



AGENDA

Strategy, Finance and Risk Committee meeting Monday, 19 February 2024

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

Date: Monday, 19 February 2024

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: www.tauranga.govt.nz.

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:

- 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;
- to consider strategic issues facing the city and develop a pathway for the future;
- to monitor progress on achievement of desired strategic outcomes;
- 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 **not** 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;
 - o adopt the Annual Report;
 - o 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 4 December 2023

File Number: A15491507

Author: Anahera Dinsdale, Governance Advisor

Authoriser: Anahera Dinsdale, Governance Advisor

RECOMMENDATIONS

That the Minutes of the Strategy, Finance and Risk Committee meeting held on 4 December 2023 be confirmed as a true and correct record.

ATTACHMENTS

- 1. Minutes of the Strategy, Finance and Risk Committee meeting held on 4 December 2023**



MINUTES

Strategy, Finance and Risk Committee meeting

Monday, 4 December 2023

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UNCONFIRMED

**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, 4 DECEMBER 2023 AT 9.30AM**

PRESENT: Commission Chair Anne Tolley (Chairperson), Commissioner Shadrach Rolleston, Commissioner Stephen Selwood, Mr Te Pio Kawe, Ms Rohario Murray

IN ATTENDANCE: Marty Grenfell (Chief Executive), Paul Davidson (Chief Financial Officer), Barbara Dempsey (General Manager: Community Services), Nic Johansson (General Manager: Infrastructure), Christine Jones (General Manager: Strategy, Growth & Governance), Ceilidh Dunphy (Acting General Manager: Corporate Services), Sarah Omundsen (General Manager: Regulatory and Compliance), Lisa Gilmour (City Partnership Specialist), Carlo Ellis (Manager: Strategic Māori Engagement), Carl Lucca (Team Leader: Urban Communities), Jeremy Boase (Manager: Strategy & Corporate Planning), Andy Mead (Manager: City Planning & Growth), Janine Speedy (Team Leader: City Planning), Sharon Herbst (Policy Analyst), Richard Butler (Community Partnerships Funding Specialist), Ruth Woodward (Team Leader: Policy), Vicky Grant-Ussher (Policy Analyst), Jennifer Ross (Policy Analyst), Nigel McGlone (Manager: Environmental Regulation), Reece Wilkinson (Parking Strategy Manager), Coral Hair (Manager: Democracy & Governance Services), Anahera Dinsdale (Governance Advisor),

EXTERNAL: Nigel Tutt (Chief Executive) and Greg Simmonds (General Manager: Workforce and Policy), (Priority One) and David Phizacklea (Consultant – Mount Maunganui Industrial Study),

1 OPENING KARAKIA

Commissioner Shadrach Rolleston opened the meeting with a karakia.

2 APOLOGIES

COMMITTEE RESOLUTION SFR9/23/1

Moved: Commissioner Stephen Selwood

Seconded: Ms Rohario Murray

That apologies from Dr Wayne Beilby, Commissioner Bill Wasley, Ms Matire Duncan and Mr Bruce Robertson be received and accepted.

CARRIED

3 PUBLIC FORUM

None

4 ACCEPTANCE OF LATE ITEMS

4.1 Acceptance of late item - Local Alcohol Policy - Legal Advice (public excluded)

COMMITTEE RESOLUTION SFR9/23/2

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Stephen Selwood

That the Strategy, Finance and Risk Committee:

- (a) Accepts the late tabled report "Local Alcohol Policy – Legal Advice" to be considered in the public excluded section of the meeting as the legal advice was received after the agenda, it cannot be delayed to a subsequent meeting as there was a statutory timeframe to a decision which expires on 10 December 2023.

CARRIED

5 CONFIDENTIAL BUSINESS TO BE TRANSFERRED INTO THE OPEN

None

6 CHANGE TO ORDER OF BUSINESS

None

7 CONFIRMATION OF MINUTES

7.1 Minutes of the Strategy, Finance and Risk Committee meeting held on 30 October 2023

COMMITTEE RESOLUTION SFR9/23/3

Moved: Commissioner Shadrach Rolleston

Seconded: Commissioner Stephen Selwood

That the minutes of the Strategy, Finance and Risk Committee meeting held on 30 October 2023 be confirmed as a true and correct record subject to the following correction:

7.1 Minutes of the Strategy, Finance & Risk Committee meeting held on 18 September 2023

Wording Correction below as it was incorrect.

Committee Member, Rohario Murray. declared she had worked on Resource Management Act reform and, while she didn't directly work on legislative reforms for Three Waters, there may be potential interactions between the two. She would not take part in any discussions relating to the RMA or Three Waters reforms

Commissioner Rolleston mentioned this change would be necessary for his declaration as well.

CARRIED

7.2 Minutes of the Strategy, Finance and Risk Committee meeting held on 13 November 2023

COMMITTEE RESOLUTION SFR9/23/4

Moved: Commissioner Stephen Selwood

Seconded: Ms Rohario Murray

That the minutes of the Strategy, Finance and Risk Committee meeting held on 13 November 2023 be confirmed as a true and correct record.

CARRIED

8 DECLARATION OF CONFLICTS OF INTEREST

None

9 BUSINESS

9.1 Refreshed outline plan of the Committee's upcoming work programme

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Jeremy Boase, Manager: Strategy & Corporate Planning

Key points

- Staff delayed the introduction of new projects/processes that would not be completed by this Committee before the change of Council in July 2024.

In response to questions

- Trees and Vegetation Policy Action and Investment Plan was in place now However the fine grain rules that staff follow needed to be tidied up.
- A discussion was held around the removal of Risk Deep Dives. This item would be further discussed in 2024.

Discussion points raised

- The Commission Chair noted that there was potentially further work on the Local Alcohol Policy (LAP) given the report in the public excluded session of this meeting, and therefore the LAP should not be removed from the work programme in 2024.
- It was noted that the Election Signs Policy was to be removed from the work programme and would be considered again after the Council elections in July 2024.

COMMITTEE RESOLUTION SFR9/23/5

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Refreshed outline plan of the Committee's upcoming work programme".
- (b) Notes the updated outline work programme for the Committee per Attachment 1 and that further work on the Local Alcohol Policy is likely to be added to the work programme and the Election Signs Review be removed.

CARRIED

9.2 Priority One Annual Report 2022/2023

Staff Lisa Gilmour, City Partnership Specialist

External Nigel Tutt (Chief Executive) and Greg Simmonds (General Manager: Workforce and Policy, Priority One)

PowerPoint presentation.

Key points

- The report was taken as read.
- The Annual Report was provided by the economic development agency to Council as part of its role to ensure the organisation's performance was consistent with Council's partnership agreement with them.
- Key achievements were outlined in the PowerPoint presentation which set out key economic metrics that included the sub-region and Tauranga City.
- The economy was in reasonable shape with jobs being created and historically low unemployment figures. The mean annual income and housing and rental affordability were weaker parts of the economy and had longer term structural implications for the economy.
- While Tauranga was the fifth largest city with a fast growing economy, the mean annual income was below the New Zealand average. It was important that people shared in the prosperity and Priority One was working to increase the mean annual income by innovatively creating higher value industries with higher value jobs.
- Priority One encouraged industry scale and success and focused on leveraging education systems to target skills. Priority One did a lot of work to get youth into university/trade pathways. The focus was also to improve Māori education and workforce outcomes to increase mean annual earnings for Māori.
- In terms of the economic outlook there was a decline in business confidence in the last few months due to high inflation and interest rates and this would continue to impact on businesses for the next six months. Some degree of retrenchment was occurring, although not wholesale, and it was more pronounced than a year ago.
- With a tight talent market businesses were holding onto staff which impacted on the costs for businesses. Businesses here needed more talent as there was a loss due to people moving to Australia and the aging workforce coming up for retirement.
- Kiwifruit was on the way up, after two bad years and, at 12% of the economy, this had an impact on retail spend and unemployment.
- In terms of what the Council could expect to see from Priority One in 2024 there would be a focus on businesses assisting with the infrastructure deficit; sustainability to get businesses engaged to develop a better environmental footprint; attracting and retaining talent and developing higher value industries that paid more and required more skilled workers.

In response to questions

- Agreed that the largest economic risk would be housing, especially with the future demographics of an aging population that needed to be supported and needed people to do that, with the largest employing sectors, health care and construction, at risk. Priority One would emphasize this risk.
- In terms of the future workforce Priority One was focussed on education and pathways to ensure local home grown talent was assisted into employment and creating talent pipelines for the region's businesses. Local Authorities can assist by including procurement policies that include local Māori businesses.
- In response to questioning about understanding the future workforce in Tauranga, the next generation and dealing with millennials, Gen X and Gen Z, Priority One saw the future was Māori, given that Tauranga had the second highest proportion of Māori Youth in the country, outside of South Auckland. Priority One had strong partnerships with Toi Kai Rawa (the Bay of Plenty's Regional Māori economic development agency) and supported them to deliver STEAM

(science, technology, engineering, arts and mathematics) in schools, as well as internship programmes with local primary industries, so that Māori and Pacific youth could see themselves in those high value roles of the future. Congratulated TCC on employing 23 interns this year and Priority One worked with employers to encourage this type of programme and believed it was a benefit to employers to access youth early.

- Launched a series “Business beyond Usual” that included an education programme on the future of work looking at employment law and ramifications and examples of where employers were utilising the older age demographics and transferring skills to younger employees.
- In response to how to attract talent when rental costs were so high and more houses were needed, Priority One stated that it was a circular discussion i.e. needed more people to serve other people, but to get there houses were needed to be built. Needed to press both levers at the same time, but it was difficult to get the balance. Priority One focussed on ensuring people that came to Tauranga, were retained here, thrived and got their dream they came to Tauranga to find, which relied on good housing and roading networks. A constant push on infrastructure and housing was one thing and right sized talent attraction was the other thing. In terms of it's role in helping the city through re-build, Priority One saw that it was much better if done together and included educating the community on what to expect and why. Priority One looked at 10-15 year future planning for talent to provide for infrastructure projects. Priority One could be of assistance with understanding specific parts of the city i.e. industrial location. .

Discussion points raised

- Thanked for work and partnership. Enjoyed the data driven approach to determine priorities.
- It was powerful to have a joined up message from Priority One and the Council to central government on the issues the city was facing in terms of the lack of affordable housing, with housing being 10x the average income, among the worst in New Zealand.
- However, the link between infrastructure and the cost of housing needed to be emphasised more by Priority One.
- The lack of transport infrastructure enabling land availability was driving house prices up. Failure to deliver the infrastructure meant less land available for housing. This story was not well understood in Wellington and collectively we needed to do more to get an understanding of this politically and within the community.
- A recent presentation by Dr Paul Spoonley on changing demographics nationally had highlighted the need for Council to be aware of the changing demographics and include this in future thinking and consider how to cater to the needs of an aging population. Dr Spoonley gave an example that a female pakeha woman born today had a life expectancy of 93 – 94 years and half of her cohort would be over the age of 100 years. In terms of housing for example, the Council needed to be thinking about providing more 1-2 bedroom houses for people over 65 years to move into and freeing up larger 3-4 bedroom houses with low occupancy rates by the over 65s to achieve greater housing optimisation.
- In terms of migration, Tauranga has the highest net internal migration but did not have the same levels of international migration as other metros. There was a change in migration from China to other parts of Asia, including the Philippines. Priority One's focus on higher skilled talent was supported to attract skilled people that were needed to be able to grow as a city and region.

COMMITTEE RESOLUTION SFR9/23/6

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Priority One Annual Report 2022/2023".

CARRIED

Attachments

- 1 Presentation - Nigel Tutt - Priority One

9.3 Mount Industrial Planning Study Key Recommendations

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Carl Lucca, Team Leader: Urban Communities
David Phizacklea, Consultant – Mount Maunganui Industrial Study

PowerPoint presentation.

Key points

- The report was taken as read. Report follows on from the workshop that was held on the 30 October 2023.
- The Mount Industrial Planning Study was the plan for the future of the industrial area and identified a programme of actions.
- The Mount Industrial Plan was part of the Mount to Arataki Spatial Plan.
- This work also fed into the transport options for Hewlett's Road, Totara Street and Hull Road which was being led by Waka Kotahi.
- Over the last 12 months, the staff worked with mana whenua, community, the impacted businesses, and Priority One. The community voice was strong with phase one and two engagement from the Mount to Arataki Spatial Plan.
- If a plan change was undertaken, Tauranga City Council needed to adopt requirements under the National Planning Standards. Council currently had one industrial zone across the whole city.
- The Tauranga City Plan recognised the existing use rights of businesses and provided for their future operations.
- It was recommended that land use interventions were intended to look at how city's would look at transitioning industrial areas to lighter industrial uses with less impact on the environment.

Vision and Objectives

Key points

- Eight key challenges were identified and stakeholders were asked to reflect on these challenges when they thought about interventions.
- The vision was developed with three scenarios (Business as usual, expansion and environmental limits) through various workshops held with stakeholders and individuals. A balanced approach was taken and reflected in the vision and objectives in recommendations (b) and recommendation (c) took a partnership approach.
- Priority One would be working with the industrial businesses and a cultural report was currently being completed for the Mount to Arataki Spatial Plan. This report included cultural mapping.

