



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 t 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 emphasis 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 dinning, 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>	<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>
11.2 - 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>	<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>
11.3 - 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>	<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	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege	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
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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** [↓](#) 

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Report to the Council on the interim audit of

Tauranga City Council

For the year ended 30 June 2023

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Key messages

We have completed our interim audit for the year ended 30 June 2023. This report sets out our findings from the interim audit.

We worked with Council staff throughout the organisation to update the systems descriptions and performed walkthroughs of processes as necessary. This included the systems relating to some service performance measures.

We identified one area for improvement during this audit visit – for management to formally undertake a fraud risk assessment each year. We also reviewed a number of prior year interim visit audit recommendations, with a number in progress and four resolved at the time of writing. The remainder of the recommendations will be updated during our final visit.

Thank you

We would like to thank management and staff for being well prepared for our audit visit. The prompt provision of the information we requested, and staff making themselves available for meetings with audit staff, contributed to a relatively short audit visit.



Leon Pieterse
Appointed Auditor
22 August 2023

1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommendations:

Priority	Explanation
Urgent	Needs to be addressed <i>urgently</i> These recommendations relate to a significant deficiency that exposes the City Council to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, <i>generally within six months</i> These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, <i>generally within six to 12 months</i> These recommendations relate to areas where the City Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

1.1 New recommendations

The following table summarises our recommendations and their priority:

Recommendation	Reference	Priority
Undertake a formal fraud risk assessment on an annual basis.	2.2.1	Necessary

1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations related to our interim audit work. Appendix 1 sets out the status of previous year's recommendations in detail.

Previous recommendations	Priority			
	Urgent	Necessary	Beneficial	Total
Recommendations from 30 June 2022 report				
New recommendations in 30 June 2022 report	0	10	0	10
Implemented or closed	0	(4)	0	(4)
Total outstanding after June 2023 interim visit	0	6	0	6
Recommendations from 30 June 2021 and earlier				
Open recommendations from 2021 and earlier	0	12	2	14
Implemented or closed	0	(2)	0	(2)
Total outstanding after June 2023 interim visit	0	10	2	12
Total of all open recommendations after June 2023 interim visit	0	16	2	18
Outstanding items noted above that status will be confirmed as part of the final audit work *	0	11	2	13

* **NOTE:** As detailed in Appendix 1, 13 of the 18 open recommendations will be reviewed and updated during our final audit i.e. it has not been tested as part of our interim audit.

2 Assessment of internal control



The Commissioners, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. Our audit considers the internal control relevant to preparing the financial statements and the service performance information. We review internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work, and may not include all weaknesses for internal controls relevant to the audit.

2.1 Control environment

The control environment reflects the overall attitudes, awareness and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of those charged with governance, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We have performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the Commissioners and management to establish and maintain effective management procedures and internal controls.

We consider that a culture of honesty and ethical behaviour has been created and maintained. The elements of the control environment provide an appropriate foundation for other components of internal control.

2.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented and maintained by the Commissioners and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We identified one new issue to bring to your attention below. We have updated prior year issues in Appendix 1.

Overall, we assess the controls in each system are capable collectively of preventing or detecting and correcting material misstatements.

2.2.1 Formal fraud risk assessment

Our enquiries with management identified there was no formal fraud risk assessment undertaken for the 2022/23 period. A formal risk assessment process helps management to identify any new areas of fraud risk and to consider if the risks in the prior period remain relevant. Formally documenting the risks, and managements response to those risks, sets clear expectations for management oversight and enables management to be flexible in its approach and vigilance against fraudulent activity of all kinds.

We recommend management undertake a formal fraud risk assessment on an annual basis.

Management comment

TCC have various ongoing work related to managing the risk of Fraud including:

- *Corporate Risk COR27 (Fraudulent / corrupt behaviour by staff / contractors) reviewed regularly with Manager: Legal, Risk & Procurement and the GM: Corporate Services.*
- *Recent Internal Audit of current fraud controls.*
- *Ongoing work related to our 'Integrity Framework' of policies including Code of Conduct, Protected Disclosures, Sensitive Expenditure, Fraud, etc.*
- *Planned Internal Audit review of 'financial behaviours' – i.e., how people go about checking and approving e.g. purchase orders in SAP.*

As the risk of fraud is not currently evaluated as 'Critical' it is not highlighted on our current reporting to the Exec or Strategy, Finance & Risk Committee. To raise awareness of the risk at Exec level the Team Leader Risk will take the action to include risk of fraud as an item in their next quarterly report to Exec (and at least annually going forward), to be discussed at the meeting when the report is reviewed.

3 Useful publications



Based on our knowledge of the City Council, we have included some publications that the City Council and management may find useful. A number of other publications are available on our website for reference purposes and links for key matters that may be relevant to the City Council were included in the prior year report issued on 23 January 2023.

Description	Where to find it
Local government risk management practices	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications. Link: Observations on local government risk management practices
Good practice	
The OAG's website contains a range of good practice guidance. This includes resources on: <ul style="list-style-type: none"> • audit committees; • conflicts of interest; • discouraging fraud; • good governance; • service performance reporting; • procurement; • sensitive expenditure; and • severance payments. 	On the OAG's website under good practice. Link: Good practice

Appendix 1: Status of previous recommendations

Open recommendations

Recommendation	First raised	Status
Necessary		
Payroll users with privilege access.		
Review the list of 'Master' and 'TCC Master' users in the payroll system and ensure only staff who require such access are given privileged access rights.	2021/22	<p>Outstanding</p> <p>There have been no changes to the system, based on discussions with staff while doing the system description review.</p> <p>Management Comment</p> <p><i>The CHRIS access has been reviewed and each employee that has access has it limited to their role.</i></p> <p><i>The HR team have advised a lot of work was carried out last year to minimise and restrict access to only those staff that absolutely required access.</i></p> <p>Auditor response</p> <p>Our discussions indicated there were still segregation of duties risks, despite the HR commentary above that they only had required access.</p> <p>We will re-visit this at our final audit and discuss with management to consider if they wish to accept any residual risk as a result of segregation of duties.</p>
Reconciliations are not prepared/reviewed in a timely manner.		
All reconciliations are reviewed within one month of month end.	2021/22	<p>Outstanding</p> <p>We noted five out of ten reconciliations reviewed were not either not prepared or not reviewed in a timely manner.</p> <p>Management Comment</p> <p><i>A complete review of the Month End Reconciliation process has been carried out and reconciliations are now completed by the 20th Month following and then reviewed by the last day of the following month.</i></p> <p><i>Due to resource shortages in the accounting teams, and very long Annual report process the reconciliations for first six months were not carried out in a timely manner.</i></p>

Recommendation	First raised	Status
Necessary		
Generic log-on accounts for Digital Services' IT support partner.		
Reconsider the practice of issuing generic log-on accounts and instead issue named or unique accounts.	2021/22	To be updated during our final audit visit
Periodic restore testing of backups (IRC).		
Restore testing of back-ups be formalised and documented appropriately.	2021/22	To be updated during our final audit visit
Property plant and equipment assets		
Property plant and equipment assets are assigned to classes of similar nature, rather than on functional basis, unless the intention is to revalue all the assets in the class at the same time.	2021/22	To be updated during our final audit visit
Information systems – generic log-ons		
Reconsider the practice of issuing generic log-on accounts and instead issue named or unique accounts. If a business decision is made to continue with the current practice, appropriate security controls need to be implemented.	2021/22	To be updated during our final audit visit
Assets in use with no book value		
Review the useful lives for all assets that remain in use beyond their recorded useful lives.	2020/21	To be updated during our final audit visit
Information systems - network user access		
Review all network accounts and remove redundant accounts. Remove elevated access accounts for re-approval by management.	2020/21	To be updated during our final audit visit
Development contributions		
All internal audits and checks to be documented so that the review process is clear and compliance with council policy is implemented correctly.	2020/21	To be updated during our final audit visit
Information systems – Formalise performance monitoring and reviews of third-party IT providers		
Designate an individual to be responsible for regular monitoring and reporting on the achievement of third-party performance.	2020/21	To be updated during our final audit visit

Recommendation	First raised	Status
Necessary		
Suspense account reconciliations		
Ensure reconciling items are cleared in a timely manner, ideally within one month.	2019/20	<p>Outstanding</p> <p>Our review identified three, out of four reconciliations tested, did not have the reconciling items corrected in a timely manner.</p> <p>Management Comment</p> <p><i>A complete review of the Month End Reconciliation process has been carried out and reconciliations are now completed by the 20th Month following and then reviewed by the last day of the following month. Due to resource shortages in the accounting teams, and very long Annual report process the reconciliations for first six months were not carried out in a timely manner.</i></p>
Interest register declarations.		
All interest declarations are updated and complete.	2019/20	<p>Outstanding - In progress</p> <p>Our search of the Companies Office register identified some interests were not declared.</p> <p>We understand council staff will be undertaking a search of the Companies Office register as part of the end of financial year process. We will confirm this as part of the final audit visit.</p>
Performance measures		
<p>We recommended:</p> <ul style="list-style-type: none"> sufficient details and clearer descriptions are provided in the report for each event to help the data processor and reviewer make informed judgments on whether the event has met the criteria of the performance measure per DIA guidance; record and use the number of connections as per 30 June for three waters related performance result calculation; regularly review the event report and adjust types of events accordingly. This is to ensure three-waters issues have been correctly differentiated and classified; and 	2019/20	To be updated during our final audit visit

Recommendation	First raised	Status
Necessary		
<ul style="list-style-type: none"> regularly review the event report and ensure all private nature related events are removed from year-end population. 		
Information systems (IS) – process for ensuring application access is appropriate		
Improve the processes for adding and amending user access to all council applications.	2018/19	To be updated during our final audit visit
P-Card policy – cancellation or destroying cards		
Document the process for cancelling and destroying P-Cards to align with the OAG's guidelines for sensitive expenditure.	2017/18	Outstanding - In progress The Sensitive Expenditure policy is being reviewed and is due to be considered by council in September 2023.
Information systems – contractor compliance with council policies		
Contractors be required to attend security briefings and training. To ensure they are aware of ICT practices.	2017/18	To be updated during our final audit visit
Beneficial		
Asbestos assessment		
Develop a formal plan be that includes a list of the buildings to be reviewed, the outcome of the review, the process to address any issues identified and the financial implications of those issues.	2018/19	To be updated during our final audit visit
Revaluation of infrastructure assets and marine assets		
Implement an action plan to address the recommendations made by the valuer.	2018/19	To be updated during our final audit visit

Implemented or closed recommendations

Recommendation	First raised	Status
Valuation of vested assets A process is established to consider fair value at the time of recognising vested assets.	2021/22	Closed We understand a review is done over the vested asset values provided by the developer and compared to other similar projects/assets previously recognised by council. This assesses the reasonableness of the developer's costs, prior to formally capitalising the assets.
Timely recognition of vested assets Appropriate controls are put in place to ensure the timely recognition of vested asset.	2021/22	Closed We understand finance is advised when 224 certificates are provided, which triggers the first part of the capitalisation process. Vested assets are capitalised each month.
Group instructions Provide group instructions to group entities.	2021/22	Closed Group instructions were issued on 31 May 2023 for the 30 June 2023 financial statements.
Minutes on the website. Minutes of all Commissioner meetings are made available for public review wither immediately after the next meeting when they have been confirmed, or within one month, and labelled as draft if no confirmation has occurred at the next meeting.	2021/22	Closed Auditor noted draft minutes were being published on the website within two weeks of a meeting.
Classification of Fixed Asset Register Management ensures alignment between the classification of the asset purpose and the classification under which it is disclosed and recorded.	2020/21	Closed Was replaced by Property Plant and Equipment Assets recommendation in 2022/22.
Outdated policies – project management and fraud Policies are reviewed and updated on a regular basis.	2017/18	Closed The fraud policy was updated on 7 December 2022 and our review this year did not highlight any issues to bring to your attention. Council replaced the project management policy with a digital tool – Capital Project Management.

Appendix 2: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carry out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the Council.</p>
Auditing standards	<p>We carry out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect every instance of misstatement, fraud, irregularity, or inefficiency that are immaterial to your financial statements. The Council and management are responsible for implementing and maintaining systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the City Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>To date, other than the audit, we have no relationship with, or interests in, the City Council or its subsidiaries.</p>
Fees	<p>The audit fee for the year is still to be confirmed.</p> <p>To date, no other fees have been charged in this period.</p>
Other relationships	<p>To date, we are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the City Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations to date where a staff member of Audit New Zealand has accepted a position of employment with the City Council or its subsidiaries during or since the end of the financial year.</p>



AUDIT NEW ZEALAND

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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

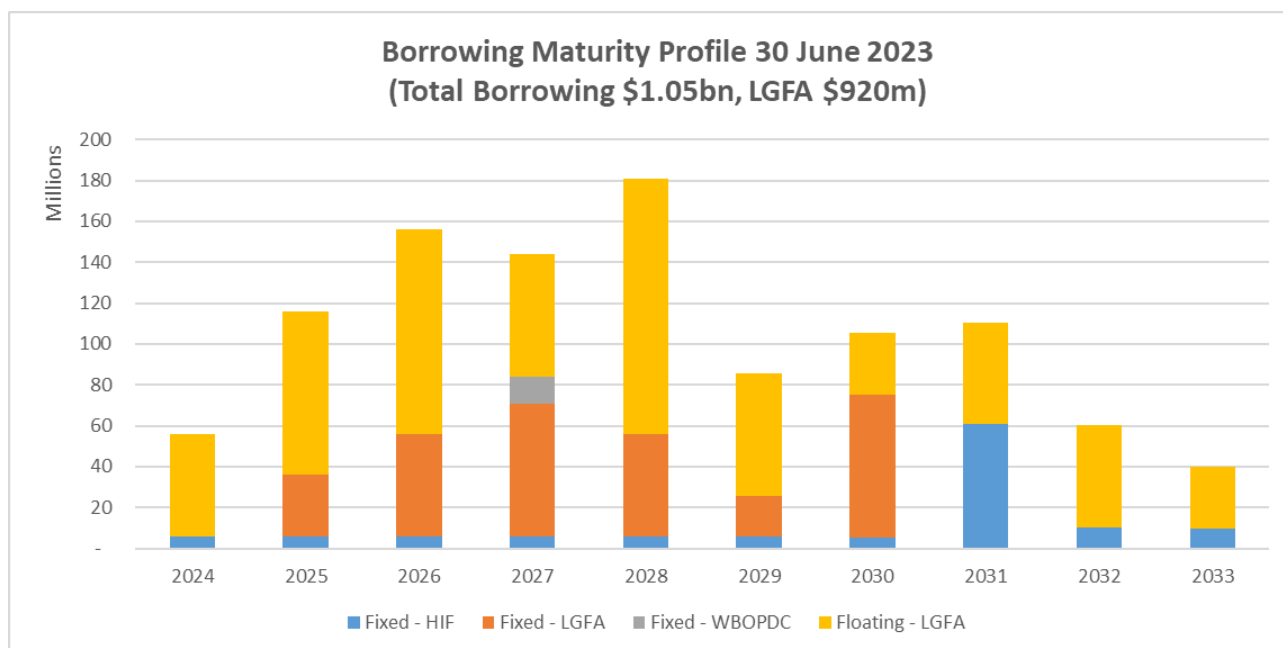
2. This report outlines all significant treasury operational activities and seeks confirmation of existing strategies and approvals for planned strategies.
3. Treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks.

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

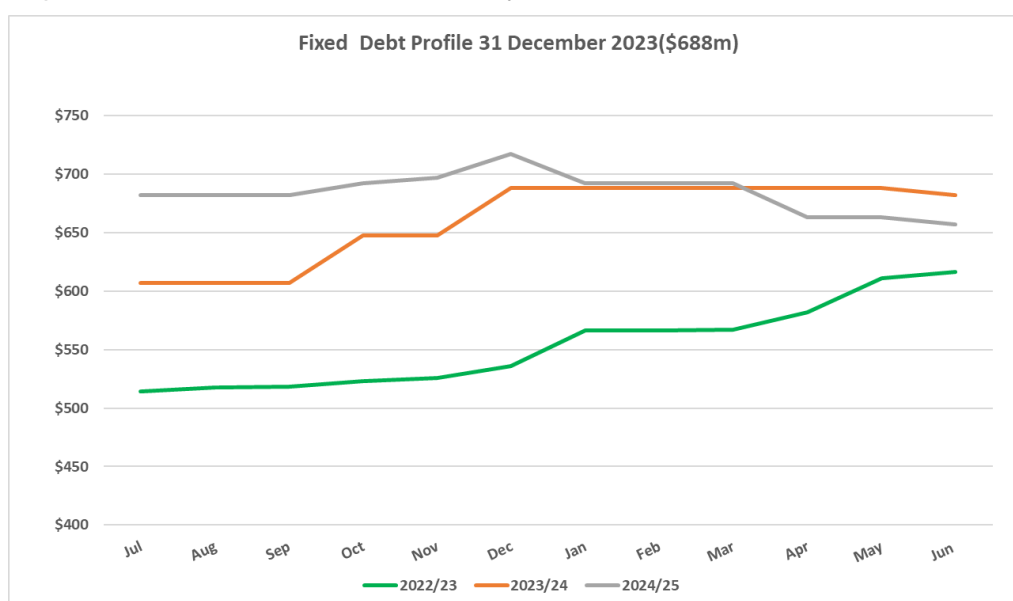
25. Generally debt will be issued under existing Council Debenture Trust Deed (DTD) which offers rates revenue as security to attract lower borrowing margins. Councils Trustee appointed under DTD is Covenant Trustee Services Limited. All debt obligations are registered with Link Market Services Limited.

