

Informal Workshop Notes

Annual Plan 2025/2026 Workshop No.1

Regional Council

Held: 2:00pm, Wednesday 16 October 2024, Council Chambers, Regional House, 1 Elizabeth Street, Tauranga and via Zoom (Audio Visual Meeting)

Chairperson: Chairman Doug Leeder

Deputy Chairperson: Deputy Chairperson Jane Nees

Present: Cr Malcolm Campbell
Cr Stuart Crosby
Cr Toi Kai Rākau Iti
Cr Matemoana McDonald (via Zoom)
Cr Kat Macmillan
Cr Ron Scott
Cr Ken Shirley
Cr Paula Thompson
Cr Lyall Thurston
Cr Andrew von Dadelszen
Cr Te Taru White
Cr Kevin Winters

In Attendance: Staff: Fiona McTavish - Chief Executive (via Zoom); Mat Taylor - General Manager, Corporate; Namouta Poutasi - General Manager, Strategy & Science; Reuben Fraser - General Manager, Regulatory Services (via Zoom); Chris Ingle - General Manager, Integrated Catchments; Kumaren Perumal - Chief Financial Officer; AJ Prinsloo - Finance Manager, Finance Support; Olive McVicker - Corporate Performance Team Lead; Mark Le Comte - Principal Advisor, Finance; Gillian Payne - Principal Advisor, Corporate; Merinda Pansegrouw - Committee Advisor.

1. Declarations of Conflicts of Interest

None declared.

2. Purpose of the Workshop

Purpose of this workshop was to provide information about/seek initial guidance on Council's Annual Plan 2025/26.

3. Guidance Sought from Councillors

To seek initial guidance from Councillors to progress the development of Council's Annual Plan 2025/26:

- Direction on any additional information that would be required in preparation for the Annual Plan 2025/26 Workshop No. 2, scheduled for 13 November 2024
- Views/direction on the provisional general rates (8%) and targeted rates increases for Year 2 of the Long Term Plan 2024-2034 (LTP)
- Direction on exploring options for the \$20m notified Kānoa funding –apply to all funding sources for river schemes, or targeted rates specifically
- Direction on possible Annual Plan consultation, including an additional targeted rate for Bay of Plenty Regional Council (BOPRC) ratepayers for aquaculture.

3.1 Annual Plan 2025/26

Presented by: Mat Taylor – General Manager, Corporate, supported by Kumaren Perumal – Chief Financial Officer and Mark Le Comte – Principal Advisor, Finance.

Key Points - Staff:

- Reminded that the Annual Plan 2025/26 Workshop No.1 was a public workshop
- Invited discussion/direction to inform Workshop No.2 to refine guidance, provide further information, address emerging issues.

Key Points - Members:

- Acknowledged that Year 2 of the LTP was the starting point for the Annual Plan 2025/26
- Highlighted that it would be important to look ahead, to take into consideration the current challenging funding environment and to reflect on the various pressing needs of communities across the region
- Before accepting the indicated rates increase for Year 2 of the LTP, needed to take a step back, have conversations and consider the current environment which has changed (i.e. inflation)
- Stressed the importance of considering options to shift some of the burden away from property owners for specific areas and specific projects
- Acknowledged that the current funding regime would not be able to address current needs or items listed for consideration. Need to re-consider what funding levers would be appropriate to pull for the Annual Plan
- Highlighted the importance of understanding the implications of decisions, for example, a recent change in the revenue and financing policy for Rotorua catchments approach which led to general rates increase
- Further discussion would be necessary to consider implementing an additional targeted rate for BOPRC ratepayers as an extra option
- It would be essential to consider the feedback from ratepayers, who perceived the rates as too high. It is illogical to be charged for services not available (such as transport in rural Western Bay)
- Was not supportive of introducing an additional regional targeted rate. Instead Council should prioritise existing projects
- Acknowledged the shift in central government funding levels, particularly for public transport. Recognised the pressure on ratepayers and the need for the Council to adjust its spending. Annual Plan process seen as the first

opportunity to make a difference. Accepted that the LTP had been developed under different premises; the next steps would involve difficult decision-making in the coming months