In response to questions

- Higher value land use was determined economically.. In terms of the Council's role in promoting higher value land use it was not about replacing industrial use with commercial use but using the limited amount of land more efficiently i.e. taller, larger buildings with more capacity, higher employment yields at edges with transition areas other land uses..
- When the eight objectives of the vision were implemented they needed to be considered together. A balanced approach was required with best practice to ensure that the interface areas with mana whenua were improved over time and the issues that currently existed were addressed.
- The vision and objectives were future focussed.

Discussion points raised

- One of the key challenges that had not been addressed were the businesses who did not want to move from their current location.
- It was noted that 'reverse sensitivity' was a term used by Council planners that could be misinterpreted by the public.

- It was identified that the inherent conflict was that Whareroa Marae was surrounded by an industrial area and the largest export port in Aotearoa. It was noted that this would not change immediately but this vision was implemented to manage this conflict and the affects on Whareroa and to seek change over time.

Policy options and recommendations

Key points

- Four main recommendations in the report set out the policy interventions to be considered through the Tauranga City Plan.
- The first recommendation was adopting appropriate zoning consistent with the National Planning Standards requirements.
- The second recommendation was to introduce land use interventions to progress a transition to lighter industry over time adjacent to sensitive land uses in proximity to Whareroa and Newton Street and MacDonald Street and create a greater separation distance.
- The third recommendation was to restrict residential activities in current commercial zoned areas of the Mount Maunganui Airshed at Newton Street and MacDonald Street.
- The fourth recommendation was to provide for avoiding and mitigating existing environmental impacts of existing businesses.
- Reviewed best practice approaches with industrial land use interfacing sensitive areas in the Auckland Unitary Plan and the Wellington City District Plan.
- Three options were identified and staff recommended Option 2, introducing controls to regulate future industrial land use activities.
- Priority One Mount Maunganui Industrial Blueprint was currently under development.
- Connecting Mount Maunganui transport and movement options was also under development. An Indicative Business Case was expected in April 2024.

In response to questions

- One of the considerations to work through was that any plan change did not contain an economic disadvantage. Businesses were concerned that a different set of regulations may impact on the value of the land.
- Demand for container storage areas was growing and the City Plan provided for these activities currently and these would be provided for under a light industrial zone with controls to deal with the effects, e.g. hours of operation, noise generation etc. A section 32 report economic analysis would be undertaken to understand what industries might thrive and what industries may require bespoke rules to avoid negative impacts.
- Option 3, relocation of industrial businesses with tighter controls, was constrained by the existing use rights that businesses currently had, and there was no ability to compel businesses to move. Any movement would be based on business decisions.
- Under Option 2, an existing business would not be allowed to add a new activity that included discharge to air, however any activity that would improve environmental outcomes would be a permitted activity. This would provide certainty to businesses.
- Two bitumen plants were proceeding through resource consent processes and issues relating to odour and air quality were being addressed through this process.
- The detail of the Connecting Mount Maunganui preferred option was not known, however alignment would occur once decisions were made and be integrated with the Mount Industrial Planning Study and the Mount Arataki Spatial Plan.
- Recommendation (e) was to endorse key interventions listed in Attachment B for consideration through the Mount to Arataki Spatial Plan which would set a direction and enable the Committee to pick this up in the new year.
- Ngāti Kuku's preference was to see the historic Whareroa viewshaft to Mauao returned and it was important this was recognised.
- An intervention was included in Attachment B for ongoing and enhanced monitoring of air quality, waterways and land to work with the BOP Regional Council, mana whenua and businesses to monitor environmental effects and understand the cumulative effects over time

from all sources and the impact of interventions in reducing these effects.

Discussion points raised

- Concern was expressed about the proliferation of container storage areas under a light industrial zone could potentially result in worse amenity value and financial impacts for the city.
- Keen to investigate non-regulatory methods.
- Important to have a conversation with mana whenua on their aspirations for residential development around Whareroa.
- The main concern for the Council was the wellbeing of the people and determining how to hold existing businesses to account to achieve better environmental and social outcomes.
- Noted that matters from Connecting Mount Maunganui would flow into the Mount Industrial Plan and the Mount to Arataki Spatial Plan. Caution was required until there was good understanding of how the interventions would work and until then there was a level of discomfort.
- The airport was not included in the Mount Industrial Planning Study, however it would be useful for the Manager Tauranga Airport to address the Committee in the new year on the statistics of flights over Whareroa marae.

The following changes were made to the resolutions:

- Recommendation (b) bullet point five of the vision be elaborated to read “*Promoting opportunities for higher value land uses that promotes economic, environmental, social and cultural outcomes*”.
- Recommendation (b) bullet point two, add the words “*and providing for*” to read “*Recognising the importance and providing for the importance of the area to mana whenua.*”
- Recommendation (c) added the words “*noting that the environmental standards would have the most immediate impacts, and any land use changes will have most impact over the longer term.*”
- Recommendation (e) add the words after the Tauranga City Plan “*Industrial and Commercial zoning review*”.
- Recommendation (e) (ii) delete the sentence “*for the purpose of providing a buffer between heavy industrial and sensitive land uses, and/or requiring any new heavy industrial activities to go through a resource consent process for the use of that land*”
- Recommendation (e) new (iv) “*Engage with Whareroa around future aspirations for residential activity*”.

COMMITTEE RESOLUTION SFR9/23/7

Moved: Commission Chair Anne Tolley

Seconded: Commissioner Stephen Selwood

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Mount Industrial Planning Study Key Recommendations".
- (b) Endorses the vision and objectives from the Mount Industrial Planning Study, being:

An economically productive, healthy and connected industrial area that fits with the surrounding environment and communities.

We will work together to deliver on this vision by:

- *Proactively managing land use activities to enhance the environmental, cultural and social wellbeing of our community*
- *Recognising and providing for the importance of the area to mana whenua*
- *Adopting best practice and innovation*
- *Improving accessibility and movement within and through the area of both*

people and goods

- *Promoting opportunities for higher value land uses that promotes economic, environmental, social and cultural outcomes*
 - *Delivering the necessary infrastructure to support business growth*
 - *Considering our response to climate change, technological changes and hazard risks.*
- (c) Recognises that achieving the vision will require partnership with Bay of Plenty Regional Council – Toi Moana, mana whenua and stakeholders noting that the environmental standards would have the most immediate impacts, and any land use changes will have most impact over the longer term.
- (d) Endorses the key interventions listed in Attachment B to this report for consideration through the Mount to Arataki Spatial Plan and notes the implementation of these is dependent on funding and commitments from all agencies and stakeholders.
- (e) Approves the following land use policy interventions for consideration through the Tauranga City Plan (Industrial and Commercial zoning review), subject to robust analysis and the requirements of Schedule 1 to the Resource Management Act 1991 being met:
- i) Adopting the appropriate zoning to manage existing and future industrial activities, consistent with the National Planning Standards 2019 requirements.
 - ii) Introducing controls to regulate future industrial land use activities adjacent to sensitive land uses in proximity to:
 - Whareroa
 - Newton Street and MacDonald Streets
 - iii) Restricting residential activities in current commercial zoned areas of the Mount Maunganui Airshed.
 - iv) Engage with Whareroa around future aspirations for residential activity.
 - v) Provide for the ongoing operation and investment of existing businesses where environmental impacts are able to be effectively avoided or mitigated.
- (f) Supports a joint agency approach to better managing noise, air quality, odour, amenity, hazards, climate change and transport within the industrial area and adjoining sensitive land uses.
- (g) Acknowledges that mana whenua and the community has requested to see health and environmental impacts addressed.

CARRIED**Attachments**

- 1 Presentation - Mount Industrial Planning Study

9.8 Review of policies on grants for development contributions on Papakāinga Housing and Community Housing

Staff Christine Jones, General Manager: Strategy, Growth & Governance
 Sharon Herbst, Policy Analyst
 Ruth Woodward, Policy Analyst
 Richard Butler (Community Partnerships Funding Specialist)

Key points

- The development contributions on Papakāinga housing and community housing grants were reviewed for a second time.
- A decision was made in early 2023 to allocate a further \$500,000 per grant per annum over three years. This needed to be included in both policies.
- Requested a move from an annual review to a three yearly review in both policies.
- Update the definition of a registered community housing provider (CHP) in the Community Housing Policy to align with the Community Housing Regulatory Authority definition.
- Update the Community Housing Policy to include leasehold home ownership schemes.
- This currently does not meet the criteria.
- The Committee was asked to consider whether to refund GST to CHPs who were not GST registered. One CHP had raised a concern about the treatment of GST. Currently, because the grant was retrospective, GST was initially paid as part of the development contribution. If the CHP was not GST registered, then when the grant was paid, the GST portion was not refunded. This effectively leaves the CHP out-of-pocket as the full amount of the development contribution paid was not covered by the grant.

In response to questions

- If GST was paid, Council would be able to claim this back.
- Only one CHP was impacted by the GST provision and as outlined in paragraph 32 of the report the CHP was a large corporate charity with large net profits and accumulated funds. The Papakāinga Development Contribution grant was an internal transfer and no GST changed hands and the applicant should not be impacted by GST.
- The forecasted papakāinga development would exceed the accumulative value of the Papakāinga Development Contribution grant for the next three years. The quantum of the grant was a resourcing decision as part of the Annual Plan and Long Term Plan processes.

Discussion points raised

The Committee declined the CHP's request to refund GST.

COMMITTEE RESOLUTION SFR9/23/8

Moved: Commissioner Stephen Selwood

Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Review of policies on grants for development contributions on Papakāinga Housing and Community Housing".
- (b) Makes the following amendments to the Grants for Development Contributions on Papakāinga Housing Policy:
 - (i) update the policy to reflect the recent decision to extend the allocation of \$500,000 per annum for a further three years to 2027. This will include amendments for consistency in the definitions of the Grant Fund for Community Funding, the Grant Fund for Papakāinga Housing, and clause 5.1.1.
 - (ii) update the policy from an annual review to a three-yearly review. This will include amendments for consistency in the review date/process box on page one, and clause 5.5.1 and 5.5.2.
- (c) Make the following amendments to the Grants for Development Contributions on Community Housing Policy:
 - (i) update the policy to reflect the recent decision to extend the allocation of \$500,000 per annum for a further three years to 2027 This will include amendments for consistency in the definitions of the Grant Fund for Community

Funding, and the Grant Fund for Papakāinga Housing, and clause 5.1.1

- (ii) update the policy from an annual review to a three-yearly review. This will include amendments for consistency in the review date/process box on page one, and clause 5.5.1 and 5.5.2
 - (iii) update the definition of a registered community housing provider to include that the Community Housing Regulatory Authority requires the community housing provider to “either retain ownership of the community housing, or to oversee tenancy management for the duration of their Income-Related Rent Subsidy agreement”
 - (iv) update clause 2.2 to include leasehold home ownership schemes, so that it reads “community housing developed and owned by, or on land leased from, registered community housing providers (registered CHPs) and accredited transitional housing providers”.
- (d) Adopt the revised policies included as **Attachment 3 and 4** in this report and delegate authority to the General Manager: Strategy, Growth and Governance for any minor tidy ups prior to publication.

CARRIED

9.4 Delivering on Our Direction - keeping it live

Staff Jeremy Boase, Manager: Strategy & Corporate Planning
Carlo Ellis, Manager: Strategic Māori Engagement

Key points

- It was noted this project journey was coming to an end.
- Our Direction was visually represented by Te Kupenga (fishing net) and was a system tailored to portray Tauranga Moana. This aligned with Tai Whanake.
- This strategic framework was built to assist with planning for the city and understand the importance of interconnections.
- Te Kupenga included the five community outcomes and the three approaches.
- Te Kupenga was well-constructed and the different aspects would be considered and connected to have an effective tool to capture all of our aspirations. If one of the outcomes or approaches was missed this would leave a hole in the net and would be less effective as it took all the individual streams being connected to get optimal results. This was considered an improvement of an earlier version.
- A six monthly review of the current year Action and Investment Plan (AIP) actions was proposed with reporting against the current actions starting next year.

In response to questions

- There were currently 38 to 40 Action and Investment Plans in Tauranga City Council. The Commission had adopted 13 and one was currently in the works. Another assessment of the remaining AIPs would happen in the lead up to the 2027 Long Term Plan.

Discussion points raised

- It was suggested that the three approaches, Te Aho Māori, Sustainability and Working beyond Tauranga be reported against and included in the annual reporting cycle.
- Te Kupenga best represented Tauranga as a port city. The net was a representation of Tauranga Moana. The analogy of a hole in a net should assist staff with identifying issues in the framework and repair the ‘hole’.
- It was noted that this framework was a clear direction and commitment.
- “Ka pū te ruha, ka hao te Rangatahi (The old net cast aside, the new net goes fishing)” This whakatauki refers to Te Kupenga being an updated and better version of the old framework.

COMMITTEE RESOLUTION SFR9/23/9

Moved: Commissioner Stephen Selwood

Seconded: Ms Rohario Murray

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Delivering on Our Direction - keeping it live" for information, and
- (b) Notes the proposed monitoring, reporting and review programme outlined in this report.
- (c) Approves the three approaches, Te Aho Māori, Sustainability and Working beyond Tauranga be reported against annually.

