



Regional Council Annual Plan Workshop Pack

DATE: WEDNESDAY 27 APRIL 2022

COMMENCING AT TIME: 9.30 AM

VENUE: Council Chambers, Regional House, 1 Elizabeth Street, Tauranga and via Zoom (Audio Visual Meeting)

The Workshop will be recorded and the recording uploaded to the Council's YouTube channel [BOPRC - YouTube](#)

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	Presented by: Mat Taylor and Kumaren Perumal	
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Informal Workshop Paper



To: Regional Council
27 April 2022

From: Mereana Toroa, Finance Support Team Lead and Kumaren Perumal, Chief Financial Officer
Mat Taylor, General Manager, Corporate

Budget Update

1. Purpose

This paper provides an update for Councillors on the Draft Annual Plan budget 2022/23.

The LTP 2021-2031 set Council's baseline work programme and budget estimates for the financial year 2022/23 to achieve the community outcomes and to promote community wellbeing. Changes to the budget estimates for Draft Annual Plan (DAP) 2022/23 have occurred through in-year monitoring and more up to date financial information.

2. Summary

Council is forecasting operating expenditure of \$171.8 million and capital expenditure of \$44.7 million in the draft Annual Plan 2022/23, prior to any adjustment for increases in CPI above the 2.5% initial estimate.

Draft Annual Plan 2022/23 capital expenditure has been increased by \$8.8 million following the approval at the November 2022 Council Annual Plan Workshop of \$3.9 million for the Whakatāne-Tauranga stopbank upgrade, \$1.8 million for Lower Rangitāiki stopbank upgrade, and \$3.1 million in other carry forwards from 2021/22.

As previously advised, there is an expected large increase in CPI for 2022/23, and this has been factored into this report and the summary rates impact set out in the following sections.

Prior to the changes outlined in the following paragraphs, the current estimate of the total real rates revenue increase for 2022/23 is 2.8% comprising of:

- a real general rates increase of 5%
- a real targeted rates increase of 0.9%

This is consistent with the figures provided at the Annual Plan 2022/23 Workshop in November 2021.

Changes

Since the previous workshops an additional \$2.4 million of revenue has been added to the DAP 2022/23 due to revised dividend projections from Quayside Holdings. Without this increase in revenue there would be an equivalent 8% further increase in general rates, i.e. from 5% to 13%.

Staff have also looked at where further savings and efficiencies can be made to reduce rate revenue requirements. These further savings are outlined in the accompanying paper.

The impact of an anticipated 6% CPI inflation rate, and to accommodate the increased election costs, would result in a real general rates increase of 5.8%. This is a provisional estimate and will be updated at the May 2022 deliberations meeting.

The funding of the Draft Annual Plan 2022/23, to maintain a real general rates increase of 5.8%, requires \$7 million of Regional Fund Reserves, which is the expected residual balance of this reserve at the end of the 2022/23 financial year.

These figures include the two investment proposals that are outlined in the Annual Plan 2022/23 – expenditure report, and discussed in section 4 below.

Guidance Sought from Councillors

1. **Notes** the updated estimates for the Draft Annual Plan 2022/23, the forecast reserves use, and rates impacts for the next iteration of Draft Annual Plan 2022/23, due to be presented at 18 May deliberations.

3. **Strategic Financial Context**

Annual Plan 2022/23 is being prepared at a time of continuing economic uncertainty.

In addition to the current issues and risks related to public health and wellbeing, and the Local Government reforms affecting regional councils and territorial local authorities, there are also significant challenges in the financial environment. The economic impact of COVID-19 continues to be a major factor in Council's operating environment.

Some of the impacts have been anticipated, others are unexpected, and it is therefore prudent to consider the risks associated with assumptions and forecasts.

3.1 **Key financial issues and risks**

Some of the major risks and issues in the current financial environment include:

- General inflation has increased faster than expected and to a higher level (CPI currently at 5.9% for the quarter ended December 2021. When released on 21 April, the 30 March 2022 quarter is expected to be higher).
- Interest rate increases to curb inflation will place further pressure on borrowers.
- Unemployment is lower than expected, and filling jobs with suitably qualified and experienced staff is becoming more difficult and may lead to higher wage inflation.

- Increased costs for international shipping and reduced availability of some goods/supplies.
- Low unemployment and reduced availability of some goods/supplies may lead to more difficulty in securing contractors and consultants for work programmes.

3.2 Financial Levers 2022/23

The Bay of Plenty Regional Council Group *Financial Framework Review* identified the key funding and balance sheet levers available to Council which it can flex to achieve the best possible outcomes for the community and the region. The LTP 2021-2031 Financial Strategy sets out general principles which can help guide the evaluating of alternative options.