Interest Rate Management

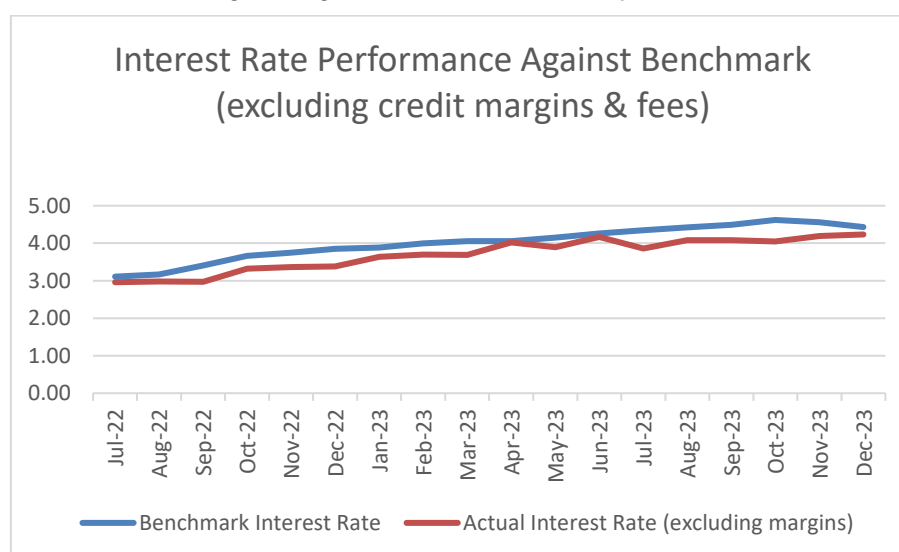
26. The overall objective of the interest rate risk management strategy is to:
 - a) Minimise the average net cost of borrowings over the long term
 - b) Minimise large concentrations of interest rate risk

- 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.

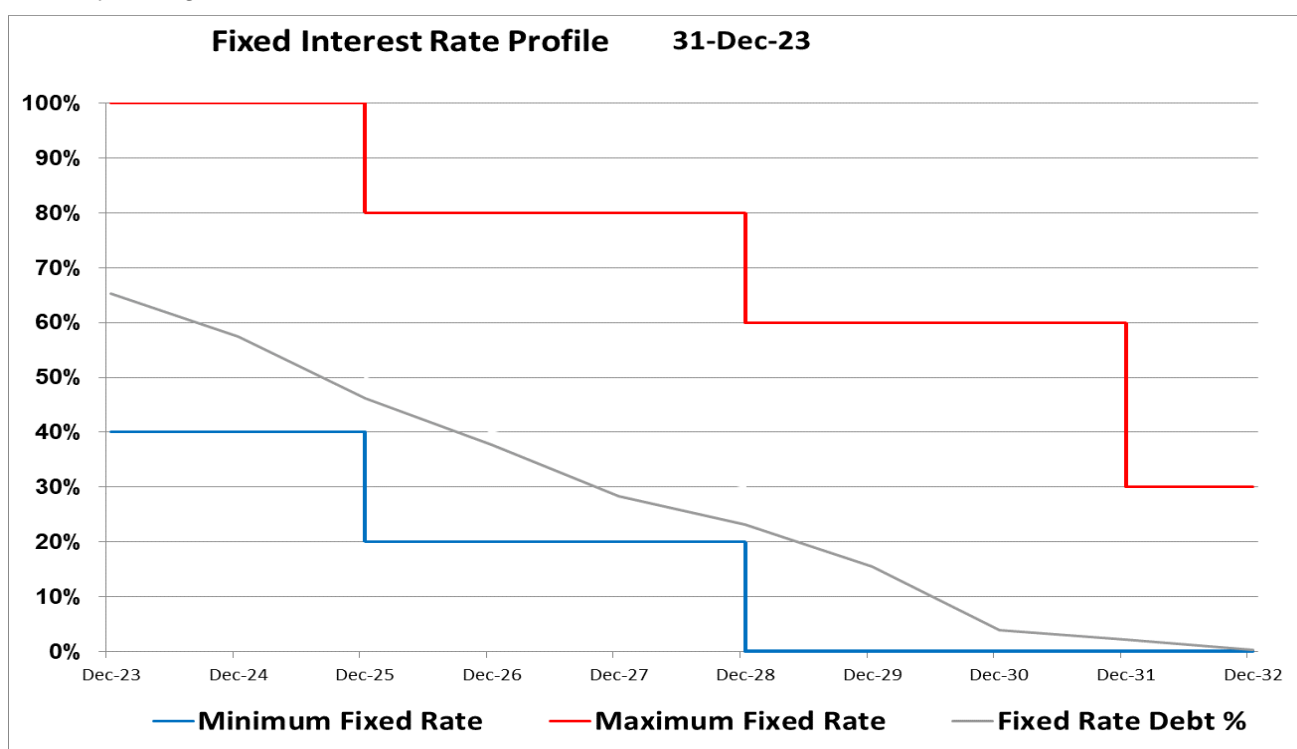


29. The graph below shows the actual average interest rate (excluding margins and fees) against market rate benchmarks as set in the Treasury Policy. Benchmark rates are a proportional calculation of the 90 day, 2,5,7 and 10 year swap rates. The average interest rate remains below benchmarks due to hedging 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** [↓](#) 



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

745 Cameron Road, Tauranga 3112
PO Box 621, Tauranga 3144
Telephone (04) 496 3099

Our ref: EN/LCA/04-0013 / T922

9 November 2023

Anne Tolley
Commissioner Chair
Private bag 12022
Tauranga City Council

cc Marty Grenfell, Chief Executive
Joshua Logan, LTP project co-ordinator

Tēnā koe Anne

Audit engagement letter: audit of the consultation document and Long-term Plan for the period commencing 1 July 2024

This audit engagement letter is sent to you on behalf of the Auditor-General, who is the auditor of all “public entities”, including Tauranga City Council (the Council), under section 14 of the Public Audit Act 2001. The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, under section 32 and 33 of the Public Audit Act 2001, to carry out the audit of the Council’s consultation document and long-term plan (LTP).

This letter outlines:

- the terms of the audit engagement and the respective responsibilities of the Council and me as the Appointed Auditor;
- the audit scope and objectives;
- the approach taken to complete the audit;
- the areas of audit emphasis; and
- the audit logistics.

A business unit of the Controller and Auditor-General www.auditnz.parliament.nz

1 Specific responsibilities of the council for preparing the consultation document and the long-term plan

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for preparing the consultation document and LTP, by applying the Council's own assumptions, in accordance with the Local Government Act 2002 (the Act) (in particular, the requirements of Part 6 and Schedule 10) and in accordance with generally accepted accounting practice in New Zealand. We assume that elected members are familiar with those responsibilities and, where necessary, have obtained advice about them.

For clarity, we note the following statutory responsibilities as set out in the Act:

- section 93 of the Act requires the Council to have an LTP at all times, and Part 1 of Schedule 10 prescribes the information that must be included in the LTP;
- section 111 requires all information that is required to be included in the LTP to be prepared in accordance with applicable generally accepted accounting practice standards;
- section 83 (with reference to section 93A) sets out the special consultative procedure that the Council is required to follow to adopt the consultation document and LTP; and
- section 93C(4) requires an auditor's report on the consultation document, and section 94 requires a separate opinion on the LTP.

Other general terms are set out in the relevant sections of this letter and Appendix 1.

2 Our audit scope

The Act requires us to provide two separate reports, as follows:

- on the consultation document, a report on:
 - whether the consultation document gives effect to the purpose specified in section 93B; and
 - the quality of the information and assumptions underlying the information in the consultation document; and
- on the LTP, a report on:
 - whether the LTP gives effect to the purpose in section 93(6); and
 - the quality of the information and assumptions underlying the forecast information provided in the LTP.

We expect our work to assess the quality of underlying information and assumptions to be a single, continuous process during the entire LTP preparation period.

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Our focus for the first limb of each report will be to assess whether the consultation document and the LTP meet their respective statutory purposes. Given the different purposes of each document, we will assess the answers to different questions for each report.

Our focus for the second limb of each report will be to obtain evidence about the quality of the information and assumptions underlying the information contained in the consultation document and LTP. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the information and assumptions underlying the information contained in the consultation document and LTP, whether because of fraud or error.

Our audit reports do not:

- provide a guarantee of absolute accuracy of the information in the relevant document;
- provide a guarantee that the Council has complied with all relevant legal obligations;
- express an opinion on the merits of any policy content; or
- include an opinion on whether the forecasts will be achieved.

3 Our approach to this audit

3.1 The content of the consultation document

The Act emphasises the discretion of the Council to decide what is appropriate to include in the consultation document and the associated consultation process. In deciding what to include in the consultation document, the Council must have regard to its significance and engagement policy, and the importance of other matters to the city and its communities.

We will need to understand how the Council has approached the task of applying its significance and engagement policy, and how it has weighed the importance of other matters in deciding what to include in the consultation document. This will help inform our assessment of whether the consultation document achieves its statutory purpose.

We will also confirm that the Council has appropriately set out the impact of the Water Services Entities Act 2022 in the consultation document (we cover this further in section 4).

3.2 Adopting and auditing the underlying information

Before adopting the consultation document, section 93G of the Act requires the Council to prepare and adopt the information that:

- is relied on by the content of the consultation document;
- is necessary to enable the Auditor-General to issue an audit report under section 93C(4); and
- provides the basis for the preparation of the LTP.

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The information to be prepared and adopted needs to be enough to enable the Council to prepare the consultation document.

We consider that local authorities will need to have thought comprehensively about how best to meet the requirements of the Act. Consistent with the guidance of Taituarā, Local Government Professionals Aotearoa, our view is that core building blocks of an LTP will be needed to support an effective consultation document. This will include, but not be limited to, draft financial and infrastructure strategies and the information that underlies them, including asset management information, assumptions, defined levels of service, funding and financial policies, and a complete set of financial forecasts.

We will work with management to understand the information proposed to be adopted and assess whether it will enable us to issue an audit report under section 93C(4).

In addition, the time frames to consider and adopt the LTP after the consultation process will be tight. From a practical perspective, it will be important that the Council is well advanced with the preparation of the full LTP when it issues the consultation document. Otherwise, you may find it difficult to complete the work and adopt the full LTP before the statutory deadline. The same is true for the audit work. The more audit work that can be completed at the first stage of the process, the less pressure there will be on you and the audit team at the end of the process.

3.3 Control environment

The Council is responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to prepare the consultation document and LTP, and to provide reasonable quality information and assumptions underlying the information contained in these documents.

Our approach to the audit will be to identify, confirm, and assess the Council's key processes and controls over the underlying information and the production of both the consultation document and the LTP. The purpose of this assessment is to enable us to plan the most effective and efficient approach to the audit work needed to provide our two audit reports. Our assessment is not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls.

We will carry out a review of the control environment to help us understand the approach taken to develop the consultation document and LTP, develop expectations of what should be included in the consultation document and LTP, and identify areas of potential audit risk. This will involve discussions with elected representatives and selected staff throughout the Council, review of publicly available information about the Council, updating our knowledge of Council issues developed during recent years, and a review of Council minutes since the last audit review.

Our review of your self-assessment response (see below) and key controls relating to the underlying information and development of the LTP is useful to our initial assessment of audit risk and so the nature and extent of our overall audit work.

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3.4 Project management, reporting deadlines, and audit progress

The development of the consultation document and LTP is a significant and complex project, and a comprehensive project plan is required for a successful LTP process. It is also essential that there is commitment throughout the organisation for the project, starting with the elected representatives. The involvement of senior management and elected representatives is important in deciding what to include in the consultation document.

The LTP has complex and inter-related information needs and draws together plans, policies, decisions, and information from throughout the Council and its community. We recognise that the Council will be doing its LTP preparation over an extended period.

3.5 Self-assessment

To assist our audit planning, we intend to use a self-assessment process to assist with our risk assessment process. The self-assessment requires you to reflect on your most significant issues and risks, governance of the LTP project, and the systems and processes you have in place (particularly to meet the purposes in the Act for the consultation document and the LTP), asset management, performance management and reporting, and financial management.

We provided the self-assessment to you on 28 August 2023. We ask for your co-operation in completing this assessment for return to us by 7 September 2024.

The self-assessment is like those used for our audits of previous LTPs. The information provided through the self-assessment will be confirmed with you through discussion after its completion.

4 Our particular areas of audit emphasis

4.1 Impact of the current economic environment on the Council's forecasts

The national and international response to the Covid-19 pandemic has created a significantly uncertain economic environment. Supply chain and labour market constraints due to closed borders and economic stimulus has led to inflationary pressures being seen around the world. New Zealand's response to increased inflation has meant significantly higher interest rates than that experienced in the recent past.

The current economic environment and what it means for the future will need to be factored into the Council's LTP forecasts. We will review the approach the Council has done to do this, and the quality of the supporting evidence used for the resulting assumptions.

We will also carefully consider how the Council sets out its proposed response to the current economic environment, including any discussion of any affordability trade-offs that are needed in the response, in the consultation document. We will specifically focus on whether Council's Consultation Document is "fit for purpose" in accordance with Section 93B of the Local Government Act 2002.

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4.2 Central Government reforms

The Government is undertaking a significant reform programme, some of which impacts on the operations of the Council. We discuss the main areas of reform and how we expect them to impact on the audit of the LTP below:

Affordable waters reform

With the enactment of the Water Services Entities Act 2022 and the passing of amendment acts in August 2023, the Council will transfer its three water assets to the Bay of Plenty Water Services Entity on a date that is still to be set by an Order in Council but will be one of the specified possible dates listed in section 6(A) of the Water Services Entities Act (Amended) 2022. The first possible transfer period is after 1 July 2024, with the last possible date being 1 July 2026.

This will have implications for the content of the LTP. The Council will need to include the information required under clause 32 of Schedule 1AA of the Act for water services in the LTP.¹ In preparing this information, the Council must plan to at least maintain levels of service at the levels planned to be provided in the 2023/24 financial year. The LTP (and its consultation document) must also explain to communities the following matters:

- water services are to be transferred from the Council to a water services entity during the 2024/25 and 2025/26 financial years;
- the implications of, and any significant risks associated with, the transfer (including financial implications and risks); and
- how the Council is planning to deal with the implications of, and any significant risks associated with, the transfer (including financial implications and risks).

Our audit will assess the reasonableness of the assumptions and other information used to prepare the information required under clause 32 of Schedule 1AA of the Act. We will also assess whether the Council has reasonably accounted for the transfer of the three water services in the forecast financial information.

Finally, we will review the disclosures about the transfer of the water services. This will include assessing the completeness of the significant risks associated with the transfer.

The removal of the three water services may also have a significant impact on Council's financial strategy. We will gain an understanding of how Council proposes to amend its financial strategy because of the impact of the three waters reforms, check this is consistent with Council's financial modelling, and ensure that the amendments are clearly set out in the draft financial strategy and other relevant documents, such as the consultation document.

¹ "Water services" means services relating to water supply, wastewater, and stormwater".

National Policy Statement – Urban Development (NPS-UD)

The NPS-UD requires local authorities to plan well for growth and ensure a well-functioning urban environment for all people, communities, and future generations. It ensures that rules do not constrain growth and supports intensification, such as building heights can be increased, and the requirement for minimum number of car parks are removed.

We note that Council does not meet the competitive margins, over and above its expected demand, to support choice in the housing and business land markets both in the short and medium term.

We will discuss with management their compliance with the requirements of the government's National Policy Statement on Urban Development (NPS UD) and the completion of their Housing and Business Development Capacity Assessments (HBA). We note council is required to at least annually publish the uptake in medium and high-density developments, to update the HBA at least every three years, which will inform the Future Development Strategy (FDS), the LTP and infrastructure strategies. A new FDS is required every six years.

Future for local government

As the Future for Local Government Panel only provided its final report to Government in June 2023, we do not expect any substantive policy decisions will be made to inform the development of the LTP.

The Council may decide to include some discussion of the Future for Local Government Panel's final report in the LTP or other supporting documentation such as the consultation document. We will assess the reasonableness of any such discussion.

4.3 Financial strategy and infrastructure strategy

The Act requires a local authority to prepare two key strategies as part of the LTP: the financial strategy and the infrastructure strategy.

The purpose of the financial strategy is to:

- facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

The purpose of the infrastructure strategy is to:

- identify significant infrastructure issues for the local authority during the period covered by the strategy; and
- identify the principal options for managing those issues and the implications of those options.

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For the two strategies to be effective, they must be closely aligned. Section 101B(5) allows for them to be combined into a single document.

Although the Act clearly sets the minimum requirements for these strategies, it does not define the only things that can be in a strategy. A good strategy should include what is needed to be a good quality strategic planning document. In the case of the infrastructure strategy, the principles of ISO 55000 should be considered, particularly where the Council is seeking to prepare a best practice strategy.

We understand council is forecasting the transfer of the relevant assets required under the amendment to the Water Services Entities Act 2022 in the third year of the LTP. We would expect this to be clearly set out in the infrastructure strategy, as well as any other significant changes to the prior infrastructure strategy.

Our focus when reviewing both strategies is to assess whether the Council has met the purpose outlined in the Act and presented the strategies in a coherent and easily readable manner. Specifically, we will:

- confirm that the two strategies are appropriately aligned;
- understand the effect of the financial forecasts included in the infrastructure strategy on the prudence of the financial strategy; and
- assess the reasonableness of the prepared forecasts by:
 - understanding how the Council has applied the effect of its assumptions (for example, allowing for changing demographics, the implications of the changing climate, the condition and performance of critical assets) and levels of service on expenditure decisions and outlined the implications of these decisions in the strategies;
 - reviewing the Council's relationship between its renewal capital expenditure and depreciation expenditure forecasts; and
 - checking that the infrastructure strategy is appropriately inflated.

The Council's financial modelling is a significant component of the underlying information that supports both the financial strategy and infrastructure strategy. We will place particular emphasis on the integrity and effectiveness of the financial modelling of all local authorities.

An additional role played by these strategies is to facilitate accountability to the community. It is critical that these strategies are presented in such a way that they are engaging and informative, and support the presentation of issues, options, and implications presented in the consultation document.

4.4 Assumptions

The quality of the Council's financial forecasts is significantly affected by whether the assumptions on which they are based are defined and reasonable. The Act recognises this by requiring all local authorities to clearly outline all significant forecasting assumptions and risks underlying the financial estimates in the LTP (Schedule 10, clause 17). Prospective Financial Statements (PBE FRS 42) also requires the disclosure of significant assumptions.

We will review the Council's list of significant forecasting assumptions and confirm that they are materially complete. We will also test the application of selected assumptions in the financial forecasts to check they have been reasonably applied. Finally, we will confirm that:

- all significant forecasting assumptions disclose the level of uncertainty associated with the assumption; and
- for all significant forecasting assumptions that involve a high level of uncertainty, the uncertainty and an estimate of the potential effects of the uncertainty on the financial forecasts are appropriately disclosed in the LTP.

We consider that the significant forecasting assumptions are crucial to the underlying information for the consultation document and will complete our review during our audit of the consultation document.

Climate change assumption

We will continue to focus on the assumptions that the Council has made about climate change and the adequacy of other information and disclosures relating to climate change.

