

Informal Workshop Notes

Annual Plan 2025/26 Workshop No.2

Regional Council

Held: 09:30am, Wednesday 13 November 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 Matemoana McDonald
Cr Kat Macmillan
Cr Ken Shirley
Cr Paula Thompson
Cr Lyall Thurston
Cr Andrew von Dadelszen
Cr Te Taru White (via Zoom)
Cr Kevin Winters

In Attendance: Fiona McTavish – Chief Executive; Mat Taylor – General Manager, Corporate; Reuben Fraser – General Manager, Regulatory Services; Namouta Poutasi – General Manager, Strategy and Science; Chris Ingle – General Manager, Integrated Catchments; Karen Aspey – General Manager, People and Leadership; Kataraina O’Brien – General Manager, Strategic Engagement; Kumaren Perumal – Chief Financial Officer; AJ Prinsloo – Finance Manager; Oliver Haycock – Director, Public Transport; Claudia Cameron – Committee Advisor

University of Waikato: Christopher Battershill and Alister Jones

Apologies: Cr Ron Scott, Cr Stuart Crosby, Cr Toi Kai Rākau Iti

1. University of Waikato Presentation

1.1 University of Waikato – New Marine Research and Education Facility Presentation

*Presentation: University of Waikato New Marine Research and Education Facility -
13 November 2024: Objective ID A4817610*

Presented By: Christopher Battershill and Alister Jones (University of Waikato)

Key Points:

- A 99 year lease agreement had been signed with Tauranga City Council confirming the Sulphur Point facility location. The project team were now fundraising to build the facility
- Highlighted the outstanding location Tauranga provided; the close proximity of varied environmental factors alongside a fast growing population provided a unique and highly valuable research and education location
- The facility would provide a state of the art research space alongside a public engagement and education centre. The goal was to make marine science accessible and promote its study to future generations
- Emphasised the partnership nature of the project through working alongside councils and Iwi partners as well as international research facilities and universities.

In Response to Questions:

- Collaboration with national and international research and education facilities was a priority as this would ensure synergy as opposed to overlap
- These relationships would promote research, knowledge sharing, training and potential funding opportunities
- Outlined ground breaking initiatives being progressed within aquaculture, horticulture and health research, as well as CO² sequestration and climate change research
- Highlighted the potential benefits these initiatives could have on sustainable business practices and wealth creation for our region, ensuring we were at the forefront of best practice for aquaculture and horticulture
- Noted the tight timeframe from lease-signing to required project completion. A target opening date of 2027 had been set with design work and fundraising underway
- It was anticipated between \$40-\$50 million would be required for the build with much of that cost attributed to the requirements for seawater. A business plan was underway to establish the seawater extraction and storage facility requirements
- Fundraising was underway; \$10 million support had been received from a family trust for the public engagement space and an application to the Regional Infrastructure Fund had been lodged
- Much of the operating expenditure would be borne by the university however capital would be raised externally to support the on-going costs for the community aspect of the facility.

Key Points - Members:

- This facility would play a vital role in educating and encouraging future generations into the study of science.

Guidance Provided - Chief Executive:

- The receipt of a business case was the first step in consideration for potential financial support
- Bay of Plenty Regional Council (BOPRC) could consider an application to the Third Party Infrastructure Policy at any time including outside of the

Annual and Long Term Plan periods. These funds could be provided as a grant, loan or equity

- BOPRC could also consider an application to the Toi Moana Fund or an increased dividend from Quayside Holdings Ltd
- There were opportunities for potential collaboration with the community engagement space which could be further investigated.

10.14 am – The workshop **adjourned**.

10.34 am – The workshop **reconvened**.

2. Annual Plan Workshop Items

2.1 Annual Plan 2025/26 - Activity Review

*Presentation: Annual Plan Workshop Activity Review and Public Transport
Presentation - 13 November 2024: Objective ID A4817644*

Presented by: Kumaren Perumal – Chief Financial Officer and AJ Prinsloo – Finance Manager

Supported by: Mat Taylor – General Manager, Corporate; Reuben Fraser – General Manager, Regulatory Services; Namouta Poutasi – General Manager, Strategy and Science; Chris Ingle – General Manager, Integrated Catchments; Karen Aspey – General Manager, People and Leadership; Kataraina O'Brien – General Manager, Strategic Engagement.