The key funding levers continue to include receiving higher dividends from Quayside Holdings Limited, increasing general rates or fees and charges, or managing within the current budget by decreasing costs elsewhere. On-going use of reserves to reduce the rates impact must be carefully, and prudently evaluated, when comparing this option to other on-going and more sustainable financial levers.

Quayside Dividend

Quayside have developed a new dividend distribution policy that will affect future distributions to the Regional Council. The current estimates for the 2022/23 draft Annual Plan includes \$42.4 million of dividend (\$40 million in 2021/22).

The general *rule of thumb* used for comparison is that each \$300,000 of dividend received by the Regional Council reduces the individual ratepayer's bill by \$2, which is equivalent to a 1% increase in general rates.

Reserves

Council has approved the use of the Regional Fund Reserve to reduce the rates impact of funding general funded costs, and transport costs related to the Transport Systems Plan (TSP) due to the uncertainty of timing of delivery and other partner funding, and to keep rates affordable.

4. Draft Annual Plan 2022/23 Budget

Underpinning the development of the DAP 2022/23 Budget is Council's strategic priority of making the best use of resources to deliver on its community outcomes and to promote wellbeing and supporting others to deliver.

Council has carefully accumulated reserves over time which allows it to assist others to fund infrastructure, support our region's recovery and adaptation to COVID-19, and charge lower rates to every property. The key areas where reserves will be used to fund operating expenditure in 2022/23 include grants for the Ōpōtiki Harbour and Rotorua Museum projects (\$13 million), Rotorua Lakes land use change incentives to improve lake water quality (\$2 million).

4.1 Forecast Capital Expenditure 2022/23

Council is forecasting capital expenditure of \$44.7 million in 2022/23, this includes an indicative capital budget carry forward of \$15.3 million from 2021/22.

This estimate is supported by pre-existing third-party contractual arrangements in key areas including Council's rivers and drainage and engineering activities. Council

has achieved an excellent track record in managing and delivering its major capital projects in the previous LTP and these updated figures are following a deliverability review.

There is likely to be a further \$3 million request to carry forward capex from Rivers & Drainage Waioeka Estuary Project which has been discontinued in April 2022 due to a non-agreement with a landowner. It has been requested that the CIF climate funding be redirected to the three major Rivers & Drainage Projects from 2022/23.

It is intended to fund capital works from borrowing already prefunded from the Local Government Funding Agency (LGFA) and from the accumulated funds in the Asset Replacement Reserve.

4.2 **Forecast Rates 2022/23**

The LTP 2021-2031 Financial Strategy sets out Council's intentions to keep rates low whilst building financial resilience within the Council Group to respond to climate change and other significant challenges. Lower rates increases have been planned over the next two years to reflect Councillors ongoing commitment to deliver regional rates affordability through prudent financial management and sustainability.

The forecast real general rates revenue increase in 2022/23 is currently 5%, this is the equivalent of \$19 including GST for an average property (the average increase per district ranges from \$9 - \$21). This general rates increase is 2% *higher* than forecast in Year 2 of LTP 2021-2031 for the reasons noted.

In addition, Council is forecasting a targeted rates revenue increase of 0.9% which is 0.9% *lower* than the forecast in Year 2 of LTP 2021-2031. Councillors will note that the above draft Annual Plan rates increases for 2022/23 are current estimates and are subject to change depending on a range of factors as discussed in this report.

4.3 **Forecast Unbalanced Budget and Financial Prudence**

As set out in the Financial Strategy, Council is forecasting an operating deficit in the first three years of the LTP 2021-2031 i.e. the money we expect to spend on operating expenditure is more than we expect to receive due to the use of reserves to fund operating expenditure for the reasons noted. While Council has an unbalanced budget this is offset by the substantial committed and uncommitted reserves, including in the wider Council Group and retained by Quayside.

Councillors resolved as part of the adoption of the LTP 2021-2031 that this approach to an unbalanced budget over the ten years is financially prudent, and this same requirement will be necessary for the Annual Plan 2022/23.

4.4 **The next version of DAP 2022/23 for May Deliberations and financial uncertainty**

There are a number of items identified that will need to be considered in the next DAP 2022/23 budget that councillors will receive at Council Deliberations in May 2022. These are in addition to the value of reserves use (in Section 2) already included in the Draft Annual Plan 2022/23. These are:

4.4.1 **Inflation**

The current CEA expires on 30 June 2022, and if no agreement is reached by 1 July 2022 the current arrangement stays in place.