CARRIED

9.5 Audit New Zealand - report to the commissioners on the audit of the consultation document for the 2024-34 long-term plan

Staff Paul Davidson, Chief Financial Officer
Jeremy Boase, Manager: Strategy & Corporate Planning

Key points

- The document outlined the audit of the consultation document for the 2024-34 Long Term Plan provided by Audit New Zealand.
- It was noted there was technical disclosures related to three waters.
- It was noted that there were no concerns raised around debt levels and funding of the capital programme.

Discussion points raised

- The ratepayers and residents can have confidence that the LTP for investment and management of the city stands up to a rigorous audit process.
- This was confirmation that Audit New Zealand, along with the Standard and Poors credit rating of A+ clearly demonstrated that the organisation was managing its financial affairs well and these independent reviews confirmed sound financial management.

COMMITTEE RESOLUTION SFR9/23/10

Moved: Commission Chair Anne Tolley

Seconded: Commissioner Stephen Selwood

That the Strategy, Finance & Risk Committee:

- (a) Receives the report "Audit New Zealand - report to the commissioners on the audit of the consultation document for the 2024-34 long-term plan".

CARRIED

9.6 Growth & Land Use Projects Progress Report - December 2023

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Andy Mead, Manager: City Planning & Growth
Janine Speedy, Team Leader: City Planning
Carl Lucca, Urban Planner

Key points

- It was noted that this report was a regular quarterly update of Growth and Land Use Projects.
- Staff worked with Mr Te Pio Kawe around Māori Housing information. This information would be included in the next quarterly update.

- It was noted that the SmartGrowth Strategy was currently in hearing process and decisions were to come.
- The engagement report around Mount to Arataki Spatial Plan would be outlined in more detail.
- The matters included were raised through the submissions and the hearings for Plan Change 33.

Mount to Arataki Spatial Plan Engagement

- The outcomes of engagement primarily with the community and key stakeholder for Stages one and two were included in the report. Specific engagement with mana whenua partners was on-going.
- It was noted that the engagement supported improving air quality and improving walking and cycling connections and safety and strong support was expressed for the coastal path and wanted to see that continued.
- Providing housing choice, increasing visitor accommodation and projects that resulted in conflicts of land use were not supported.
- Staff were committed to continued engagement and communication of the benefits from the Mount to Arataki Spatial Plan.
- The staff did engage with Rangatahi and local schools about the Mount to Arataki Spatial Plan. It was noted that the most diversity for engagement was found at the Bayfair shopping mall. It was suggested for better engagement with Rangatahi/teens were to go to their known hot spots.
- The character of the Mount and the surfing history was not strongly expressed in the report. Staff were aware of the culture and this would come through strongly in the final Mount to Arataki Spatial Plan.
- The engagement process included connectivity with the ocean and the community's main concern was safer access.
- It was noted an additional 5,000 residents over a three year period migrated to the Tauranga area.

In response to questions

- There was a need for ongoing and robust conversations with the community about the reasons why a more compact city was beneficial. The challenge was to truly engage and inform the community on the strategic direction provided through SmartGrowth that supported intensification. Innovative and interesting ways to get the message out and engage with the wider community would be considered next year.
- Tier One councils had difficulty proceeding with density changes due to the unknown future of the legislation. One of the uncertainties for TCC was to how the legislation was drafted and once this was known staff would then seek direction from the Council.
- Tauranga has a major housing shortage and would need to increase housing by going up as well as out and would not be able to opt out.
- It was suggested that the best practice for TCC was to continue with current plan change processes until further instruction from Central Government.

Discussion points raised

- It was suggested for the next quarterly report that the number of houses required be included.
- It was noted that Council needed to find new ways to fund infrastructure development such as IFF.
- The dilemma facing all councils was the NIMBY response to intensification of housing.

COMMITTEE RESOLUTION SFR9/23/11

Moved: Commissioner Stephen Selwood

Seconded: Mr Te Pio Kawe

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Growth & Land Use Projects Progress Report - December 2023".
- (b) Confirms that the:
 - (i) Plan Change 33 process will identify the future residential zoning for the Mount to Arataki area.
 - (ii) Mount to Arataki Spatial Plan will reflect the outcomes of the Plan Change 33 process and provide direction on future investment and policy to support the existing community and future growth.

CARRIED

9.7 City Plan Work Programme

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Andy Mead, Manager: City Planning & Growth
Janine Speedy, Team Leader: City Planning

Key points

- Council had substantially completed Plan Change 33 and the remaining work now sat with the City Plan Hearings Panel.
- A significant amount of work sat with the City Planning team, the majority being on green field development, some of which were large scale. Some works included were private and smaller plan changes.
- The report at this stage suggested a commencement of a significant Plan Change to review the commercial and industrial hierarchy provisions in the current Tauranga City Plan.
- It was noted there were a range of Resource Management issues that had not reached a plan change stage. These included papakāinga, development view shafts, zoning at Baypark, and work that included the benefits of water tanks for new development.
- The Tauranga City Plan currently no hierarchy within commercial zoning. There was also no differentiation between a large format centre or a small neighbour centre. There was a need to review the commercial and industrial zones to differentiate types of commercial and industrial activities. The rezoning of new land introduced bespoke commercial zones.
- Plan Change 33 raised concerns about differentiating the commercial and bespoke commercial zones in Tauranga City.
- The development community had raised issues around barriers to development. Reviewing rules on current limits on gross floor area would require an economic analysis of how big centres were, how much land was needed and where there were shortages..
- Central government requirement to apply the National Planning Standards and the Council had to apply those zones and draft the rule framework for those zones.
- Need to look at supporting rules such as transportation provisions that lacked requirements for multi model outcomes e.g. bicycle. If the committee agreed with commencing the commercial and industrial plan change then staff would begin the detailed thinking on these issues.

COMMITTEE RESOLUTION SFR9/23/12

Moved: Commissioner Stephen Selwood
Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "City Plan Work Programme".
- (b) Notes the current and committed plan change projects.
- (c) Approves proceeding with the development of a plan change to comprehensively review the commercial and industrial zones and relevant provisions in the City Plan, including the commercial centres network and hierarchy.

- (d) Notes that work programme updates will be provided through the regular three-monthly progress reporting to the Committee.

CARRIED

9.9 Deliberations Report on the Street Use Policy

Staff Nic Johansson, General Manager: Infrastructure Services
Vicky Grant-Ussher, Policy Analyst

Commission Chair advised that she had read all the submissions.

Key points

- The Street Use Policy was reviewed in early 2023 and a number of submissions were received.
- Identified some policy issues that needed another look at, these were the rational for charging street to street dining and balcony dining, smoke-free and vape-free requirement and prohibiting the use of artificial grass on berms.
- Through the submission process, there were mixed views regarding the changes proposed in terms of the timing due to the current economic conditions and other cost of living pressures.
- The proposed changes would be phased in through user fees and charges that would go out for consultation in 2024 and take effect from the 2025-26 Annual Plan.

In response to questions

- The recommendations do not make it clear that this was a phased approach and this clarity could be added.
- Balcony dining was already been paid and accounted in their current leases.
- The policy clarified user fees and charges would be part of the annual user fees and charges consultation rather than part of licence agreements to ensure greater transparency.
- While the Council had flexibility under the Policy to determine when fees would be introduced and what levels they were set, it was suggested that additional wording to section 6.8 of the Policy be included to widen the criteria.
- There was currently no fee for the Mount and consultation on phasing in the fees would be undertaken through the LTP process.

Discussion points raised

- The balcony spaces do not affect pedestrian walking space and the Council was effectively charging for air space. There was general support for charging for ground level street dining charges but not for balcony dining.
- Smoke and vape free areas received strong community support, however feedback from operators was that the requirement to regulate smokers was considered problematic.
- It was agreed to amend the Policy as follows:
 - promoting smoke-free and vape-free environments.
 - new applications for artificial grass on berms would be prohibited.
 - Balcony dining would be free.
 - Add a further bullet point to clause 6.8 of the Policy "or for other reasons determined by resolution of Council" to enable flexibility around fees and charges.
 - Fee reductions under clause 6.8 would be considered through the LTP process.

COMMITTEE RESOLUTION SFR9/23/13

Moved: Commissioner Stephen Selwood
Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Deliberations Report on the Street Use Policy".

- (b) Approves the following changes to the Street Use Policy:
- (i) promoting smoke-free and vape-free environment for new licences or leases for street dining from 1 March 2024.
 - (ii) prohibit new applications for the use of artificial grass on berms.
- (c) Approves draft Street Use Policy (Attachment One) with charges to be phased in from the 2024-34 Long Term Plan:
- (i) zoned dining charges for street dining and free balcony dining
 - (ii) Add a further bullet point to 6.8 in the policy “or for other reasons determined by resolution of Council”
 - (iii) Note that through the 2024-2034 Long Term Plan deliberations Council will give consideration to fee reductions under clause 6.8 of the policy.
- (d) Adopts draft Street Use Policy incorporating Resolutions (b) and (c) above.
- (e) Delegates to the General Manager: Infrastructure authority to make any necessary minor drafting or presentation amendments to the consolidated Street Use Policy, prior to it taking effect.

CARRIED

9.10 Deliberations Report for Traffic and Parking Bylaw

Staff Nic Johansson, General Manager: Infrastructure Services
Vicky Grant-Ussher, Policy Analyst

Key points

- A statutory review of the traffic and parking bylaw was due for review.
- Staff were seeking to include the recommendations into the Traffic and Parking Bylaw.
- Adding a new parking category to enable electronic permits can be used instead of physical permits.

In response to questions

- Free parking; staging engagement with community to ensure all were informed of the change as there was a penalty if people did not register.
- Challenge would be that people would not understand where to register, and when to register, therefore communication had to be done effectively.

COMMITTEE RESOLUTION SFR9/23/14

Moved: Commissioner Stephen Selwood
Seconded: Commissioner Shadrach Rolleston

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Deliberations Report for Traffic and Parking Bylaw".
- (b) Notes that work is underway to address mobility parking concerns in the city centre
- (c) Agrees to the following updates to the Traffic and Parking Bylaw 2012:
 - (i) clarifying that secondary vehicle crossings require written council approval
 - (ii) introducing a registered parking category to better monitor time-limited parking with implementation subject to a further Council resolution
 - (iii) incorporating drafting changes to the bylaw to clarify that council may issue approval through electronic permits
 - (iv) removing redundant provisions now covered under relevant legislation to reflect legislative updates since the last review, correcting an omission and editorial changes to improve clarity.

- (d) Recommends to Council:
- (i) the adoption of the draft Traffic and Parking Bylaw 2023 (Attachment One), pursuant to section 145 of the Local Government Act and section 22AB of the Land Transport Act to be brought into force on 20 December 2023
 - (ii) to resolve that, in accordance with section 155 of the Local Government Act 2002, the proposed draft Traffic and Parking Bylaw is the most appropriate and proportionate way of addressing the perceived problem and does not give rise to any implications under the New Zealand Bill of Rights Act 1990
 - (iii) to delegate to the General Manager Infrastructure, the authority to make any minor edits or presentation amendments to the draft Traffic and Parking Bylaw 2023 to correct any identified errors or typographical edits, before the bylaw comes into force.

CARRIED

9.11 Deliberations Report - Gambling Venues Policy

Staff Sarah Omundsen, General Manager: Regulatory and Compliance
Jennifer Ross, Policy Analyst
Ruth Woodward, Team Leader: Policy
Nigel McGlone, Manager: Environmental Regulation

Key points

- The report was taken as read.
- The existing policy only allowed relocation of gambling venues under specific criteria.
- The proposed amendments would enable changing locations within commercial zone or industrial zones.
- Consultation was taken in October 2023 and submissions overwhelmingly supported this approach.
- The original deprivation index was an area to consider 8,9 and,10, however reflecting on the Local Alcohol Policy decisions taken a couple of weeks ago this has been amended to 9 and 10.
- Suggested adding a requirement to include the proximity of relocated venues to sensitive locations such as schools, marae and places of worship when considering the granting of a consent to relocate a venue, which would be consistent with the legislation.

COMMITTEE RESOLUTION SFR9/23/15

Moved: Commissioner Stephen Selwood

Seconded: Mr Te Pio Kawe

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Deliberations Report - Gambling Venues Policy".
- (b) Agrees to amend the Gambling Venues Policy to:
 - (i) allow gambling venues to relocate to alternative premises for any reason as long as the alternative premises are in a commercial or industrial zone identified in the Tauranga City Plan, that is more than 100 metres from residential zones with a deprivation index of 9 or 10, measured on the NZ Index of Deprivation – section 5.4
 - (ii) add a requirement to include the proximity of relocated venues to sensitive locations such as schools, marae and places of worship when considering the granting of a consent to relocate a venue - section 5.4

- (iii) remove the out-of-date city maps (currently in Schedule 1) and refer to online maps on the council website instead – section 5.4
- (iv) make minor clarifications and updates to text.
- (c) Adopts the updated Gambling Venues Policy (Attachment One).
- (d) Delegates to the General Manager: Regulatory and Compliance the authority to make minor editorial or presentation changes to the draft policy for correction or clarity.

CARRIED

9.12 LGOIMA and Privacy Report Q1 for 2023/2024 year

Staff Christine Jones, General Manager: Strategy, Growth & Governance
Coral Hair, Manager: Democracy & Governance Services

Key points

- The report was taken as read.
- There was a 42% increase in LGOIMA requests from the first quarter of the previous financial year.