We will review the Council's climate change assumptions to determine whether they are reasonable and supportable. We will assess the quality of the supporting information the Council is using in developing its assumptions and disclosures included in the LTP, the consultation document (if relevant), and the adopted underlying information.

We expect the Council to disclose the financial and related non-financial impacts of climate change related investments in the LTP, financial and infrastructure strategies.

In the prior LTP, council included three significant assumptions related to climate change and its impact on council's infrastructure:

- 1 Natural hazards/events – low likelihood, with high consequences possible;
- 2 Stormwater events – risk of increasing frequency with further modelling required; and
- 3 Sea-level rise – rise of faster than expected rise in sea-levels, with high consequences possible.

These assumptions will need to be updated, taking into account the future implication of likely changes in future weather patterns.

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4.5 Quality of asset-related forecasting information

A significant portion of the Council's operations relates to the management of its infrastructure: the provision of roads and footpaths (including transport stormwater systems). These activities typically make up about 15% of operational expenditure and 19% of capital expenditure (after excluding three waters expenditure, based on 30 June 2022 actual results).

To prepare reasonable quality asset information, the Council needs to have a comprehensive understanding of its critical assets and the cost of adequately maintaining and renewing them. An important consideration is how well the Council understands the condition of its assets and how the assets are performing.

In reviewing the reasonableness of the Council's asset-related forecasting information, we will:

- assess the Council's asset management planning systems and processes;
- understand what changes the Council proposes to its forecast levels of service;
- understand the Council's assessment of the reliability of the asset-related information;
- consider how accurate recently prepared budgets have been; and
- assess how matters such as affordability have been incorporated into the asset-related forecasts prepared.

Depending on what we identify in completing the above, we may have to complete further detailed testing on the Council's asset-related information.

5 Other matters

5.1 Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of the Council (including being independent of management personnel and the Council). This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity, and independence.

5.2 Publication of the consultation document and adopted Long-term Plan on the Council's website

The Council is responsible for the electronic presentation of the consultation document and LTP on its website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the presented data. Please ensure that your project plan allows time for us to examine the final electronic file version of the respective documents, including our audit report, before their inclusion on the website.

We need to do this to ensure consistency with the paper-based documents that have been subject to audit.

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6 Audit logistics**6.1 Audit timing**

The key dates in the audit timetable are as follows:

Self-assessment provided to Council	28 August 2023
Self-assessment returned to audit team for consideration	7 September 2023
Formal audit planning commences	11 September 2023
Proposed consultation document available	18 September 2023
Audit of consultation document starts	25 September 2023
Hot review by OAG (to be confirmed)	27 October 2023
Audit report on consultation document required	6 November 2023
Draft report to governors on consultation document engagement	22 November 2023
Management responses to the draft report received	29 November 2023
Finalised report to governors on consultation document engagement	6 December 2023
Proposed LTP for adoption available	21 March 2024
Audit of LTP document starts	25 March 2024
Audit report on adopted LTP required	22 April 2024
Draft report to governors on LTP engagement (if required)	22 April 2024
Management responses to the draft report received (if required)	30 April 2024
Finalised report to governors on LTP engagement (if required)	3 May 2024

Should we encounter any significant problems or delays during the audit, we will inform you immediately.

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We have an electronic audit management system. This means that our auditors will complete most of their work on their laptops. Therefore, we would appreciate it if the following could be made available during our audit:

- a suitable workspace for computer use (in keeping with the health and safety requirements discussed in Appendix 1); and
- electronic copies of key documents.

As noted in section 3.4, our audit work needs to be done as you develop your underlying information and prepare your consultation document and LTP, to ensure the timely completion of our audit.

To ensure that we meet agreed deadlines, it is essential that the dates agreed are adhered to.

7 Professional fees

Our audit fee, covering both the consultation document and the LTP for the period commencing 1 July 2024, will be confirmed in a separate agreement.

8 Personnel

Our personnel involved in the management of the audit are:

Leon Pieterse	Appointed Auditor
Athol Graham	Engagement Quality Control Review Director
Lyn Daken	Infrastructure specialist
Anton Labuschagne	Audit Manager
Maree Procter	Audit Supervisor

We have endeavoured to maintain staff continuity as far as possible.

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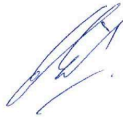
9 Agreement

Please sign and return the attached copy of this letter to indicate that:

- it is in accordance with your understanding of the arrangements for this audit of the consultation document and LTP for the period commencing 1 July 2024; and
- you accept the terms of the engagement set out in this letter that apply specifically to the audit of the consultation document and LTP and supplement the existing audit engagement letter dated 2 May 2023.

If there are any matters requiring further clarification, please do not hesitate to contact me.

Yours sincerely



Leon Pieterse
Director

I acknowledge that this letter is in accordance with my understanding of the arrangements of the audit engagement. I also acknowledge the terms of the engagement that apply specifically to the audit of the consultation document and LTP, and that supplement the existing audit engagement letter dated 2 May 2023.

Signed: 
Anne Tolley
Commissioner Chair

Date: 20 November 2023

Appendix 1: Terms of the engagement that apply specifically to the audit of the consultation document and LTP

Objectives

The objectives of the audit of the consultation document and LTP are:

- to provide independent reports on the consultation document (under section 93C(4) of the Act) and on the LTP (under section 94(1) of the Act) about:
 - whether each document gives effect to the relevant statutory purpose; and
 - the quality of the information and assumptions underlying the information included in each document; and
- to report on matters relevant to the Council's planning systems that come to our attention.

Our audit involves performing procedures that examine, on a test basis, evidence supporting assumptions, amounts, and other disclosures in the consultation document and LTP, and evaluating the overall adequacy of the presentation of information.

We also review other information associated with the consultation document and LTP to identify whether there are material inconsistencies with the audited consultation document and LTP.

Provision of a report to the governors of the Council

At a minimum, we will report to the governors of the Council at the conclusion of the engagement. The report communicates matters that come to our attention during the engagement and that we think are relevant to the Council. For example, we will report:

- any weaknesses in the Council's systems; and
- uncorrected misstatements noted during the audit.

Please note that the Auditor-General may refer to matters that are identified in the audit of consultation documents and LTPs in a report to Parliament if it is in the public interest, in keeping with section 20 of the Public Audit Act 2001.

Materiality

Consistent with the annual audit, the audit engagement for the consultation document and LTP adheres to the principles and concepts of materiality during the 10-year period of the LTP and beyond (where relevant).

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Materiality is one of the main factors affecting our judgement on the areas to be tested and the nature and extent of our tests and procedures performed during the audit. In planning and performing the audit, we aim to obtain assurance that the consultation document and LTP, and the information and assumptions underlying the information contained in these documents, do not have material misstatements caused by either fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence a reader's overall understanding of the consultation document and LTP.

Consequently, if we find material misstatements that are not corrected, we will refer to them in the audit report. Our preference is for any material misstatement to be corrected, avoiding the need to refer to misstatement.

The standards applied when conducting the audit of the consultation document and adopted long-term plan

Our audit is carried out in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we considered particular elements of the Auditor-General's Auditing Standards and International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

Responsibilities

General responsibilities

The general responsibilities of the Council for preparing and completing the consultation document and LTP are consistent with those for the annual report, as set out in the audit engagement letter dated 2 May 2023 – but noting that the consultation document and LTP include forecast information.

These responsibilities include those set out in Appendix 1 of that audit engagement letter as detailed below:

- Appendix 1: Respective specific responsibilities of the Council and the Appointed Auditor:
 - responsibilities for compliance with laws and regulations; and
 - responsibilities to establish and maintain appropriate standards of conduct and personal integrity.

Specific responsibilities

The Council is responsible for:

- maintaining accounting and other records that:
 - correctly record and explain the forecast transactions of the Council;

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- enable the Council to monitor the resources, activities, and entities under its control;
- enable the Council's forecast financial position to be determined with reasonable accuracy at any time; and
- enable the Council to prepare forecast financial statements and performance information that comply with legislation; and
- providing us with:
 - access to all information and assumptions relevant to preparing the consultation document and LTP, such as records, documentation, and other matters;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to Council members and employees that we consider necessary; and
 - written confirmation of representations made to us in connection with the audit.

Health and safety of audit staff

The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, we need to make arrangements with you to keep our audit staff safe while they are working at your premises.

We expect you to provide a safe work environment for our audit staff that is without risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

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 (Recommended)	<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	<p>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.</p> <p>Not involved in funding remediation on private property.</p>
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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 within 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
Option One: For private land: No involvement over Building Act and CDEMA duties. (Recommended)	<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 	None
Option Two: Fund some or all of the remedial works required at a private property level and/or buy out properties	<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 	Large

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 <i>Recommended</i>	<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 unremedied 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** [↓](#) 

DRAFT RESPONSE TO LANDSLIDES POLICY 2024



Policy type	City		
Authorised by	Strategy, Finance and Risk Committee		
First adopted	x	Minute reference	x
Revisions/amendments	x	Minute references	X
Review date	x		

1 PURPOSE

- 1.1 To provide a consistent approach to council's response to landslides within Tauranga City Council boundaries, whether on council owned land or private property.
- 1.2 To guide decision-making on the management of council land or infrastructure impacted by a landslide.
- 1.3 To provide broad guidance for Tauranga City Council's approach to natural hazards (primarily rainfall related).

2 SCOPE

- 2.1 This policy applies to the council response to landslides which occur wholly or partially within Tauranga City Council boundaries after the date of adoption of the policy.
- 2.2 This policy is not intended to cover:
 - decisions in the immediate aftermath of a landslide whilst emergency services and council are undertaking Civil Defence Emergency Management activities or Building Act activities to ensure the immediate safety of people and property
 - decisions on council administered land that is not council owned (for example, Mauao and sub-regional parks) due to the need to consider the relevant management agreements for these areas
 - community resilience ahead of an event
 - decisions relating to proactive natural hazard identification, resilience planning and risk reduction measures.
- 2.3 This policy is to be read in conjunction with the Coastal Structures Policy 2020.

3 BACKGROUND

- 3.1 Properties can be impacted by landslides, increasing as a risk, due to climate change. Improved technology is enhancing property-level modelling for natural hazard risks, thereby raising awareness of potential risks. Increased rainfall, coastal erosion and sea level rise can all impact on land stability. The need to retreat from areas of risk due to climate change is outside the scope of this policy and is currently under consideration by central government.
- 3.2 The responsibility to be aware of landslide risk and actions to mitigate risk and build resilience, sit with the property owner. Council will provide the information it holds on natural hazards, that relate to properties within Tauranga City Council's boundaries, on Land Information Memorandums. Information such as slope maps and landslide susceptibility mapping can help property owners understand the risk of a landslide impacting their properties.
- 3.3 Property owners should update themselves on the risks affecting their properties and where possible take action to reduce the risk or impacts from landslides. Whilst the responsibility to prepare for landslides sits with the property owner, support is available through Toka Tū Ake the Earthquake Commission, to understand what actions property owners can take to reduce their risk and be better prepared.
- 3.4 The council owns properties with slope hazards. This is often due to land such as escarpments, that are not suitable for housing developments, being vested, in the council to develop as reserves. The council also acquires properties for the purpose of public access such as esplanade reserves which may be steep and exposed to coastal erosion. The scale and nature of council land has been considered when determining the approach council will take to respond to landslides involving council land.

4 PRINCIPLES

- 4.1 Landslides are disturbances in the stability of a slope usually associated with heavy rain, droughts, changes in ground water and/or earthquakes. The council is not responsible for the natural action of weather, including climate change related weather events, on land stability.
- 4.2 The council has no general obligation to repair or remediate the effects of a landslide entirely on private property as these responsibilities sit with a combination of the landowner, their insurer, and Toka Tū Ake the Earthquake Commission.
- 4.3 When making decisions on responding to and recovery from a landslide, council will be guided by the following:
 - affordability and the burden on the ratepayer
 - council's responsibilities to the wider community and future residents
 - the likely increased occurrence of natural disasters in the future due to climate change
 - private property owners' responsibility to manage risk on their site, including the insuring of their property
 - potential benefits to public land or infrastructure
 - the Coastal Structures Policy.
- 4.4 Where private property is impacted by a landslide that occurred on council land, council will meet its legal obligations, if any, as the landowner. The council will not repair or remediate above the standard that is legally required. This approach protects

ratepayers from assuming responsibility for private property and reflects the challenges current and future generations would have meeting private costs.

- 4.5 The council will prioritise investment in the repair or remediation of council land or infrastructure, where this would provide a wider public benefit, such as through protecting strategic community infrastructure, supporting ongoing community use of a space, or protecting cultural values.
- 4.6 In assessing a landslide involving council land or infrastructure, the council will consider the ability of the wider community and future communities to fund the whole of life costs of the planned repair or remediation solution.

DEFINITIONS

Council	Tauranga City Council or any person authorised or delegated to act on its behalf.
Council land	For the purpose of this policy, council land includes council owned land. It does not include land managed but not owned by the Council. For the avoidance of doubt this policy does not include Mauao.
Cultural Significance	Includes any relevant information ascertainable by Council staff from any of the following documents: Council's GIS database (Archaeological Sites), the City Plan (Significant Māori Areas, Heritage Register, Planning Maps), Iwi and Hapū Management Plans.
Landslide	A landslide is a mass movement of material such as rock, soil, trees, debris and other earth material down a slope. Landslides also include debris flows.
Mana whenua	As defined in the Resource Management Act, the "customary authority exercised by an iwi, hapū or whanau in an identified area".
Private property	Non-council owned or administered land.
Remediate or repair	The process by which land is restored to a condition where the risk of further damage is suitably mitigated or sufficiently reduced so that activities on the site can safely recommence.

5 POLICY STATEMENT

Landslide assessment

- 5.1 In accordance with statutory obligations under the Building Act 2004 and/or Civil Defence Emergency Management Act 2002, the council will assess properties affected by a landslide for changes that might make the property unsafe for residents, the wider public or may cause damage to other properties.
- 5.2 The council will share with property owners, the assessment information collected as part of their duties under the Building Act 2004 and/or Civil Defence Emergency Management Act 2002 that relates to their property.

Landslides entirely on council land

- 5.3 The council will assess landslides that occur on council land and will monitor for changes that might make the property unsafe for the public or may cause damage to other properties.
- 5.4 Due to the large scale of council land and limited resources available, the council may at its discretion decide not to remediate or repair landslides on council land, or only partially repair or remediate (subject to any statutory requirements to remediate or

repair). In making this decision, the council will consider the principles of this policy and any other relevant plans, strategies, or policies.

- 5.5 If a landslide on council land poses a high level of ongoing risk to the public, the council will take action to manage this risk, for example, regular monitoring of the landslide and/or restricting public access.

Landslides that involve council land or infrastructure and private property

- 5.6 Should a landslide from Council land cause damage to private property or be assessed by the council as posing a future risk of damage to private property, the Council will consider any legal duties or obligations it owes to private property owners in deciding how to respond. Where the council as a landowner, has a legal obligation to an owner of private property the council will fulfil that legal obligation. The council will not repair or remediate land above the legal standard required. For the avoidance of doubt, any legal advice obtained when assessing Council's legal obligations will not be made public.
- 5.7 Where a private property owner is legally obliged, the council may expect property owners to remediate or repair council land to avoid the cost being borne by ratepayers.
- 5.8 Property owners may request access to council land to facilitate the remediation or repair of their own property. Requests to access council land will be assessed to ensure that the access does not increase the risk or liability to the council. The council retains discretion, to consider other matters, in deciding to allow or prohibit requests to access council land in these circumstances.
- 5.9 Where private property is affected by a landslide and contains public infrastructure, the decision to repair or remediate the land will remain with the private property owner. The council may consider contributing to the cost of the repair or remediation of the land to recognise the public benefit gained. The council may also decide to abandon assets and relocate infrastructure to unaffected land.

Landslides entirely on private property

- 5.10 Investigation into remediation and repair options for landslides on private property is the responsibility of the property owner.
- 5.11 The property owner is responsible for the ongoing monitoring and security of properties deemed to be unsafe under the Building Act 2002 and/or Civil Defence Emergency Management Act 2004.
- 5.12 When a landslide occurs on private property with cultural significance, the council may support property owners to connect with iwi and hapū on the recovery, repair and/or remediation process.

Support to connect property owners to appropriate services

- 5.13 The council will offer support to property owners (or people residing in a property immediately prior to the property being affected by a landslide) to access the right

services, at the right time, through connection with appropriate recovery support agencies.

Government Intervention / Partnerships

5.14 Following a landslide, central government may offer a support package to those affected by landslides. In some cases, this support will be conditional on a contribution from local government to the cost of the package.

5.15 The council will consider whether to accept a central government offer of support on a case-by-case basis. In making the decision, the council will consider the principles set out in section 4 of this policy and the following factors:

- whether properties were affected by council land slipping or if properties contain strategic council infrastructure
- the nature of offers of government intervention or partnership, and whether central government, Toka Tū Ake the Earthquake Commission, and insurance companies, are covering most of the costs (discounting the costs the council may already be liable to contribute)
- whether properties had insurance and whether the insurer is making a financial contribution
- the number of events, extent of properties affected and the cumulative fiscal costs to the council
- whether precedent setting is avoided
- whether, where land purchase is involved, accepting the offer is unlikely to impact the future liability to the council from future landslides.