CPI for the December 2021 quarter was 5.9%, which was higher than expected. The March quarter is expected to be even higher, details of which are released on 21 April. At Annual Plan deliberations in May 2022 the latest information will be available to consider the impact of higher-than-expected wage inflation.

Each 1% increase in inflation assumptions for the Draft Annual Plan leads to an increase in general costs of \$500,000, and Staff Costs of \$500,000. Therefore, a 1% increase in inflation leads to a \$1 million increase in costs.

The latest version of the Draft Annual Plan 2022/23 budget and the consequential rates impact shown in this report assumes that CPI will be 6% (3.5% higher),

4.4.2 **Election Costs \$265,000**

This is detailed in the agenda paper “Annual Plan 2022/23 – Investment Proposals”. Increased Local Government Election costs for 2022 would result in 0.8% General rates increase, or \$2.16 per household

4.4.3 **Regional Safety and Rescue Services Funding**

This is detailed in the agenda paper “Annual Plan 2022/23 – Investment Proposals”. Including additional RSRS grant funding of \$51,000 in the draft AP 2022/23 budget would result in a 13% increase in the RSRS Targeted rate, or \$0.40 per household.

Other financial uncertainties and cost pressures

4.4.4 Following the recent resolutions of the Rotorua Te Arawa Lakes Strategy Group, the impact of any decision by the Minister as to the timing and funding of the Rotorua Programme Lakes Incentives Scheme is uncertain.

The possible rescheduling of Crown funding, and potentially the Regional Council cash flow implications will be presented to Council in due course and once a decision has been made.

4.4.5 The previously reported and ongoing issues with the vessels in Tauranga continue to be uncertain in terms of financial impact and timing. No provision is included within the Draft Annual Plan 2022/23 budget to meet any unbudgeted cost at this stage, because of the uncertainty of these costs.

5. **Next Steps**

Following feedback and guidance from Councillors staff will prepare an updated draft budget for the May 2022 Deliberations meeting.

Informal Workshop Paper



To: Regional Council

27 April 2022

From: Ben Parker-Haar, Programme Coordinator (Organisational Performance) and Zhivan Alach, Organisational Performance Manager

Karen Aspey, Director, People & Leadership

Annual Plan and Long Term Plan Decisions and Implications

To provide Councillors with an overview of the key decisions that have been made, and guidance given, at meetings and workshops relating to the Long Term Plan 2021-2031 and Annual Plan 2022/23 over the past year. This will inform discussions at the Annual Plan Deliberations meeting of 18 May 2022.

To note the implications of the decisions they have made, and guidance given, over the past year in relation to the Annual Plan and Long Term Plan.

Over the past year, Councillors have met a number of times in both meetings and workshops to discuss, provide guidance, and make decisions relating to Council's overarching strategic planning and budgeting documents: Long Term Plan 2021-2031 and Annual Plan 2022/23. Key meetings have included:

- Long Term Plan Deliberations – 12 May 2021
- Long Term Plan Adoption – 24 June 2021
- Annual Plan Workshop 1 – 29 September 2021
- Annual Plan Workshop 2 – 24 November 2021
- Annual Plan Workshop 3 – 9 March 2022

The following sections provide a summary of the key decisions and guidance received from Councillors at these meetings and workshops.

3.1 Long Term Plan Deliberations – 12 May 2021

This meeting was held for Councillors to make decisions on the strategic direction, levels of services, projects and programmes, and allocate financial resources. Decisions were required for (1) Financial Overview (2) Fees and Charges (3) Community Participation and Constructive Relationships (4) Māori Partnerships (5) Transportation and Urban Planning (6) Climate Change (7) Regional and Sub-Regional Leadership

3.1.1 Key Guidance from Councillors at Deliberations

- **Real general rates increases in Year One of 5.8% and 3% in Years Two and Three**
- Gross total borrowings, including existing borrowing, funding capital expenditure of \$141 million
- Existing on-lending of \$50 million and new borrowing of \$100 million to Quayside
- Community Initiatives Funding to:
 - Tauranga Moana Biosecurity Capital (\$120k over three years)
 - Tourism Bay of Plenty – Low Carbon Circular Economy (\$180k over three years)
 - Sustainable Bay of Plenty Charitable Trust (\$90k over three years)
 - Sports Bay of Plenty – Water Safety (\$75k over three years)
 - Rotorua X Charitable Trust (\$10k over three years)
 - Priority One (\$120k over three years)
- Volunteers Funding to:
 - Bay Conservation Alliance (\$255k over three years)
 - New Zealand Landcare Trust (\$300k over three years)
 - Envirohub (\$300k over three years)
 - Remaining volunteers funding to be referred to the Strategy and Policy Committee for consideration
- Additional youth engagement funding of \$75k per annum
- \$1m per annum to support and enable Māori engagement for freshwater reform
- \$200k per annum to provide independent secretariat and related support for co-governance with Māori entities
- Funding to Toi Kai Rawa (\$600k over three years) to enhance Māori capability and capacity
- Free fares at all times (Tauranga) and at arrival and departure times (Whakatāne and Rotorua) for school students
- Funding for the Carless Wednesday Challenge (\$273k over one year)
- Funding for management of Western Bay transport programme
- Funding for climate change initiatives projects (\$350k per annum)