In response to questions

- The majority of LGOIMA requests were from individuals.

COMMITTEE RESOLUTION SFR9/23/16

Moved: Commissioner Shadrach Rolleston

Seconded: Ms Rohario Murray

That the Strategy, Finance and Risk Committee:

- (a) Receives the report “LGOIMA and Privacy Report Q1 for 2023/2024 year.

CARRIED

10 DISCUSSION OF LATE ITEMS

The late item was discussed in Public Excluded session of the meeting.

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

COMMITTEE RESOLUTION SFR9/23/17

Moved: Commissioner Stephen Selwood

Seconded: Ms Rohario Murray

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	<p>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</p> <p>s7(2)(b)(ii) - The withholding of the information 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</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p>	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 good reason for withholding would exist under section 6 or section 7
11.2 - Internal Audit & Assurance - Quarterly Update	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>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</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>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</p>	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 good reason for withholding would exist under section 6 or section 7
11.3 - Litigation Report	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>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)</p>	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 good reason for withholding would exist under section 6 or section 7

<p>11.4 - Local Alcohol Policy – Legal Advice</p>	<p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p>	<p>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 good reason for withholding would exist under section 6 or section 7</p>
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CARRIED

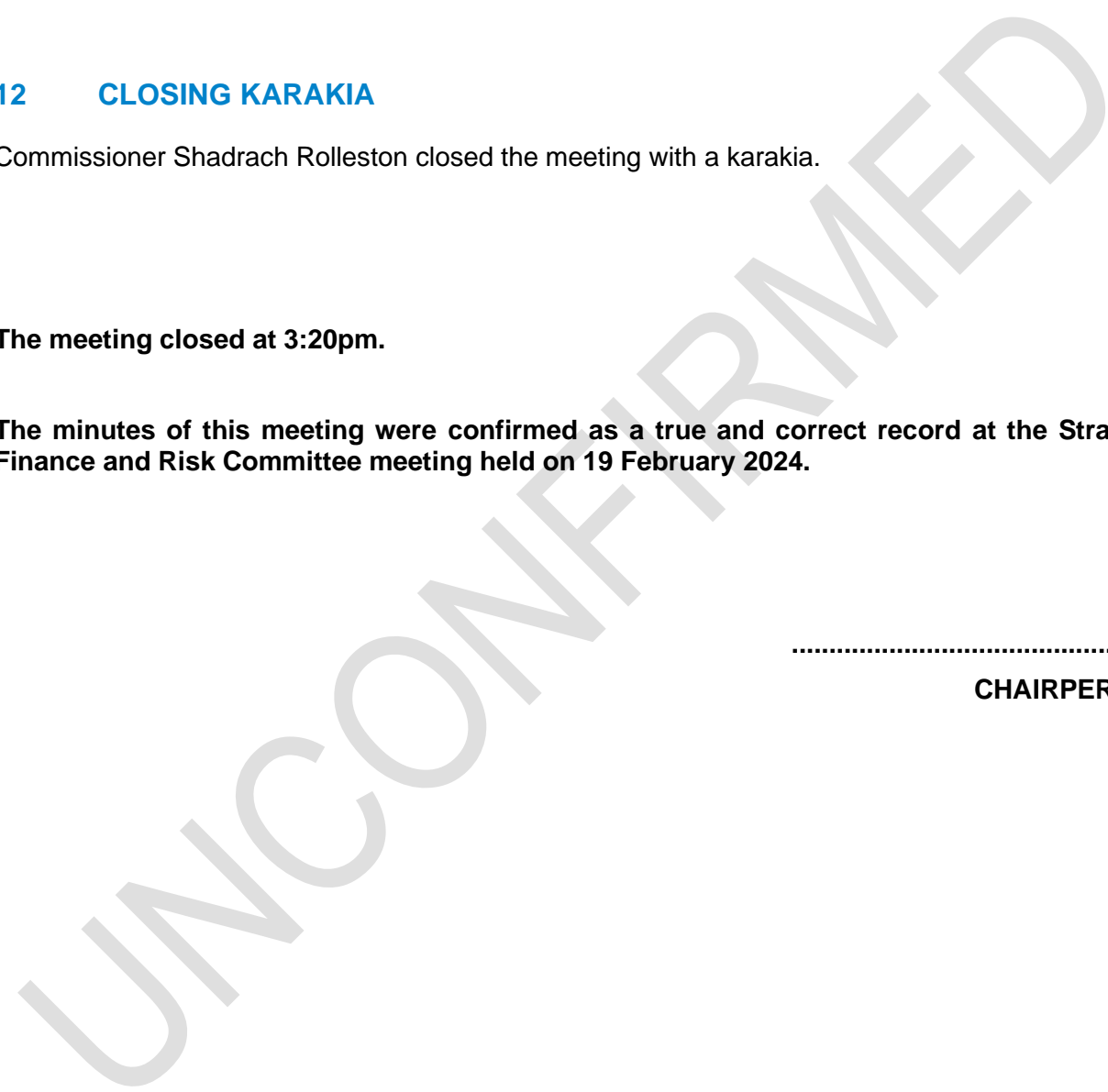
12 CLOSING KARAKIA

Commissioner Shadrach Rolleston closed the meeting with a karakia.

The meeting closed at 3:20pm.

The minutes of this meeting were confirmed as a true and correct record at the Strategy, Finance and Risk Committee meeting held on 19 February 2024.

.....
CHAIRPERSON



8 DECLARATION OF CONFLICTS OF INTEREST

9 BUSINESS

9.1 Audit New Zealand Report on the audit of Tauranga City Council for the year ended 30 June 2023

File Number: A15425147

Author: Sheree Covell, Treasury & Financial Compliance Manager
Marin Gabric, Senior Financial Accountant (Compliance & External Reporting)

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. This report presented the Audit New Zealand report to commissioners on the audit of Tauranga City Council for the year ended 30 June 2023. This report includes council staff comments on the recommended improvements.

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Audit New Zealand Report on the audit of Tauranga City Council for the year ended 30 June 2023".

EXECUTIVE SUMMARY

2. Audit New Zealand has completed its audit of Tauranga City Council (TCC) for the year ended 30 June 2023.
3. The audit report outlines matters identified during the audit, makes recommendations and includes council staff comments on these recommendations. An update on matters identified during previous audits is also provided.

BACKGROUND

4. Audit New Zealand has completed its audit of TCC for the year ended 30 June 2023. An unmodified opinion was given for the adoption of the 2023 Annual Report on 27 November 2023 which included an emphasis of matter paragraph regarding the potential impact of the proposed three waters reform.
5. The audit report outlines matters identified during the audit, makes recommendations and includes council comments on these recommendations. An update on matters identified during the previous audit is also provided.

Audit New Zealand provides recommendations for improvement and prioritises these as urgent, necessary, or beneficial. The report also reviews earlier recommendations and notes whether these have been addressed by TCC.

NEW RECOMMENDATIONS

6. Audit New Zealand made three new recommendations during this year's audit. One, which related to a formal fraud policy which was closed during the final audit. The additional two, are detailed on pages 13 and 14 of the attached audit report and also outlined further below:

Useful Lives of property, plant & equipment

7. Audit NZ identified eight assets that were assigned lives outside of Council's accounting policy and two assets that were assigned to the wrong asset class. The impact on financial statements was deemed immaterial.

Staff have added additional categories to the asset useful life policy in the annual report which will now capture more asset types appropriately and staff will continue to review useful lives of assets on an ongoing basis and note that some assets are classified by their alignment to construction type rather than functional category.

Bee cards provided to staff

8. Audit New Zealand recommended a monitoring system be established to ensure the cards are only used for their intended purpose and also include the terms and conditions of the cards usage in TCC's sensitive expenditure policy.

EARLIER RECOMMENDATIONS

9. There were 24 recommendations to be actioned from previous year audits. Six of these items were closed during the interim audit as reported at the SFR committee meeting on 18 September 2023 and a further eight were closed during the final audit.
10. The remaining ten open items which are detailed on pages 17-22 of the attached report have been categorised by staff as follows:
- a) Matters added to risk register to be monitored and supported by internal audit and risk team
 - Generic log-on accounts for Digital Services IT support partner
 - Information Systems – process for ensuring application access if appropriate
 - Information Systems – contractor compliance with Council policies
 - b) Matters that have had new system/process implemented since 30 June 2023
 - Payroll users with privilege access
 - Reconciliations and deposits held
 - Property, plant and equipment assets
 - Assets with no book value
 - c) Staff continue to work on the matter
 - Performance measures
 - P-Card policy – cancellation or destroying cards
 - Revaluation of assets

STRATEGIC / STATUTORY CONTEXT

11. The audit report is part of the processes of Financial Accounting and reporting set out under the Local Government Act 2002.

OPTIONS ANALYSIS

12. There are no options presented in this report.

FINANCIAL CONSIDERATIONS

13. The recommendations of the audit report include recommendations regarding asset accounting and other internal controls and reporting requirements which will be addressed by the staff going forward.

LEGAL IMPLICATIONS / RISKS

14. There are no specific legal implications or risks directly as a result of this report. Consultation / Engagement

SIGNIFICANCE

15. 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.
16. 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.
17. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

18. 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

19. Council will continue to work through recommendations for improvement in our processes and reporting.

ATTACHMENTS

1. **TCC - Final Interim Report to Council (23J) - A14986695** [↓](#) 

9.2 Six Monthly Treasury Strategy Update

File Number: A14990910

Author: Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. 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.

EXECUTIVE SUMMARY

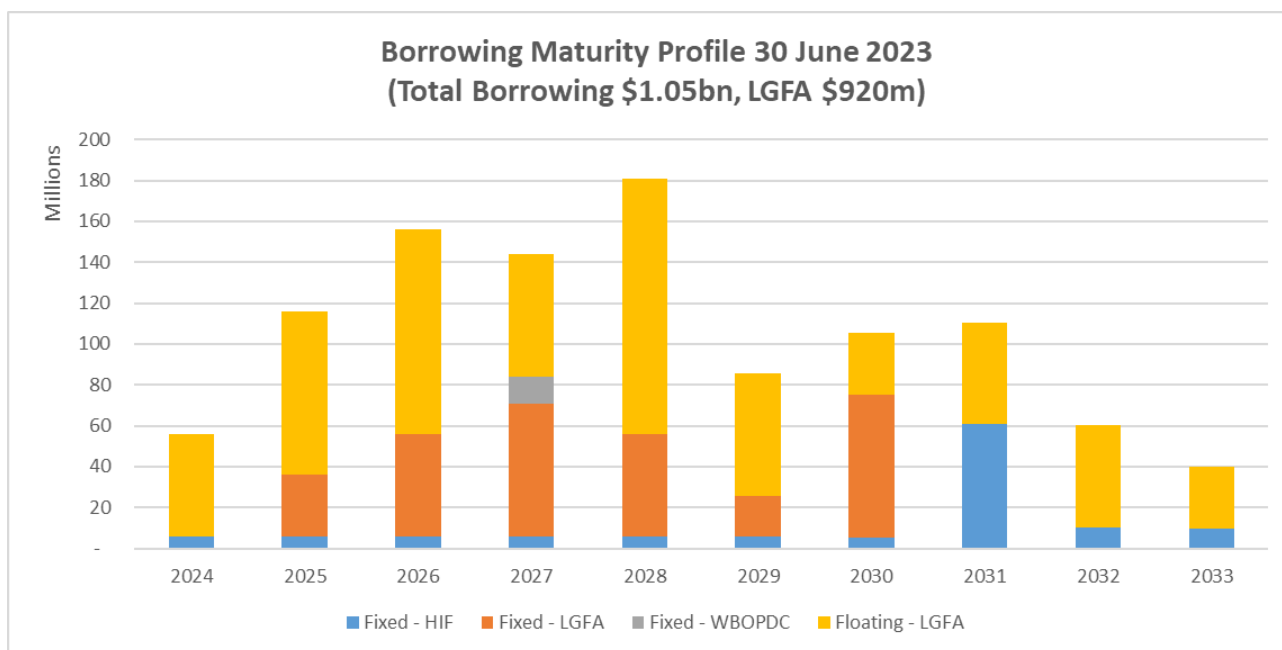
2. This report outlines all significant treasury operational activities and seeks confirmation of existing strategies and approvals for planned strategies.
3. Treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks.

BACKGROUND

Debt Management

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 the new debt issuance are assessed under the following criteria:
 - Borrowing margins for short versus long term debt
 - 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 31 December 2023



7. As at 31 December 2023 outstanding debt was \$1.055bn of which \$105m was issued during the current financial year.
8. The 2034/24 Annual Plan budgeted gross debt is \$1.12bn and the approved borrowing limit for the year is \$274m. Forecasts from the business for debt funded projects and revised land acquisitions are indicating an additional \$66m of borrowing will be required. Finance staff are monitoring this and will bring a revised borrowing request to council when required.
9. There is a \$50m debt maturity in April 2024 and further \$6m in June 2024 both of which have been fully prefunded. The debt maturity for the 2024/25 financial year is \$115m which is also intended to be prefunded to minimise credit risk and mitigate refinance risk.

