



AGENDA

Accountability, Performance & Finance Committee meeting Monday, 2 September 2024

**I hereby give notice that a Accountability, Performance & Finance
Committee meeting will be held on:**

Date: Monday, 2 September 2024

Time: 9.30am

**Location: Bay of Plenty Regional Council Chambers
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 – Accountability, Performance and Finance Committee

Common responsibility and delegations

The following common responsibilities and delegations apply to all standing committees.

Responsibilities of standing committees

- Establish priorities and guidance on programmes relevant to the Role and Scope of the committee.
- Provide guidance to staff on the development of investment options to inform the Long Term Plan and Annual Plans.
- Report to Council on matters of strategic importance.
- Recommend to Council investment priorities and lead Council considerations of relevant strategic and high significance decisions.
- Provide guidance to staff on levels of service relevant to the role and scope of the committee.
- Establish and participate in relevant taskforces and working groups.
- Engage in dialogue with strategic partners, such as SmartGrowth partners, to ensure alignment of objectives and implementation of agreed actions.
- Confirmation of committee minutes.

Delegations to standing committees

- To make recommendations to Council outside of the delegated responsibility as agreed by Council relevant to the role and scope of the Committee.
- To make all decisions necessary to fulfil the role and scope of the committee subject to the delegations/limitations imposed.
- To develop and consider, receive submissions on and adopt strategies, policies and plans relevant to the role and scope of the committee, except where these may only be legally adopted by Council.
- To consider, consult on, hear and make determinations on relevant strategies, policies and bylaws (including adoption of drafts), making recommendations to Council on adoption, rescinding and modification, where these must be legally adopted by Council.
- To approve relevant submissions to central government, its agencies and other bodies beyond any specific delegation to any particular committee.
- To appoint a non-voting Tangata Whenua representative to the Committee.
- Engage external parties as required.

Terms of reference – Accountability, Performance and Finance Committee

Membership

Chairperson	Deputy Mayor Jen Scoular
Deputy chairperson	Cr Mikaere Sydney (and during his leave of absence Mayor Mahé Drysdale)
Members	Cr Glen Crowther Cr Marten Rozeboom Cr Rick Curach <i>Mayor Mahé Drysdale (ex officio)</i>
Non-voting members	(if any)
Quorum	<u>Half</u> of the members present, where the number of members (including vacancies) is <u>even</u> ; and a <u>majority</u> of the members present, where the number of members (including vacancies) is <u>odd</u> .
Meeting frequency	Five weekly

Role

The role of the Accountability, Performance and Finance Committee is:

- To provide leadership and advice to Council with regard to Council's financial position and its prudent financial management practices.
- To provide leadership and advice with regard to significant strategic and financial opportunities including, but not limited to, potential city or regional deals with the government.
- To monitor the financial and non-financial performance of Council.
- To monitor the performance of the Chief Executive.

Scope

- Consider strategic financing and funding risks and opportunities and report to Council on such for final decision-making.
- Provide oversight on the preparation of the Annual Report and other external financial reporting required by legislation.
- Review and make appropriate recommendations to Council on the adoption of key accountability documents (including, but not limited to, the Long-term Plan, Annual Plan, and Annual Report).
- Oversee Council's investments, debt management, and funds and liaison with key advisors on these matters.
- Act on Council's behalf for all matters related to the Local Government Funding Agency, including all statutory duties as a result of that organisation being a council-controlled organisation.

- Develop and review Council's Treasury Strategy.
- Review regular financial and non-financial performance reporting, including reporting against strategic outcomes, the Long-term Plan, the Annual Plan, and other strategic and implementation documents (including, for instance, action and investment plans adopted as part of Council's strategic framework, Our Direction).
- Lead the Chief Executive's performance review process and report on such to Council.

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.

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 **DECLARATION OF CONFLICTS OF INTEREST**

8 BUSINESS

8.1 Outline Work Programme for Accountability, Performance and Finance Committee for the 2024/25 Financial Year

File Number: A16478421

Author: Paul Davidson, Chief Financial Officer

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. To present an outline work programme to the Accountability, Performance and Finance Committee for the financial year to 30 June 2025 for the Committees information and feedback.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Outline Work Programme for Accountability, Performance and Finance Committee for the 2024/25 Financial Year".
- (b) Notes the outline work programme for the Committee as per Attachment One of this report.

EXECUTIVE SUMMARY

2. Based on the scope of the Accountability, Performance and Finance Committee, a high-level work programme has been outline based on the key headings for the remainder of the year for this committee. This is for information of the committee and for feedback on the work programme.

BACKGROUND

3. A timeline has been developed based on the key areas outlined in the scope of the committee. This has been grouped into headings consistent with the scope of the committee. Attachment One shows the timing and outline of key items for the committee.
4. The committee also has oversight over city and regional deals. This has been reported to Council on the 26 August and further updates will be given to this committee as the work programme for this is further developed with government.
5. The Chief Executive's performance review programme will also be reported to later committee meetings.
6. The timing and information on the Annual Plan and Long Term Plan financials will be dependant and decisions on an Annual Plan or a Long Term Plan Amendment. The extent of any amendment may impact on timing.
7. This timeline has focused on the period up until Christmas.

STATUTORY CONTEXT

8. Many of the subjects on the outline work programme relate to key strategic and reporting documents and will provide input into the development of these documents.

STRATEGIC ALIGNMENT

9. This outline work programme provides input into key documents and processes which align to community outcomes.

CONSULTATION / ENGAGEMENT

10. This work programme provides input into other documents and process subject to consultation and engagement.

SIGNIFICANCE

11. 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.
12. 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.
13. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

ENGAGEMENT

14. 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

15. This work programme will continue to be updated based on committee feedback or other matters arising. Significant changes will be reported to the committee.

ATTACHMENTS

1. **Outline Work Programme for Accountability, Performance and Finance Committee - A16479032** [↓](#) 

Outline work programme for Accountability, Performance and Finance Committee								
	2-Sep-24	8-Oct-24	5-Nov-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Financial								
Annual Plan / Long Term Plan								
			Action Tracker LTP: Update on action progress				Action Tracker LTP: Update on action progress	
			Revenue and Financing Policy - Overview for Annual Plan					
			Rating structure – Overview for Annual Plan					
			First draft of key financials – Update for Annual / Long Term Plan	Draft key financials – for Annual / Long Term Plan			Updated key financials for Annual / Long Term Plan	
Finance & Treasury								
		Finance - Year-end report including any funding resolutions (consistent with Annual Report)	Finance - Quarter One Monitoring Report	Quarter Two Monitoring Report			Quarter Three Monitoring Report	
	Treasury Strategy - overview	Treasury Strategy - 6 Monthly Review	Bancorp Treasury Advisors presentation TBC	Treasury Strategy - 6 Monthly Review				
			Treasury - Quarter One Monitoring Report	Treasury - Quarter Two Monitoring Report			Treasury Quarter Three Monitoring Report	
			Standard & Poors Credit Rating					

Outline work programme for Accountability, Performance and Finance Committee								
	2-Sep-24	8-Oct-24	5-Nov-24	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Performance								
		Organisational Operational Performance KPI review and setting including Levels of Service Workshop on performance KPI's and Levels of Service Measures including baseline measures	Updates to Organisational Operational Performance KPI review and setting including Levels of Service as well as relevant baseline measures			Review of Organisational Operational Performance KPIs, Levels of Service measures and relevant baseline measures		
			Reporting against Action and Investment Plans - 6 monthly update				Reporting against Action and Investment Plans - 6 monthly update	
	CCO reports / LGFA - Statement of Intent	CCO reports / LGFA Shareholder Council Voting Papers	LGFA Annual Report		LGFA Draft Statement of Intent			
		Review of CEO KPI's						Review of CEO Performance against KPI's – Timing TBC
Accountability								
Annual Report								
	First draft of unaudited available information for financial and groups of activities sections	Review draft 2023/24 Annual Report						
	Interim management report (future reports to go to Audit and Risk)							

8.2 Six Monthly Treasury Strategy Update

File Number: A16377546

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.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Six Monthly Treasury Strategy Update".