6 REFERENCES AND RELEVANT LEGISLATION

- Local Government Act 2002
- Civil Defence Emergency Management Act 2002
- Building Act 2004
- Reserves Act 1977
- Tauranga City Plans
- Resource Management Act 1991
- Coastal Structures Policy 2020

Tauranga District/City EQCover claims for land damage since 2000

Suburb	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Barkes Corner		1				1																			2
Bellevue	5	2				43	1	1	2	1		4	1	15		1		8	1	1	1	1	2	9	99
Bethlehem		3			1	2					9	5	6	11	1	2		13	3				3	2	61
Brookfield	4		1		4	54	1	3						6	2		1	7	1		1		1	4	90
Gate Pa	9			1	2	10	2	4	9	4	1	3	3	3	6	2	2	3	4		1			1	70
Greerton	2	4		1	3	14	1	2	1	3		2	6	4	2		3	4			1	1		1	55
Hairini	3	2	1	1	3	12	1	1		2		2	1	1				2	1		1			4	38
Judea	10	3	2		4	40	1	3	3	4	3	11	1	1	4			4			1			5	100
Kairua						3																			3
Kaitemako						3																			3
Matapihi					1	2																			3
Matua					1	27			3		1	4	5	8				8	4					5	66
Maungatapu	4	1			1	23	6	1	2		7	7	1	2	1			15	3	1	1	1	6	26	109
Mount Maunganui	3					9	7	1	1	3	2	1		2	4		1	4	2	1			1		42
Motuopohi Island					1	5																			6
Ohauti	2	1							1		1	2	2	5		1					2		2	3	22
Omanu							1																		1
Omanu Beach		1																							1
Oropi										1				1										2	4
Otūmoetai	11	2	2		9	211	2	4	5	4	5	7	1	6		1		14	4	1	3	1	1	5	299
Papamoa Beach						3			1	1	2	2			1			2	3	2			1		18
Parkvale	1									1	1	1	3					2						1	10
Poike	1	2					1						2					2							8
Pyes Pa	3						1	1		2	1		1	1				3					3	4	20
Tauranga	4	3			2	29	3	1	1	5	1	4	1	2		1		4	4		2	1	1	10	79
Tauriko						2		2		2	1	1		10				1	2					1	22
Te Maunga						3																			3
Te Puna									2									1	1						4
Waimapu					1	3																			4
Wairoa Pa						2																			2
Welcome Bay	7	5	1		2	72	4	2	4		2	8	1	2	5		2	9	1	2		1	6	13	149
Total	69	30	7	3	35	573	32	26	35	33	37	64	35	80	26	8	9	106	34	8	14	6	27	96	1393

DRAFT: Fact sheet: Landslide event responsibilities explained**Who is responsible for repairing or remediating after a landslide event?**

Generally, damage from a landslide event is primarily the responsibility of the affected property owner. When a landslide occurs on private property it is a matter for the private property owner, their insurer and Toka Tū Ake - EQC.

What can I expect from my neighbour if a landslide occurs on their property and impacts my property?

If your neighbour's land has slipped due to a natural hazard, your neighbour may not be obliged to repair or remediate the damage caused by the slip.

Once aware of the risk, your neighbour will need to do what is reasonable in the circumstances. In many cases your neighbour may be able to meet their duty through informing you of the hazard and by not doing anything to exacerbate the situation.

Can I require my neighbour to take actions to reduce the risk of a landslide event happening?

If you have concerns about your neighbour's land it is best to talk with your neighbour to see if you can reach a reasonable solution.

If an agreement cannot be reached this would be considered a civil matter between neighbours and you would need to seek professional advice on the options available. Tauranga City Council does not get involved in purely civil property matters.

What can I expect from council if a landslide occurs on council land and impacts my property?

If a private property owner contacts the council with concerns about a landslide on council land, the council will undertake an assessment and share that information with the property owner and any other interested parties.

In many cases the above actions alone will meet the measured duty of care required. Where the council assesses that it may be reasonable or desirable to do more in the circumstances (for example where there is a need to remediate to secure key council infrastructure) plans for any additional works would be shared with interested parties.

More information on how the council makes decisions regarding landslide events on council land is provided in the council's Response to Landslides Policy.

What can I expect from council if a landslide occurs on council land and impacts public safety?

If a landslide occurs on council land which impacts public safety, council will undertake an assessment of the landslide and take action to secure public safety, either through undertaking remediation or repair or through restricting public access.

More information on how the council makes decisions regarding landslide events on council land is provided in the council's Response to Landslides Policy.



30 October 2023

To: New Zealand Parliament Environment Committee

Dear Sir/Madam

Submission to Inquiry into community-led retreat

Thank you for the opportunity to provide input to the Environment Committee's inquiry into community-led retreat and adaptation funding.

Local context

As a growing coastal city, Tauranga faces numerous climate change and natural hazard challenges. We are already experiencing increased frequency of extreme weather events and impacts from rising sea levels, such as coastal inundation and erosion. With a large proportion of our population living on the coast, our changing climate is a significant concern. Māori communities are vulnerable with marae, papakāinga and urupā often located in areas prone to climate change impacts.

Tauranga City Council ("TCC") has been researching, mapping and planning for, and informing the community about natural hazards for over 20 years. Information about these hazards is available on the Council website, included in land information memoranda ("LIM reports") and used in Council consenting processes for planning, building and subdivision.

In 2018, TCC established a 'resilience project' to provide robust information about hazards and infrastructure, and to inform land use planning, so that we can improve the city's resilience to natural hazards. The resilience project used updated data on natural hazards to quantify their potential impact on the city's infrastructure assets. Then the vulnerability of the city's assets was evaluated and mitigation against these hazards prepared. The project also identified risk hot spots where multiple critical assets are impacted by numerous hazards.

In August of this year, recognising that urgent and ongoing action is needed to mitigate the impacts of climate change and become a climate resilient city, TCC adopted Tauranga's first comprehensive [Climate Action and Investment Plan](#), which outlines our actions and roadmap towards a "low emissions and climate resilient city".

Input from Te Rangapū Mana Whenua o Tauranga Moana Partnership

The Te Rangapū Mana Whenua o Tauranga Moana Partnership ("Te Rangapū") is an autonomous body made up of 17 representatives from each of the hapū and iwi in the Tauranga City Council area. Given the tight timeframes for providing feedback it has not been possible to engage with all of Te Rangapū in relation to this submission, however our response has been discussed with the Chair of Te Rangapū.

Other submissions

TCC supports submissions made by the other Councils in our region (Western Bay District Council and Bay of Plenty Regional Council) as well as submissions made by Taituara and Local Government New Zealand.

Further contact

For matters relating to this submission, please contact Christine Jones, General Manager: Strategy & Growth in the first instance.

Yours sincerely



Marty Grenfell
Chief Executive

Submission to Inquiry into Community-Led Retreat and Adaptation Funding (“the Inquiry”)

General commentary

We commend the Environment Committee (“the Committee”) on the Inquiry and the comprehensive supporting documentation through both the Issues and Options Paper and the Technical Report. Thank you for the opportunity to provide feedback.

We note that this is an area of extreme complexity, uncertainty and importance and welcome the steps that are being taken to move from an ad hoc and reactive approach towards a more strategic, clear and coordinated national response. We do however note that the paper is in the early stage of considering options and ideas and that a significant amount of further work, detail and consultation will be needed to finalise an approach that will be permanent, predictable and enduring.

While we agree with many of the principles at a theoretical level the challenge will be in detailed design and implementation - especially faced with significant complexities and challenges such as community resistance, political changes, fiscal constraints and the inherent uncertainty in predicting climate-related events. The premise of community led or managed retreat has the potential to be emotive, challenging, controversial and divisive, impacting all four wellbeings – economic, environmental, cultural and social.

It is fundamental to achieve a balance between national clarity, leadership and resourcing against local autonomy, context, flexibility, relationships and cultural considerations.

We also note a number of related and ongoing legislative, political and regulatory factors such as reform of the Resource Management Act, the proposed National Policy Statement on Natural Hazards Decision-Making and the recommendations of the recent Review into the Future for Local Government. The role that central government needs to take is to help provide consistent information, processes and funding opportunities and part of this is to ensure that the legislative framework is clear and navigable. The introduction of the new legislation risks creating an even greater challenge in understanding a clear path in the management of natural hazards and, from there, the management of retreat processes. Great care will need to be taken that the whole natural hazards system is ‘joined up’.

It is also imperative to take account of the pressures currently facing local government, particularly councils in high growth areas. The pressures on a Tier 1 growth council to deliver on government’s urban growth agenda are significant. Balancing the needs of population, business and housing growth and of environmental protection requires constant management and often difficult (sometime unpalatable) choices. We look forward to clear guidance from central government as the resource management reforms and adaptation response are further progressed.

Comments on specific chapters and questions

Chapter 2. The need for change

Question 1 – Do you think we should use the term ‘community-led retreat’? If not, what do you think we should use and why?

If (per question 24) a mix of voluntary and mandatory retreat is required this will not always align with the wishes of the affected community. Many aspects will still need to be led / defined at a government level whether centrally or by local authorities. Per our other comments, a balance will need to be struck between national consistency and direction versus flexibility and local and ‘community’ input. The process will therefore not by design be entirely “community-led”.

For the community to have maximum ownership of the process would require an intensive investment in community upskilling, empowering and capacity building which is not considered at length in the issues and options paper.

Question 2 - Are there other barriers to Māori participation in adaptation and upholding Māori rights and interests? How can we better support Māori?

We recognise that mana whenua will have significant roles in the consideration of retreat on land within their rohe. We also recognise that many mana whenua organisations are not sufficiently resourced to enable that role to be undertaken. We recommend that resourcing is made available to hapu and iwi to enable decision-making regarding the management of waahi tapu and Māori sites of significance.

We note that another challenge for Māori participation will be the complicated decision-making processes related to multiply-owned Māori land with hundreds or thousands of beneficiaries (many widely dispersed), management boards, trustees and so on.

Question 3 – Are there other issues that affect the quality of risk assessments and local adaptation planning? How can we strengthen our approach?

At an organisation level, additional time/resources required often include training, standardised asset information, flexible approaches to risk assessments (i.e. technical led or community led depending on resources) and information showing the business case for adaptation. The business case needs to demonstrate that there are savings and/or reduced losses but does not need to show ‘optimal value’.

Question 4 - Are there other issues that limit our ability to retreat in advance of a disaster? How can we improve our approach?

More is needed to incentivise planning and risk avoidance activities. A change is also needed in the way we communicate risk and impacts. Risk tolerance will change over time and needs to be allowed for in our decision making. We should expect more communities to buy-in to avoidance activities as risk impacts become clearer and the need to avoid maladaptation that closes pathways to avoidance.

Another challenge is the difficulty of making long-term decisions on infrastructure provision (with useful lives of 50-75-100 years) when realistic adaptation/retreat might be 20 or 30 years away. This creates a tension for infrastructure providers between putting in basic infrastructure with a low service level and high propensity to fail, versus higher quality infrastructure which risks losing a major proportion of its value if retreat happens.

It is important to manage community expectations: in some areas we ultimately may not return post an event and may need to make this clear from the outset or as part of the adaptive pathways planning decision process. There seems to be a strong bias in the Issues and Options paper towards 'big bang' events versus slow creep (which is probably statistically more likely for many risks in areas like Tauranga). It is important to remember (and accordingly design the retreat system) that adaptation is not all about getting ahead of catastrophic events.

Question 5: Are there other issues with the way we fund adaptation? How can we improve our approach?

As mentioned in the overall comments, councils are often severely constrained by their balance sheets, competing priorities, funding growth, and so on. Funding mechanisms need to offer a long-term payment horizon and consistency / centralisation / certainty (see more comments on funding and financing in relation the chapter 7).

Equity and consistency are essential.

We also need to consider how we allow individual choice / individual and community funding inputs, i.e. individuals who want to pay for their own risk reducing interventions.

Question 6: What do you think the costs are of a failure to adapt or failure to adapt well?

Other costs include higher impacts (for example social, economic), opportunity costs and wasted costs of maladaptation. Traditional cost-benefit analysis incentivises optimal investment but an adaptive approach does not - instead it focuses on avoiding wasteful allocation of resources and a more tailored risk profile for each community.

Chapter 3 - Te Tiriti-based adaptation

General commentary

The single most important aspect of any retreat for Māori is that it involves Māori at a local level. In some situations, this may be at iwi level, but in most situations in Tauranga it is more likely to be at hapu level or at marae level. The retreat 'system' should explicitly provide for this.

Māori are significantly affected by multiple natural hazard risks due to their connection with, and subsequent location near, water. Within Tauranga there are marae and urupā directly affected by the risk of natural hazards and where, in time, retreat conversations may be appropriate. Each of these discussions will need to be specific to the people and the whenua involved. Flexibility in the approach to retreat will be critical.

The cultural significance of the whenua to Māori, and of specific whenua to whānau, hapu and iwi, means the issue of 'retreat to where?' becomes even more important than for some other lands. The need to identify and provide access to land that is culturally appropriate to retreat to will need to be a major focus in any retreat discussion. In some cases, historical land alienation may leave few obvious alternatives. Care will need to be given to considering all potential options for appropriate retreat sites, regardless of how difficult this may be.

Chapter 4 - Risk assessment

Question 13: How many stages do you think are needed for risk assessment and what scale is appropriate for each of those stages?

The “First national climate change risk assessment for New Zealand” has a useful three stage process that allows for risk screening; detailed risk assessment and a final stage where risks/actions are viewed against the adaptation plans.

Question 15: What do you think makes a risk tolerable or intolerable (ie, acceptable or unacceptable)?

We believe that this should be a community led question, noting that risk tolerance changes over time, particularly following significant events.

A definition of, or at least some clear criteria to help define, intolerable risk will be required. In our opinion the key, and perhaps only, factor in determining intolerable risk is risk to human life. This includes whether a building can be occupied in a safe and sanitary manner. Most other risks can be tolerated and should not necessarily lead to the initiation of retreat processes.

In relation to ‘who decides?’, we suggest key considerations should include the involvement, but not necessarily with final decision-making rights, of those who are subject to the potential intolerable risk, and those who are expected to fund the consequences of the retreat process should be central to the decision-making process.

Question 16: Do you think local risk assessments should be carried out or reviewed by a centralised agency or a local organisation? Why?

These should be carried out locally but using centralised guidance on probability. Hazards and probability can be defined by central guidance with impacts and adaptive capacity locally informed.

Question 17: Should risk assessments be carried out only by technical experts or should other people also have a role? What role should other people and organisations have?

There is an existing hierarchy of risk assessments – different stages have different requirements.

This may require a flexible approach depending on resources and decision criticality/risk/value etc. There are good examples of this being facilitated by a) technical experts b) community involvement for value identification and c) combination of both.

Chapter 5 - Local adaptation planning

General comments

We note the challenge for local authorities to define their own position (often on a reactive and case by case basis) and therefore the importance of central direction. While local context is essential there is a lot of public and political pressure on councils making these decisions – again clear and enduring direction from central government will greatly aid local authorities’ ability to act.

There are also inherent challenges around equity and inconsistency of individual circumstances – for example a property owner who has recently purchased an expensive “beachfront” property despite known risks versus homeowners in a small and low socio-economic coastal community who may have owned a home there for many decades.

We question what mechanisms would need to be in place for review and appeal. If discretion was left to local authorities, what would happen if one was unable or unwilling to comply with national direction? What about in the case of individual landowners or communities?

When considering a local versus national approach, overlap and clarity of roles between local versus regional councils and authorities will also need to be taken into account.

Question 18: Do you think there should be a requirement to undertake local adaptation planning? If so, should the trigger be based on the level of risk or something else?

Adaptation planning should be required where decision outcomes would vary significantly due to the uncertainty of future projections or where long-term investment decisions cannot be justified. Consideration should also be made of investment risk (high value, high risk).

Question 19: What direction should central government provide on the local adaptation planning process?

Strong central government direction will ensure consistency across regions which will in turn strengthen the process’s validity and acceptability.

Question 20: Do you think there should be a requirement to plan for different scenarios, such as changes in the level of risk or what happens if there is a disaster? Why or why not?

The DAPP (Dynamic Adaptive Policy Pathways) process specifically tests a location / sector / community’s ability to adapt to a disaster. Having an ‘on the shelf’ ready plan will significantly aid post event planning – reducing the time between events and investment in alternative pathways.

“Scenarios” can mean a range of things and further clarity on this could be provided. In an adaptation context, scenarios can inform risks and the development of adaptation pathways. Scenarios can (and should) be explored as a way of testing decisions to a wide range of external stresses and impacts. However, scenarios should not be used as deterministic best guesses. A pre-disaster recovery plan should link to the adaptive plan.

Question 21: How can we make sure that local adaptation planning is inclusive and draws on community views?

There are examples of developing good practice from experiences around NZ, such as use of community panels, multiple engagement media/events etc. There is a challenge in bringing together economic/costs information with community-based values using multi-criteria analysis type processes. These need to be very well facilitated by experienced practitioners. Outputs should still be in the LTP for community scrutiny.

Question 22: Who do you think should make decisions about the adaptation pathway we choose and why? How should others be involved in the process?

We may have preferred pathways, but all viable pathways should remain open according to the adaptive pathways plan. As per the adaptive pathways plan this should be a community choice informed by technical insight.

Chapter 6: Community-led retreat

Question 23: What do you think are the most important outcomes and principles for community-led retreat?

Roles and responsibilities should be principally guided by principles that include:

- efficiency, fairness, openness and transparency
- equity
- safety
- care and support for those impacted
- active community engagement
- flexibility
- iwi/Māori involvement, particularly mana whenua involvement
- beneficiaries contributing (where they are able to), and
- risks and responsibilities appropriately shared across parties

Question 24: Do you prefer option 1 (voluntary) or option 2 (a mix of voluntary and mandatory parts)? Are there any other options?

There may be circumstances where a voluntary approach needs to become mandatory and there may be powers needed (for example to no longer continue to provide services) where this tipping point is reached.

Question 25: Do you agree that affected land should no longer be used at the end of a retreat process (with limited exceptions for things like ceremonial events, recreation, some agricultural or horticultural uses and mahinga kai gathering)? Why or why not?

Land use should be appropriate for the risk levels that remain and should also be tied into wider planning processes. There may be uses of the land that would be appropriate and/or environmentally and socially beneficial, for example for carbon capture (wetlands etc), parkland or agricultural use.

Question 28: What do you think the threshold or trigger should be for withdrawing services once a decision has been made to retreat?

We agree with the issues and options paper that a combination of both options (i.e. inclusion in retreat plan, and subsequent requests at the point needed) may be needed. Ideally, a comprehensive adaptation plan would include this decision making within it (i.e. option A) however we recognise that complex adaptive pathways processes are harder to facilitate and agree.

In relation to the threshold or trigger the over-riding question should be 'is there a risk to health and life of people remaining in an area after some or all services are withdrawn?' If there is, then legislation such as that covering insanitary buildings will take effect. If not and people are able to live healthily 'off the grid' and there is no imminent threat of loss of life from natural hazards, then staying may be an option (noting that this would generally apply to 'slow creep' risks like rising sea-levels rather than event-based risks such as landslips or flash flooding).

