
- PEI Stage 3 – Construction of Interchange due to begin in September and is estimated to last two years.
- Physical Works for Maunganui Road - Phase 4 (Tui St to Hull Rd) will be tendered in September, with construction estimated to start in October and to have the first phase completed in time for the Skatepark.

Safety / LCLR

More than 50 projects currently in design, with most due to start construction before Christmas. These include:

- | | |
|---------------------------------------|-----------------------------------|
| • 13 Local Road Improvements | • 12 Road to Zero safety upgrades |
| • 12 Walking and Cycling Improvements | • 14 School Safety upgrades |

Building our vision and our values

Our purpose (OUR WHY)

We take care of the **wai**, and the **wai** will take care of us

Vision (OUR WHAT)

We provide all essential water services to all of our communities

Values (OUR HOW)

Respect for the wai

- Take care of it because it's the only water we have
- Be mindful of our actions
- Deliver quality service focused on future sustainability

Other key words: no pollution; effective utilization; leave it better than we found it

Respect for the people

- Taking care of oneself and others
- Genuinely engage to create greater awareness and understanding of each other
- Working together in an open, collaborative way to build trusted relationships

Other key words: safe, learning environment, shared values, open communication, approachable, trust

Respect for the place

- A caring approach to our environment
- Leave it better than you found it
- Working toward a sustainable future for all our families and communities

Other key words: culture and heritage, protecting, pollution, right resources

Way of working (OUR WAY)

We create a positive work environment by valuing and appreciating others

We look out for each other to help us be safe and well

We learn from our successes and mistakes to continuously improve the way we work and the way we work together

We engage regularly to foster our trusted partnership and talk things through

We take pride in our mahi because water is important for life

Water Meter Renewals

There has been a rolling programme of Water meter renewals which commenced in 2013

In addition to traditional meter renewals various meters that were difficult to read due to access or H&S reasons were replaced with Smart Water Meters that can be read by drive by.

About 1,000 meters were identified as difficult to read & to date about ¾ replaced.



Lessons Learnt



Eastern Corridor Wastewater - Tangata whenua



The Eastern Corridor wastewater programme will provide for long term growth in the Wairakei and Te Tumu urban growth areas, the programme includes two pump station projects (including Opal Dr) and four pipeline projects. Initial engagement with Nga Potiki and Waitaha has highlighted the at times piecemeal approach to consultation or engagement in relation to infrastructure delivery they have experienced. In response the project management team are looking to engage at both the programme and project level with a view to having Nga Potiki and Waitaha develop cultural impact statements that consider the programme and can inform decisions at the project level. This approach will be discussed during engagement with other affected tangata whenua parties.





TC94/19 Tautau Raw Water Pipeline Duplication — Project Manager: Michael Zhou



Listening to the community feedback



Opal Dr Rising main renewal (complete)



Renewal of 1340m of existing rising main. Adopted a section (500m) of above ground pipeline to mitigate construction and long term seismic risks. This approach allowed us to provide added value through the delivery of a boardwalk section to provide the required structural support for the pipeline. During the route selection process we engaged with stakeholders and the public on 3 options, the adopted received the most support from respondents.



During construction a few members of the public voiced concern over safety while using the boardwalk, in response we have installed a CCTV camera at Domain Rd that can see the whole alignment, picture below is of the far end of the boardwalk from the CCTV camera. Thank you to the TTOC team for their assistance in getting the camera installed.