EXECUTIVE SUMMARY

2. This report outlines all significant treasury operational activities in line with current Treasury Policy.
3. Treasury strategy is an important element of sound financial management and allows Council to efficiently manage its funding and associated risks.

BACKGROUND

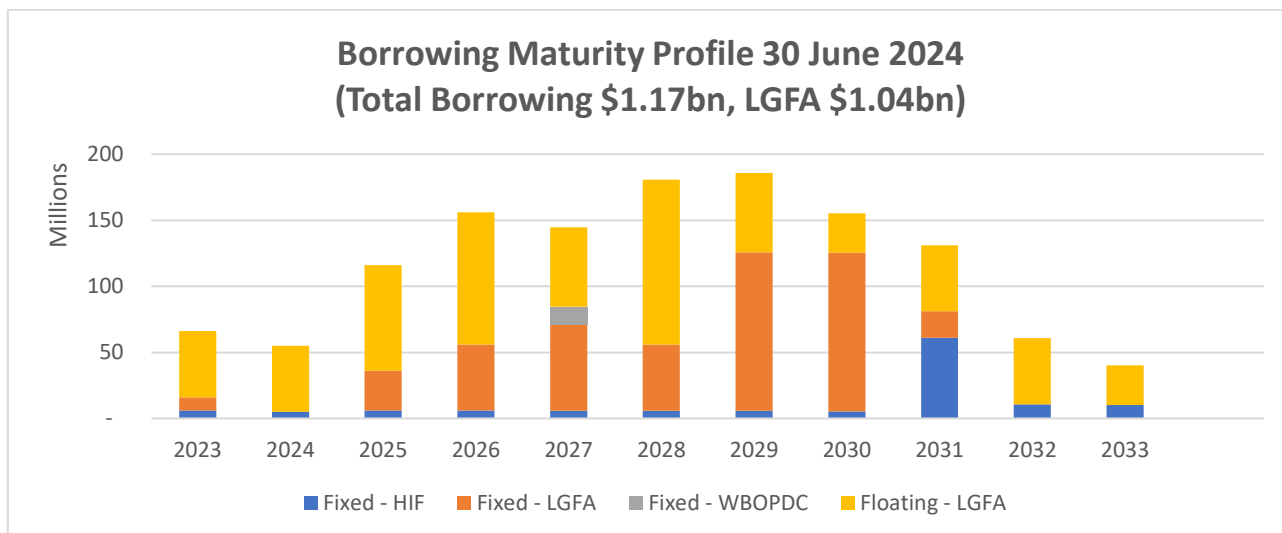
Treasury Policy

4. The treasury policy is reviewed every three years in line with the Long Term plan cycle. The most recent review was September 2023. The policy is attached for reference.

Debt Management

5. 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 costs of infrastructure to the community.
6. Core external debt and working capital requirements are managed by issuing a combination of long- and short-term debt. The maturity dates for any new debt issuance are assessed under the following criteria:
 - Borrowing margins for the 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; and
 - Available undrawn bank facilities.

7. The graph below shows the current debt maturity profile as at 30 June 2024.



8. As at 30 June 2023 outstanding debt was \$1.17bn of which \$275m was issued during the 2023/24 financial year.
9. The 2023/24 Annual Plan was adopted on in April 2023 which had budgeted gross debt at \$1.12bn and an approved borrowing limit for the year was \$275m. The higher than budget debt position at year end is the result of a revised capital programme which was approved at various council meetings throughout the financial year. There was an additional \$50m of debt resolutions associated with revisions which were not required due to offsetting underspends in the business and funding changes.
10. There was a \$50m debt maturity in April 2024 and a further \$6m in June 2024 both of which were fully prefunded. The debt maturity for the 2024/25 financial year is \$116m of which \$80m has already been prefunded. Prefunding is used to minimise credit risk and mitigate refinance risk.

Sustainable Lending

11. Council currently have one green loan with LGFA for the Kopurereua river realignment project. The approved loan is \$10m of which \$6m has been drawn. The final \$4m is expected to be drawn in the 2024/25 financial year when the final planting on the project is completed. This loan has the benefit of a 5-basis point reduction in borrowing costs.
12. In April 2024 Council was approved for Climate Action Loan status with the LGFA. This provides a 2-basis point discount on any loans issued post 1 July 2023. This is linked to Council's emission reduction plan and targets.

Bank Facilities

13. Access to liquid funding by way of committed bank facilities and/or liquid investments is required in order to manage liquidity risk.
14. Both Council's Treasury Policy and LGFA financial covenants require a level of undrawn committed bank facilities or liquid investments or a combination of both. The key objective is to maintain adequate liquidity in the context of managing debt maturities and debt servicing on a 12-month rolling basis.
15. Bank facilities are currently \$200m. The ANZ \$100m facility will mature in October 2026 and the Westpac facility (also for \$100m) will mature in April 2029. Generally, the maturity date is extended by one year each year. It is planned to maintain the facilities within the two-to-five-year maturity band.
16. In general, bank facilities are available to be drawn down at short notice provided that if they are drawn, they are 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 2023/24 financial year was 290% and the actual ratio was 218% based on draft unaudited financials.

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:
- 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.
 - 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 2024, total LGFA bonds (long term) on issue was NZ\$19.2bn and A\$2.7bn of which \$1.04bn 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+)*
2027	4.34%
2029	4.51%
2033	4.99%
2037	5.32%

*Rates are current at 19 August 2024

Security

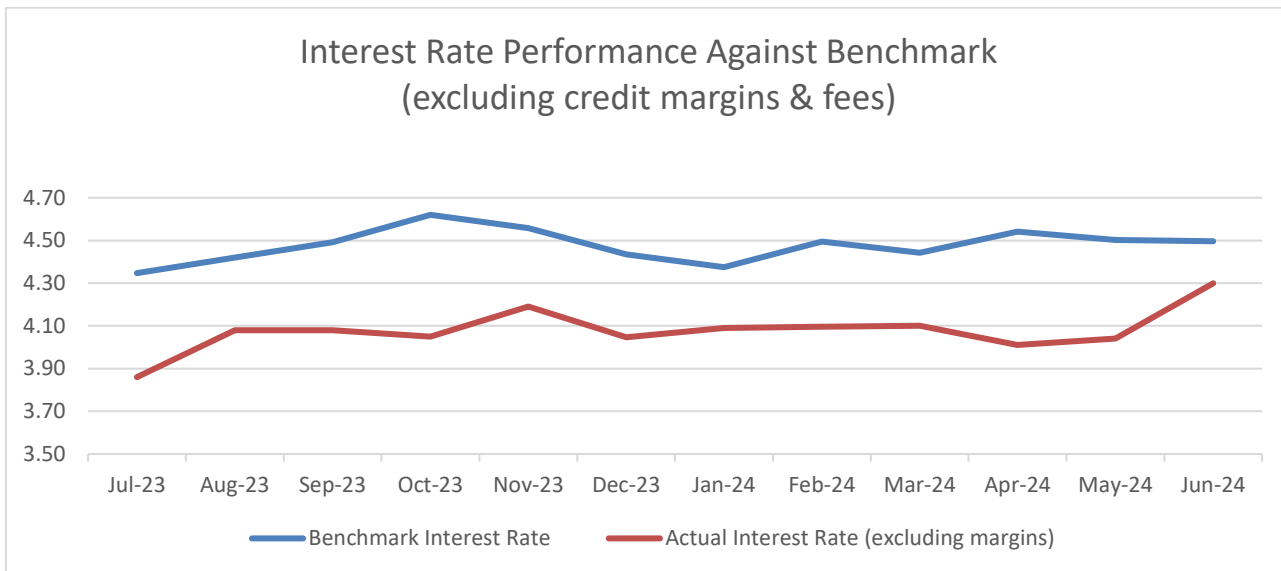
25. Generally, debt will be issued under existing Council Debenture Trust Deed (DTD) which offers rates revenue as security to attract lower borrowing margins. Councils Trustee appointed under DTD is Covenant Trustee Services Limited. All debt obligations are registered with Link Market Services Limited.