- Provide loans and grants for sustainability initiatives (\$2m capital contribution, \$65k per annum capex)
- Funding to Te Whare Taonga o Te Arawa (\$4.1m over three years)
- Funding for Regional Safety and Rescue Services (\$400k per annum)
- Motiti Protection Area communications and monitoring (\$74k per annum combined)
- Additional Maritime Operations resourcing in the Eastern Bay of Plenty (\$95k per annum)
- Capital expenditure for a new Maritime Operations vessel (\$900k)
- Outsourcing of maintenance of navigational aids in the Eastern Bay of Plenty for year one (\$350k)
- Wetland mapping of the full region annually (\$300k per annum)
- Capital expenditure for the College Road Floodwall (\$2.076m)
- Capital expenditure for the Ford Road Pump Station (\$8.685m)

3.2 **Long Term Plan Adoption – 24 June 2021**

This meeting adopted the Long Term Plan 2021-2031, incorporating the decisions made at the Deliberations meeting, including the level of rates.

3.3 **Annual Plan Workshop 1 – 29 September 2021**

This workshop sought Councillor guidance on key principles relating to the new Rates Remission and Postponement Policy. Specific guidance was received on whenua Māori, incentivising outcomes, and affordability.

3.4 **Annual Plan Workshop 2 – 24 November 2021**

This workshop sought Councillor guidance on a range of topics. These included key risks relating to the funding approach for the Annual Plan, uncertainty around the activity budgets relating to transport, a range of New Investment Proposals, planned engagement, and the Future for Local Government Review.

3.4.1 **Key Guidance from Councillors at Annual Plan Workshop Nov 2021**

- Provide funding to Te Mania Focus Catchments (\$130k per annum)
- Provide funding to Kōhī Marae OSET project (\$200k over three years)

3.5 **Annual Plan Workshop 3 – 9 March 2022**

This workshop sought Councillor guidance on a range of topics. These included a range of New Investment Proposals, updates to financial policies and associated statements of proposal, and the likely increase of 1% in general rates.

3.5.1 Key Guidance from Councillors

- Funding for Whakatāne-Kawerau urban growth spatial planning (\$50k one-off)
- Funding for Rotorua urban growth future development strategy (\$50k one-off)
- Funding for Western Bay SmartGrowth (\$14k per annum)
- Funding for Rotorua Catchments Environmental Programmes (\$330k per annum)
- To reprioritise existing baselines to fund a Transport Emissions Reduction Plan (\$250k) and diesel bus conversion (\$50k opex, \$200k capex), with no change to total expenditure
- Funding for Stage Three PFAS work (\$80k)
- Funding for the Lower Rangitāiki River Stopbank Upgrade (\$1.8m capex, \$96k opex)
- Funding for Whakatāne River Urban Flood Seepage Control (\$3.9m capex, \$256k opex)

3.6 Annual Plan Workshop 4 – 27 April 2022

This workshop will include consideration of some matters with financial consequences that have not yet been confirmed through earlier workshops and meetings. There will also be some consideration of some late-arising and potentially urgent New Investment Proposals.

The discussion of this paper will inform the Deliberations Meeting of 18 May 2022.

Informal Workshop Paper



To: Regional Council
27 April 2022

From: Matthew Searle, Corporate Planner
Karen Aspey, Director, People & Leadership

Financial Efficiencies Achieved by Council

1. Purpose

To inform Councillors of financial efficiencies achieved by Regional Council in recent years in order to better inform their discussions relating to the Annual Plan 2022/23.

2. Guidance Sought from Councillors

To **note** the information contained within this paper regarding financial efficiencies achieved in the recent past.

3. Discussion

3.1 Long Term Plan Efficiencies – May 2021

As part of deliberations on the Long Term Plan 2021-2031, Councillors were presented information on financial efficiencies. These included efficiencies offered up as part of the Long Term Plan process (but rejected by Councillors due to potential effects on levels of service), and efficiencies achieved (due to both conscious efforts and the effects of COVID-19 on service delivery).