It is also important to consider the role of other infrastructure providers (and insurers) in triggering or proceeding with a retreat discussion. Providers of services such as gas, electricity and telecommunications all make significant investment in capital infrastructure, each piece of which will have its own lifecycle. Infrastructure providers will make their own assessment of the costs and benefits of replacing or upgrading infrastructure assets at the appropriate time in that asset's lifecycle. Similarly insurance providers may make the decision not to insure or price the insurance at such a level as to be unaffordable. This may result in the 'trigger decision' for retreat being made by a third party with a decision to not renew an asset, gradually wind-down service provision or not insure. This may be outside of the 'intolerable risk' parameters of the retreat processes but nevertheless still be the trigger for consideration of such a process.

It would be beneficial to consider some sort of 'adaptation agency' with a role to ensure that essential service decisions are not made on wholly commercial grounds.

Chapter 7: Funding and financing

General comments

In many cases, local government balance sheets are under extreme pressure and any unnecessary increase in liabilities (or contingent liabilities) is likely to have implications on service delivery. Funding and financing options provided by central government will be essential for local government's ability to support retreat (particularly in a proactive rather than reactive way).

We support the principle (per the National Adaptation Plan) of risks and responsibilities being appropriately shared across parties including property owners, local government, central government, and banking and insurance industries.

While a principle of 'beneficiaries should contribute to costs' may at face value appear reasonable, there will be situations where beneficiaries are unable to contribute to costs. For example, a Māori land trust owning unproductive coastal land may have negligible liquid assets to be able to contribute to the costs of risk mitigation (in whatever form) but may well benefit from that mitigation alongside other landowners or service providers. To not undertake that risk mitigation process because of an inability to meet the principle that (all) beneficiaries should contribute to costs would be wrong.

We recognise that a large volume of work is needed at a national level to predict and quantify the scale and magnitude of retreat and adaptation needed and therefore to plan for the required funding. However, we also believe the longer term certainty will be essential – it would be hugely counterproductive for councils to invest substantial resources in risk planning and deciding to intervene/retreat, only to find funding was no longer available or subject to too many constraints. Government will need to explore ways to "ringfence" funding so that it is not subject to longer term fluctuations or changes.

There is also the consideration of timeframes, as it may be possible to signal the need to retreat many decades before physical retreat is required. This is likely to impact on the timing and quantum of cost.

A financial toolbox may need to comprise numerous options such as grants, interest free loans, levies and intergovernmental fiscal transfers.

Question 30: Which parts of the current system work well and which do not? Are there any other issues with our current approach to adaptation funding?

The 'issues and options' statement is very good at describing many of the current issues. At present there is a very narrow view of who are the real beneficiaries. We allow very little community choice in decision making and funding often with a yes/no type funding decision.

Question 31: What do you think are the most important outcomes and principles for funding adaptation?

As above - reduced uncertainty in who pays and equity are essential.

Question 32: In what circumstances (if any) do you think ratepayers and taxpayers should help people pay for the costs of adaptation?

Where it avoids the costs of responding to natural hazards and saves on the costs of maladaptation infrastructure. It would also be reasonable to help with adaption when it is more economical (particularly in terms of public infrastructure) to adapt rather than retreat. If there is an option to help fund managed retreat it would make sense for there to be an option to fund adaption instead if it is going to result in similar outcomes (assuming the adaption actually eliminates the risk rather than just delays it).

Question 33: In what circumstances should central government help councils to meet adaptation costs?

While some costs such as those arising from preparation (including gathering data and information), the need to participate in the process, relocating costs and the costs of looking after the land post-retreat may lie locally, there are interventions that central government can make to ensure that some of those costs are not repeated in every local authority across the country. In particular, provision of (or funding of) information and guidance centrally will assist in managing those costs related to preparing for a retreat scenario. While the execution of a retreat process needs to be localised, having centrally funded and provided templates for processes and decision-making will save repeated reinvention at a local level.

Relocation costs are likely to be significant, as are costs (to property owners) of abandonment where relocation is not an option. For many communities, these costs will not be able to be absorbed locally. In these situations, the principle that funding risks and responsibilities should be appropriately shared across all parties, including central government becomes very relevant.

As noted already many councils may not have the financial or organisational capacity to support change at a large scale. Economies of scale, such as whole of government procurement approaches, may lead to greater cost effectiveness and certainty.

Question 34: What are the benefits and challenges of providing financial support to people needing to retreat?

There is a moral hazard risk of people buying into an area knowing the risk and then expecting help to be bailed out. As per our comments in relation to chapter 5, sometimes the most "desirable" or expensive properties (i.e. beachfront / coastal) may also be those most impacted by climate and natural hazard risks.

Question 36: What are the benefits and challenges of providing financial support to businesses needing to retreat?

Some businesses may be more flexible with shorter term decision horizons than government. Businesses may also have access to different insurance markets.

Question 37: What should central government's initial funding priorities be and why? Which priorities are the most important and why?

Funding focused on retreat, with infrastructure investment more likely to be met through traditional funding mechanisms.

Question 39: Should funding priorities cover councils as well as central government?

In the first instance probably no as the costs of collection and the benefit of publication wouldn't match. It would be more feasible for central government to take the lead and then involve local government in subsequent years when the process, definitions, and so on have been ironed out.

Question 40: How can the banking and insurance sectors help to drive good adaptation outcomes?

By working with infrastructure providers/local authorities to ensure that insurance is available to those who are in areas with plans to reduce/avoid risks.

Chapter 8: Adapting through recovery**Question 42: Are there any other issues that make it difficult to adapt during a recovery?**

Lack of well thought through planning, and public perception that such disasters are unlikely to happen again.

Question 43: Do you think our approach to community-led retreat and adaptation funding should be the same before and after a disaster? Why or why not?

Recognising that retreat processes that respond to a past event will be different to retreat processes that respond to future risk is important and should be explicitly included in any system design work.

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** [↓](#) 

Financial Statements

Year to 31 Dec 2023

Attachment 1



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

 Favourable
(Unfavourable)

					FULL YEAR		
\$'000	Actual YTD	ANP YTD	Variance	Variance %	FY Forecast	Total ANP	Variance to Forecast
OPERATING REVENUE							
Rates	129,061	127,470	1,591	1%	254,940	254,940	(0)
Rates - metered water	17,457	16,899	559	3%	35,822	35,822	0
Finance Revenue (External Interest)	4,695	1,786	2,909	163%	6,710	4,447	2,263
Finance Revenue (Dividends)	431	335	96	29%	535	431	104
Subsidies & Grants	16,215	13,675	2,540	19%	39,602	37,808	1,794
Fees and Charges	33,278	30,702	2,576	8%	65,081	62,098	2,983
Total Operating Revenue	201,137	190,866	10,270	5%	402,690	395,546	7,144
ASSET DEVELOPMENT REVENUE & OTHER GAINS							
Vested Assets	1,824	7,726	(5,902)	-76%	16,463	17,726	(1,264)
Development Contributions	11,991	18,736	(6,744)	-36%	30,000	37,471	(7,471)
Subsidies & Grants Capital Expenditure Contributions	41,456	45,581	(4,125)	-9%	79,200	86,056	(6,856)
Other Gains (Losses)	(532)	718	(1,249)	-174%	1,436	1,436	0
Total Asset Development Revenue & Other Gains	54,740	72,761	(18,021)	-25%	127,099	142,690	(15,590)
TOTAL REVENUE	255,877	263,628	(7,751)	-3%	529,790	538,236	(8,446)
OPERATING EXPENDITURE							
Depreciation & Amortisation Expense	45,739	40,017	(5,722)	-14%	91,534	80,034	(11,500)
Personnel Expense	54,967	52,176	(2,791)	-5%	106,632	103,506	(3,126)
Finance Expense	23,182	19,948	(3,234)	-16%	50,000	43,676	(6,324)
Other Expenses:	110,438	97,827	(12,611)	-13%	248,302	219,900	(28,402)
Consultants & Contractors	22,395	16,955	(5,440)	-32%	40,080	33,719	(6,361)
Administration	9,052	8,206	(846)	-10%	16,961	16,481	(480)
Grants, Contributions & Sponsorship Expense	22,452	14,045	(8,408)	-60%	70,198	51,630	(18,568)
Other Operating Expense	31,327	33,405	2,078	6%	68,676	67,352	(1,324)
Repairs and Maintenance	16,222	17,367	1,145	7%	34,726	35,269	543
Utilities and Occupancy Expenses	8,988	7,848	(1,141)	-15%	17,661	15,449	(2,212)
Total Operating Expenditure	234,325	209,968	(24,358)	-12%	496,467	447,116	(49,351)
OTHER EXPENSES							
Investment Property Revaluation Movements	0	0	0	0%	0	0	0
Loss on Disposal of Assets	0	0	0	0%	0	0	0
Assets Vested by TCC to Outside Entities	0	0	0	0%	0	0	0
Provision Expense	0	600	600	100%	1,200	1,200	0
Total Other Expenses	0	600	600	100%	1,200	1,200	0
TOTAL EXPENDITURE	234,325	210,568	(23,758)	-11%	497,667	448,316	(49,351)
SURPLUS/(DEFICIT)	21,551	53,060	(31,509)	59%	32,123	89,919	(57,797)
OPERATING SURPLUS/(DEFICIT)	(33,189)	(19,101)	(14,088)	-74%	(93,777)	(51,570)	(42,207)

Overall Comments on Year to Date and Forecast Balances

Operating Revenue

Rates revenue is slightly ahead of budget. The second rates instalment in February will confirm full year revenue. Metered water revenue is ahead of budget as the volumes are 1,82% up from the annual plan. This is resulting to 1.3% increase in revenue against YTD budget.

Finance and Dividends Revenue, Interest revenue has a positive variance to budget due to higher interest rates than budgeted and higher deposit balances at the beginning of the year. This positive variance largely offsets the negative interest expense variance. The impact of this offset will decrease as the year progresses, with a net negative variance expected between \$3m and \$4m by the end of the year.

Subsidies & Grants. Revenue for city events and community grants are ahead of budget due to carry forwards from 2023 and offsets to additional expenditure. Roading maintenance grants are now also ahead as more effective monitoring processes are in place. Waka Kotahi has committed to additional subsidies up to \$7.7m for roading operational and capital expenses, which is included in the full year forecast (\$7m and \$700k to opex and capex respectively). The favourable forecast variance is partly offset by a reduction in DIA grants for Three Waters reforms (\$3.5m full year budget vs \$600k forecast) and IFF grants for Tauriko West reflecting expected reduced expenditure for the year.

Other Revenue, primarily user fees, are above in several activities, including wastewater (\$625k - Omokoroa volumes), parking management (\$460k - fines and court fess recoveries), transport (expense recoveries) and Baycourt (high venue hire and bar sales). In building services, \$920k revenue was recognised from prior years pre-receipt, and this has been added to current year's total forecast.

Asset Development Revenue & Other Gains

Development Contributions are primarily from city-wide development contributions, Pyes Pa West and Tauriko Business Estate development contributions. 2024 to date has seen reduced volumes of new dwelling consents issued, as compared to both budget and 2023.

Subsidies & Grants Capital Expenditure Contributions IFF grants for roading activities are under budget year to date due to timing offset by Waka Kotahi subsidies ahead of budget for the period. Spaces and places grants are under due to timing, and it is expected that year-end forecast will be lower as the Gordon Spratt Reserve project is not going to happen this financial year. Te Maunga Transfer Station project (\$3m) is expected to be claimed within the financial year and its related budget is phased to later part of the year.

Other Gains and Losses includes non-cash accounting entries in relation to:
- a \$1.2m unbudgeted discount amortisation on the Housing Infrastructure Fund loan (\$131m loan for Waiari and Te Maunga), which is leading to other losses, offset by
- a \$710k budgeted gain relating to the Totara Farm (Te Tumu) land transaction.

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

Operating Expenditure

Personnel Expense: The overspend in salaries and wages is essentially related to direct staff costs, widely spread over the organisation but slightly concentrated in the Spaces and Places activity group. Additional recruitment and temporary staff expenses of \$1m are being partly offset by lower training costs.

Depreciation has been calculated through the fixed asset register in SAP, which has been updated for asset revaluations and asset capitalisation. The three waters revaluation in 2023 and the transport revaluation in 2022 have both impacted current year actuals significantly, now forecasting a \$12m overspend. The expected expenditure in the LTP will also be impacted.

Finance Expenses are higher than budgeted as higher previous year debt balances rolled into the new financial year. Interest rates are also higher than budgeted (AP assumption: 5.25% OCR) which impacts on all floating and new debt. Full year forecast is significantly higher than budgeted, reflecting a higher forecast capital programme and the impact of elevated higher interest rates.

Other Expenditure:

Consultants and Contractors: Digital Services are now required to expense software development time charges (previously capitalised) - \$6.3m expensed YTD. A significant proportion of this is likely to be loan-funded. Civic Precinct Development \$1.7m over budget relating to expensing of feasibility studies and business cases; this will also be reviewed to asses loan-funding eligibility. These overspends have been offset by underspends in Infrastructure (particularly city waters and transport), city & infrastructure planning and SmartGrowth areas. The reduction in City Waters forecast expenditure (relating to waters reform) is mirrored by a reduction in grant revenue (from DIA). Budget amounts will be kept until final decisions on waters reform are made.

Repairs & Maintenance: Transport activity is behind budget, and this is reflected in the year-end forecast which is reduced by \$1.3m. The forecast reduction is moved to other operating expense to fund vegetation control expenditure being ahead of budget. Forecasts are increased for wastewater (higher reactive reticulation activities and mechanical repairs for pump stations), city operations and spaces & places (for airport beautification).

Community contributions & grants: NZTA/Tauriko West is ahead of budget as variance is reflected against annual plan - budget carried over from 2022 is not reflected in the Annual Plan. Bay Venues grant payments for the period tracking over budget due to faster than anticipated delivery against budget phasing. A \$17m increase is forecast due to carry-forwards from 2023 (Tauriko West \$11.6m, Bay Oval project \$3.4m, Community Development \$860k, Bay Venues renewals grant \$600k and Papakainga grant \$860k).

Other Operating costs: Although there is an underspend in all of council for year to date, total forecast at year-end is increased due to a material item for wastewater services (reactive reticulation and mechanical repairs for the pump station). Digital activity is behind budget by \$1.0m (due to timing of actuals against budget phasing), sustainability and waste (\$1.0m - some cost fluctuation expense no longer required, and timing of the implementation of Climate AIP), and community and engagement (\$400k - work still to commence). Offsetting this are overspends from transportation (higher vegetation control - which will be offset by R&M budget), libraries, wastewater and parking management. Forecast for civic precinct is now expected to be higher at year-end due to transfers from capex and unbudgeted Te Manawataki o Te Papa CCO costs (loan funded due to the receipt of benefits over time, debt retirement will be in place).

Rent, rates, & utilities: Total overspend of \$1.1m. Wastewater (\$490k - very high Te Maunga WWTP water usage due to insufficient recycled water being produced for the clarifying process to meet demand), rates (\$200k) and electricity (\$325k). Te Maunga WWTP usage of water is expected to continue until the water recycling system is up and running.

Administration: Expenditure slightly ahead against budget. Overspends in in travel expenses, directors fees and software support are being offset by reduced advertising and marketing and computer license expenses.

Revenue and Expense Variance - December 2023

Attachment 1

red font = unfavourable to budget

USER FEES

EXPENDITURE

	Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast
	Chief Financial Officer								
101	Corporate Treasury	Rates and water penalties	69,148	(823,200)	(950,000)	Revenue: Rates and water penalties above budget. Expenditure: Timing variances on operational expenses and travel expense recharges.	57,612	1,188,611	1,195,811
102	Head Office - TCC					Expenditure: Unbudgeted foreign exchange losses on imported items.	(2,070)		102,511
104	Strategic Properties					Expense: Rates expense on strategic properties.	2,369	146,069	146,069
10	Finance	Payments/contributions	(51,658)	(166,698)	(166,698)	Revenue: Timing variances with valuation data recoveries. Expenditure: Capitalised salaries tracking \$217k behind budget (yet to be time sheeted) and additional valuations database maintenance costs, partly offset by lower administration costs.	(68,755)	6,943,464	7,176,439
12	Executive Team		450			Revenue: Minor variance. Expenditure: Minor variance.	2,758	5,540	86,843
19	Insurance	Insurance recovery	524,978	(410,000)	(475,000)	Revenue: Unbudgeted recoveries - offsetting expense variance. Expenditure: Premium expenditure above budget \$400k YTD, recovered other activities and offset by external recoveries.	(524,949)	410,051	410,051
57	Marine Precinct	Leasing & Berthage	(17,479)	(1,242,356)	(1,192,356)	Revenue: Lower hardstand revenue due to fewer and shorter boat stays. Expenditure: Under budget mainly due to lower contractor staffing costs (reduced management staff) and internal charges. Forecast includes \$600k expected dredging costs (no spend yet). These were not in the annual plan (but are included in revised budget, as operating carry forwards).	214,342	1,752,496	2,360,496
81	Airport	Landing & parking fees / Leasing	(20,766)	(12,599,508)	(12,599,508)	Revenue: Landing charges are still tracking slightly below budget, but are almost back to expected levels, while parking and rental revenue is tracking above budget. Expenditure: Salaries tracking slightly ahead of budget due to personnel changes after 2024 year budgets were set. This is expected to be offset by operational savings though the year.	(123,688)	4,012,524	4,012,524
95	Strategic Investment & Commercial	Rates	3,040		(5,000)	Revenue: Expense recoveries. Expenditure: Capitalised salaries tracking \$240k behind budget. Largely offset by lower expenditure generally.	(46,439)	1,112,573	1,091,106
	TOTAL CHIEF FINANCIAL OFFICER		507,713	(15,241,762)	(15,388,562)		(488,820)	15,571,328	16,581,850
	Corporate Services								
11	Human Resources	External Recoveries	11,971			Revenue: Variance due to unbudgeted costs recovered from Taituara and ACC. Expense: Unbudgeted expenses including recruitment costs associated with the appointment of the CE position, consultancy costs for change management around the 90 Devonport campus move and specialised support into Transport. These are offset somewhat by unutilised operational project budget for the period. Life insurance expense was not budgeted in error.	(399,612)	5,231,741	5,839,241
13	Digital Services	Metro network lease	(325)	(170,036)	(170,036)	Revenue: Minor variation. Expense: Variance caused by SaaS contractor costs associated with project work now expensed where previously budgeted to capital expenditure. This will be assessed for loan-funding eligibility.	(6,013,597)	24,472,964	28,528,852
20	Communications & Engagement					Expense: Variance in operational costs budgeted for new initiatives and projects yet to commence.	500,004	4,486,983	4,136,983
55	Legal & Risk					Expense: Westlaw subscription budgeted through Digital, but recording costs through Legal. Unbudgeted consultant costs were incurred in managing the Maungatapu slip response.	(124,034)	3,645,410	3,945,410
83	Fleet Management					Expense: Variance is due to depreciation cost recovered to rest of business not showing in this report.	(7,302)	(14,613)	(14,613)
	TOTAL CORPORATE SERVICES		11,645	(170,036)	(170,036)		(6,044,541)	37,822,485	42,435,873
	Community Services								

