

Informal Workshop Notes

Risk and Assurance Committee Workshop

Held: 1.30 pm, Wednesday 9 August 2023, Council Chambers,
Regional House, 1 Elizabeth Street, Tauranga

Chairperson: Cr Stuart Crosby

Present: Cr Ron Scott
Cr Andrew von Dadelszen
Cr Te Taru White
Cr Kevin Winters
Chairman Doug Leader (Ex Officio)

In Attendance: Councillors: Cr Kat Macmillan, Cr Jane Nees, Cr Lyall
Thurston, Cr Paula Thompson (via Zoom)

Staff: Mat Taylor - General Manager, Corporate; Kumaren
Perumal - Chief Financial Officer; Annabel Taylor - Manager
Special Projects; Mark Le Comte - Principal Advisor, Finance;
Gillian Payne - Principal Advisor; Olive McVicker - Corporate
Performance Team Lead; Angela Foster - Communications
and Engagement Manager; Jenny Teeuwen - Committee
Advisor

External: Stuart Cross - Morrison Low

Apologies: Bruce Robertson - Deputy Chairperson (Independent
Member)

1. Introduction by Chairperson

Chairperson, Cr Stuart Crosby, welcomed those present and noted that the workshop was open to the public but would not be livestreamed or recorded.

2. Workshop Paper

2.1 Review of Revenue and Financing Policy - Methodology

Presented by: Mat Taylor - General Manager, Corporate
Kumaren Perumal - Chief Financial Officer
Annabel Taylor - Manager Special Projects
Mark Le Comte - Principal Advisor, Finance
Stuart Cross - Morrison Low

Presentation: *Revenue and Financing Policy - LTP Steps: Objective ID A4447440*
[⇒](#)

Presentation: *Review of Revenue and Financing Policy - Morrison Low: Objective ID A4444561* [⇒](#)

Key Points

- Described how this piece of work fitted into the sequence of events for the Long Term Plan (LTP) process.
- A very thorough and robust review of the Revenue and Financing Policy had been undertaken this time around.
- There was no silver bullet and a broad range of discretion could be applied.
- Outlined the Local Government Act 2002 legislative process which had two steps - section 101(3)(a) and 101(3)(b).
- Outlined the Beneficiary/Exacerbator and targeted rate assessment processes.
- Funding settings for resource consents were unlikely to change due to Bay of Plenty Regional Council Toi Moana's (Regional Council) strategic direction. This would be discussed more fully at an LTP workshop.
- The next step was for staff to undertake an initial assessment of each activity, confirm these with activity managers, and bring these back to an LTP workshop.
- The principles that should guide the policy were discussed - fairness, equity or equality, sustainability, efficiency and simplicity, incentivised, consistency, affordability, accountability, and transparency.
- Outlined the more accepted (tax) definitions for vertical, horizontal and intergenerational equity.
- Outlined the different tools available through the Revenue and Financing Policy - targeted rates, general rates, Uniform Annual General Charge (UAGC)/fixed charges, debt/reserves, and fees/charges - and how these could be used to achieve a desired outcome, principle, or transparency and accountability.

In Response to Questions

- There was no easy way to measure affordability. It was only one of the many metrics that could be used to determine whether the rates system was fair. It was important to create the best mechanism possible to be able to make a judgement call alongside all the evidence/data that could be provided e.g. Gross Domestic Product (GDP), Consumers Price Index (CPI) and mesh blocks. Acceptability was as important as affordability and also needed to be taken into account when making judgement calls.
- How Regional Council valued their contribution to climate change and how the regional responsibility was viewed would drive decisions. Additional wider regional and community benefits could also be identified and considered in this analysis.
- A broader perspective needed to be taken on beneficiaries/exacerbators, not just for people that could be identified now but also for the people of the future who had not yet been identified. The broader the perspective on future outcomes, the more likely it would be to have a regional funding element. As part of the modelling exercise, whether funding was local enough, specific enough, or whether it fully took into account future generations, would be discussed on an activity by activity basis.

- The methodology for determining targeted rates was complex and would need to take into account Regional Council's strategic direction and the wellbeings.
- The 40-60% fees and charges split for resource consents took into account the amount of public good involved in the process.
- Rates were not an effective tool for changing behaviour.
- The discussion around equitable and equal would be revisited through the activity levels conversation at an LTP workshop.
- The available tools were outlined in the section 101(3)(a) legislation. Interpretation of how these could be used was up to individual councils.

Key Points - Members

- Needed to be clear that Regional Council's ability to intervene or influence the retention, ownership and occupation of land by Māori under Section 101(3)(b), was limited.
- It was important to set and agree the principles to guide the policy right at the beginning.
- There did not seem to be an appetite for vertical equity. Needed a mixture of vertical and horizontal equity.
- Knowing what other regional councils were doing when looking at activity levels could be useful.

3. Next Steps

Activities would now be reviewed and aligned to the new strategic framework, using the Revenue and Financing Policy methodology. The outcome of that exercise would be brought to the Council LTP workshop in September.

3.12 pm - the workshop closed.