The efficiencies achieved totalled \$2.3 million, and were spread over seven areas:

1. Catering and hospitality
2. Contractors and Consultants
3. Staffing (management of vacancies and recruitment)
4. General expenses
5. Property and fleet expenses
6. Travel
7. Publications

3.2 Recent Savings

Staff have since undertaken a comparison of the FY22 budget and forecast using the seven categories noted above in order to identify where further savings have been achieved. In some of these seven categories, no further savings have been achieved. The following table shows detailed amounts. For consistency, the following table covers all of the areas noted earlier, including those in which there have been no savings.

Savings area		\$000	Details of variance
<i>Catering and hospitality</i>		-34	Cafeteria supplies were a saving during COVID-19 lockdowns, but there were minor overspends on catering and hospitality.
<i>Contractors and Consultants</i>		987	Underspends on public transport, policy and planning activity (iwi engagement and COVID-19 delays), Rotorua Lakes land use.
<i>Staffing (management of vacancies and recruitment)</i>		-1,135	Staff numbers and salary levels
<i>General expenses</i>	<i>Kiwisaver</i>	473	Kiwisaver was budgeted at 4% but actual expenditure ~3%
	<i>Deprec</i>	522	CAPEX projects were delayed
	<i>Insurance</i>	298	
<i>Property and fleet expenses</i>		291	There were savings from repairs and maintenance (due to reduced use), a lack of flood events meaning less pump use, and a small electricity saving from a supplier change.
<i>Travel</i>		552	Training and accommodation are significantly underspent.
<i>Publications</i>		43	This is largely due to savings on external publications.
Total (Net)		1,999	

In addition to savings in the same seven categories considered during the Long Term Plan, additional savings have been achieved through rental income associated with COVID-19 activities by central government (\$105k).

Regional Council also anticipates savings of \$6m from rates collection in-housing over the Long Term Plan period.

3.3 Gold Business Cases

As part of its financial prudence, Regional Council requires a “Gold” business case for the creation of any staff position where no specific budget was allocated via an Annual or Long Term Plan process. Over the past three years, Regional Council permanent headcount has increased by approximately seventy. Fifty six (80%) of these were the result of Council decisions as part of the Annual Plan or Long Term Plan to increase or improve service delivery. Fourteen were established via a “Gold” business case process. These were in the following categories:

- Additional cleaning and catering support (in-housing of an externally contracted service to realise savings);
- Additional administrative support to governance and executive team;

- Additional leadership in the Māori partnerships space following elevation of staff onto the Leadership Team;
- Additional biosecurity, flood control, and land management resource to meet expanding demand;
- Enhanced human resources support to meet evolving workspace needs; and
- Additional resource for transport network planning given evolving complexity.

4. **Next Steps**

Regional Council has endeavoured to demonstrate financial prudence through the achievement of financial efficiencies. This paper has noted those in the past few years relevant to your discussions today. Discussions on the issue of financial efficiencies today will in turn inform discussions at the public Annual Plan deliberations meeting of 18 May 2022.

Informal Workshop Paper



To: Regional Council

27 April 2022

From: Graeme Howard, Corporate Planning Lead; Zhivan Alach, Organisational Performance Manager; Mereana Toroa, Finance Support Team Lead; James Llewellyn, Transport & Urban Planning Manager and Yvonne Tatton, Governance Manager

Mat Taylor, General Manager, Corporate

Draft Annual Plan 2022/23 - Proposals for Increases in Expenditure

1. Purpose

To update and seek guidance from Councillors on proposals for increased expenditure for inclusion in the draft Annual Plan 2022/23 budget.

2. Guidance Sought from Councillors

Councillors are requested to:

Provide guidance on the following investment proposals presented in this paper, specifically:

1. Increased Local Government Election costs for 2022, whether to include additional \$256,000 operational expenditure in the draft AP 2022/23 budget, *funded through General Rates*.
2. Regional Safety and Rescue Services Funding, whether to include additional RSRS grant funding of \$51,000 in the draft AP 2022/23 budget, *funded via the RSRS Targeted rate*.

Note the potential expenditure that is expected to come to Council for decision at the Annual Plan Deliberations meeting scheduled for 18 May 2022 relating to:

1. Sustainable Homes Scheme – Loans
2. Tauranga CBD interchange, additional \$343,000 of operational expenditure is anticipated in 2022/23, while the temporary Bus interchange is in operation.

The timing, and the uncertainty of the net effect on overall costs, means that it is suggested that this is funded through reprioritisation of existing budgets rather than an increasing Transport Targeted Rates in 2022/23.