Interest Rate Management

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

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

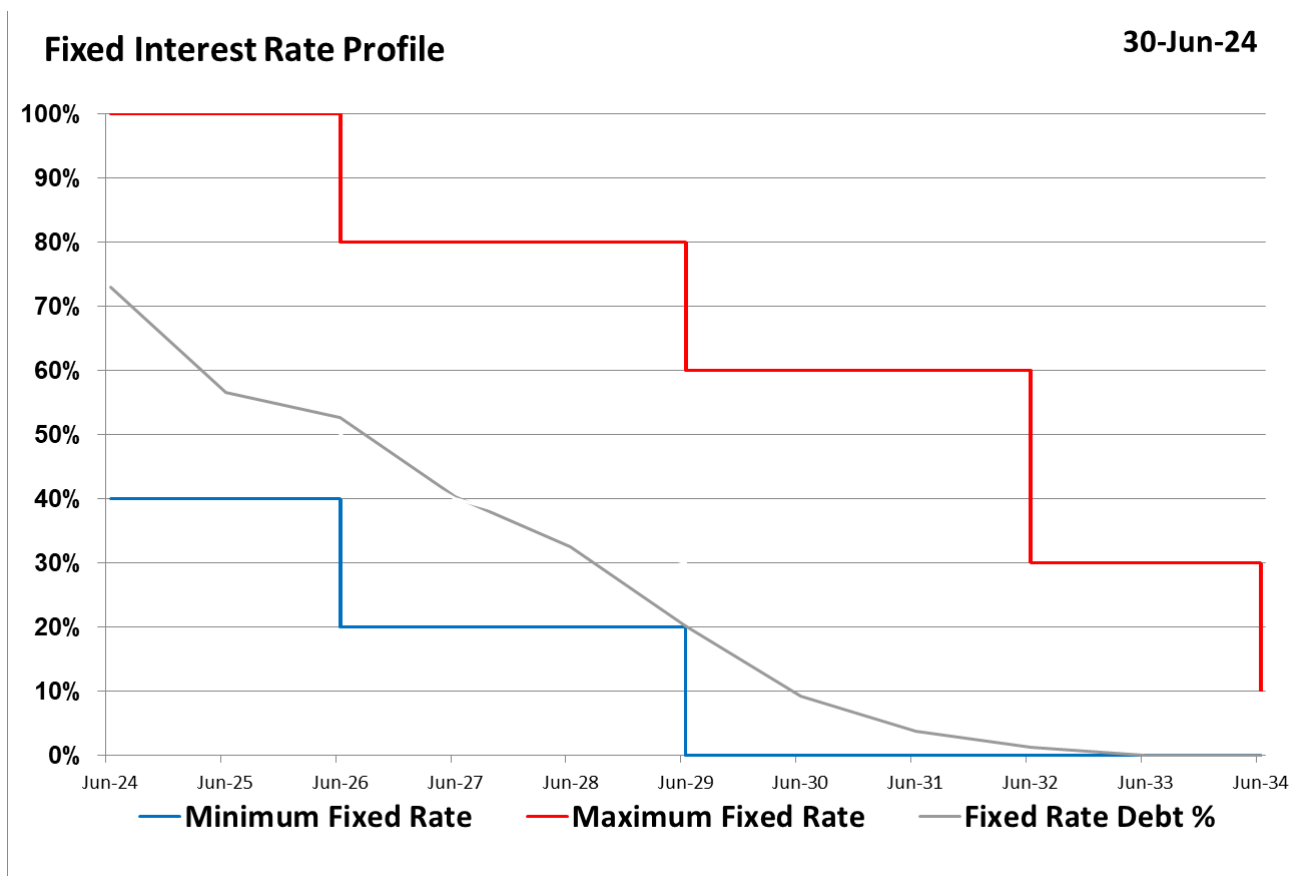
27. Council is exposed to interest rate fluctuations on existing and future borrowings. Interest rate risk is minimised by managing floating and fixed exposures within the Treasury Policy limits framework. The overall outcome of interest rate risk management is reflected in the average interest rate on borrowings which is 4.82% (including margins) at 30 June 2024. The below graph shows TCC’s average cost of borrowing, including and excluding margins against the treasury policy benchmark which reflects an averaging of 90 day to 15-year swap rates.



28. As at 31 June 2024 the total amount of debt on fixed interest rates (including hedging) was \$853.5m which was 73% of total debt. This includes \$116m of Housing Infrastructure Funding (HIF) loans which have a 0% interest rate.

Fixed Debt Profile

- 29. 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.
- 30. The chart below shows the fixed interest rate positions relative to forecast debt over time. This is based on the 2024/2034 LTP debt forecasts and the current actual fixed debt and interest rate swaps in place at 30 June 2024.



- During the 2023/24 financial year \$115m of forward start swaps have been executed to continue to move the fixed rate debt position closer to the middle of the policy bands. A further \$80m of swaps have been entered into since 1 July 2024. Analysis of debt levels and associated interest rate hedging positions are reviewed on a monthly rolling basis.

Investments

- From a short-term working capital management perspective, it is proposed to maintain a minimum liquid investment balance of \$10-\$15m on which investment rates aligning to OCR have been negotiated with our two of our transactional bankers (ANZ and Westpac). This level of working capital is sufficient to manage the net cashflows during an average month.
- As at 30 June 2023 there was \$33m in cash and \$70m 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

- 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.
- Currently there are no outstanding foreign exchange contracts. The last foreign exchange contract was in 2020. In the past council use foreign exchange hedging for purchase of plant and equipment for projects such as Southern Pipeline, the travel lift at marine precinct, and some playground equipment.

Retentions

- 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 30 June 2024 is \$1m.

Upcoming matters

37. While the Treasury Strategy review is six monthly report which focuses on past performance, there are certain announcements from central government that should be noted by this committee as they will have a significant impact on Council going forward.

Waters Entities:

38. Waters entities will be able to borrow from LGFA. The borrowing limit for these entities is likely to 500% of revenue subject to further covenants and conditions which will be advised in due course. Borrowing costs will be closely aligned to Council's own credit rating margins.

Growth Council Debt Limits

39. LGFA shareholders will vote at the November 2024 AGM to increase the borrowing limit for growth councils from 280% of revenue to up to 350%. Tauranga City Council is considered a growth council under the DIA definitions and LGFA have confirmed the same. It is expected that Tauranga City Council will be able to apply for this increase to borrowing limits if the change is voted in.
40. Both of these changes to borrowing limits will likely have impacts on credit rating and borrowing costs which are currently being considered by staff.
41. While the information from the relevant stakeholders is still to be finalised, Council is supportive of these changes and will provide further information and options in due course.

STATUTORY CONTEXT

42. 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.

STRATEGIC ALIGNMENT

43. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

The treasury policy and strategy provides financial means for all of Council's projects and initiatives.