Key Points:

- Guidance provided in workshop one was for a lower rates increase than forecasted in the Long Term Plan 2024-34 (LTP)
- In response to this guidance staff had considered all activities and identified \$5.5 million of potential savings
- The objective for today was to gauge Members' comfort with the suggested savings
- At this stage none of the suggested savings would trigger consultation on the Annual Plan, however consultation may be considered
- The averaging of targeted rates was used for information purposes and had also occurred during the LTP
- The Community Engagement targeted rate referred to the Regional Safety and Rescue targeted rate
- The Regional Fund and the Equalisation Fund were uncommitted reserves available for smoothing rates. Although referred to by different names at different points in the process, they could be considered interchangeable for the purposes of this workshop
- Increased efficiencies were already being found, for example \$2 million in staffing efficiencies had been made via the disestablishment of vacant roles.

Key Points - Members:

- Emphasised that once a budget was set it should be the responsibility of staff to manage
- There must be a focus on the delivery of projects and services, and an awareness of the core purpose of a Regional Council

- Emphasised the need to innovate to make savings, as opposed to cutting projects alone
- It would be beneficial for the proposed savings to be viewed as a comparison to total operating budgets and for staff to bring a fuller picture of where the savings would be applied
- There was a need to focus activities on core priorities. A conversation with the community regarding potential level of service (LOS) reductions in order to keep rates down may be required
- Considered the current use of the Quayside Holdings Ltd dividend to subsidise rates:
 - The dividend could be accumulated for the benefit of the region in a more future focussed way
 - There was a lack of awareness that rates were currently subsidised
 - The current, subsidised rates were already among the highest Regional Council rates in the country. A removal of the subsidy would substantially increase rates
 - A change would constitute a significant change to the revenue and financing policy, which had been consulted on this year
 - Consideration of a change would require an amendment to the LTP with in-depth consultation
 - Due to the on-going divestment conversation the timing of a change was not considered opportune
 - A strategic discussion would be required by the Strategy and Policy Committee prior to the next LTP, not through this Annual Plan process.

Kanoa Funding

- Any unbudgeted savings as a result of the Kanoa funding were currently set to be applied in accordance with the Revenue and Financing Policy being 80% targeted rates and 20% general rates, however there was an option to apply all savings to targeted rates.

Key Points - Members:

- Noted the high debt levels of some targeted rates recipients, in particular Rangitāiki
- Emphasised the need to reduce general rates.

Guidance Provided:

- Supported option one as in accordance with the current Revenue and Financing Policy
- Noted this was the collective guidance to be applied to all cost savings outlined below and in attachment two of the workshop pack.

Considering Agenda Attachment 2:

Climate Change

Guidance Provided:

- Supported the reduction.

Coastal Catchments

Key Points - Members:

- Sought assurance that were a large sea lettuce bloom to occur, budgets would be reassessed and a response would not be impacted by budget reductions
- Highlighted the need to focus on key deliverables and our core purpose, such as water swimability.

Guidance Provided:

- Supported the reduction in part
- The \$50,000 reduction to the regional parks budget was not supported.

Rotorua Catchments

- Acknowledged this change may limit responsiveness, but this was considered manageable.

Guidance Provided:

- Supported the reduction.

Flood Protection and Control

- Insurance updates had been received.

Guidance Provided:

- Supported the reduction.

Rivers and Drainage

- Pump upgrades were able to be deferred.

Guidance Provided:

- Supported the reduction.

Maritime Operations

- Modest cuts in relation to education around the new bylaws were able to be made.

Guidance Provided:

- Supported the reduction.

Science

- The savings covered a number of projects and were a result of delays and adjustments
- Acknowledged the need to utilise Te Uru Kahika and work collaboratively with other councils to share knowledge and funding.

Guidance Provided:

- Supported the reduction.

Community Engagement

- Communications and Engagement projects would be triaged and work would occur within current parameters.

Guidance Provided:

- Supported the reduction.

Corporate

- No LOS reductions
- Reductions were via timings of leases and contracts.

Guidance Provided:

- Supported the reduction.

All Activities

- Reprioritisation and increased waiting time for Learning and Development
- Confirmed that training and upskilling was still occurring where necessary
- The current economic climate was understood by staff and restrictions to budgets were accepted.

Guidance Provided:

- Supported the reduction.

Considering agenda Attachment 3:

Biosecurity

- Some budget reductions were in facilitation of community led projects, some were service delivery
- LOS would decrease in Rotorua and Eastern Bay with regards to woolly nightshade control
- Confirmed that the \$180,000 reduction was from the recently increased Regional Pest Management Plan (RPMP) budget. The overall biosecurity budget would be increasing by \$100,000
- There were efficiencies which could be made through increased work load of the extended RPMP
- A reduction of \$50,000 would have no impact on LOS, but the additional \$130,000 would reduce LOS.