3. Additional Expenditure

Additional expenditure is highlighted where additional funding would enable the delivery of enhanced Council services or are required to maintain the levels of service agreed through the Long Term Plan 2021-2031.

At Annual Plan workshops in November 2021 and March 2022, Councillors considered and provided guidance on a range of new investment proposals across different groups of activities. Councillors also requested further work on some proposals and for these to be brought back for consideration.

Staff are seeking Guidance from Councillors on whether to include funding for the two proposals in the table below in the draft Annual Plan Budget for 2022/23. Updates on other proposals are provided for information.

If Council provides guidance for any of these proposals to be included in the draft budget, costs will be in addition to the baseline budget outlined in the accompanying draft Annual Plan Budget report.

The table below provides a summary of investment proposals considered through the Annual Plan workshops

Paragraph number	Project Title	Description	2022/23	2023/24	Funding Source
			Indicative Budget (Maximum)		
Guidance sought					
3.1	Local Government Elections 2022 - increased Costs	Funding to ensure Council can meet responsibilities in relation to LG elections following Govt decision to extend the appointment of Commissioners in place of place of an elected Council for TCC.	\$256,000		General Rates
3.2	Regional Safety and Rescue Services Funding	Recommendation from CDEM-JC to increase grant funding for RSRS for 2022-2024 following funding round completed in March 2022.	\$51,000	\$53,250	RSRS Targeted Rate
For information only					
3.3.1	Sustainable homes programme	Potential rephasing of the funding for the Loans component of the Sustainable Homes Programme	N/A		
3.3.2.	Tauranga CBD bus interchange	Increased funding required to maintain existing LOS due to shift to temporary Bus Interchange.	\$343,000	\$343,000	Reprioritisation

3.1

Local Government Elections 2022 - increased Costs

This project will ensure Council can meet its legislative responsibilities in relation to the local government (LG) elections due to be held in October 2022. Additional funding of \$256,000 is required to fund election costs in the Tauranga City and Mauao electorates following the Government decision to extend the appointment of Commissioners in place of an elected Council for Tauranga City Council.

The 2019 elections resulted in a significant reduction in costs against that budgeted. This was due to three of the seven electorates in the Bay of Plenty rohe with uncontested seats (i.e. no elections were held) resulting in minimal election costs. The uncontested constituencies were Tauranga City, Eastern Bay of Plenty and Ōkurei.

While it is expected all seven BOPRC constituencies will be contested in 2022 any uncontested seats will result in a reduction to the total anticipated cost.

3.1.1 Context

BOPRC through the Governance Activity is responsible for the administration of the triennial LG elections. BOPRC are responsible for reasonable costs under s147 of the Local Electoral Act 2001. Delivery of elections across the region is coordinated with other LG bodies participating in the elections and the costs of the elections are shared. At previous elections the election costs have been shared between District Health Boards (DHBs), Local and Regional Council.

3.1.2 The Case for Investment

Two factors have contributing to an increase in costs for delivery of elections in 2022.

1. DHBs are being merged into one National Health Service and are no longer participating in the LG elections cycle. As a result, they will no longer be contributing to the costs for LG elections and costs will now be shared between Local and Regional Councils only.

The increased proportion of costs for BOPRC and has already been included in the budget for 2022/23.

2. Commissioners appointed by the Minister for Local Government are operating in place of an elected Council at Tauranga City Council. The Government's recent decision to extend the appointment of Commissioners beyond 2022 means that TCC will not be contributing to the costs for elections in 2022, as a result the costs to BOPRC have increased across the Tauranga City and Mauao constituencies.

3.1.3 Budget

The total estimated budget required to support the delivery of the Local Government elections for 2022 is set out below.

Local Government Elections 2022 - Estimated costs	\$
Estimated costs for elections in Tauranga	435,000
Estimated costs for elections for BOPRC cost share - other TA's	265,000
Electionz.com – Electoral Officer fees, etc	15,500
Combined Advertising / Staff Support (Includes both Electionz.com costs and BOPRC advertising and promotions costs)	31,500
BOPRC Deputy Electoral Officer fees	4,350
Total Estimated Cost of BOPRC contribution to 2022 Elections	751,350

The table below sets out the current funding that has been budgeted for Elections in 2022, and the additional funding required to deliver elections.

Local Government Elections 2022 – Budget		\$
LTP Budget for 2022 Local Government Elections		280,000
Increase in cost share due to DHB no longer participating – Costs included in Annual Plan Budget at December 2021 workshop.		186,000
Current funding included in AP budget for Elections		466,000
Total Estimated Cost of BOPRC contribution to 2022 Elections		751,350
<i>Additional Funding required - primarily due to TCC not participating in 2022 elections</i>		285,350

3.1.4 Guidance sought

This proposal will enable Council to meet its legislative responsibilities in relation to the local government elections due to be held in 2022. Staff are seeking council guidance for either of the following options.