OPTIONS ANALYSIS

44. There are no options presented in this report.

SIGNIFICANCE

45. 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.
46. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

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

ENGAGEMENT

48. 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

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

ATTACHMENTS

1. **TCC Treasury Policy - September 2023 - A16483181** [↓](#) 

8.3 2023/2024 Interim Audit Report from Audit NZ

File Number: A16454681

Author: Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. This report presents Audit New Zealand's report to Council following the interim phase of the annual audit of Council for 2023/2024.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "2023/2024 Interim Audit Report from Audit NZ".
- (b) Notes the recommendations contained within the report to Council by Audit New Zealand including recommendations from previous audits.
- (c) Notes the management responses and supports the on-going implementation of improvements as required.

EXECUTIVE SUMMARY

2. This report presents Audit New Zealand's report to Council following the interim phase of the annual audit for 2023/24.
3. The interim audit phase was focused on the assessment of Council's control environment, risk management processes and monitoring of controls relevant to financial and service performance reporting. The audit also included a review of a number of prior year audit recommendations.
4. There are two new recommendations and six resolved recommendations. The attached report includes management responses to the recommendations.

BACKGROUND

5. Prior to the interim audit there were 13 open recommendations for council to address. Audit New Zealand focused on these outstanding matters during the interim audit. Six items have been closed and two new items have been added. Six of the seven remaining items were either not reviewed during the interim audit or testing will be completed during the final audit in September 2024.

All outstanding matters are detailed as follows:

Monitoring Bee Cards

6. This item relates to the monitoring of Council staff's use of public transport cards. This item was not able to be cleared as the monitoring period was not over when the interim audit was undertaken.

Property Plant & Equipment (PP&E) Assets

7. This item requires a process to ensure assets are correctly classified and assigned useful lives when capitalised. Staff undertook an exercise to review asset classification during the 2023/24 financial year and audit commenced testing on this during the interim audit with no misclassifications identified. Audit will complete testing at the final audit.

Deposits Held

8. This item requires a process to track deposits or bonds held by Council. Staff established a process during the 2023/24 financial year and now complete monthly reconciliations. This item was not reviewed during the interim audit.

Classification of Property Plant & Equipment Assets

9. This item is similar in nature to the PP&E item above. The classification of some assets was highlighted as not aligning to the purpose assigned and where they were disclosed (ie buildings in the water plant disclosed as water assets but revalued as buildings). Staff have undertaken an exercise to reclassify where appropriate. This item was not reviewed during the interim audit.

Assets in use with no book value

10. This item relates to assets that remain in use and on the PP&E register with no book value as they are still in commission past their original useful life. Staff have undertaken a review in 2024 of all assets with a book value of zero and assessed the materiality on asset values and depreciation. This item was not reviewed during the interim audit.

Performance Measures

11. This item relates to the disclosure of non-financial performance measures. Staff undertook significant work in this area in the 2022/23 Annual Report and will seek further clarification on this matter. This item was not reviewed during the interim audit.

Information Systems (process for ensuring application access is appropriate)

12. This item relates to provision and review of access to various systems. Council has installed a new HR system which provides better visibility of staff and contractors moving roles and/or leaving.

Strengthening network login passwords to current acceptable practises

13. This is a new item raised during the interim audit. There is already a planned initiative to address password complexity within the next six months.

Review and improve the process for removing all users access to IT systems

14. This is a new item raised during the interim audit and is similar to the IT one above.
15. Audit New Zealand is scheduled to commence the final audit on 2 September 2024. Council staff will continue to work closely with audit to clear as many of the above matters as possible. A final report will be brought to the Audit committee once available.

STATUTORY CONTEXT

16. The audit process helps build trust in Council's systems and processes for service provision, management control and financial accountability. The audit of Council's systems and Annual Report is a key element of Council's accountability to the community.

OPTIONS ANALYSIS

17. This report is for information purposes. There are no options presented in this report.

FINANCIAL CONSIDERATIONS

18. 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

19. There are no specific legal implications or risks directly as a result of this report.

CONSULTATION / ENGAGEMENT

20. This report relates to the previous financial year and no consultation or engagement is required.

SIGNIFICANCE

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

22. In making this assessment, consideration has been given to the likely impact, and likely consequences for:

- (a) the current and future social, economic, environmental, or cultural well-being of the district or region
- (b) any persons who are likely to be particularly affected by, or interested in, the matter.
- (c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

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

ENGAGEMENT

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

NEXT STEPS

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

ATTACHMENTS

1. **TCC 24J - Interim Management Report - A16452936** [↓](#) 

8.4 Tauranga City Council - Draft Annual Report

File Number: A16445698

Author: Josh Logan, Team Leader: Corporate Planning
Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Paul Davidson, Chief Financial Officer

PURPOSE OF THE REPORT

1. The purpose of this report is to provide the committee with an update of Council's non-financial performance end of year results and the proposed presentation of the Groups of Activities Section of the Draft Annual Report 2023/24.
2. The secondary purpose of this report is to provide draft financial information for the year. This information shows the financial results to budget and draft notes to the accounts. At this stage the draft is incomplete, with tax and consolidated accounts not included. It is still subject to final review and audit.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Tauranga City Council - Draft Annual Report".
- (b) Notes that the attachments provided are subject to changes as a result of review and audit and further inclusions of taxation and consolidated accounts.
- (c) Notes that the full year financial performance will be reported to the Accountability Performance and Finance Committee on 8 October 2024.
- (d) Notes that a full, designed version of the annual report will also be presented to the 8 October 2024 Accountability, Performance and Finance Committee meeting for further review.

EXECUTIVE SUMMARY

3. This report and accompanying attachments are presented to the Accountability Performance and Finance Committee for review and feedback on the attached sections of the draft annual report.
4. The annual report performance measure chapters, financial statements and notes to accounts are still progressing through the preparation and pre-audit process. The financial information contained within this report is an indicative draft with changes likely as a result of internal review, tax inclusions, consolidation and audit.
5. The draft will be presented to Audit New Zealand on 2 September 2024 to commence their final audit. A final version of the draft annual report will be presented to this committee on 8 October 2024 and the final documents will be presented to Council for final consideration and adoption on 29 October 2024, along with the audit opinion. This is within the requirements to have the Annual Report audited within four months of year end.
6. The draft performance measures reporting shows results consistent with those reported in the six-monthly report in February this year. The overall result of the non-financial performance measures for the full financial year shows out of a total of 100 measures, 66

measures were achieved (66%), 31 were not achieved (31%), and three were not able to be measured (3%).

BACKGROUND

Purpose and Presentation of the Annual Report

7. The Tauranga City Council (Group) Annual Report is prepared consistent with requirements of the Local Government Act 2002 (LGA).
8. The purpose of the annual report is to report back to the community on the performance of the Council against its levels of service, budgets and capital programme agreed in year three of the LTP. It also promotes accountability to the community for the decisions made during the year.
9. The front sections of the document provide a review of the year and aim to tell the story of the Council's operations and other key events in a way that is readable by the community. It is an opportunity to discuss the highlights, opportunities and challenges of the year and provide a bridge to the future including the issues and investments included in the LTP.
10. The detailed financial accounts and notes to the accounts are presented at the back of the document.

Financial Results

11. Full financial results will be reported to the Accountability Performance and Finance Committee on 8 October 2024, that report will provide detailed information on operational and capital performance against budget for both TCC as a whole and by business area.
12. The following table provides a high-level comparison to budget of key financials. Overall debt is close to budget. Most of the operational expenditure variances are explained by non-funded expenses and reclassification of project expenditure from capital to operational. Budgeted amounts reflect what was budgeted in the annual plan while actual expenditure includes expenditure on items budgeted and funded in the previous year. A full breakdown of these variances will be included in the 8 October report to this committee.