red font = unfavourable to budget

USER FEES

EXPENDITURE

Attachment 1

	Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast
15	Civic Complex	Leasing	(6,594)	(10,290)	(10,290)	Revenue: Minor variance. Expenditure: Operating expenditure generally under budget across the board, including rental expense. Partly offset by additional Cater Plus charges and cleaning costs.	181,570	5,222,907	5,383,501
31	City Operations	Rates	2,190			Expenditure: Salary costs are ahead of budget by \$440k, driven by low staff turnover and the drive to improve level of service. Capitalised salaries tracking behind budget by \$60k YTD. Training, clothing and protective equipment are ahead of budget due to set up costs. Variations in a wide variety of other expenditure make up the balance. FY forecast is reflective of the overspend YTD along with the expectation of bringing new staff on board in preparation of in-housing from 1st July (Tauranga Reserves contract and Facilities Maintenance).	(614,907)	4,799,735	5,467,710
44	Emergency Management					Expenditure: Tracking behind on consultancy, education and other operating budgets YTD but various projects are scheduled to start in QTR 3.	243,982	1,480,932	1,480,932
54	City Events		12,168	(4,400)	(12,400)	Revenue: Unbudgeted hire revenue and additional event facilitation income Expenditure: Minor variance. Net profit YTD is \$1k ahead of budget.	(11,081)	3,994,081	3,951,865
56	Community Development	Grant funding, partnership agreements	13,420			Expenditure: Approved carry forward of \$862k related to Community Housing grant has caused a large difference between Annual Plan and Revised budgets. \$368k paid out against this code YTD.	(154,069)	4,515,642	5,469,822
59	Spaces & Places	Reserve and property rentals, McLaren Falls	80,920	(447,937)	(447,937)	Revenue: \$90k of revenue received in advance in FY23 relating to work being completed in FY24, carried forward into the current financial year. Expenditure: Capitalised salaries \$330k behind budget YTD - forecast to be on budget at year end. Consultancy costs are over budget YTD, forecasting to be \$200k overspent at year end. Carry forwards have created a \$830k difference between Annual Plan and Revised Budget YTD (full year \$3.8m, consisting mainly of the Bay Oval grant \$3.4m, along with \$311k Airport beautification fund and \$180k Mauao tree removal).	(1,373,825)	21,683,294	25,685,554
64	Baycourt Community & Arts Centre	Sales & Hireage Fees	327,465	(626,993)	(984,993)	Revenue: Venue hire and bar sales tracking significantly ahead of budget due to increases in business in the first two quarters, QTR 3 & 4 will see this pull back. Expenditure: Increased bar stock costs and employee expenses tracking ahead of budget due to high volume of events to deliver, offset with above. Overall end of year forecast should see a better than budget net position of approx. \$40k. Net profit YTD is currently \$167k ahead of budget.	(160,766)	2,082,837	2,540,837
65	Arts & Culture					Expenditure: Salaries ahead of budget \$100k YTD due to bringing staff onboard early to commence the project management for the museum. Community contract and grants payments tracking \$90k behind budget YTD. Approximately \$100k worth of F23 expenses that were not accrued in June have ended up in FY24 actuals and will eventually result in a full year overspend. Community contracts expenses is one of these and is \$65k overspent.	(128,925)	3,718,600	4,199,600
67	Marine Facilities	Leases	2,015	(646,237)	(646,236)	Revenue: Tracking in-line with budget. Expenditure: Mainly due to consultants costs for providing condition assessments on marine and coastal structures. These were not in the annual plan, but are included in revised budget, as operating carry forwards. Forecast includes condition assessments.	(183,435)	945,308	1,200,198
68	Beachside	Accommodation	4,063	(2,650,023)	(2,650,023)	Revenue: Minor variance. Expenditure: On budget (variance not material).	(9,110)	1,712,456	1,712,456
75	Customer Services	Property Files & Information	50,870	(1,358,081)	(1,358,081)	Revenue: On budget. Expenditure: Slightly behind budget.	35,818	3,925,935	3,950,935

red font = unfavourable to budget

USER FEES

EXPENDITURE

Attachment 1

	Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast
77	Libraries	User Fees	(51,932)	(255,073)	(255,073)	Revenue: Slightly behind budget. Expenditure: Operating expenditure tracking \$95k over due to timing of annual licensing and database subscription invoices received in July vs phasing of budgets - this will even out by the end of the second quarter. Salaries are over budget by \$118k YTD. Internal charges from the Property Team are \$60k ahead of budget due to the repainting of Papamoa library. All remaining variances are minor.	(294,692)	8,629,623	8,707,099
84	Cemeteries	Product sales	176,823	(1,299,590)	(1,669,590)	Revenue: Income from cremations above budget as a result of increased demand due to TCC currently being the only operator in Tauranga. Expenditure: Employee expenses ahead of budget as a result of the increased workload. Net profit YTD is \$114k ahead of budget.	(62,216)	823,954	941,047
90	Property Management	Leasing Income	141,350	(5,078,876)	(5,273,192)	Revenue: Commercial and residential rental income are both ahead of budget (rent reviews). Expenditure: Higher repairs and maintenance costs (public toilet repairs), additional consultants and unbudgeted Cargo Shed lease expenses. Net profit YTD is \$3k ahead of budget.	(138,496)	5,724,657	5,554,398
92	Historic Village	Leasing Income	(22,234)	(832,842)	(782,842)	Revenue: Lower than expected recoveries of expenditure. Expenditure: Other expenses is \$15k overbudget due to digital charges unbudgeted and catering \$10k. Consultancy expense \$31k over budget YTD due to Historic Village Masterplan invoice.	(61,374)	1,629,247	1,629,247
94	Elder Housing	Rental Income	31,614		(30,000)	Revenue: Unbudgeted Hinau village rent income. Expenditure: Tracking over budget due to unbudgeted rates expense for Pitau and Hinau.	(27,108)	26,308	74,042
	TOTAL COMMUNITY SERVICES		762,139	(13,210,342)	(14,120,657)		(2,758,635)	70,915,516	77,949,243
	Infrastructure Services								
26	Stormwater	Leasing, Operational cost recovery	2,599	(10,830)	(10,830)	Revenue: Minor variance Expenditure: Capitalised salaries under budget \$167k. Reforecasted down to \$100K for the full year. Consultancy is over budget by \$373K due to increased planning around resilience. Internal recoveries are over budget by \$107k.	(498,431)	9,181,356	11,319,026
27	Wastewater	Trade Waste and Omokoroa metered income	625,572	(2,236,429)	(2,859,970)	Revenue: Correction of invoicing to Western Bay of Plenty District Council for Omokoroa Wastewater volumes missed as a result of faulty meters totalled \$471K: The volumes have also been under budgeted by \$300K per annum. Revenue has been reforecasted. Trade waste revenue is running over budget \$33K Expenditure: Capitalised salaries under budget \$165K. Reforecasted down from \$336K to \$100K. Only management expected to contribute lightly to capex projects. Repairs and maintenance is \$753k over budget with the largest proportion due to reactive resilience reticulation maintenance and increased costs of mechanical repairs associated with the pump stations. Water expense is over budget by \$398k because we are now using actual meter readings to determine Plant use vs Waste site use. Usage at the Te Maunga waste water treatment plant is well over budget because city water rather than recycled water is being used temporarily, in the clarifying process in order to keep up with demand. Sludge disposal expense is also over budget by \$735k due primarily to increased transportation costs.	(1,816,508)	24,823,930	31,676,306
29	Water Supply	Water operation fees/forestry	(332,782)	(938,105)	(938,105)	Revenue: No forestry income received \$365k budgeted YTD. Expenditure: Planning consultancy is under budget \$325k offset by employee expenses being over \$150, largely due to capitalised salary variance. Consultancy is expected to increase over the second half of the year: Repairs and maintenance is over budget \$172k due to a focus on reticulation maintenance: Internal recoveries are over budget \$347k.	(338,644)	19,227,678	20,133,530

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USER FEES

EXPENDITURE

Attachment 1

	Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast
30	City Waters (Support Services)	Laboratory fees	276,886	(1,426,356)	(1,045,000)	Revenue: Laboratory recoveries running over budget by \$429k. WBOPDC recovery received to Grants \$111k instead of recoveries. Grants & Subsidies not included in these revenue variances Expenditure: Consultancy under budget in Water Reforms cost centre \$1.7m with \$1.5m due to "halting" of reforms work. Consultancy reforecasted . Computer license over budget \$611k due to a full year of Watercare software.	1,136,693	4,668,345	1,670,685
32	Sustainability & Waste	User Fees - from operations & contract	1,346	(384,652)	(384,652)	Revenue: Minor variance Expenditure: 2022 cost fluctuation accrual reversed as not required together with the delay in the coordination & finalisation of the Climate AIP. The expense forecast has been amended accordingly	1,131,673	15,471,633	14,397,398
38	Transportation	Road Zones & Other Fees	552,705	(779,646)	(1,029,646)	Revenue: Favourable due to bus lane infringement and annual charges for operational expense recoveries. Expenditure: Variance due to timing of land purchase for Tauriko west. The projected expenditure for the financial year expected to reach forecast providing that project progresses as expected and tender is awarded in Dec / Jan as planned.	(3,184,130)	60,134,342	72,928,234
47	Infrastructure Delivery (CPAD)					Expenditure: Bulk of this is time costs coming from City Waters projects.	(13,976)	(1,498)	(1,498)
69	Asset & Infrastructure Planning	Consent & Planning Fees	(51,262)	(872,616)	(872,616)	Revenue: Lower building consent demand resulted in building consent WOF being \$100k behind budget, partly offset by engineering plans and operating recoveries running \$75k ahead. Expenditure: Behind on other expenses and consultancy due to timing	138,683	1,001,525	1,001,525
85	Parking Management	Parking Fees	461,270	(5,628,744)	(6,900,870)	Revenue: Fines & Court fees \$1.25m ahead of budget, offset by: off-street behind \$280k (Dive Cres was closed P1), on-street lower than forecast \$500k (Saturdays and after 5 pm now free). User fee forecast increased \$2.8m to reflect the significant increase in fines and reduced \$1.5m to reflect permanent changes to on-street parking times. Expenditure: Minor variance generally around R&M being behind budget	128,678	3,232,834	3,452,834
TOTAL INFRASTRUCTURE SERVICES			1,536,333	(12,277,378)	(14,041,689)		(3,315,961)	137,740,145	156,578,040
City Development & Partnerships									
58	Bay Venues Limited & CCO's	Depreciation - trsfr to TCC Depreciation Reserve / External Recoveries	(177,059)	(851,346)	(851,346)	Revenue: Tracking behind budget due to timing of depreciation transfer on new capital from Bay Venues. Expenditure: Tracking ahead of budget due to faster than anticipated renewals delivery (funded from depreciation reserve and paid to BVL as a grant). Forecast reflects carry forward of \$611k renewals from FY23.	(1,801,398)	12,451,594	13,062,594
61	Civic Precinct Support					Expenditure: In the year capital budget was converted to opex re the Memorial Park Aquatics Facility and the Community Stadium. Actual opex costs relating to these projects now total \$1.6m. Both these amounts are also reflected in the variance. Unbudgeted costs related to support of the programme (including the CCO and in the Communications and Strategic Partnerships teams) total \$860k YTD. The cost centres in this activity related to capital delivery continue to be loan funded.	(2,590,082)	2,952,029	7,282,029
76	Economic Development	Targeted Rate Funding				Expenditure: Over budget for community grants due to the timing of payment instalments.	(91,543)	5,288,521	5,288,520
TOTAL City Development & Partnerships			(177,059)	(851,346)	(851,346)		(4,483,023)	20,692,144	25,633,143
Regulatory and Compliance									

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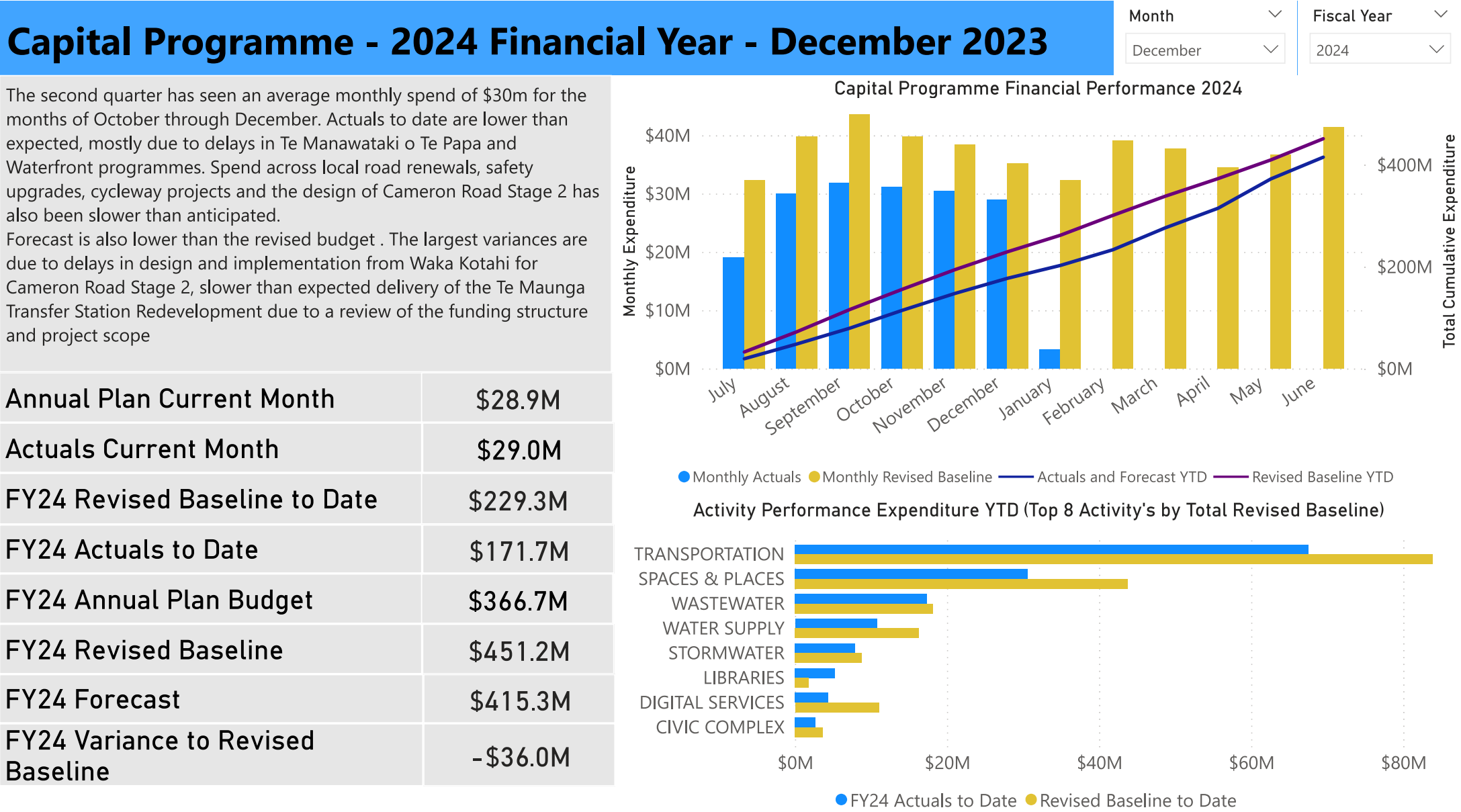
USER FEES						EXPENDITURE			Attachment 1
Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast	
46	Environmental Planning	Consent fees	(257,392)	(3,431,730)	(3,431,730)	Revenue: Discounts and rebates \$105k over budget due to a combination of challenges meeting timeliness targets and clearing historic consents. Building consents ahead of budget \$130k, and other revenue is less than budget by \$277k . Due to a focus on staff charging full hours, average charge per consent has increased and the negative variance is expected to reduce by year end. Expenditure: Salaries under budget by \$403k due to vacancies, and consultancy under by \$126k.	562,918	6,716,364	5,590,528
48	Environmental Regulation	Monitoring Fees	(35,156)	(1,103,588)	(1,103,588)	Revenue: Revenue is varied throughout the year, but is expected to be close to budget for the year. Expenditure: Liquor Licensing salary costs higher than budget due to an extra unbudgeted FTE which was approved last financial year. Legal costs above budget by \$86k due to a judicial hearing. Membership expenses for Food Licensing \$10k over budget.	(221,751)	1,593,952	1,719,703
50	Animal Services	Dog Registration Fees/ court recoveries/ impounding	71,006	(1,539,858)	(1,539,858)	Revenue: Revenue is slightly over budget, including court recoveries. Expenditure: Many small variances.	(12,827)	1,247,269	1,247,269
52	Building Services	Consenting & Inspection Fees	(81,353)	(12,737,210)	(11,728,502)	Revenue: Other user charges under budget due to lower consent volumes, however a revenue transfer has been made due to revenue in historic years not being allocated of \$924k. Expenditure: Salaries under budget by \$586k due to vacancies, largely offset by an overspend in consultants of \$529k.	50,623	12,444,862	12,343,617
74	Regulation Monitoring	Permit Fees, Premises registrations	73,022	(114,637)	(114,637)	Revenue: Bylaws Monitoring has received \$73k unbudgeted revenue relating to a prior year. Expenditure: Minor variances.	(22,245)	(78,673)	12,803
TOTAL REGULATORY & COMPLIANCE		(229,872)	(18,927,023)	(17,918,315)		356,717	21,923,774	20,913,919	
Strategy and Growth									
16	Democracy Services	Recoveries (external)	2,904		(6,000)	Revenue: Unbudgeted citizenship revenue. Expenditure: The majority of the underspend relates to Commissioners remuneration and expenses which are behind budget YTD due to the timing of payments.	95,518	3,091,376	3,326,856
18	Strategy & Corporate Planning					Expenditure: Tracking behind in consultancy, operational project expense, public information and engagement and marketing, as work is just getting underway for some projects. Full year forecast has been reduced in consequence.	448,220	2,939,134	2,633,369
21	Te Pou Takawaenga Maori Unit					Expenditure: Tracking slightly behind budget. Year to date Annual Plan Budget for grant expense is 50K, however nil spend to date. Year end expenditure could exceed Annual Plan Budget due to prior year carry forward of Papakainga Grant.	29,895	1,487,906	2,365,375
51	City & Infrastructure Planning	Recoveries (external)	271,099		(352,000)	Revenue: Unbudgeted reimbursements from Department of Internal Affairs for staff attending meetings in Wellington, New Zealand Transport Agency for share of Te Kauae A Roopu Hapu attendance and Tauriko West Ltd for share of Tauriko West Projects costs. Expenditure: Lower spend on consultancy, legal costs & operational project expense. Expenses in these areas is expected to increase due to upcoming hearings on plan change and planning work in Tauriko West.	764,301	9,802,319	9,001,223
TOTAL STRATEGY AND GROWTH		164,921	(1,420,441)	(1,778,441)		1,332,288	18,740,869	18,746,957	
TOTAL		2,575,821	(62,098,328)	(64,269,046)		(15,401,975)	323,406,261	358,839,025	

red font = unfavourable to budget

USER FEES						EXPENDITURE			Attachment 1
Activity	Main Revenue Stream	YTD Variance	Full Budget	Full Forecast	YTD Variance Commentary	YTD Variance	Full Budget	Full Forecast	