- **Option 1:** Include additional operational expenditure of \$285,350 in the draft AP 2022/23 budget, funded through general rates.

Note: this is equivalent to a 0.9% GR increase, or \$2.16 per household).

- **Option 2:** Decline Proposal. Note: this option will negatively impact Council's ability to meet its obligations under the Local Electoral Act 2001.

3.2 Regional Safety and Rescue Services Funding – additional grant funding request from CDEMG

This project would provide additional funding to support Regional Safety and Rescue Services (RSRS) as recommended by the Civil Defence Emergency Management Group (CDEMG) Joint Committee (JC) at their meeting on 18 March 2022. CDEMG-JC recommend an additional \$50,000 per year for the next two years, in addition to the \$400,000 per annum budgeted and allocated through the LTP. RSRS is funded via Targeted rate.

3.2.1 Context

The Regional Safety and Rescue Services (RSRS) fund was created following public consultation through the LTP 2021-2031 to enable a centralised approach to fund RSRS services in the Bay of Plenty Region. Through LTP deliberation, BOPRC requested staff investigate whether the fund can be managed by the Civil Defence and Emergency Management Group, given all councils are partners and the group's relationship with Police, Fire and Emergency New Zealand, and St Johns.

At the Annual Plan workshop on 24 November 2021, an update was provided to Council signalling an expected request to increase the budget available for Regional Safety and Rescue Services funding for 2022/23 and future years.

In December 2021, the Civil Defence Emergency Management Group (CDEMG) Joint Committee (JC) approved the RSRS funding process, fund criteria and that CEG

establish a sub-committee (CEG-SC) to consider and make recommendations to the Joint Committee on funding applications received.

3.2.2 Regional Safety and Rescue Services Funding round 2022-2024

The RSRS fund opened for applications on 24 January 2022 with funding to be allocated for two financial years 2022/23 and 2023/24. In total, five applications were received, and the total funding applied for exceeded the budgeted funding available for RSRS.

The RSRS CEG-SC met to consider and prioritise the five applications and made recommendations to the CDEM-JC at the CDEMG-joint Committee meeting on 18 March 2022.

CDEM-JC confirmed the funding allocations for the budgeted funding and made the following recommendation:

'Recommend to the Bay of Plenty Regional Council that it consider increasing the funding budgeted for RSRS in 2022/23 and 2023/24, noting that any additional funding is expected to be funded through an increase to the RSRS targeted rate.'

The table below summarises the funding requests, the funding allocation for the existing budget confirmed by CDEM-JC, and also additional funding that CDEM-JC is recommending BOPRC consider allocating through an increase in the level of Grant funding through the BOPRC Annual Plan.

Application	RSRS Funding applied for		CDEM-JC allocation of budgeted funding		CDEM-JC – new funding recommended to BOPRC	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
Funding Applications						
Surf Lifesaving NZ (Excl. Tauranga)*	\$349,738	\$358,754	\$327,000	\$333,000		\$2,253
Coastguard	\$100,000	\$100,000	\$20,000	\$20,000	\$30,000	\$30,000
Rotorua Mountain Bike Club	\$80,000	\$80,000	\$80,000	\$80,000		
Land Search and Rescue	\$30,000	\$30,000	\$20,000	\$20,000	\$10,000	\$10,000
Youth Search and Rescue	\$96,500	\$120,000	\$4,000	\$4,000	\$11,000	\$11,000
Total Funding	\$656,238	\$688,754	\$451,000	\$457,000	\$51,000	\$53,253
Funding Available						
RSRS Budget – Target Rate funded	\$400,000	\$400,000	\$400,000	\$400,000		
RSRS Reserve**	\$54,000	\$54,000	\$51,000	\$57,000		
Total Funding Available	\$454,000	\$454,000	\$451,000	\$457,000	\$0	\$0
Balance	-\$148,238	-\$288,754	\$0	\$0	-\$51,000	-\$53,253
Additional Target Rate Funding Required	\$202,238	\$234,754			\$51,000	\$53,253
Estimated Rating Implication						
Rateable units	132,341	132,341	132,341	132,341	132,341	132,341
Budgeted RSRS TR per Household (average)	\$3.02	\$3.02	\$3.02	\$3.02		
Approximate additional TR per household	\$1.53	\$1.77			\$ 0.39	\$0.40
TR increase %	51%	59%			13%	13%
Total RSRS TR per household (Average)	\$4.55	\$4.80	\$3.02	\$3.02	\$ 0.39	\$0.40

* Note: TCC Tauranga City Council have recently (late 2021) completed a funding agreement with SLSNZ to fund Tauranga based services. This agreement allows for approximately \$310,000 funding for Tauranga based SLS services in 2022/23 and as a result Tauranga based SLS services are not included in the RSRS funding allocation.