Key Points - Members:

- Highlighted that pest control was one of BOPRC's core services
- Noted the role of many community organisations in projects, but emphasised that BOPRC funding was necessary for project inception and facilitation
- An extensive invasion by a pest species, such as Caulerpa, would likely trigger central government funding
- Expressed concern that these reductions would have a detrimental impact on service delivery and "on the ground" pest control.

Guidance Provided:

- Sought further information regarding which programmes would be impacted by these reductions, and whether there was an opportunity to make the savings without adversely impacting outcomes.

Resource Consents

- Acknowledged the on-going central government review of the resource consent process
- Vacant roles were being disestablished, however a high volume of consent applications were expected for 2026 which must be considered
- 30 minutes free advice from a consents planner was currently offered (reduced from one hour from the previous LTP). Free advice increased efficiency by producing better quality consent application
- There was a focus on moving staff time onto recoverable activities to increase efficiency
- Web resources were user friendly, robust and provided as much information as possible
- The deposit rate would be increased.

Key Points - Members:

- Expressed concern that a reduction in free advice would result in poor quality applications that required more time from consent planners.

Guidance Provided:

- Sought further information regarding the potential impacts of these reductions and whether they would reduce efficiency, costing more in the long run.

Regulatory Compliance

- Some costs were attributed to consultancy fees for Paul Cooney as the independent Chair of the Mount Air Quality Working Party and administrative fees for running the meetings
- Work would be undertaken to refine responses to the Pollution Hotline.

Key Points - Members:

- Noted the reputational importance of the Mount Air Quality Working Party but sought assurance that it was achieving tangible outcomes.

Guidance Provided:

- The cessation of the Mount Air Quality Working Party was not supported however its effectiveness should be reassessed at the 2026/27 Annual Plan.

Maritime Operations

- This summer would be education focussed with patrols reduced during the 2025/26 summer season
- There would be a 20% overall reduction in patrols. As Tauranga patrols were subsidised by harbour dues there would be a 50% reduction of patrols in Rotorua and the Eastern Bay
- Education of the new bylaws were able to be conducted in different ways, such as via social media and influential people in the community.

Key Points - Members:

- Expressed concern at potential cuts after the Navigation Bylaws Committee had recommended increased patrols and education
- Expressed concern that patrols would reduce while activity on the water was increasing due to the growing population.

Guidance Provided:

- The reduction was not supported.

Policy and Planning

- Noted the changing environment for freshwater; it had previously been assumed this project would currently be in the implementation phase
- Budget reductions and efficiencies were already occurring
- Once direction was received at the Strategy and Policy meeting on 10 December the budget would be reviewed in totality.

Guidance Provided:

- Sought more information regarding the entire freshwater programme including a line-item budget of expenses.

Rotorua Catchments

- The Ohau Wall Community Group were looking at multiple options to provide a solution and would be presenting an update to the December Council meeting
- Although this was in the Rotorua Catchment, any savings/costs would impact general rates
- This was not a removal of the project, the cost would occur in a future Annual Plan. If the costs were spread over two years it would result in a saving for the Annual Plan 2025/26
- As this was a repair, not a re-build, the expenses were considered operating expenses meaning any savings would impact rates
- Depreciation allocation was only available to service the costs for debt taken out on Cap-Ex projects as opposed to building reserves. There was no depreciation allocation available for this project.

Key Points - Members:

- Questioned whether there was another way for this to be funded which removed it from the operating expenditure budget funded by general rates
- Delaying the project risked reputational damage and water quality degradation.

Guidance Provided:

- Sought a more comprehensive budget breakdown before providing guidance.

Te Amorangi

- Noted a correction to workshop pack: reductions referred to Iwi Participation Agreements not Iwi Management Plans

- Tertiary scholarship and the Regional Community Fund were suggested to be reduced not removed, with the Regional Community Fund to be reduced by a greater margin
- The Regional Community Fund was for community groups to apply for funds up to \$2,000 and the scholarships generally granted five students with \$2,000.

Key Points Members:

- Saw value and benefit to relationships through providing grass roots scholarships and funding for community projects
- Questioned whether either of these funds were a role for a Regional Council.

Guidance Provided:

- Supported the reduction relating to Iwi Participation Agreements
- Sought further information regarding Tertiary Scholarship and the Regional Community Fund reductions.