Key Financials (\$m)	2024 Draft Actuals	2024 Annual Plan	Variance
Capital Programme	418	397	21
Net Debt	1,067	1,050	17
Operational Revenue	407	396	11
Operational Expenditure	492	447	45
Debt to revenue ratio**(funding adjusted)	218%	223%	-5%
Financial Limit on Borrowing (debt to revenue ratio)	290%	290%	0%
Total Rates ***	295	291	4
Total Assets	7,765	7,462	303

13. Attached to this report is the draft of section seven of the annual report which is the financials section of the annual report as legislatively required. Council's accounts are modelled on the Public Benefit Entity Model published by Audit NZ.

Changes to Financial Disclosures

14. The following additional disclosures have been requested and have been addressed as follows included:

- **Breakdown of rates by rating category**

The split of residential, commercial and industry in rating revenue generated will be added to note 2 and presented to this committee in the next version on 8 October

2024. Note 2 has also been updated to breakdown rates further including uniform charges, water by meter and general.

- **Breakdown of other operating expenditure**

Note 6 breaks down other operating expenditure of \$238m into 17 expense types.

- **Inclusion of Full Time Equivalent (FTE) and number of employees**

This information will be added to note 4 and presented to this committee in the next version on 8 October 2024.

- **Breakdown of payments to staff and suppliers across the document**

This expenditure is combined in the Funding Impact Statement which is required under the Local Government Act to make all councils disclosures comparable. The Statement of Cash Flows and Statement of Comprehensive Revenue and Expenditure discloses this expenditure separately and is broken down further in notes four and six.

- **Community Grants Table**

Attachment 3 (Community Grants Table) Will be included in the 'Year in review' section of the Annual Report document presented to this committee on 8 October.

Key Performance Measures

15. Within the LTP, the level of service that the council will deliver is agreed upon by the council in consultation with the public. The Local Government Act 2002 stipulates that local authorities are required to report on how well they are performing in delivering these levels of service to their communities as measured by the performance measures. In the LTP there were 100 performance measures that were agreed upon, of which 23 are mandatory per regulations supporting section 261B of the Local Government Act 2002.
16. The draft annual report presents the position of how the council achieved the non-financial performance measures and ultimately the levels of service during the financial year. The result of the full financial year is that of the total 100 performance measures, 66 have been achieved (66%) and 31 were not achieved (31%) with three not able to be measured (3%)
17. The following high-level observations can be made for the activity areas:
 - Six out of nine satisfaction measures sourced from our annual residents' survey results were below target with many trending downward.
 - Seven out of 23 timeliness measures were not met showing delays experienced in providing our services.
 - Drilling down further, of the 66 KPIs which met their target, 37 of these have improved performance over last year's result. With eight of those measures moving from being not achieved to achieved.
 - Of the 31 KPIs which did not meet their targets, 11 had improved results compared to last year. Also, of the 31 measures not met, eight measures were within 5% of meeting their target.
 - 3% (3) of our targets were not able to be assessed:
 - Community Services – Following a review of the Project Tauranga city partners' programme, the decision was made to wind up Project Tauranga in November 2021.
 - Economic Development (Airport) – No Surveys were carried out; due to possible disruption of the car park area currently being extended and remodelled it was decided not to conduct the survey.
 - Marine Precinct – Was not measured due to the wharf being replaced.

18. The following table provides a summary of performance measures results by groups of activity area.

Group of Activities	Achieved	Not Achieved	Not Measured	Total
Transportation	4	5	-	9
Water Supply	10	1	-	11
Wastewater	5	0	-	5
Stormwater	6	0	-	6
Sustainability and Waste	3	1	-	4
City and Infrastructure Planning	2	1	-	3
Community Services	13	6	1	20
Community, People and Relationships	3	3	-	6
Economic Development	6	1	1	8
Emergency Management	2	1	-	3
Marine Precinct	1	1	1	3
Regulatory and Compliance	7	10	-	17
Spaces and Places	4	1	-	5
Total	66	31	3	100

STATUTORY CONTEXT

19. The annual report is a public document that reports to the community on the Council's performance and achievements against what was planned, for both financial and non-financial performance. The annual report must be prepared each year in accordance with generally accepted accounting practice in New Zealand and compliant with the requirements of the Local Government Act 2002.

STRATEGIC ALIGNMENT

20. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

21. While approval of this recommendation itself does not go towards achieving the outcomes, within **Attachment 1** it describes how Council contributes to achieving the strategic community outcomes. All outcomes are covered in this respect.

OPTIONS ANALYSIS

22. There are no options presented in this report. The committee is able to provide feedback on the presentation of the annual report at this meeting.

FINANCIAL CONSIDERATIONS

23. The financial statements and information presented is for the financial year ended 30 June 2024. The presentation of the financials section is guided by the requirements of the Local Government Act 2002, accounting standards (International Public Sector Accounting Standards (IPSAS)) and generally agreed accounting policies. It is audited by Audit New Zealand. The financial statements and note to accounts are prepared on a going concern basis and any incidence or allegations of fraud, non-compliance or misstatement should be disclosed.

LEGAL IMPLICATIONS / RISKS

24. The audited annual report must be adopted by 30 October 2024, under the Local Government Act 2002.

TE AO MĀORI APPROACH

25. While in the final draft of the annual report in section two - year in review there will be information disclosed under the heading “partnership with tangata whenua.” This will be presented to this committee on 8 October 2024 and will refer to elements reflecting Council’s approach to Te Ao Māori. However, the information covered by this report is not directly impacted by that approach.

CLIMATE IMPACT

26. Similarly, the information that will be covered on the 8 October 2024 in the year in review section under the heading “sustainability approach - Te Ahunga Toitū” will refer to but is not directly impacted by Council’s approach to climate impact. Again, the information covered by this report is not directly impacted by that approach.

CONSULTATION / ENGAGEMENT

27. The annual report will be made publicly available after adoption. The 2021-31 Long-term Plan which the years results are measured against was consulted on before being adopted. There is no consultation on the annual report itself.

SIGNIFICANCE

28. 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.
29. 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.
30. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of medium significance.

ENGAGEMENT

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

NEXT STEPS

32. Any feedback provided by the committee on 2 September 2024 to staff will be incorporated into the document.
33. Audit New Zealand will start its audit of the annual report on 2 September 2024 working with staff to ensure all requirements are met.
34. The draft annual report will be presented again to Accountability, Performance and Finance Committee for consideration on 8 October 2024.
35. The final audited annual report will be presented to Council for adoption on 29 October 2024.

ATTACHMENTS

1. **TCC Annual Report 2023-24 - 07 Financials - DRAFT - A16478740 (Separate Attachments 1)** 
2. **TCC Annual Report 2023/24 - Groups of Activities - A16480661 (Separate Attachments 1)** 
3. **Community Grants Table Section 02 - A16483422** [↓](#) 

8.5 Final Statement of Intent 2024/25 to 2026/27 for the Local Government Funding Agency

File Number: A16211150

Author: Caroline Lim, CCO Specialist
Sheree Covell, Treasury & Financial Compliance Manager

Authoriser: Gareth Wallis, General Manager: City Development & Partnerships

PURPOSE OF THE REPORT

1. The purpose of this report is to provide the Final Statement of Intent 2024/25 to 2026/27 for one of Tauranga City Council's seven Council-Controlled Organisations, the Local Government Funding Agency, as required by the Local Government Act (2002).

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Final Statement of Intent 2024/25 to 2026/27 for the Local Government Funding Agency".
- (b) Receives the Local Government Funding Agency's Final Statement of Intent 2024/25 to 2026/27 (Attachment 1) and the Letter to Shareholders (Attachment 2).