** Following allocation of \$292,000 for RSRS services (to SLSNZ) in 2021/22, the remaining \$108,000 is the forecast balance for the dedicated RSRS reserve at the end of 2021/22. CDEM-JC have apportioned the RSRS reserve funding equally over the two years of the funding round, noting that the fund will be reviewed ahead of the next funding round in 2024/25.

3.2.3 Guidance sought

The CDEMG-JC has recommended to BOPRC that it consider increasing the additional funding budgeted for RSRS in 2022/23 and 2023/24, as set out in the table under para 3.3.2.

Staff are seeking council guidance to proceed with one of the following options.

- **Option 1:** Include additional RSRS grant funding of \$51,000 in the draft AP 2022/23 budget, to be funded via the RSRS Targeted rate.

Note: this is equivalent to a 13% RSRS TR increase, or \$0.40 per household).

- **Option 2:** Decline Proposal.

3.3 Updated Information from previous AP workshops – For information only

3.3.1 Sustainable Homes Scheme - Loans

A paper relating to the Loans component of the Sustainability Homes Scheme that was approved through the LTP2021-2031 is due to be considered at Strategy and Policy Committee meeting on 3 May 2022.

Any implications for the Annual Plan 2022/23 will be brought to Council at the deliberations meeting on the 18 May 2022.

3.3.2 Tauranga CBD temporary bus interchange

The temporary bus interchange is expected to lead to additional costs to maintain the current level of service (LOS) for bus services for Tauranga and WBOP.

Additional costs of approximately \$343,000 per annum is estimated to maintain service levels due to increased contract costs resulting from the TCC decision to move the Tauranga CBD Bus Interchange to a temporary site on Durham Street.

At its meeting on 06 December 2021, Tauranga City Council (TCC) determined that the Tauranga CBD Bus Interchange (BI) would be moving to a temporary site on Durham Street to enable the demolition of the Civic Centre. It is anticipated that this change would occur in June 2022 and that this temporary site will operate for 18-24 months.

Staff from both organisations are working through details of how to enable this to occur, and analysis of implications on the Bus Services are now more clearly understood. Discussions with the Operator (NZ Bus) are well underway and detailed design plans are almost finalised. Staff are working on a joint action plan to resolve remaining issues which will be provided to the Tauranga Public Transport Joint

Committee. The key issue highlighted in this report is that the move to the temporary Bus Interchange will result in increased costs to maintain the existing LOS.

Increased operating costs are primarily due to the loss of space in the CBD for drivers to safely park buses whilst taking legally mandated breaks. Many drivers will need to take rest breaks at locations outside of the CBD (such as Sulphur Point), which significantly increases the time and distance travelled, making operations less efficient.

NZ Bus has estimated the impact on operational efficiency will result in total annual kilometres and hours increasing by approximately 138,000 and 5,800 respectively. To maintain current service levels under the contract, this would result in increased contract costs of \$343,000 per annum (excluding changes to inflation and living wage).

Staff have explored several options to manage this temporary increase in cost to maintain service levels, while minimising the financial impact on ratepayers. These include:

- **Seeking funding from Waka Kotahi** - Staff have been in contact with Waka Kotahi to identify funding that Waka Kotahi may be able to reprioritise to contribute towards the increased costs. These conversations are ongoing, and Waka Kotahi have advised they will not be able to confirm if any funding is available until late May (after Annual Plan Deliberations).
- **Reprioritising existing budgets** - with forecast delays to some elements of the UFTI medium scenario/Tauranga System Plan implementation (funded via the LTP), Council could choose to reprioritise funding to maintain service levels while the temporary bus interchange is in operation, without increasing TGA and WBOP targeted Rates.
- **Maintaining Service levels through increasing Targeted rates** - this option will maintain the existing LOS by increasing funding available by \$343,000 per annum to meet the increased contract costs, funded by Tauranga and WBOP Public Transport Targeted Rates. This would be equivalent to a 2.8% increase to the Tauranga and WBOP Passenger Transport Targeted rates, or \$4.12 per household).

4. Next Steps

Staff will incorporate guidance provided today into the draft Annual Plan 2022/23 Budget. Final direction from Council on the Annual Plan 2022/23 will be sought at the Annual Plan Deliberations meeting due to be held on the 18 May 2022.