Sustainable Lending

10. LGFA approved a \$10m green loan for the Kopurereua River realignment project. This was the first under the LGFA's Terrestrial and Aquatic Biodiversity Conservation category and has the benefit of a 5 basis point reduction in borrowing costs on the loan. To date, council has drawn \$6m of the \$10m approved green loan.
11. LGFA also offer a 2 basis point discount on any new loans if a council meets the criteria for Climate Action Loans. This includes an adopted emissions reduction plan and target. Staff are currently working with LGFA on securing this benefit.

Bank Facility

12. Access to liquid funding by way of committed bank facilities and/or liquid investments is required in order to manage liquidity risk.
13. 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.
14. Bank facilities are currently \$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 two to four year maturity band.
15. Council approved a \$100m increase to this facility in October 2023. The total of uncommitted facilities will now be \$200m. The primary reason for this increase was to minimise credit risk on an increasingly large debt maturity profile. This increase is in progress with legal documentation currently being drafted by the facility provider.

16. In general, bank facilities are available to be drawn down at short notice provided that if they are drawn, they are repaid on a quarterly basis.
17. It is important to note that any funds drawn 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 290% and the actual ratio was 180%. The 2023/24 Annual Plan ratio is expected to be 223%.

Liquidity Risk

18. 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.
19. 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 12th month peak forecasted net external debt.
 - (b) No more than 25% of debt to be refinanced in any rolling 12 month period.

Local Government Funding Agency (LGFA)

20. 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 than if they raised the debt directly.
21. LGFA was incorporated as a limited liability company under the 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.
22. LGFA's debt obligations are guaranteed by Council shareholders and any other Council's that borrow in excess of \$20m. The New Zealand Government does not guarantee LGFA. Any call under the guarantee will be allocated across all guarantors on a pro rata basis in relation to their rates revenue.
23. As at 30 June 2023, total LGFA bonds (long term) on issue was \$18.2bn of which \$920 have been on lent to Tauranga City Council.
24. Fixed rate borrowing rates from LGFA for an A+ rated council are:

Term	LGFA rate (A+)*
2 year	5.33%
5 year	5.23%
10 year	5.60%
13 year	5.82%

*Rates are current at 1 February 2024

Security

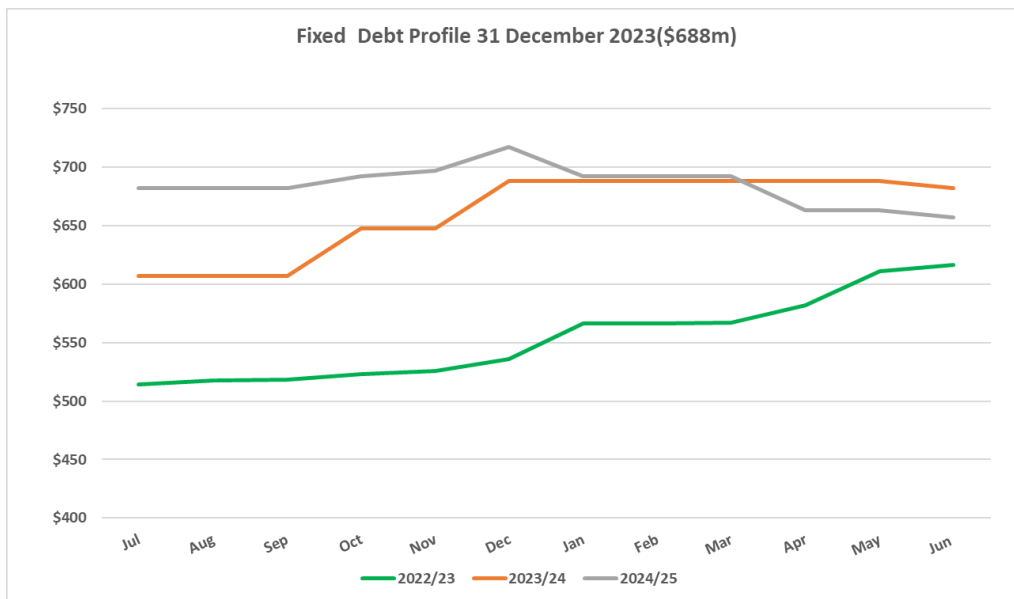
25. Generally debt will be issued under existing Council Debenture Trust Deed (DTD) which offers rates revenue as security to attract lower borrowing margins. Councils Trustee appointed under DTD is Covenant Trustee Services Limited. All debt obligations are registered with Link Market Services Limited.

Interest Rate Management

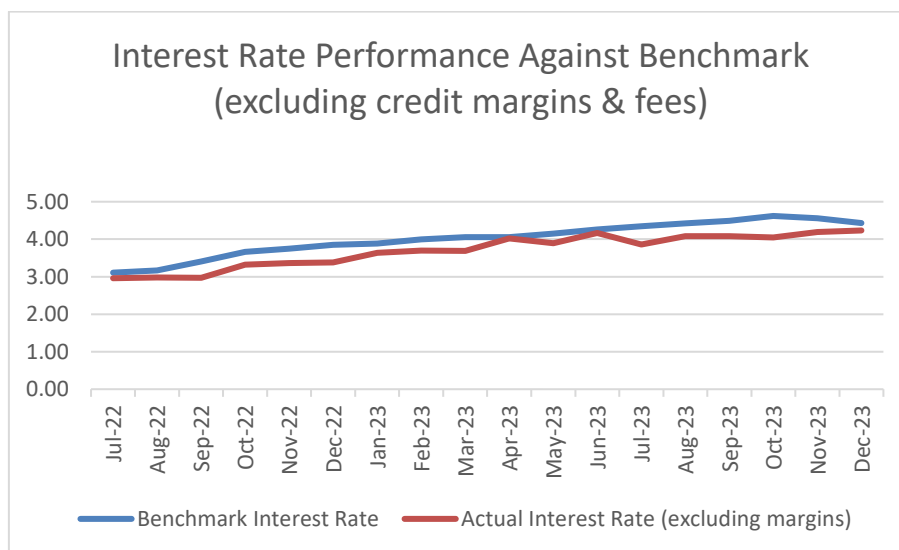
26. The overall objective of the interest rate risk management strategy is to:
 - a) Minimise the average net cost of borrowings over the long term
 - b) Minimise large concentrations of interest rate risk

- c) Increase duration of the interest rate re pricing profile
- d) Maintain an appropriate mix of floating and fixed rate exposures.

27. Council is exposed to interest rate fluctuations on existing and future borrowings. Interest rate risk is 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 4.76% (including margins) at 31 December 2023. The below graph shows TCC's average cost of borrowing, excluding margins against the treasury policy benchmark which reflects an averaging of 90day to 15 year swap rates.
28. As at 31 December 2023 the total amount of debt on fixed interest rates (including hedging) was \$688m which was 65% of total debt. This includes \$122m of Housing Infrastructure Funding loans which have a 0% interest rate. The graph below shows the existing fixed debt for the previous, current and next financial years.

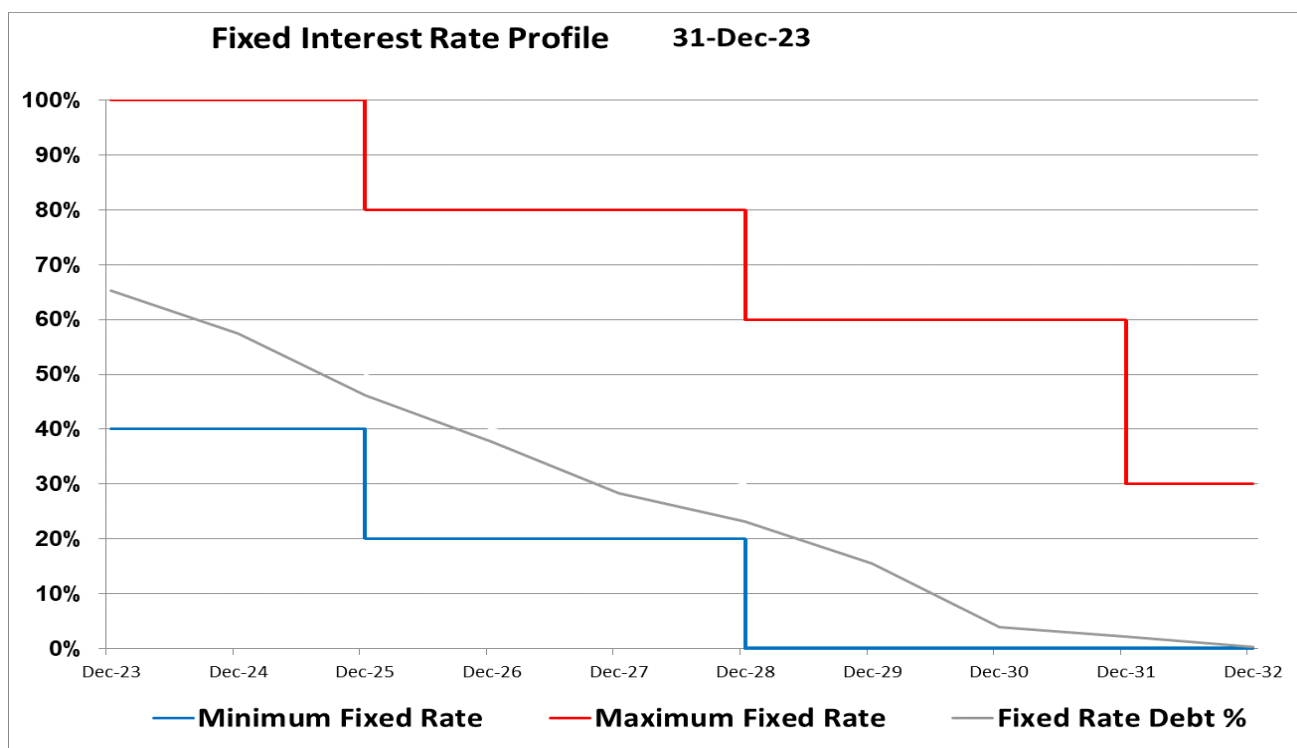


29. The graph below shows the actual average interest rate (excluding margins and fees) against market rate benchmarks as set in the Treasury Policy. Benchmark rates are a proportional calculation of the 90 day, 2,5,7 and 10 year swap rates. The average interest rate remains below benchmarks due to hedging placed during a low rate environment and high interest debt maturing during the 2022/23 financial year.



Fixed Debt Profile

- 30. 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.
- 31. The chart below shows the fixed interest rate positions relative to forecast debt over time. This is based on the draft 2024/2034 LTP debt forecasts and the current actual fixed debt and interest rate swaps in place at 31 December 2023.
- 32. During the 2023/24 financial year \$55m of forward start swaps have been executed to continue to move the fixed rate debt position closer to the middle of the policy bands. Analysis of debt levels and associated interest rate hedging positions are reviewed on a monthly rolling basis.



Investments

- 33. From a short-term working capital management perspective it is proposed to maintain a minimum liquid investment balance of \$15m on which 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.
- 34. As at 31 December 2023 there was \$23m in cash and \$90m on deposit. The funds on deposit are on short terms which align with our cashflow forecast and debt maturity profile in the coming months.

Foreign Exchange

- 35. 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.
- 36. Currently there are no outstanding foreign exchange contracts.

Retentions

- 37. New legislation requires council to hold any retention monies on contracts entered into or amended after 5 October 2023 in a separate bank account or retention instrument. The amount of retentions held under this new legislation at 31 December 2023 is \$70,197.

STRATEGIC / STATUTORY CONTEXT

38. 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

39. 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.

40. Option 2: Do Not Approve Recommendations

41. 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

42. 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.
43. 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.
44. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

45. 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

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

ATTACHMENTS

Nil

9.3 2024-34 Long-term Plan - Audit Engagement Letter

File Number: A15445527

Author: Jeremy Boase, **Manager:** Strategy and Corporate Planning

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

PURPOSE OF THE REPORT

1. To receive the audit engagement letter from Audit New Zealand for the audit of the 2024-34 long-term plan.

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "2024-34 Long-term Plan - Audit Engagement Letter".

BACKGROUND

2. Audit New Zealand have provided details of their engagement for the audit of Council's 2024-34 long-term plan (**Attachment 1** to this report). This was signed by the Commission chair on 20 November 2023 and returned to Audit New Zealand.
3. The audit is in two parts: firstly the audit of the consultation document (in accordance with section 93C(4) of the Local Government Act 2002); and then of the final long-term plan (in accordance with section 94 of the same Act).
4. The new government has signalled that it will pass amending legislation that will remove the need for the 2024-34 long-term plan consultation document to be audited. This amended legislation will not impact this council as the audit of the consultation document has already been completed.
5. Areas of particular focus for the audit are shown as:
 - Impact of the current economic environment on the Council's forecasts
 - Central government reforms, including:
 - Affordable waters reforms
 - National Policy Statement – Urban Development
 - Future for local government
 - Financial strategy and infrastructure strategy
 - Assumptions, including climate change assumption
 - Quality of asset-related forecasting information.
6. The timetable included in the engagement letter was adhered to for the audit of the consultation document with the exception of an agreed one week delay for the audit report (and subsequent adoption of the consultation document). This was predominantly to allow the Office of the Auditor-General and Audit New Zealand to finalise consideration of their audit opinion, necessary because Tauranga was the first council in the country to complete the consultation plan, and therefore audit, this round.