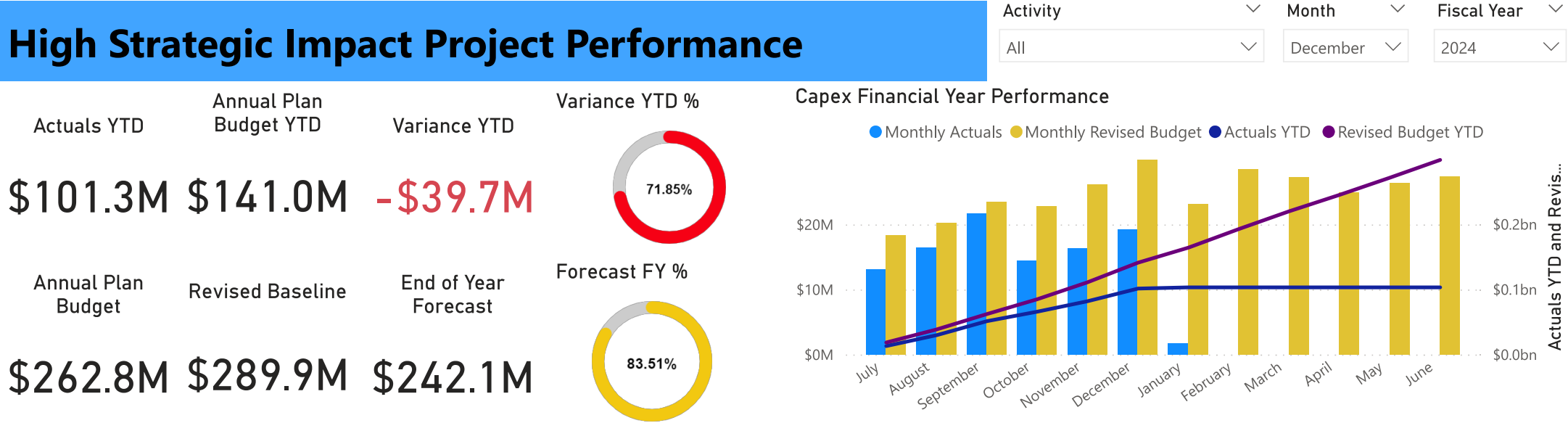
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Attachment 1

Capital Programme - 2024 Financial Year - December 2023					Month <div>December</div>	Fiscal Year <div>2024</div>
Project Category	FY24 Annual Plan Budget	FY24 Revised Baseline	FY24 Forecast	FY24 Variance	Commentary	
High Strategic Impact Projects	\$262.8M	\$289.9M	\$242.1M	-\$47.8M	See attached high strategic projects for more detail	
Balance of Growth Projects	\$40.1M	\$77.2M	\$49.1M	-\$28.1M	Forecasting to be under budget due to delays in land purchases and waters design timeframes. In transport, the timing of developer-led work along with programme re-prioritisation have impacted the forecast	
Balance of Level of Service Projects	\$56.8M	\$88.5M	\$97.9M	\$9.3M	Level of service projects is forecast close to revised budget	
Renewal Projects	\$52.6M	\$63.6M	\$58.5M	-\$5.0M	Renewals programme is forecast close to revised budget	
Capital Delivery by Third Parties Projects	\$5.0M	\$9.6M	\$2.1M	-\$7.5M	Forecasting to be under budget due to delays with the Waka Kotahi led delivery of the Tauriko West Network Connection Projects	
Capital Delivery Adjustment	-\$50.4M	-\$77.5M	-\$34.5M	\$43.0M	Smoother applied to forecast	
Total Capital Programme	\$366.7M	\$451.2M	\$415.3M	-\$36.0M		
Land Sales	-\$2.0M	-\$30.0M	-\$29.1M	\$0.9M	Land Sales are forecast close to revised budget	
Vested Assets	\$13.9M	\$12.4M	\$11.2M	-\$1.2M	Vested Assets are forecast close to revised budget	
Total Capital Programme incl Land Sales and Vested Assets	\$378.6M	\$433.6M	\$397.4M	-\$36.2M		

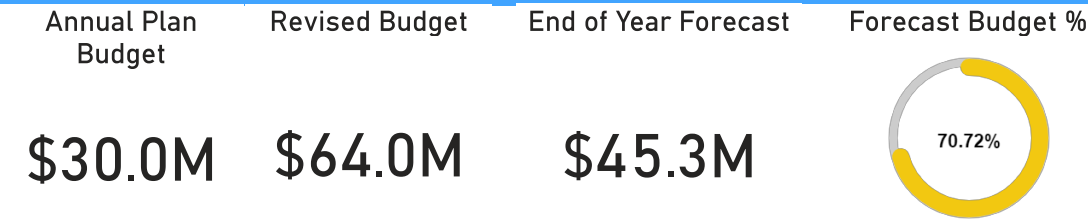


Attachment 1

High Strategic Impact Project Performance								
	Reference	Actuals YTD	Annual Plan Total FY	Revised Baseline FY	Revised Budget FY	Forecast FY	Forecast Revised Baseline Variance	Forecast Budget Variance
ACCESSIBLE STREETS		\$639,110	\$6,012,025	\$4,143,894	\$4,143,894	\$2,361,211	-\$1,782,683	-\$1,782,683
ACTIVE RESERVE DEVELOPMENT PROGRAMME		\$3,604,009	\$20,025,313	\$17,035,585	\$17,035,585	\$13,610,613	-\$3,424,972	-\$3,424,972
ARATAKI SAFETY IMPROVEMENTS		\$17,115	\$595,857	\$2,229,029	\$2,229,029	\$1,633,370	-\$595,659	-\$595,659
CAMERON ROAD STAGE 1		\$32,931,602	\$23,643,897	\$25,361,731	\$42,361,731	\$39,731,732	\$14,370,001	-\$2,629,999
CAMERON ROAD STAGE 2		\$1,349,947	\$10,074,916	\$18,461,439	\$18,461,439	\$3,946,275	-\$14,515,164	-\$14,515,164
CITY CENTRE PUBLIC TRANSPORT		\$203,402	\$1,966,145	\$1,966,145	\$1,966,145	\$360,403	-\$1,605,742	-\$1,605,742
COMMUNITY CENTRE DEVELOPMENT		\$76,566	\$7,000,000	\$4,238,211	\$4,238,211	\$3,776,566	-\$461,645	-\$461,645
DIGITAL PROGRAMME		\$659,427	\$19,739,459	\$19,739,459	\$2,433,559	\$1,469,430	-\$18,270,029	-\$964,129
DIVE CRESCENT & STRAND WATERFRONT		\$6,195,013	\$4,800,000	\$15,392,756	\$16,557,756	\$9,945,547	-\$5,447,209	-\$6,612,209
ELIZABETH ST STREETScape		\$1,463,526	\$1,257,406	\$2,682,683	\$2,682,683	\$4,063,526	\$1,380,843	\$1,380,843
INFRASTRUCTURE RESILIENCE		\$284,392	\$1,350,000	\$849,999	\$849,999	\$2,053,776	\$1,203,777	\$1,203,777
KOPURERERUA VALLEY DEVELOPMENT		\$767,289	\$2,979,274	\$3,416,777	\$3,416,777	\$2,789,092	-\$627,685	-\$627,685
MARINE PARADE PATHWAY		\$2,653,683	\$0	\$4,099,447	\$4,099,447	\$3,250,786	-\$848,661	-\$848,661
MARINE PRECINCT - OFFLOADING WHARF		\$19,780	\$1,764,304	\$5,345,936	\$5,345,936	\$19,780	-\$5,326,156	-\$5,326,156
MAUNGANUI ROAD SAFETY IMPROVEMENTS		\$1,650,688	\$2,667,083	\$5,915,292	\$5,915,292	\$5,033,956	-\$881,336	-\$881,336
MEMORIAL PARK RECREATION HUB		-\$27,110	\$3,464,654	\$1,259,060	\$1,259,060	\$22,055,933	\$20,796,873	\$20,796,873
OMANAWA FALLS		\$1,982,259	\$100,000	\$1,976,601	\$3,156,601	\$2,991,355	\$1,014,754	-\$165,246
OPAL DRIVE WASTEWATER PROGRAMME		\$910,370	\$6,800,000	\$6,721,547	\$7,108,084	\$5,106,660	-\$1,614,887	-\$2,001,424
PAPAMOA EAST INTERCHANGE		\$9,100,655	\$15,455,007	\$19,858,027	\$19,858,027	\$19,852,418	-\$5,609	-\$5,609
SKATEPARK FACILITY		\$2,420,078	\$2,028,827	\$2,041,127	\$2,539,357	\$4,069,479	\$2,028,352	\$1,530,122
STRAND EXTENSION		\$4,487,666	\$3,240,252	\$2,619,768	\$5,698,367	\$5,566,991	\$2,947,223	-\$131,376
TAURANGA CROSSING PT IMPROVEMENTS		\$136,705	\$998,425	\$1,748,004	\$1,748,004	\$1,154,821	-\$593,183	-\$593,183
TE MANAWATAKI O TE PAPA (CIVIC REDEVELOP		\$13,810,963	\$72,116,935	\$68,762,720	\$68,762,720	\$47,783,571	-\$20,979,149	-\$20,979,149
TE MAUNGA TRANSFER STATION REDEVELOPMENT		\$686,144	\$11,400,000	\$12,513,824	\$12,513,824	\$686,143	-\$11,827,681	-\$11,827,681
TE MAUNGA WASTE WATER TREATMENT PLANT		\$8,195,035	\$30,656,448	\$25,673,275	\$25,673,275	\$18,942,672	-\$6,730,603	-\$6,730,603
TRANSPORTATION SAFETY PROGRAMME (LCLR)		\$5,723,509	\$11,696,713	\$14,547,315	\$14,547,315	\$15,393,479	\$846,164	\$846,164
TURRET RD & 15TH AVE CORRIDOR		\$1,233,314	\$873,280	\$1,236,456	\$2,228,456	\$3,058,035	\$1,821,579	\$829,579
WESTERN CORRIDOR STAGE 1A (WASTE WATER)		\$115,160	\$50,000	\$50,000	\$1,990,000	\$1,389,160	\$1,339,160	-\$600,840
Total		\$101,290,296	\$262,756,220	\$289,886,107	\$298,820,573	\$242,096,780	-\$47,789,327	-\$56,723,793

Attachment 1

Operational Project Performance



Month

December

Fiscal Year

2024

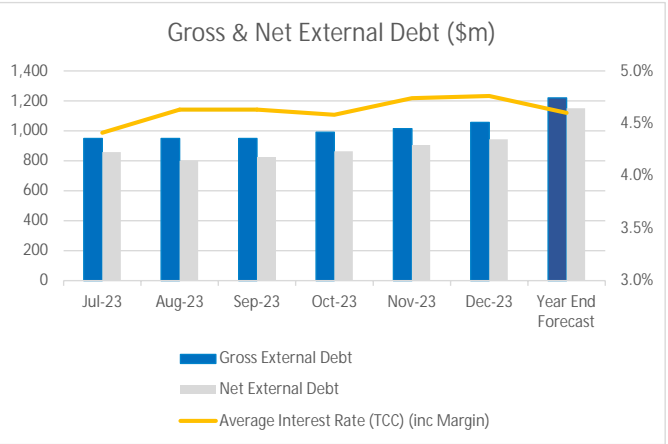
	Operational Projects only	Actuals YTD	Annual Plan Total	Revised Budget FY	Forecast Total	Forecast Budget Variance
⊕ N.000018 - Accessible Streets		\$94,476	\$0	\$2,896,000	\$814,618	-\$2,081,382
⊕ N.000054 - Parks Major Capital (\$1m+) Dev & Upg		\$1,386,915	\$0	\$2,090,000	\$0	-\$2,090,000
⊕ N.000098 - Waters CIP Stimulus Projects		\$107,330	\$0	\$0	\$107,330	\$107,330
⊕ N.000109 - Tauriko West Networks Connections		\$8,988,758	\$28,545,286	\$37,220,713	\$41,299,617	\$4,078,904
⊕ N.000110 - Urban Communities Opex projects (51)		\$397,843	\$750,000	\$1,145,000	\$1,003,709	-\$141,291
⊕ N.000111 - City Plan Change Opex		\$549,565	\$707,625	\$872,625	\$744,565	-\$128,060
⊕ N.000113 - Transport Planning & Greenfields		\$302,277	\$0	\$2,505,519	\$1,314,778	-\$1,190,741
⊖ N.000114 - Digital Services Program		\$9,714,103	\$0	\$17,305,900	\$0	-\$17,305,900
Total		\$21,541,266	\$30,002,911	\$64,035,757	\$45,284,617	-\$18,751,140

	Digital Services Projects (Capex and Opex)	Actuals YTD	Annual Plan Total	Revised Budget FY	Forecast Total	Forecast Budget Variance
⊕ N.000019 - Digital Services Business As Usual		-\$836	\$4,038,110	\$0	-\$836	-\$836
⊕ N.000021 - Digital Services Capital Programme		-\$81,756	\$3,130,900	\$30,000	-\$51,755	-\$81,755
⊕ N.000065 - IT Software		-\$165,823	\$12,500,000	\$0	-\$165,823	-\$165,823
⊕ N.000095 - IT Hardware Renewals		-\$0	\$70,449	\$0	\$1	\$1
⊕ N.000114 - Digital Services Program		\$13,894,256	\$0	\$19,739,459	\$29,428,766	\$9,689,307
Total		\$13,645,840	\$19,739,459	\$19,769,459	\$29,210,353	\$9,440,894

Treasury Policy Compliance
Monthly Report to SFR
As at 31/12/23



Debt

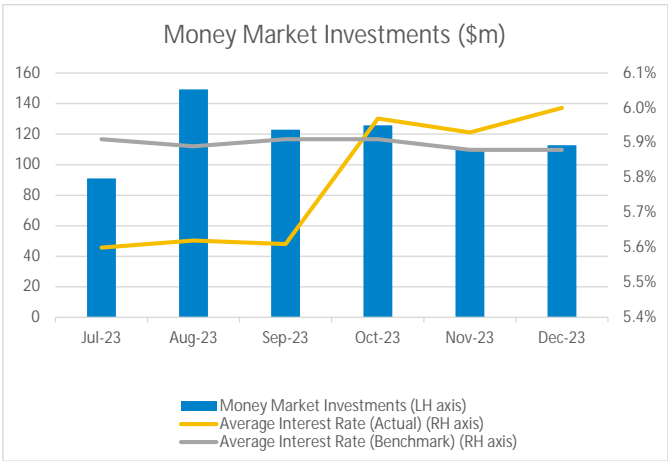


Current:
Gross debt as at 31 December 2023 was \$1.055bn and net debt is \$942m. \$105m in new long-term debt of has been issued since the beginning of the financial year.

Forecast:
Based on current capital forecasts and a higher opening debt balance, planned gross debt for 30 June 2024 is \$1.2bn which is higher than the \$1.1m budgeted in the 2024 Annual Plan.

Planned issuance for the year is \$340m which is \$66m higher than budgeted.

Money Market Investments

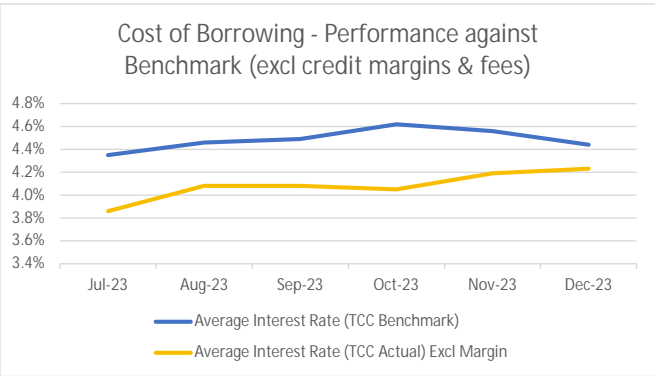


Money market investments and bank balances are at \$113m, this includes term deposits of \$90m.

The funds on deposit are on short terms which align with our cashflow forecast and debt maturity profile in the coming months.

Average Interest Rate (investments) 6.00%

Interest



Both interest rate hedging and debt maturity levels are within recommended levels. \$688m of total debt (65%) is at fixed interest rates as at 31 December 2023.