- Required a careful balance between being responsible and achieving genuine climate adaptation and economic environmental outcomes, alongside robust economic management. A reset was needed to be realistic in the current climate, considering sustainability
- Reminded that public feedback had confirmed support for the regional park proposal
- Investing in public transport was essential for a growing region, regardless of reduced funding from the central government. It was important to consider the legislative requirement: to provide skeleton public transport vs good public transport
- Would require evidence based financial projection to confirm return on investment for projects – needed to understand revenue generation
- Preferred the term “marine environmental regional economy” over “aquaculture” as it was more comprehensive
- Kānoa Funding – supported general split for all rivers schemes
- Supported pulling funding levers to continue value added projects (i.e. Ōhau Wall/Marine Centre/Regional Park/good public transport)
- Supported starting with affordability, then considering the impact on service delivery levels
- Reminded that the original intention of a regional park was to purchase land to reduce nutrient level pressure on the Rotorua lakes, not as a mere “nice to have”
- In addition to affordability, to consider value-adding propositions, with a balanced approach (value lost vs value gained).

In Response to Questions:

- Confirmed that inflation factors were consistently taken into consideration throughout the budgetary process/forecasts to smooth impact
- Don Atkinson, Chair of the Lakes Water Quality Society, to present on Ōhau Wall to Council at its 11 December 2024 meeting to provide an update on progress made. Update reports by staff would also be provided on the Ōhau Wall and regional park at this meeting
- An update on capital carry forwards had been included in the 23 October 2024 Council Agenda
- Confirmed Public Transport Fares Review Public Excluded Workshop scheduled on 1 November 2024 to consider next steps.

Key Points – Members (continued):

- Noted a minimum 2% forecasted inflationary increase for operational costs, maintaining the status quo
- Highlighted that “affordability” varied in meaning for different individuals
- Needed confidence in deciding which services to cut. i.e. flood protection or public transport services
- Mentioned that using percentages to discuss increases could be hard to grasp; preferred expressing the bottom-line impact in dollar values. Preferred having real examples (i.e. three areas to compare would make it easier to understand affordability)
- When assessing affordability, take into account rate increases expected from territorial local authorities
- Needed to understand the implications of a decrease in Annual Plan rates for projects identified in the LTP process, which had been consulted on. Need to be aware of the impact on commitments made to communities

- Should not shy away from demonstrating the correlation between service level cuts and funding decisions made by central government.

In Response to Questions (Continued):

- Confirmed that the next steps in developing the Annual Plan 2025/26 would include information explicitly detailing the impacts of expenditure cuts on performance, service levels, and values. Options would be provided for Council consideration.

2:50pm - Cr Scott **withdrew** from the workshop.

Guidance Provided:

- The provisional general rates increase (8%) and targeted rates increases for Year 2 of the Long-Term Plan (LTP) were deemed unacceptable; a review was requested
- Crucial for Councillors to comprehend the implications of their decisions (e.g., 8% vs. 4%) in terms of rationale and affordability
- Recognised the different impacts arising from general rates, targeted rates, and setting rates in areas which lacked services (e.g. transport in rural Western Bay).

Next Steps

- Information for consideration to be presented at the next Annual Plan Workshop No. 2, scheduled for November 13, to address the following:
 - Proposals to reduce expenditure/savings to be made in response to reduced government funding available
 - Following the Public Transport Fares Review workshop, scheduled for 1 November 2024, proposals for savings and reducing targeted rates increase in Year 2 will be considered
 - Provide further information and updates on key considerations for the Annual Plan 2025/26: Ōhau Wall, Marine Research and Education Facility, Regional Park
 - Options for smoothing rates and financial levers to be identified, for consideration
 - Activity expenditure review
 - Inclusion of updated inflation factors
 - Monetary amounts to be provided alongside percentages when indicating impact of rates increases.
 - Version 1 of the 2025/26 Annual Plan budget incorporating the latest assumption updates would be presented at the next workshop.

3:00pm - the workshop closed.