7. Policy changes being implemented by the new government are not expected to change the timing of the audit of the final long-term plan. Adoption of the final document remains scheduled for 22 April 2024.
8. At the time of writing this report, the Office of the Auditor-General was yet to make a decision on fees for the 2024-34 long-term plan round of audits. Staff will provide an update on this during the meeting if further information becomes available.

SIGNIFICANCE

9. 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.
10. 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.
11. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter of the long-term plan audit is of medium significance but that the decision to receive this report on the engagement letter is of low significance.

ENGAGEMENT

12. 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

13. The engagement letter has already been signed and returned. The audit continues.

ATTACHMENTS

1. **2024-34 LTP audit engagement letter - signed - A15445356**  

9.4 Issues and Options for Draft Response to Landslides Policy

File Number: A14990581

Author: Vicky Grant-Ussher, Policy Analyst
Phil Kai Fong, Team Leader: Strategic Property

Authoriser: Alastair McNeil, General Manager: Corporate Services

PURPOSE OF THE REPORT

1. This report provides a draft policy for adoption, or for adoption for community consultation, which clarifies council's response to landslides in the future (attachment one).

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Issues and Options for Draft Response to Landslides Policy".
- (b) Agrees to create a new policy outlining council's position on responding to landslides.
- (c) Agrees to the following to be included in the Response to Landslides Policy:
 - (i) the principles of the policy as set out in section four of the policy.
 - (ii) connecting affected residents to wraparound support from other organisations such as social agencies and non-governmental organisations (NGOs)
 - (iii) council will not repair and remediate private property as this responsibility sits with the property owner, their insurer and Toka Tū Ake – the Earthquake Commission (EQC)
 - (iv) council meeting its minimum legal obligations (if any) should council land slip onto private property.
 - (v) council having discretion to require private property owners to meet their legal obligations (if any) should private property slip onto council land.
 - (vi) giving strategic consideration to whether to remediate or repair landslides on entirely council owned land
 - (vii) taking a case-by-case approach to government offers of partnership or intervention but having regard to the consideration set out in clause 5.15 of the policy.
- (d) Agrees to adopt the Response to Landslides Policy (Attachment 1) with immediate effect and without public consultation noting that the Committee is satisfied the views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known and have been taken into consideration in adopting the policy.
- (e) Delegates to the General Manager: Corporate Services authority to approve minor or technical changes to the policy prior to final publication on the Council website.

EXECUTIVE SUMMARY

2. The council has recently been called on to respond to landslides. There is discretion for councils to choose how they respond to landslides (outside of council's regulatory role). In the absence of a position on how council will respond to landslides, the community may assume council will take on a greater role than is required.

3. We are proposing a draft policy (attachment one) to clarify how council responds to landslides in future to give certainty to the community and to support efforts to build community resilience through clearly articulating council's role. This policy will apply to landslides that occur after its adoption - it will not apply to the response to the 2023 storm events which is being managed separately.

BACKGROUND

Councils across New Zealand are facing increasing pressure from landslides

4. Councils are unique in that they hold vast stretches of land, often in difficult or coastal terrain, for the benefit of the community. As such, council land is often highly exposed to natural hazards such as coastal erosion and landslides. Given these large land holdings, councils often experience competing demands on their resources and must prioritise investments to those areas where the public benefit is highest.
5. Other councils have taken a range of approaches regarding properties affected by a landslide as outlined in Figure One. This outlines the standard council position (outside of the government assistance offers).
6. Figure One: Other councils' standard approach to respond to landslides (excluding government assistance offer available in 2023)

Council	Approach
Auckland	If council land is involved council will do an assessment of the landslide and share this with the neighbour, will assess response on case-by-case basis. Does not fund remediation on private property.
Wellington	If council land is involved council will do an assessment of the landslide and share this with the neighbour, will assess response on case-by-case basis. Does not fund remediation on private property but the council nursery can provide advice on revegetating slips.
Whakatane	If council land is involved council will do an assessment of the landslide and share this with the neighbour, will assess response on case-by-case basis. Does not fund remediation on private property but offer advice and support to property owners to navigate the situation.
Nelson	Council agreed to remediate landslides on council land to a level to ensure that council land posed only a low risk to life to neighbouring residents. Where this could not be achieved council offered to buy out the property owner ¹ . Does not fund remediation on private property.

Tauranga is exposed to a number of natural hazards, including landslides

7. In 2023, Tauranga like other areas of New Zealand, experienced landslides following a period of prolonged and, at times, intense rainfall. Tauranga has a history of landslides. Tauranga is prone to rainfall induced landslides, which to date have resulted in an average of approximately 100 EQC claims annually since 2000, see attachment two for a breakdown of claim requests². Climate change is expected to result in a greater frequency and intensity of climate extremes resulting in an expectation of increasing landslide frequency.

¹ This was the council position prior to the offer of government support, however at the time they were still advocating for government support to meet this position.

² Note these figures include land damage from flood or storm events not just landslides and figures are based on claims received not claims accepted.

Work is underway to increase community awareness of, and resilience to natural hazards and supporting property owners to understand their responsibilities to manage natural hazards

8. The council, and Bay of Plenty Regional Council holds information on natural hazards to support property owners and purchasers to understand the natural hazards that may impact property within Tauranga. This includes information on hazards such as flooding, liquefaction, slopes, inundation, tsunami and coastal erosion. Information available through the new Toka Tū Ake – EQC portal also allows buyers to check if a property has had a prior claim for damage from a natural hazard.
9. The council's natural hazard information is updated periodically as improvements are made to the data. The council uses these updates as an opportunity to remind property owners of their responsibilities and options available to them to improve their resilience. The council also provides information from regional council on Land Information Memorandums (LIMs) and through mapping tools.
10. In late 2023 a number of community drop-in sessions were held for property owners identified as having a slope hazard zone on their property. The drop-in sessions supported property owners to understand the information on their property and provide access to a range of staff to answer queries around issues such as vegetation, retaining walls, and stormwater in order to reduce risk and improve their property's resilience. In 2024, the Bay of Plenty Regional Council is releasing coastal inundation information and the council will support them to update property owners and provide information sessions.
11. As part of the Climate Action and Investment Plan, the council is funding a programme to raise community awareness on the impacts of climate change on the city and long-term adaptation options, including managed retreat, for those parts of the city most at risk. The programme will focus on empowering the community to consider how best to adapt to climate change risks.

There are often unique issues facing property owners after a landslide that they need to be aware of

12. It is not generally possible to insure land directly in New Zealand. Toka Tū Ake EQC, provides some cover for land but this is linked to houses and land cover does not extend further than 8 metres from qualifying structures³. Payments from Toka Tū Ake EQC will pay the lesser of:
 - (a) the cost to repair or reinstate the damaged land (less excess), or
 - (b) the market value of the damaged or lost insured land⁴ plus the indemnity value of the damaged insured land structures.

For properties with a Section 72-74 of the Building Act 2004 notice on the title⁵ Toka Tū Ake EQC have further discretion on whether to meet some or all of the claim⁶.
13. In addition to Toka Tū Ake EQC cover limitations, home insurance may also not provide adequate cover in some situations. This may be due to several issues including:
 - sum-insured caps being less than the full cost to repair or replace
 - homes where the home is undamaged or minimally damaged, but the land stability means it is too dangerous to reside in

³ EQC cover for land is limited to land that is within your property boundary and includes; the land under your home and outbuildings (e.g. shed or garage), the land within eight metres of your home and outbuildings and the land under or supporting your main accessway, up to 60 metres from your home (but not the driveway surfacing).

⁴ That meets the prescribed criteria in footnote 3.

⁵ A Section 72 - 74 notice on a Record of Title means building or renovations are allowed on a property subject to a natural hazard, but that Toka Tū Ake EQC has discretion to decline or only partially met a claim for damage by that hazard.

⁶ <https://www.eqc.govt.nz/what-we-do/land-title-notifications/section-72-notifications-on-a-certificate-of-title/>

- unintentional voiding of insurance cover.
14. Given the land cap on payments, and potential home insurance limitations, following a landslide property owners may find themselves in a difficult position. Some property owners may receive pay-outs for the damage that are less than the cost of making the property safe to inhabit, or of purchasing an equivalent property.

STRATEGIC / STATUTORY CONTEXT

15. There is no mandated approach to how councils must respond to landslides, however there are statutory requirements under the Civil Defence Emergency Management Act (CDEMA) and Building Act. These regulatory duties relate to managing the risk to life and safety of community members through determining when properties may not be safe to enter or reside in or are likely to cause damage to other property.
16. Where council land is involved, there may be legal obligations on council, based on nuisance law principles and a measured duty of care outlined further in the factsheet on liability in attachment three. The application of these legal principles is highly fact and context specific. In general terms, council typically follows any legal advice on exposure. However, any actions taken as a result of these legal factors are usually significantly less than what an affected property owner seeks⁷. When landslides happen, councils will need to decide their own position on contributing to costs above any legal obligations and must also consider the ability of their community to meet the costs involved.
17. The council also plays a role in natural hazard preparedness, by ensuring that new consented buildings or alterations are designed and constructed in a way that will not accelerate, worsen, or result in a natural hazard on the land on which the building work is to be carried out or on any other property. The appropriate standards required are set through the Building Code and Infrastructure Development Code. The Resource Management Act also requires the council to recognise and provide for the management of significant risks from natural hazards.
18. Some housing has been built before natural hazards were thoroughly considered and may be more prone to risk from natural hazards. How we manage a retreat from existing areas of intolerable risk is outside the scope of the policy due to the need for a central government position on this issue. The council highlighted the need for this direction in the council submission to the Environment Committee's Inquiry into Climate Adaptation which closed on 1 November 2023. Attached as Attachment Four.

OPTIONS ANALYSIS

ISSUE ONE: OPTIONS TO CLARIFY THE COUNCIL'S ROLE

A policy will clarify the role and responsibilities of council and property owners when responding to landslides

19. Private property owners are not always aware of the extent of their responsibilities for investigating, repairing, and remediating land following a landslide or the possible gap in financial support to remediate. This gap in support can also result in property owners expecting council or central government to contribute towards meeting these costs.
20. Clarifying responsibility for property owners will also ensure property owners are aware of the benefits of taking actions to improve slope stability and increase the resilience of their property ahead of future intense rainfall or seismic events.
21. Having a policy will also support staff when responding to landslides. This will support staff to follow a consistent, pre-agreed direction when responding to landslides resulting in quicker communications, decisions and certainty for those recovering from an event.

⁷ Property owners typically seek full reinstatement of land / buildings or compensation at market value.

22. Table One: Options to clarify the council's role

Option	Advantages	Disadvantages
Option One: Status Quo: No statement of position	<ul style="list-style-type: none"> Does not bind council to any course of action leaving it open to take a case-by-case approach 	<ul style="list-style-type: none"> Unclear for the community and staff how council is likely to respond. Uncertainty may lead to assumption council will take on a more active role than is required
Option Two: Policy outlining how council will respond to landslides alongside website material <i>(Recommended)</i>	<ul style="list-style-type: none"> Clear for the community how council is likely to respond. May prompt property owners to invest in preventative actions. Allows for transparency and accountability on how council has reached this position. Will complement the council's Coastal Structures Policy 	<ul style="list-style-type: none"> Council's role is likely to change as central government work on managed retreat continues which may result in the need to update the policy frequently. Reduces discretion to consider events on a case-by-case basis
Option Three: No formal policy, but website material outlining position	<ul style="list-style-type: none"> Clear for the community how council is likely to respond. Less resource required to update a website if council's role changes as central government work on managed retreat continues. May prompt property owners to invest in preventative actions 	<ul style="list-style-type: none"> Less transparency and accountability on how council has reached this position. Not formally adopted by governance

ISSUE TWO: PRINCIPLES OF THE POLICY**The draft policy principles are based on a measured response in line with the council's approach to other natural hazards**

23. Core to the principles (outlined in section four of the policy) is that council will not be responsible for protecting private property from damage from natural hazards or for compensating those impacted by natural hazard events. Instead, this responsibility should sit with the property owner, their insurer and Toka Tū Ake - EQC.
24. Tauranga City Council has adjusted the approach to responding to landslides as noted in Figure Two. The new approach was taken following a realisation of the significant potential future costs to ratepayers, the impacts of climate change and community awareness of the need to plan to mitigate the impacts of natural hazards. The principles in the policy reflect the approach to landslides taken since 2005.
25. **Figure Two: Tauranga City Response to Landslides**

Date	Response
2005	Landslides occurred in Ōtūmoetai and Matua following an unprecedented rainfall event and were associated with significant overland flows of stormwater. Council acquired private properties affected by landslides and remediated the affected areas into stormwater reserves. The cost of acquisition was limited to the value not covered by insurance pay-outs.