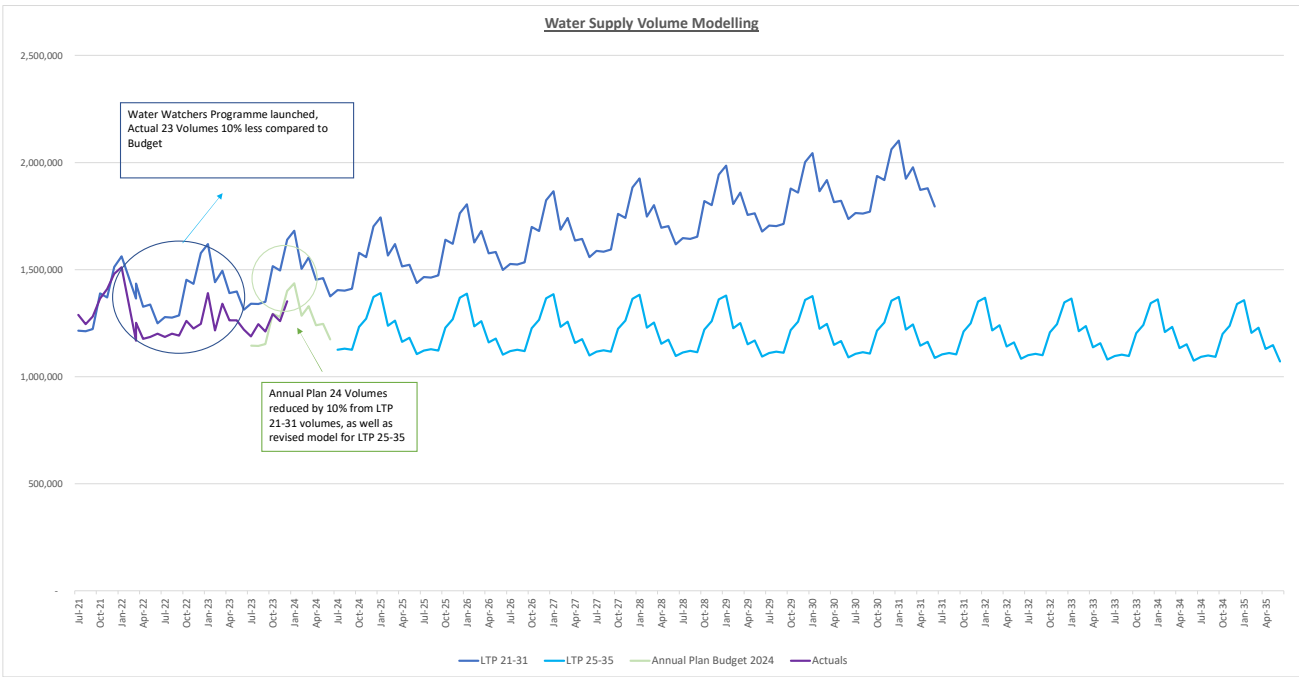
The Official Cash Rate ("OCR") is currently 5.5% following a 25bp increase in May 2023. The latest announcement from RBNZ confirmed the rate will remain the same.

A five year fixed rate from LGFA is 5.21% and one year floating is 87bp above the 90 day bank bill rate.

Average Borrowing Rate Inc Margins 4.76%

Water modelling more information

Figure 1: LTP 25-35



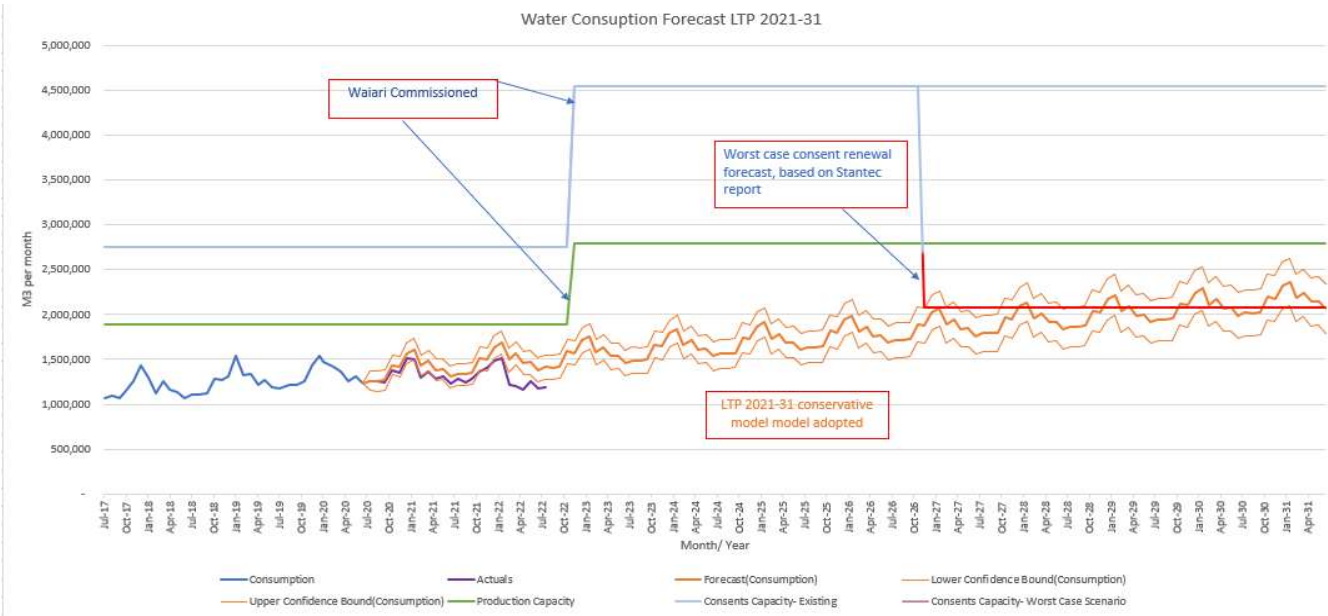
Prior to LTP 21-31 LTP, water consumption was purely based on a flat growth assumption and it served well, until the pressure of growth and need for water came up against capacity constraints and more stringent environmental requirements.

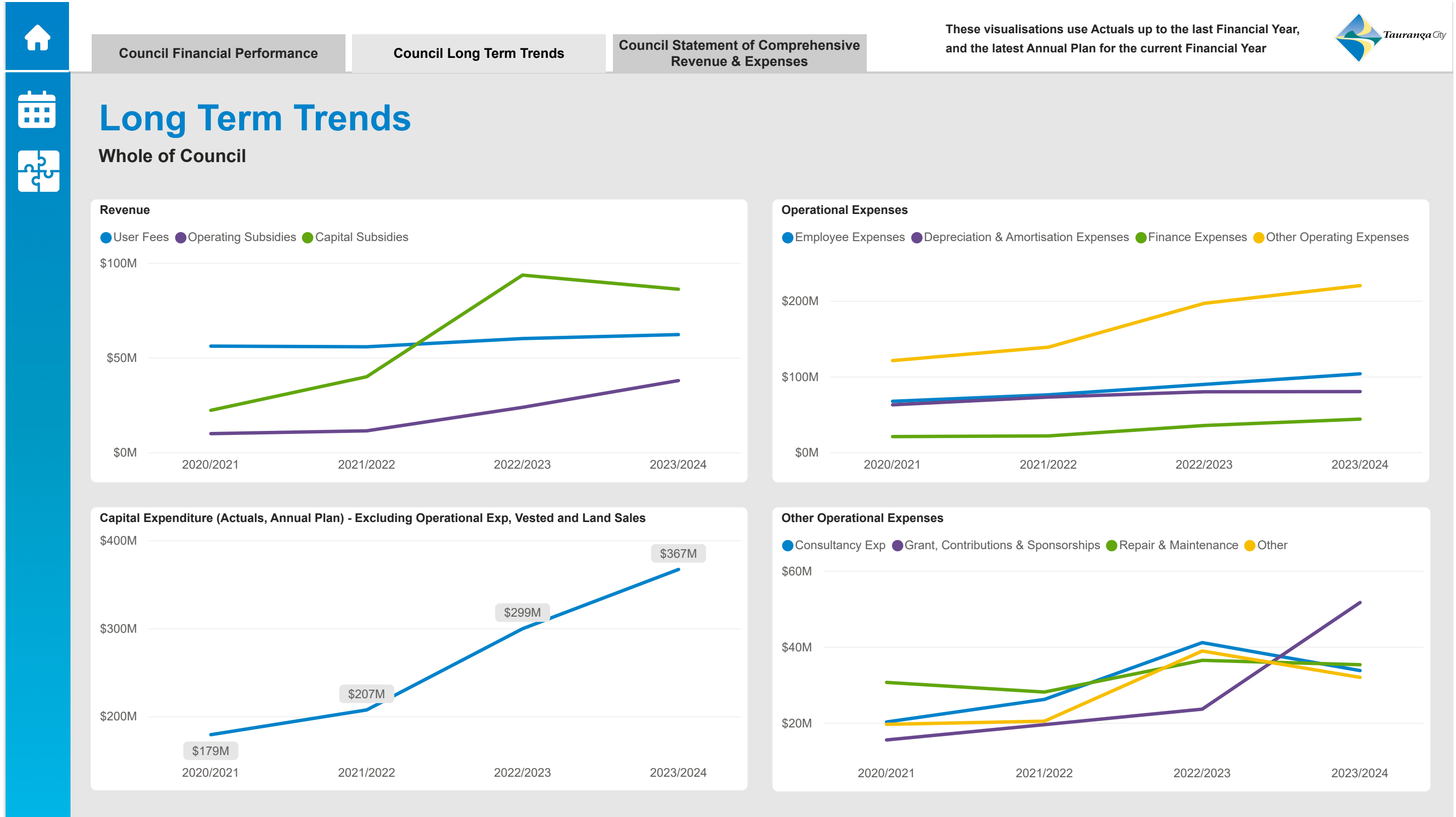
Hence we developed the more comprehensive volume forecast model starting from LTP 21-31, which was based on 70 months of historical actual monthly consumption data (taken directly from production) and extrapolated with aggressive, moderate and conservative scenarios(see figure 2).

We also applied a 20% reduction to the monthly volumes forecast, which accounted for roughly 17% network losses and approx. 3% of invoiced credit notes to account for annual rates remissions- both these numbers were taken from historic annual averages.

Whilst the LTP 21-31 model worked well for the first two years of 21-31 LTP, it was clear that with the introduction of 'Water Watchers Programme', there was a need to amend the model. Therefore both AP 24 and LTP 24-34 forecast were calculated with updated assumptions (See figure 1), with the network losses and rate remissions assumptions remaining the same.

Figure 2: LTP 21-31





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

RECOMMENDATIONS

That the Strategy, Finance and Risk Committee:

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

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 [↓](#) 

LGOIMA and Privacy Q2 Report for 2023/2024 year

How many requests did we receive?

131 = 103 LGOIMA + 17 Privacy + 11 Combined LGOIMA & Privacy

The number of requests has increased 35% since last quarter.

- We received 15 more requests for CCTV footage than in the previous quarter.
- Most requests continue to be made by individuals on various topics.

121 have been completed. 10 remain open and within the statutory time frame for response.

How long did it take us to respond?

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

- This is a slight improvement from Q1 of 2023/2024 when the average number of days was 14.

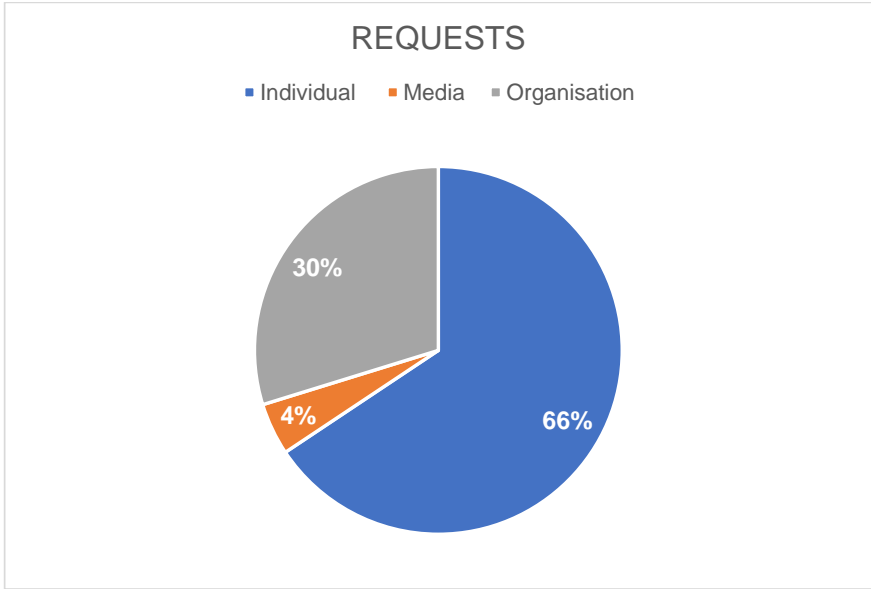
98% = requests responded to within the statutory time frame/remain within time frame for response.

- 116 responses provided within the statutory time frame.
- In addition, three extensions notified and responded to within the extended time frame.
- Two responses provided outside the timeframe.
- 10 requests remain open and within the statutory time frame for response.

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

Who did the requests come from?

86 individuals + 39 organisations + 6 media organisations

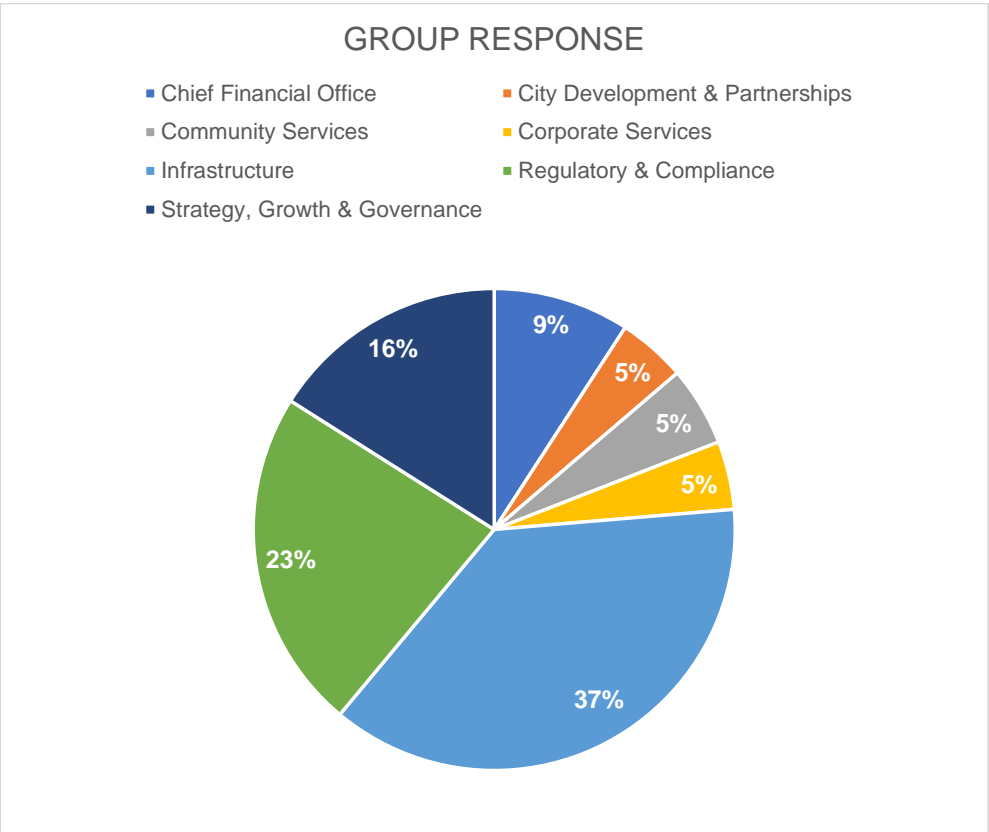


11 = number of requesters who made two or more requests in Q2.

- One individual made three requests.
- One individual made six requests.
- Five individuals made two requests each.
- One organisation made six requests.
- Two organisations made two requests each.
- One media organisation made ten requests.

What groups received the requests?

49 Infrastructure + 30 Regulatory & Compliance + 21 Strategy Growth & Governance + 12 Chief Financial Office + 7 Community Services + 6 City Development & Partnerships + 6 Corporate Services

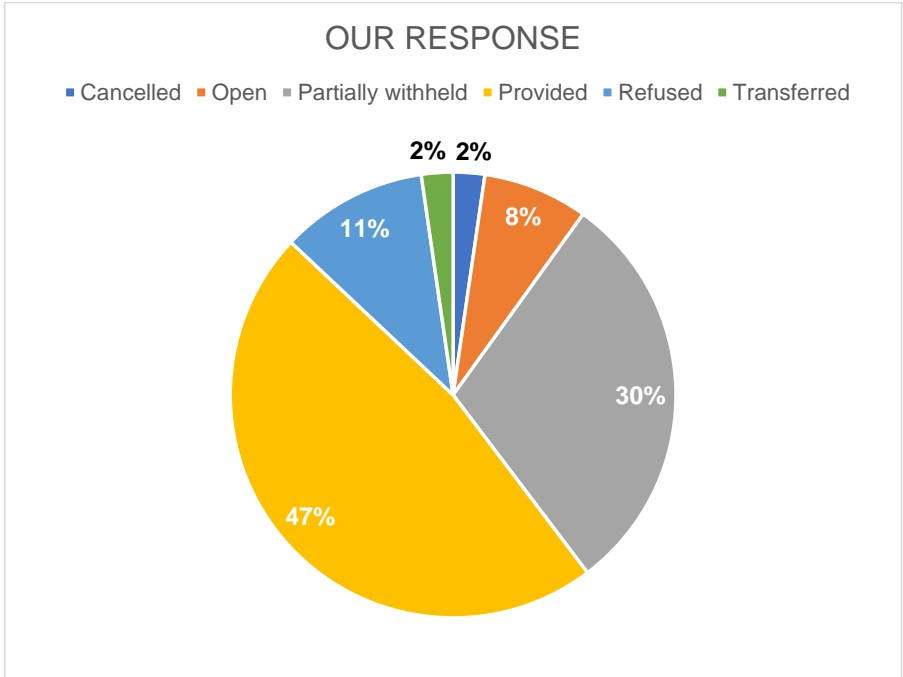


What was our response?

62 provided + 39 partially withheld + 14 refused

In addition, 3 transferred + 3 cancelled + 10 that remain open for response

0 requests this quarter had a charge applied.



Common requests

- CCTV footage (21)
- Council expenditure (6)
- Carparks – various – revenue, numbers, infringements (5)
- Land instability and slope hazards (5)

Responses with broad community interest continue to be published.

Office of the Ombudsman complaints

Three complaints were made. One was subsequently withdrawn and two remain open.

Privacy Commissioner complaints

No complaints received.

10 DISCUSSION OF LATE ITEMS

11 PUBLIC EXCLUDED SESSION

Resolution to exclude the public

RECOMMENDATIONS

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
11.1 - Public Excluded Minutes of the Strategy, Finance and Risk Committee meeting held on 4 December 2023	<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>	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 - 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</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>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>

12 CLOSING KARAKIA