EXECUTIVE SUMMARY

2. The Local Government Funding Agency (LGFA) is a Council-Controlled Organisation (CCO) and as such, is required to prepare a Statement of Intent (SOI) and provide a final copy to its shareholder, Tauranga City Council (TCC), by 30 June each year.
3. As TCC is one of several shareholder members of LGFA, it is not expected that we provide LGFA with letters of expectation, nor feedback to this CCO's draft SOIs, unless there are areas of significant concern.
4. LGFA has provided both its draft SOI to cover the next three financial years to its shareholders by the standard 1 March deadline, and its final SOI by the standard 30 June deadline.
5. Overall, LGFA has met the statutory requirements as outlined in Schedule 8, Section 9 of the Local Government Act (2002).
6. It should be noted that five of the seven Tauranga City Council CCOs provided their SOIs in May 2024 due to the out of cycle election timing. LGFA and BOPLASS were not asked to do the same, as TCC is one of many shareholders and this is the first suitable Council committee meeting for the final SOI to be formally received.

BACKGROUND

General comments – Final LGFA SOI 2024/25 to 2026/27 (provided as Attachment 1)

7. The following points regarding LGFA's final SOI 2024/25 to 2026/27 are worth noting in the LGFA letter to stakeholders (provided as Attachment 2):
 - LGFA is needing to strengthen its financial and capital position given the weakening credit outlook for the sector, and the additional borrowing by councils and CCOs that has led to increase borrowing costs incurred by LGFA e.g. the cost of offshore issuance, Approved Issuer Levy, legal and issuance expenses, a larger amount of liquid assets to ensure liquidity, and NZX listing fees.

- LGFA proposes to do this by increasing the base on-lending margin by 5 basis points (0.05%) and to increase the Borrower Notes percentage from 2.5% to 5% on debt issued from 1 July 2024. This will allow the LGFA to continue to deliver low cost, long dated financing and preserve its high level of creditworthiness.
 - As with previous years, there remains uncertainty within the SOI forecasts relating to the amount of both council loans and LGFA bonds outstanding, as this depends upon the magnitude and timing of council borrowing. The actual amount of borrowing will be influenced by the ability of councils to deliver on the capex projections in their long-term plans (LTPs), any cost increases as well as the amount of Central Government assistance in funded capex delivery.
 - The Local Water Done Well reform programme (LWDW) is progressing with the second (of three) Bills currently passing through Parliament. There remains uncertainty for the sector (and LGFA) as to the amount, timing and transition of assets, debt and revenue to the new water organisations. LGFA has assumed that any impact from LWDW is unlikely to occur until the 2025/26 year. For council borrowing and bond issuance forecasting purposes, LGFA has used the latest Draft 2024/34 LTPs from councils (that incorporate water related activities). The only adjustment made is that LGFA has assumed that it won't be lending to financially independent Water CCOs such as Watercare.
 - The SOI performance targets are the same as the targets in the prior year's SOI except LGFA has strengthened its focus on achieving sustainability outcomes and added performance targets to its Industry Leadership and Engagement Objectives.
8. The changes made to the final SOI, compared to the draft SOI that Council received in February 2024 for comment, have been:
- LGFA has increased its forecasts for council borrowing in the 2024/25, 2025/26 and 2026/27 financial years by \$1.2 billion, \$340 million, and \$1.1 billion respectively. LGFA has increased its forecasts for LGFA bond issuance in the 2024/25, 2025/26 and 2026/27 financial years by \$150 million, \$460 million, and \$1.12 billion respectively. LGFA has increased its forecast for LGFA Bills on issue by \$500 million.
 - Net Interest Income is forecast to increase in the 2024/25, 2025/26 and 2026/27 financial years by \$1.6 million, \$1.3 million, and \$14.5 million respectively.
 - Expenses are forecast to increase by \$2.2 million in 2024/25, \$2.9 million in 2025/26 and \$3.4 million in 2026/27 with over half of the increase in expenses coming from increased Approved Issuer Levy payments to Central Government from LGFA's offshore bond issuance.
 - Forecast Net Operating Profit is forecast to decrease by \$600,000 (2024/25) but increase by \$8.4 million (2025/26) and \$11.1 million (2026/27).
9. The LGFA Shareholders Council was satisfied with the changes made and approved the LGFA's final SOI on 25 June 2024, and it is provided as Attachment 1.
10. It should be noted that five of the seven Tauranga City Council CCOs provided their SOIs in May 2024 due to the out of cycle election timing. LGFA and BOPLASS were not asked to do the same, as TCC is one of many shareholders and this is the first suitable Council committee meeting for the final SOI to be formally received.
11. Performance against KPI's are presented in the LGFA Annual Report, which is scheduled for presentation to this committee on 5 November 2024. Prior to that, visibility of performance against KPIs will be available in the CCO section of TCC's 2024 Annual Report, which will be presented to this committee on 8 October 2024. The LGFA audited annual report is expected to be released on 29 August 2024.

STATUTORY CONTEXT

12. The Local Government Act (2002) requires council-controlled organisations to provide statements of intent to their shareholders.

13. The SOI is a key governance and planning document. Engaging with each council-controlled organisation throughout the development of the annual SOI is one of the ways Council can influence the entity across its work programme.
14. The SOI development and feedback process is a key mechanism for Council to ensure alignment with its strategic community outcomes and to ensure CCO accountability.

STRATEGIC ALIGNMENT

15. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	✓
We are a well-planned city	✓
We can move around our city easily	✓
We are a city that supports business and education	✓

16. Being part of the 31 LGFA Shareholders Council ensures that TCC can continue to leverage optimal financing conditions, which will enable Council to better plan and invest in the future infrastructure of the city.

OPTIONS ANALYSIS

17. There are no options as Council is only receiving the final SOI from LGFA.

FINANCIAL CONSIDERATIONS

18. Budget for LGFA, including Tauranga City Council's contributions, are included in its final Statement of Intent.

LEGAL IMPLICATIONS / RISKS

19. The council-controlled organisation has met the legislative requirements outlined in Schedule 8, Section 9 of the Local Government Act (2002).
20. Staff believe that there is no strong justification for Council to require additional changes to the SOI that has been signed off by the LGFA Board as its final document.

TE AO MĀORI APPROACH

21. The matters addressed in this report are of a legislative nature and there is no need to consider the Te Ao Māori Approach.

CLIMATE IMPACT

22. The matters addressed in this report are of a legislative nature and there is no need to consider the climate change impacts.

SIGNIFICANCE

23. 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.
24. 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; and
 - (c) The capacity of the local authority to perform its role, and the financial and other costs of doing so.
25. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the matter is of low significance.

CONSULTATION / ENGAGEMENT

26. It is not required or appropriate to consult on a statement of intent under the Local Government Act.

ENGAGEMENT


27. 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.

Click here to view the [TCC Significance and Engagement Policy](#)

NEXT STEPS

28. LGFA's Final Statement of Intent 2024/25 to 2026/27 will be made public via TCC's website.

ATTACHMENTS

1. **LGFA Final Statement Of Intent 2024-2027 - A16265203** [↓](#) 
2. **LGFA Letter to Shareholders to accompany Final SOI 2024-27 - A16265204** [↓](#) 

8.6 Election 2024

File Number: A16459736

Author: Coral Hair, Manager: Democracy and Governance Services
Ceilidh Dunphy, Community Relations Manager

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

PURPOSE OF THE REPORT

1. The purpose of the report is to outline the campaign undertaken for the July 2024 elections, the outcomes achieved, the costs of the election, and the voter turnout.

RECOMMENDATIONS

That the Accountability, Performance & Finance Committee:

- (a) Receives the report "Election 2024 ".