Since 2005	If council land is involved council will do an assessment of the landslide and share this with the neighbour and assess response on case-by-case basis. Not involved in funding remediation on private property.
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26. The principles within the policy are also consistent with the council's approach to stormwater management, which switched from protecting property to protecting the lives and safety of people and was consulted on with the community in the 2015 Long-Term Plan. The principles also reflect the council's approach to coastal erosion contained with the Coastal Structures Policy 2020.
27. The council continues to support community resilience by providing information on natural hazards on LIMs and raising awareness of options to increase the resilience of (outlined in paragraph 8 to 11 above different types of hazards).
28. Table Two: Principles of the policy

Options	Advantages	Disadvantages	Cost
Option One: Approve principles (Recommended)	<ul style="list-style-type: none"> Reflects Tauranga City Council's approach to landslides Supports staff to make consistent decisions Clarifies for the community what the council will consider when making decisions on landslides 	<ul style="list-style-type: none"> None 	None
Option Two: Amend principles as per committee feedback.	<ul style="list-style-type: none"> As per option 1. TBC 	<ul style="list-style-type: none"> TBC 	None

ISSUE THREE: SUPPORT FOR RESIDENTS TO RECOVER

The draft policy proposes council connects residents affected by landslides with appropriate support services

29. Landslides often result in complicated situations to resolve and where residents may have a range of support needs. Recovering from a landslide can take years and can have a huge toll on residents. Having support available to connect residents to the support and services they need can help residents recover.
30. Feedback from residents who have experienced landslides has highlighted that whilst they accept the council may not have a responsibility to help them repair and remediate, they do want to feel that the council cares about their situation. Whakatane District Council noted that while the council has a lot of experience dealing with slips, for residents this may be their first experience of a landslide and may find it difficult to know what they need to do or who to connect with. Whakatane District Council has found that helping connect residents with support services and organisations supports them to recover more quickly.
31. Table Three: Support for residents to recover.

Options	Advantages	Disadvantages	Cost
Option One: No role in support	<ul style="list-style-type: none"> No cost 	<ul style="list-style-type: none"> Residents may struggle to connect to support Staff performing building act or civil defence statutory functions may be under increased pressure to address other residents' needs 	None
Option Two: Connect residents to appropriate support (Recommended)	<ul style="list-style-type: none"> Ensures residents are connected into support Avoids issues with keeping information confidential due to Local Government Official Information and Meetings Act (LGOIMA) requirement on council 	<ul style="list-style-type: none"> Even with connection to appropriate support residents may still lack the means to recover Local NGO or welfare sector may not have resources to provide level and nature of support required 	Small, however would require resource from Non-Governmental Organisations or welfare sector
Provide navigator ⁸ support directly (either through business as usual council support or if a large event occurs stand-up a team)	<ul style="list-style-type: none"> Supports residents (particularly vulnerable residents) to understand their situation and options available Feedback that these types of services are highly valued 	<ul style="list-style-type: none"> Even with the appropriate support, residents may still lack the means to recover Having council provide the support directly can raise issues with keeping information confidential due to LGOIMA requirement on council 	Following medium sized events 4-5 staff may be needed (Nelson 2022 storm) for large events may be more like 20-40 staff (Auckland 2023 storm event). Funds may be available through central government to cover some of the cost.

ISSUE FOUR: LANDSLIDES ON PRIVATE PROPERTY

The draft policy proposes that the responsibility to repair or remediate a landslide on private land remains with the property owner, their insurer and Toka Tū Ake EQC

32. As per the principles of the policy the draft policy proposes that the responsibility to remediate or repair private property remains with the property owner, their insurer and EQC. The draft policy includes provision for council to connect property owners with appropriate support when required as discussed in paragraph 30-31.

⁸ A navigator helps residents to access the information, services and support they need to plan their recovery from severe weather disasters.

33. Table Four: Council’s involvement in private property

Option	Advantages	Disadvantages	Cost
<p>Option One: For private land: No involvement over Building Act and CDEMA duties. (Recommended)</p>	<ul style="list-style-type: none"> • Limits financial costs for council (ratepayers) now and into the future as climate events become more frequent. • Property owners may prioritise risk reduction measures and or exercise greater due diligence when purchasing property. • Private property issues are clearly identified as a responsibility of the land owner, and not a responsibility of the ratepayer 	<ul style="list-style-type: none"> • May result in property owners not being able to recover, exacerbating trauma. • Reliance on insurance may not cover costs due to inadequate cover (see para 13-15) or insurance retreat. • Likely to be most difficult for those with least resources to advocate for themselves. • May result in derelict properties if property owners are unable to remediate and remain unsafe to occupy 	<p>None</p>
<p>Option Two: Fund some or all of the remedial works required at a private property level and/or buy out properties</p>	<ul style="list-style-type: none"> • Supports affected property owners, particularly vulnerable property owners, to recover. • Covers the gap in financial support the property owners may face following a landslide • Provides assurance of support to other property owners at risk of landslide that financial assistance may be available 	<ul style="list-style-type: none"> • Financial costs to the ratepayer could be substantial. • Property owners may not prioritise risk reduction measures and or exercise due diligence when purchasing property if they believe council will cover costs should an event occur. • May result in people staying living in areas of increased risk. • Could be considered a precedent for other natural hazards such as coastal erosion • Buy outs may result in council inheriting the liability for future landslides 	<p>Large</p>

ISSUE FOUR: LANDSLIDES FROM COUNCIL LAND ONTO PRIVATE PROPERTY

If council land slips, the draft policy proposes council (as a landowner) will meet the legal minimum required to protect the ratepayer from taking on private costs

34. There is no mandated approach to how councils must respond to landslides. Where council land is involved, there may be legal obligations on council. These obligations are based on nuisance law principles, or on meeting a measured duty of care but assistance above this

level is not required. Typically undertaking an assessment of the hazard and sharing this with a neighbour is enough to meet a measured duty of care.

35. As a landowner, the council may have a legal obligation to act if council land slips and causes or could cause damage to neighbouring land⁹. As noted in paragraph 16 above this obligation is based on nuisance law principles and a measured duty of care. Auckland Council notes that if a landslide occurs on neighbouring land, the obligations on property owners may be as limited as letting neighbours know about the hazard or by not carrying out work which could worsen the situation¹⁰.

36. Table Five: Council's involvement as a landowner if council land slips onto private property

	Advantages	Disadvantages	Cost
Option One: Legal obligations (if any) only Recommended	<ul style="list-style-type: none"> Consistent with the principle that ratepayers are not responsible for protecting private property Ensures public resources can be directed to the areas with the highest public benefit Lower cost to council 	<ul style="list-style-type: none"> Requires detailed legal assessments of liability May result in neighbouring property owners not being able to recover, exacerbating trauma May result in neighbouring derelict properties if property owners are unable to remediate and remain unsafe to occupy 	Lower than Option Two but may be significant
Option Two: Council will remediate council land to a standard where it poses a low life safety risk to neighbouring properties and where not possible, will buy out properties	<ul style="list-style-type: none"> Would ensure council land does not pose a medium or high risk to neighbouring properties Would support the neighbouring property owners to recover Would not require detailed legal assessments of liability 	<ul style="list-style-type: none"> May be seen as inequitable compared with council's approach to other natural hazard risks to private property Public resources would be directed towards private property Would require detailed geotechnical assessments Likely a high cost to ratepayers to meet this standard Undertaking geotechnical works may increase future liability to maintain and continue works 	Would need to be assessed on a case-by-case basis but likely to be high

⁹ When the instability relates to coastal erosion the council would not have a general obligation to act even if council land is involved. The council's Coastal Structures Policy provides more information on council's approach to coastal erosion.

¹⁰ <https://ourauckland.aucklandcouncil.govt.nz/news/2023/05/landslides-and-liability-what-you-need-to-know/>

ISSUE FOUR: LANDSLIDES FROM PRIVATE LAND ONTO COUNCIL LAND

37. Where private land slips on to council land there may be or may not be a legal obligation on the private owner to act. As outlined in paragraph 16 the requirements will be highly fact and context specific.

38. Table Six: Landslides from private land onto council land

	Advantages	Disadvantages	Cost
Option One: Will not require owner to meet legal obligations	<ul style="list-style-type: none"> Avoids putting requirements on property owners during a traumatic situation Council could expedite the recovery of council land 	<ul style="list-style-type: none"> Property owners would not be accountable even if their actions caused or contributed to a slip May incur costs for ratepayers that would be the responsibility of the private property owner 	Highest
Option Two: Discretion to require owner to meet legal obligations <i>Recommended</i>	<ul style="list-style-type: none"> Council could at its discretion decide to take actions (which otherwise may be expected to sit with the private property owner) to expedite the recovery of council land for example, commissioning reports and or clearing debris Gives discretion to consider the appropriateness of the situation and whether the potential costs justify the process of requiring the property owner to meet their obligations. 	<ul style="list-style-type: none"> May incur costs in certain situations for ratepayers that would be the responsibility of the private property owner Property owners may expect discretion to be used in circumstances other than those that would be a priority for council 	Would depend on use of discretion but less than Option One and more than Option Three
Option Three: Require owner to meet legal obligations	<ul style="list-style-type: none"> Avoids ratepayers incurring costs that would be the responsibility of the private property owner 	<ul style="list-style-type: none"> The process of requiring the property owner to take action could delay the recovery of council land and may be disproportionate to the costs No discretion to consider the appropriateness of the situation Potential for high reputational risk if discretion is not allowed 	Lowest

ISSUE FIVE: LANDSLIDES ON COUNCIL LAND ONLY

39. The council may have to make decisions on whether to repair or remediate council land impacted by a landslide. Decisions on landslides entirely on council land will not trigger a legal obligation to act as set out in paragraph 16. However, there may still be statutory considerations that need to be considered depending on the nature of the land or infrastructure involved for example through the Reserves Act 1977 or Local Government Act 2002.
40. Neighbouring property owners may also request council to remediate landslides on council land out of concern that the ongoing regression may continue and begin to impact their properties.
41. Table Seven: Landslides on council land only

Option	Advantages	Disadvantages	Cost
Option One: Strategic consideration Recommended	<ul style="list-style-type: none"> Allows for council to target resources to areas of council land where the public benefit will be highest Allows council to consider the most economic approach to deliver activities and assets which may include relocating assets or activities Avoids potentially significant costs to repair or remediate land that does not have a high public value Allows sites of significance to be protected 	<ul style="list-style-type: none"> Over time land or assets may be reduced or less accessible in areas that are susceptible to landslides when compared with current levels May result in visible landslide damage May place neighbouring private property at risk 	Medium cost but justified against the asset or activity being protected so overall more economical compared with Option Three so lower holistic cost to council
Option Two: Full reinstatement of land or assets affected by landslides	<ul style="list-style-type: none"> Existing land and assets remain operable Would protect neighbouring private property Would avoid the appearance of unremediated landslides 	<ul style="list-style-type: none"> The value of the land or asset may not justify the level of investment required to repair or remediate Likely to result in significant costs to repair or remediate all spaces or assets It is not council's role to protect private property 	High
Option Three: No repair or remediation	<ul style="list-style-type: none"> Treats all spaces consistently 	<ul style="list-style-type: none"> May be more economical to repair or remediate existing land or assets rather than relocate assets or activities Could result in number of spaces offline that could be reopened with low-cost measures Would still need to ensure unsafe sites are secured against public 	Lower cost but replacing assets and activities may be less economical than Option One so higher holistic cost to council

		use, which may carry costs	
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ISSUE SIX: CONTRIBUTION TO GOVERNMENT PARTNERSHIP OR INTERVENTIONS

42. Following significant storm events central government may offer partnership or intervention to support recovery and potentially purchase private property which is unable, or uneconomic, to be made safe for future occupation (often described as homes at intolerable risk). Local government may be required to contribute a portion of funding as a condition of accepting these partnerships or interventions.
43. Other councils have had to consider positions on whether to accept the 2023 central government package which required a 50/50 split of the funding with central government. Most councils stated that they were not responsible for protecting private property but were accepting the offer as a one-off situation. Many noted they will not be in a financial position to continue to contribute this level of funding going forward and called for a central government position on managed, or post-disaster, retreat from areas of intolerable risk.
44. Table Eight: Council position on contribution to government partnership or intervention¹¹

Option	Advantages	Disadvantages	Cost
Option One: Do not accept under any circumstance	<ul style="list-style-type: none"> Clear position that council will not be responsible for intervening in private property 	<ul style="list-style-type: none"> Community may lose access to potential funding from central government to recover 	No additional costs but may miss out on benefits
Option Two: case-by-case based on considerations in policy section 5.15 Recommended	<ul style="list-style-type: none"> Potentially allows community access to funding from central government to recover Clarifies the factors council will consider prior to reaching a decision ensuring a well-considered decision is reached Set expectation that council will not automatically accept a government partnership Allows council the option to negotiate an offer with central government 	<ul style="list-style-type: none"> Conflicts with the position that council is not responsible for intervening in private property 	Costs dependent on offer
Option Three: Case-by-case	<ul style="list-style-type: none"> Potentially allows community access to funding from central government to recover Retains full discretion Allows council the option to negotiate an offer with central government 	<ul style="list-style-type: none"> May raise expectations that council will accept government partnerships Not clear what council will consider before reaching a decision 	Costs dependent on offer

¹¹ This policy will apply to landslides that occur after its adoption; it will not apply to landslides that occurred in the storm events of 2023.

FINANCIAL CONSIDERATIONS

45. High level financial considerations are outlined in the options table in the report. Further work would be needed to provide a more specific projection of potential financial costs, and any projection would still be subject to a high level of uncertainty.

LEGAL IMPLICATIONS / RISKS

46. As discussed in paragraph 16 and attachment three the legal obligations on council will be highly fact and context specific.