Te Pae Tawhiti:

- This saving related to the recently approved Māori Initiative Fund and Secretariat fund
- Noted a correction to workshop pack: A \$50,000 saving would be achieved, not \$76,000
- Acknowledged there was potential for reputational damage by withdrawing the fund before it was able to be utilised
- The fund was aimed at enabling outcomes, which was a directive from central government.

Key Points Members:

- Expressed concern that as this fund was in its first year the potential impacts and benefits had not had an opportunity to be realised.

Guidance Provided:

- Sought more information prior to guidance being provided.

Additional Item - Governance

- Holding meetings virtually had minimal impact on Governance expenses
- BOPRC was not an outlier in governance expenses compared to other large regional councils.

12.45 pm - Cr Te Taru White **withdrew** from the workshop.

12.45 pm - The workshop **adjourned**.

1.07 pm - The workshop **reconvened**.

2.2 Annual Plan 2025/26 - Public Transport

Presented by: Oliver Haycock – Director, Public Transport

Supported by: Kumaren Perumal – Chief Financial Officer; AJ Prinsloo – Finance Manager and Mat Taylor – General Manager, Corporate

Key Points:

- The National Land Transport Fund 2024 (NLTF) had not provided funding for all projects requested
- Although increased funding had been received compared to the previous NLTF, much of the increased funds would be consumed by inflation costs associated with the delivery of existing public transport services
- The delivery of core services would continue, however there was an NLTF funding shortfall for Public Transport improvement projects identified within the LTP. These projects had been allocated funding within the LTP but had not received the NZTA funding required to go ahead, therefore there was a forecasted saving for the LTP if the projects did not commence
- Further information would be provided regarding the indicative rating impacts resulting from guidance from this workshop
- Urban Form and Transport Initiative (UFTI) Medium Scenario:
 - This was funds previously put aside for BOPRC's future contribution to deliver improvements to support the UFTI connected centres initiative
 - Had been successfully used previously for projects such as the On Demand trial
 - Historically, funds were allocated to deliver on projects to support population growth; there were future projects which would fit the criteria of this fund, for example, the potential extension of the Pāpāmoa route to reach The Sands town centre development
 - More information would be provided as to whether this fund could be used to reduce rates.

In Response to Questions:

- On Demand:
 - Not included as a core service as the current delivery was a trial scheduled to end in September 2025. Funds had not been allocated for its continuation
 - A six month performance report would be coming to the Public Transport Committee on 19 November
- Renegotiation of Contracts:
 - All bus operation contracts required renegotiation before the end of 2027
 - After 2025, operators would be unable to introduce new diesel buses to their fleet, it was expected this mandate would cause cost increases of between 10-20%
 - Significant increases to contract renewal costs had not been budgeted for, therefore the frequency of some services may need to be reduced to not exceed existing current contract costs
- Travel Demand Management Programme budgets had been reduced across all partner agencies, therefore it was not recommended this programme be included
- NZTA “probable funding” was highly likely to be received and was only dependent on BOPRC meeting administrative requirements.

Guidance Provided:

- Supported the reductions to activity expenditure
- Supported staff developing further advice regarding the use of the UFTI Medium Scenario fund.

2.3 2025/26 Fees and Charges review

Presented by: Reuben Fraser – General Manager, Regulatory Services; Kumaren Perumal – Chief Financial Officer; AJ Prinsloo – Finance Manager and Mat Taylor – General Manager, Corporate

In Response to Questions:

- Compliance monitoring was able to be effectively conducted remotely
- Levels of in person performance monitoring would not be impacted
- Monitoring of permitted activities would still occur
- The spike in the average processing cost for 2022-2023 for tier three consents was due to a number of high cost consent applications in that period
- Port dues fees were likely to increase by approximately 5%.

Guidance Provided:

- Supported the proposed changes.

3. Next Steps

- Staff would return with further information on the items requested
- Adjusters continued to be updated in the build up to the adoption of the Annual Plan in June. Information regarding interest rates and Business and Economic Research Ltd. (BERL) inflation assumptions would be provided as they were received from Treasury advisors
- As the budget was finalised, indicative property impacts and rates impacts would also be provided. Credential benchmarks would be provided for projected rates adjustments
- A Council decision regarding the direction provided today would occur at the 11 December Council meeting. Council was able to then decide how it would inform the community about the proposed annual plan. At this stage Council would not be required to consult on the Annual plan 2025/26.

1.43 pm closed