EXECUTIVE SUMMARY

2. This report summarises the key elements and actions taken in the 2024 Tauranga City Council (TCC) election campaign. The campaign focused on two phases – attracting quality candidates and encouraging voter participation.
3. This election was conducted with a set of unique circumstances. This included moving from an appointed Council to a democratically elected Council, no Electoral Commission enrolment advertising, no incumbent elected members and a changing media landscape. The common local electoral difficulties including postal voting and political apathy in local government elections also meant there was a need to create as engaging a campaign as possible and use a variety of techniques and channels to try and reach as many people as possible.
4. The TCC electoral campaign had two phases:
 - Attracting quality candidates; and
 - Encouraging voter participation.
5. We had an aspirational objective to reach 50% overall voter turnout and the campaign included new or expanded initiatives to reach this, including video opportunity for each candidate with a standard set of questions, orange voting bins in 45 locations (including supermarkets), and translation of the electoral information into nine languages.
6. 85 nominations were received with 75 candidates standing for 10 positions, with 15 candidates also standing for the mayoralty. Voter turnout was 38.77%. The total cost of the election was \$912,977.

BACKGROUND

7. Prior to the 2023 General Elections, the then Minister of Local Government Kieran McNulty announced that the next local government election in Tauranga would be held on Saturday, 20 July 2024 and a decision was also made to postpone the 2025 Tauranga City triennial election until 2028.
8. The voters of Tauranga had not had an opportunity to vote in an election since October 2019 and faced a new representation arrangement that they were not familiar with, consisting of

nine single member wards plus a mayor. There was a reduction in the number of councillors from 10 to nine.

9. Eight general wards were based on geographic areas of the city for those enrolled on the general roll and for the first time a Māori ward, Te Awanui, was introduced which covered the city for voters enrolled on the Māori roll. The eight general wards are: Mauao/Mount Maunganui, Arataki, Pāpāmoa, Welcome Bay, Matua-Otūmoetai, Bethlehem, Tauriko and Te Papa. Voters could vote for their ward councillor and the mayor.
10. Previously voters could vote for up to six councillors plus the mayor as there had been four councillors elected “at large” (by all voters) and three multi-member wards (two councillors per ward) based on geographic areas.
11. In their terms of reference, the Commissioners were asked by the Minister of Local Government ‘to work with the Council to encourage quality candidates to stand for election.’ The Commissioners defined the attributes that they believed reflected a quality candidate and spoke about this at various meetings prior to Christmas 2023 and these attributes were included on the candidate election webpage. We worked with the Commissioners who approved the look and feel of the stand campaign.
12. The Electoral Commission, who run national enrolment campaigns for triennial local government elections, did not run one specifically for Tauranga City Council (TCC). These campaigns involve advertising encouraging voter registration and sending letters to each elector advising of the date of the local election and asking them to check their details. In practice this meant that TCC was responsible for all advertising encouraging voter registration. However as there had been a national general election in October 2023, the enrolment was sitting at 89.37% at 31 January 2024, with 110,707 enrolled out of an estimated eligible voter of 123,071.
13. The Electoral Commission did have a [dedicated website page](#) for the Tauranga City Council election that also linked back to the Council’s election website. The Electoral Commission notified people on the electoral roll who identified as being of Māori descent that there will be an exclusion period for changing rolls from 20 April – 20 July 2024. Māori electors were not able to change roll types (from general to Māori roll or Māori to general roll) during this three-month period. Letters were sent to Māori electors from 19-25 March 2024 and the Electoral Commission undertook public communication to coincide with the mailout.
14. While we received national media coverage of the election, changes to the local media landscape, including a reduction in the number of senior print journalists, occurring at the time of the election meant that local media only covered mayoral candidates.
15. Warwick Lampp, electionz.com, is the Electoral Officer for TCC. Warwick will be attending the Committee meeting and providing his verbal summary of the way the 2024 election was conducted. Warwick has commented that this was an unusually “quiet” election and was different from previous elections in that there were no incumbent councillors acting in the role of governors standing for re-election.
16. Current local electoral legislation, set up by central government, provides only for postal voting and does not allow online or electronic voting, any forms of early voting outside of the voting period, or any voting on behalf of someone else. Completed voting papers can only be returned by post or courier or dropped in orange voting bins, which creates challenges for electors travelling overseas.
17. The level of service provided by the postal system has deteriorated over time while the postage costs have increased substantially since 2019. The Council contracted DX Mail as, in the view of staff, they guaranteed an excellent level of service at a competitive price. They delivered 109,364 voter packs between 28 June 2024 to 2 July 2024, working over the Matariki public holiday to achieve this service. DX Mail was also contracted to collect voting envelopes from the orange voting bins and post boxes. An exchange agreement with NZ Post meant that any voting envelopes dropped into the NZ Post mailboxes was exchanged on a daily basis and NZ Post was compensated for this.

CAMPAIGN PHASES

18. Our campaign objectives included:
 - i) To design a campaign to help drive voter turnout among all eligible Tauranga residents - Tauranga City Council's objective is to reach an aspirational 50 percent.
 - ii) To raise awareness of voting in an STV system, so voters know how their choices play a part in electing Tauranga's new Council.
 - iii) To authentically engage with Māori, youth, the disabled community, and Tauranga's ethnic communities.
 - iv) To help people understand the election process and returning to an elected council.
 - v) To create and use accessible and relatable collateral.
 - vi) To present candidate information in a way that's easy for voters to understand.
 - vii) To share more about what the Council does and manages in Tauranga.
 - viii) To communicate some of the attributes and experience that could make for a strong quality candidate as described by the Commissioners.
 - ix) To bring people along on the election journey by sharing good news stories (like ease of voting, voting for the first time) to get people interested in voting.
19. Attachment 1 shows the main elements of the campaign and key measurements.
20. There were two main phases of the election – attracting quality candidates and encouraging voter participation. A summary of the two phases is set out below.

Stand For Council

21. The "Stand for Council" campaign was launched with a Candidate Information Evening on 19 February 2024 with over 120 people attending. A Candidate Information session with the Electoral Officer was held on 30 April 2024 with over 40 people attending.
22. A Candidates Information webpage was available from November 2023 with the Candidate Handbook, FAQ's and helpful information for candidates. This page was updated with key documents as they became available, like the Long-term Plan and the Pre-Election report.
23. The Commissioners invited potential candidates to book into one of their regular clinics for a 20-minute discussion about standing in the election.
24. Videos of Dr Jim Mather on "What is Great Governance?", Andrew Turner (ex-Deputy Mayor of Christchurch City Council), Pauline Cotter (Deputy Mayor Christchurch City Council), Moko Tepania (Mayor Far North District Council) and Tania Tapsell (Mayor Rotorua District Council) on why they stood for office were available on our YouTube channel and election website.
25. We booked widespread advertising across all channels for this phase, to attract candidates as well as to raise general awareness of the election.
26. 85 nominations were received from 75 candidates for 10 positions with 15 candidates also standing for the mayoralty. A diverse range of candidates was achieved in most wards. The table below shows the comparison to 2019 elections (Note: we do not obtain data on people's ethnicity when they stand for office).

Item	2019	2024
Number of mayoral candidates	10	15
Number of women mayoral candidates	1	4
Number of candidates for other positions	43	70
Number of women candidates for other positions	11	21

Vote for Council

27. As the TCC election was out of cycle with the rest of the country, TCC was responsible for all election awareness-raising communications. To support this, a variety of new tactics were used to encourage as many people to vote as possible, including our harder to reach communities.
28. Widespread advertising was booked across all channels for this phase. An election-focused Instagram account (@Letstalktauranga) was also launched to help inform voters about the election, share information about where to vote and how to cast your vote in an STV system.
29. All candidates were offered the opportunity to film a 90 second video to sit alongside the candidate's statement on the TCC webpage and the majority took up this opportunity. Each candidate answered the same set questions and the videos had sub-titles. The videos generated nearly 50,000 views and helped voters learn about their candidates.
30. Another first for Council was the translation of all material into Te Reo, Punjabi, Korean, Hindi, Spanish, Portuguese, Chinese Mandarin, Samoan and Tongan. TCC distributed collateral around the city in conjunction with our community development team working in partnership with 27 community groups and organisations to promote the election to eligible voters in our harder to reach communities and those with low enrolment, including year 13 students across the city.
31. One of the most visible additions this election was placing 45 orange voting bins across the city, including all supermarkets, to make it easy for voters to drop off their voting papers. After advertising this across all channels, 86 percent of all votes came through the orange bins showing this approach worked. We are grateful to the supermarkets and other organisations who hosted the orange bins.
32. Four special voting locations were available seven days a week for the three-week voting period. A mobile special voting unit was deployed around the city for two weeks. We issued more than double the number of special votes (1,628) than in 2019 (764) as a result of increasing the number of voting locations and opening hours.
33. Meet the candidate events were publicised and held in the community on our election website.