SIGNIFICANCE

47. 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.
48. 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.
49. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of high significance as it involves significant financial costs and is likely to have high public interest.

ENGAGEMENT

50. Taking into consideration the above assessment, that the issue is of high significance, officers are of the opinion that consultation may be required under the Local Government Act. However, consulting at present given the heightened sentiment in the community following the events of last year may result in an unbalanced view.
51. The committee may decide not to consult where (among other factors) the committee is satisfied the views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known to the local authority. The committee must still give consideration to views and preferences of persons likely to be affected by, or to have an interest in, the matter in making this decision.
52. The council has consulted the community previously through the 2015 Long-Term Plan on the approach to stormwater (the proposal moved the level of service from protecting property to protecting the safety of people) and the 2020 review of the coastal structures policy (which clarifies council will not invest in coastal structures to protect private property¹²). In these consultations property owners at risk of the natural hazard generally supported protecting private property, whereas community members not at risk preferred a more economical approach (142 of 205 responses).
53. Te Rangapū were consulted on the 2020 Coastal Structures Policy review. At the time Rangapū members requested more information on the coastal structures in their area and recommended that the policy include consideration of the significance of the area to mana whenua in determining options for managing coastal effects and coastal structures. Staff have also been engaging with several marae in Tauranga on the slope hazard zone mapping

¹² <https://www.tauranga.govt.nz/Portals/0/data/council/policies/files/coastal-structures-policy.pdf>




who have been interested in better understanding the information on how natural hazards will impact their land and assets.

54. During the engagement with Maungatapu residents affected by the landslides last year there was a preference from those affected for council to offer greater support, typically full reinstatement of land / buildings or compensation at market value. If the committee considers the views of persons likely to be affected by, or to have an interest in, the matter are already sufficiently known on the issue no consultation is required.

NEXT STEPS

55. If the committee would like to adopt the policy immediately, council will publish the policy on the Tauranga City Council website. If the committee would like to consult on the draft policy staff will prepare the draft policy for community consultation.

ATTACHMENTS

1. **Draft Response to Landslides Policy - A15409808** [↓](#) 
2. **Earthquake Commission Land damage claims in Tauranga since 2000 - A15468120** [↓](#)
3. **Fact sheet on responsibilities related to landslides - A15465545** [↓](#) 
4. **Tauranga City Council Submission Community-Led Retreat and Adaptation Funding - A15477553** [↓](#) 

9.5 Q2 Financial Monitoring Report to 31 December 2023

File Number: A15355628

Author: Kathryn Sharplin, Manager: Finance
Tracey Hughes, Financial Insights & Reporting Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to provide information on Council's financial performance to 31 December 2023, the second quarter of the 2023/24 financial year. Revised non-financial performance reporting will be provided in March for the 6 months to end of December 2023.

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "Q2 Financial Monitoring Report to 31 December 2023".
- (b) Recommend to Council to approve unbudgeted loan-funded operating expenditure and associated rates-funded debt retirement over a five year period:
 - (i) \$370k for Keenan Road Business case
 - (ii) Wairoa Bridge Cycleway contribution to safety works \$1.1m

EXECUTIVE SUMMARY

2. This report along with the material in **Attachment 1** outlines council's draft financial performance against budget for the six months to 31 December of the 2023-24 financial year. The Statement of Comprehensive Revenue and Expense (SOCRE), along with capital reporting and treasury performance are presented and variances explained in **Attachment 1**.
3. The overall operating deficit is \$14.1m unfavourable to budget with key drivers being slower receipt of development contribution revenue and vested assets and year to date overspends in all categories of expenditure.
4. Capital Expenditure of \$188m was delivered which compares to the year-to-date budget of \$233m, excluding vested assets and projects delivered by third parties.
5. Gross debt is \$1.055bn at 31 December and net debt is \$942m with \$113m held in bank balances and term deposits.
6. Full year forecasts for capital expenditure are currently sitting at \$415m, however this is likely to be revised downwards.
7. Total operating expenditure will be significantly above budget for the year (\$49m) however most of the overspend is not funded by rates in the current year as it relies on carried forward funding, loan-funding, and unfunded depreciation. There is a risk that the overall rates requirement for the year may be \$2-\$3m (approximately 1%) above what has been collected based on current forecast, which would then increase loans. The Executive will continue to monitor and mitigate this forecast position.

BACKGROUND

8. This report is for monitoring and reporting purposes showing Council's second quarter financial performance against Annual Plan budgets, the basis for our annual reporting. For management purposes budgets are adjusted for carried forward expenditure and associated

funding from the prior year. These adjustments are not reflected in the attached reports however may be mentioned in the commentary.

DISCUSSION

Part 1: Financial Performance

9. The financial results to 31 December 2023, which is the second quarter of the 2023-24 year are provided as **Attachment 1** to this report.
10. Forecasts have been reviewed, indicating that an increase in the operating deficit of \$42.2m is expected. Forecasts include the impacts of items carried forward from the prior year as well as updated expectations.
11. The overall operating deficit is \$14.1m unfavourable to budget. There are a number of variances that relate to timing of revenue or expenditure.

Expenditure

- (a) Depreciation is \$5.7m over budget year to date, and is expected to be \$11.5m over budget for the full year. Depreciation is now reporting as calculated through the fixed assets register and includes all impacts of revaluation and capitalisation from 2023. The 2023 revaluations were finalised after the 2024 Annual Plan adoption, and as the waters revaluation in particular was very significant, this has had a similarly significant impact on depreciation, over budget. The additional depreciation will not be funded in the current year. This will also impact the LTP 2024-34 currently being prepared, and our approach and assumptions for the funding of depreciation may need to be reviewed.
- (b) Personnel costs are \$2.8m over budget currently and are forecast to be \$3.1m over budget for the full year. This will generate a negative impact on rates requirement of \$1-\$2m for the year. This will partly be offset by some higher revenue. Capitalisation is currently on budget although further analysis is required to ensure that our reporting of Digital projects is being reflected correctly. The year to date salaries overspend is widely spread over the organisation and we expect that some of these overspends will reduce in January as leave is taken. Salary savings are not being realised as replacements are employed quicker than anticipated. The impacts of restructures are also expected to affect the full year position. Further analysis to more clearly understand the drivers of this variance will be undertaken.
- (c) Finance costs are \$3.2m over budget resulting from higher opening balances and higher rates than had been anticipated in the annual plan. This is currently substantially offset by finance revenue (\$3m over budget year to date), for the same reasons. The forecast for finance costs net of revenue is projected to be \$4m over budget for the year, impacted by elevated interest rates and the increase reflected in the forecast capital programme. This would generate an additional rates requirement of approximately \$2m. If the current Capital forecast is not achieved, the overspend in interest for the year will be reduced.
- (d) Other expenditure is currently \$12.6m over budget and forecast to be \$28.4m over budget for the full year. Overall however, this will have little impact on rates funding. A significant proportion of both year to date expenditure and forecast is related to items initially budgeted and funded in the 2023 financial year and brought forward (\$9.3m full year), mainly in the community contributions and grants area. Items that are or are likely to become loan-funded (\$18.7m full year) such as Tauriko West (timing adjustments), and business case development and software development charges (budgeted as capital) also contribute to this overspend. More detailed information on how expenditure is tracking by activity can be seen in **Attachment 1**. An item to note that is significantly above budget is insurance costs. We have added large uplifts to the

insurance budget every year reflecting both the higher value of the asset base and higher insurance charges, however actual expenditure continues to come in over budget as costs continue to increase. The forecast for the full year is \$600k over the \$5.5m budget.

Revenue

- (e) Metered water revenue is tracking slightly ahead of budget for the half year. Quarter one results were slightly behind budget, the difference being a catch up in volumes due to the warmer weather and adjustments to accruals. Full year revenue is expected to be on budget. Please see **Attachment 2** for background information on water volume modelling.
 - (f) Subsidies and grants are ahead of budget for the year. The full year forecast of subsidy revenue has been revised upward following Waka Kotahi agreement to fund the increase in maintenance and renewal work budgeted for the year but not initially included in the year's funding agreements. Subsidies and grants relating to capital projects carried forward from 2023 are included in this revision. Offsetting this forecast increase, the annual plan did include a government subsidy of council's ongoing water reform costs. However, this work slowed in quarter two and the full year subsidy is now expected to be less than budgeted. Updates on timing of expected Tauriko West IFF subsidies has also reduced the forecast. As a result of these impacts the full year subsidy revenue forecast has been decreased by \$5m, across capital and operational subsidies.
 - (g) Fees and Charges are above budget for the first six months with about \$900,000 in the recognition of revenue recorded as pre-receipts at year end. Above budget revenue areas are parking, Baycourt and wastewater. The forecast for the year has been increased by \$3m.
 - (h) Growth-related revenue including development contributions and vested assets are below budget. Revenue is recognised as building and subdivisions occur or as developers complete and vest assets to council. Full year forecast for development contributions has been reduced by \$7.5m reflecting reduced volumes of new dwelling consents.
12. Capital expenditure of \$188m was delivered which compares to the year-to-date budget of \$233m, excluding vested assets and projects delivered by third parties. The full year forecast has been revised to \$415.3m, which is \$36m below the revised baseline budget (which includes carry forwards from 2023). The main variances driving this forecast are:
- (a) delayed Cameron Road Stage 2 programme – a business case is underway but construction of Stage 2 is unlikely to commence this financial year
 - (b) delayed Te Maunga Transfer Station Redevelopment while a business case is developed and funding assumptions considered
 - (c) changes to the accounting treatment for Digital projects, resulting in reduced capital and increased operational budgets
13. The Treasury report shows Gross debt at \$1.055bn and net debt at \$942m. Money market investments and bank deposits are at \$105m. Interest rate hedging and debt maturity profiles remain within Treasury policy. While interest rates remain relatively high, with the OCR at 5.5%, council's average borrowing rate including margins is at 4.76%. A new record for monthly cash payments was reached in November of \$75m, reflecting both inflation and the increase in business activity.

Transport requests for loan funding

14. Keenan Road business case - \$370k is requested as TCC share of this business case. The substantive project has been delayed in the LTP 2024-34 however the business case work has already been started and will be used to inform future planning decisions. The request to loan-fund reflects the expectation of realising the benefits over time. The loan will be repaid over 5 years.
15. Wairoa bridge Cycleway - \$1.1m is requested as TCC share of project costs. Capital funding for this has previously been agreed in order to address immediate safety risks, however in the short-term the asset will not belong to TCC, necessitating treatment as operating expenditure. The loan will be repaid over 5 years.

Finance Dashboard

16. The Finance and Digital teams have been working together to provide at-a-glance financial information for Exec and Activity Managers. The dashboard development has completed phase 1 and is available through the TCC Intranet. We are investigating how to make this available live online for commissioners as well. Further development is programmed, with the intention of making this a one-stop financial data shop for most of the business. Some high level screen shots are included in **Attachment 3**.

OPTIONS ANALYSIS

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

FINANCIAL CONSIDERATIONS

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

STRATEGIC / STATUTORY CONTEXT

19. Maintaining expenditure within annual plan budget ensures delivery of services in a financially sustainable way. Variance review assists in identifying risks and trends facing council

LEGAL IMPLICATIONS / RISKS

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

CONSULTATION / ENGAGEMENT

21. This report is made public.

SIGNIFICANCE

22. 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.
23. 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.

24. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.




ENGAGEMENT

25. 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

26. 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. **Opex, capex and treasury reports - A15465580** [↓](#) 
2. **Water volumes modelling - A15466087** [↓](#) 
3. **BI Report - trends - A15489952** [↓](#) 

9.6 Capital Programme 2023/24 6 month update – James Woodward

ATTACHMENTS

Nil

9.7 LGOIMA and Privacy Report Q2 for 2023/2024 year**File Number:** A15492382**Author:** Darelle Howard, **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 second quarter of 2023/24
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RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

- (a) Receives the report "LGOIMA and Privacy Report Q2 for 2023/2024 year."
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EXECUTIVE SUMMARY

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

ATTACHMENTS

1. **Q2 Report LGOIMA and Privacy requests - Oct-Dec 2023 - A15492304** [↓](#) 

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
<p>11.1 - Public Excluded Minutes of the Strategy, Finance and Risk Committee meeting held on 4 December 2023</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>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</p> <p>s7(2)(b)(ii) - The withholding of the information 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</p> <p>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</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p> <p>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</p>	<p>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 good reason for withholding would exist under section 6 or section 7</p>
<p>11.2 - Litigation Report</p>	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional</p>	<p>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</p>

	<p>privilege</p> <p>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)</p>	<p>good reason for withholding would exist under section 6 or section 7</p>
<p>11.3 - Corporate Risk Register - Quarterly Update</p>	<p>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</p> <p>s7(2)(b)(ii) - The withholding of the information 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</p> <p>s7(2)(h) - The withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities</p> <p>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)</p>	<p>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 good reason for withholding would exist under section 6 or section 7</p>
<p>11.4 - Internal Audit & Assurance - Quarterly Update</p>	<p>s6(b) - The making available of the information would be likely to endanger the safety of any person</p> <p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>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</p> <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege</p> <p>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</p>	<p>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 good reason for withholding would exist under section 6 or section 7</p>

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