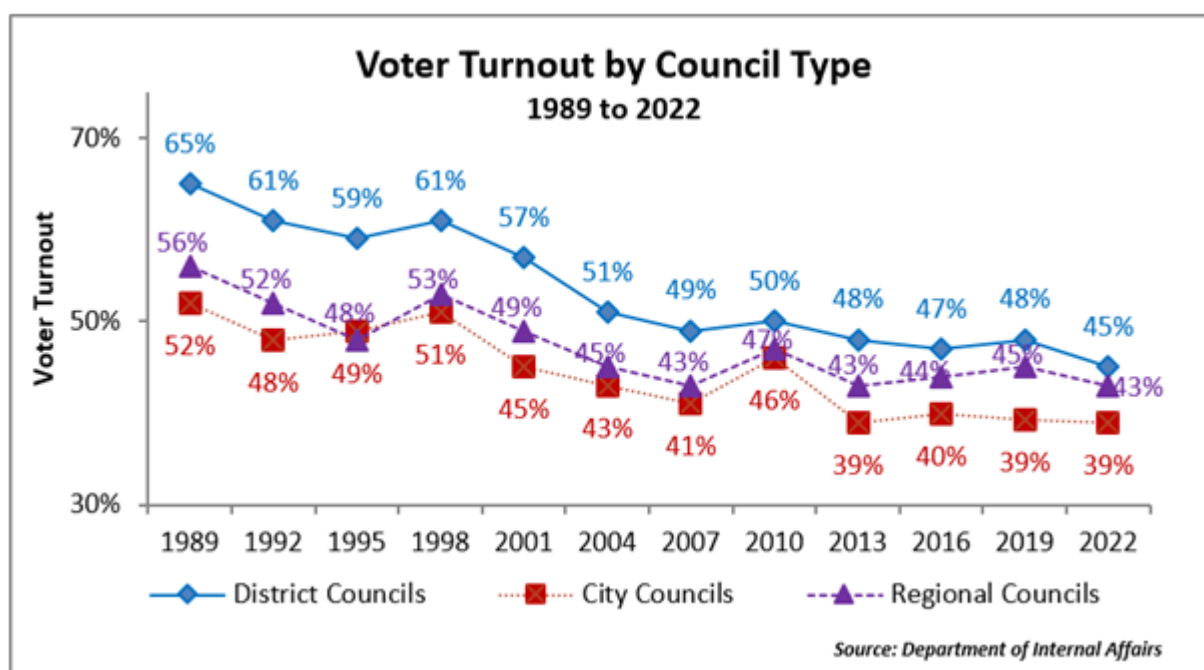
Voter Turnout

34. The voter turnout at 38.77% is lower than 2019 (40.28%) but on a par with 2016 (38.07%) and slightly higher than 2013 (37.78%).

35. A comparison with five other city council's voter turnout in 2022 is set out below:

Council	Voter turnout 2019	Voter turnout 2022
Auckland Council	34.7%	35.4%
Hamilton City Council	38.78%	29.2 %
Wellington City Council	40.12%	45.41%
Christchurch City Council	41.13%	43.31%
Dunedin City Council	45.6%	48.21%
Tauranga City Council	40.28%	38.77% (2024)

36. The issue of low voter turnout affects city councils in New Zealand. The Department of Internal Affairs tracks the trend in local authority voter turnout by council type on their [website](#). The graph below shows the general decline in voter turnout, with 2010 higher turnout partly attributed to increased local voting for the first Auckland 'super city' election and in Christchurch following the 2010 Canterbury earthquake.



37. Changes to the legislation to provide for online voting would assist with increasing voter turnout but is not the silver bullet to increase voter turnout.

38. We are undertaking research on the 2024 election to help us understand what we did well and what changes we may need to make to be more effective in future elections. It will also provide a basis for ongoing research that will help us determine trends over time.

39. The Electoral Commission has granted TCC access to their electoral roll data for this purpose. The data will be matched by the Electoral Officer with their records of whether people cast a vote or not. All personal details are stripped from the data and an anonymised dataset will be provided to the Council to calculate the voter turnout for different demographic groups (in age range and Māori and non-Māori voters) and geographic ward areas.

40. The result will be a report similar to that produced by [Auckland Council](#) and [Wellington City Council](#) after their elections regarding voter turnout.

FINANCIAL CONSIDERATIONS

- 41. Budget provision of \$1,189,517 was provided for the election expenses over two financial years. The cost of the election was \$912,977.
- 42. Unspent budgets in the democracy services budget in the 2022/23 year were carried forward to the 2023/24 year to provide a total of \$514,321 for the 2023/24 year for election expenses. A budget of \$675,196 was included in the 2024/25 year.

Budget carried forward from 2022/23	Budget 2023/24 (excluding carry forwards)	Budget 2024/25	Total election budget available
\$382,655	\$131,666	\$675,196	\$1,189,517

- 43. The table below shows the comparison of costs for election expenses from 2024 to 2019 and explains the reason for the increase.

Election expense	2024 election \$	2019 election \$ & reason for increase	Difference \$
Candidate evenings	15,134	Extended levels of service	15,134
Orange bins	37,684	New activity	37,684
Electoral Officer’s costs	246,732	225,689	21,043
Voting packs (printing)	196,053	186,691	9,362
Postage	173,985	94,001	79,984
Media and marketing	173,674	137,948	35,726
Other - translations	2,487	New activity	2,487
Voting materials	20,505	Included in media	20,505
Community initiatives	17,274	New activity	17,274
Special voting	29,449	Extended levels of service	29,449
Total	\$912,977	\$644,329	\$268,648

STATUTORY CONTEXT

- 44. Under section 42(2) (da) of the Local Government Act 2002, the Chief Executive is responsible for “facilitating and fostering representative and substantial elector participation in elections and polls under the Local Electoral Act 2001”.
- 45. The Electoral Officer appointed by TCC under Section 12 of the Local Electoral Act 2001 is solely responsible for the conduct of the election and is not subject to the directions of the council, elected members or the Chief Executive.

STRATEGIC ALIGNMENT

- 46. This contributes to the promotion or achievement of the following strategic community outcome(s):

	Contributes
We are an inclusive city	✓
We value, protect and enhance the environment	□

- We are a well-planned city
- We can move around our city easily
- We are a city that supports business and education

LEGAL IMPLICATIONS / RISKS

47. There are no legal implications from this report.

TE AO MĀORI APPROACH

48. The introduction of a Māori ward in Tauranga was supported by Te Rangapū Mana Whenua o Tauranga Moana.

CLIMATE IMPACT

49. Carrying out an election is a legislative requirement. There has been no work undertaken to determine the impact on the emissions profile of the Council in conducting postal elections.

SIGNIFICANCE

50. 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.
51. 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.
52. In accordance with the considerations above, criteria and thresholds in the policy, it is considered that the issue is of low significance.

ENGAGEMENT

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

NEXT STEPS

54. Undertake research on the 2024 election and report back findings.

ATTACHMENTS

1. **Election 2024 Campaign Presentation - A16476978**  

9 DISCUSSION OF LATE ITEMS

10 CLOSING KARAKIA