

Record of a Workshop of Council held in Council Meeting Room 1, Bay of Plenty Regional Council, Whakatāne Office on 9 November 2011 commencing at 9.30 a.m. Day One of Two

Present:

Chairman: J Cronin

Deputy Chairman: P Sherry

Councillors: R Bennett, T Eru, J Mansell, J Nees, I Noble, D Owens, P Thompson, L Thurston, M Whitaker

In Attendance: M Macleod (Chief Executive), G Maloney (Acting Group Manager Strategic Development), E Grogan (Group Manager Water Management), W Murray (Group Manager Land Management), K Tarboton (Group Manager Environmental Hazards), B Trott (Group Manager Corporate Services), M McConway (Group Manager Technology and Economic Development), S Hey (Strategic Support Manager), Mat Taylor (Financial Controller), C Battersby (Planner Strategic Support), C Oliver (Strategic Accountant), M Langridge (Manager Information Systems), in part: N Rix (Planner Strategic Support), S Stokes (Manager Land Resources Eastern), S Lamb (Principal Advisor/Executive Officer), R Skelton (Manager Land Resources Western), Kataraina Maki (Sustainable Development Manager), D Phizacklea (Planning Frameworks Manager)

Apologies: Cr T Marr, Cr N Oppatt

1 Day One Opening of the Ten Year Plan 2012-2022 workshop

The Chairman welcomed everyone and opened the workshop. He advised that the second day of the workshop would be chaired by Deputy Chairman Sherry. The Chairman outlined the objectives of the workshop, and emphasised the importance of providing clear direction as this would enable staff to move to the next stage of the development of the Ten Year Plan.

The Chairman acknowledged that there would need to be further reductions in expenditure. He noted that implications from the Rena event had not yet been factored in. The Chairman provided a brief overview of the material provided in the workshop packs, and handed over to the Chief Executive, Mary-Anne Macleod, to facilitate the workshop.

Ms Macleod discussed the agenda for Day One. She emphasised that the material provided was a base only, but that it was a pivotal workshop as the actual Ten Year Plan document will be drafted over the next month. She advised that the more clarity that could be provided, the better. Ms Macleod stated that Council is faced with decisions about large levels of revenue and expenditure and noted that a number of reductions to expenditure had already been made by the Executive Leadership Team (ELT).

Councillors acknowledged that there would be some hard choices to make and that they would have to be clear about priorities. The situation of the world economy was noted, as was concerns about kiwifruit PSA and the unknown impacts of the Rena event.

2 Financial overview

The Group Manager Corporate Services, Brian Trott, provided an overview of Council's financial situation. He emphasised that the financials are 'forecasts', not budgets. The key changes (compared to 2011/12) were identified, and the following rule of thumbs/principles provided:

- An increase in expenditure of \$160,000 = 1% increase in rates.
- Use of \$1,000,000 of investment fund reserves = \$80,000 in interest lost.

A high level overview of the effect of ratio changes of targeted rates to general funds was provided, and the use of reserves was also discussed.

Direction given:

- EEF Reserve – transfer \$100,000 per annum to part fund the EEF grant budget (Years 1-10).

3 Programmes with substantive changes from 2011/12

The programmes which were identified by staff as having substantive changes were discussed. The relevant group manager or programme coordinator provided an overview of the programme and answered questions as required. Direction was sought from Council.

Programme	Presented by	Key discussion points	Direction given
Pollution Prevention	Eddie Grogan (Group Manager Water Management)	Cost of parts of the programme need to be reviewed. Remediation of the Kopeopeo Canal and central government funding.	<ul style="list-style-type: none"> • Look into the waste part of the programme – what is essential, what isn't? • Ensure fees and charges revenue does not decrease over time. • No change to what is forecast for Kopeopeo Canal, compliance and FTEs.
Passenger Transport	Garry Maloney (Group Manager Sustainable Transport)	Fare recovery for bus services. Number of buses required for Tauranga.	<ul style="list-style-type: none"> • Capex – move the 'real time system' from Year 1 to Year 2. • No change to what is forecast for Tauranga bus service.
Statutory Policies, Strategies and Plans	David Phizacklea (Planning Frameworks Manager)	Capacity to implement actions, particularly in Year 1 and whether some of the projects can be deferred.	<ul style="list-style-type: none"> • Look at the phasing of the work programme – push some Year 1 work out to later years.
Non Statutory Policy, Strategies, Plans & Initiatives	Kataraina Maki (Sustainable Development Manager)	Spatial/regional planning has a strong level of support. Healthy Homes project needs to be looked at in terms of cash flow. Cost of consultants and contractors.	<ul style="list-style-type: none"> • Healthy homes – re-look at it to determine a way to address the cash flow impact of the initiative being front loaded. • Look at opportunities for efficiencies in the forecast including consultants and SmartGrowth.

Programme	Presented by	Key discussion points	Direction given
Rotorua Air Quality	Kataraina Maki (Sustainable Development Manager)	Cost of the Ngāpuna Dust Operational Plan. Cost of Rates Rebate Scheme.	<ul style="list-style-type: none"> Look at the operational plan for Ngāpuna and determine if there are ways to reduce the administrative costs.
Sustainable Land Implementation	Warwick Murray (Group Manager Land Management)	Relationship with Tauranga Harbour Programme.	<ul style="list-style-type: none"> Look at whether there are standalone pieces of work that could/should be moved to sit in the Tauranga Harbour programme.

4 Targeted Rates

Brian provided information to the councillors on targeted rates, and the impact proposed ratio changes would have for average priced properties across the region.

The councillors discussed the rationale for the new ratios, adopted in September 2011. Mary-Anne advised the Council that it is these ratios that staff are currently using for modelling purposes.

Chairman Cronin left the workshop at 3.35 p.m. Deputy Chairman Sherry became the Workshop Chair.

5 Ten Year Plan programmes with substantive changes from 2011/12 (continued)

Programme	Presented by	Key discussion points	Direction given
Rotorua Lakes	Warwick Murray (Group Manager Land Management)	Amenity weed removal – expenditure needs to be reduced. Complying expenditure under the Binding Ruling. Re-consenting of the Ohau wall (non-discretionary). Cost of consultants and contractors.	<ul style="list-style-type: none"> Decrease expenditure for amenity weed removal to \$50k p.a. (from \$147k p.a.) and prioritise where work is undertaken.
Rivers, Drainage & Flood Management	Ken Tarboton (Group Manager Rivers & Drainage)	Impact on financial forecasts resulting from 28 October workshop. The need to clearly explain the financial impact of flood events to the community. Flood damage prioritisation. Estimates for flood damage repairs have increased as further investigations have been undertaken.	<ul style="list-style-type: none"> Include direction from 28 October workshop in financial forecasts – flood damage prioritisation. Include \$10.81m across Years 1 and 2. Include \$2m in Year 3. Include \$699 annual contribution to flood damage reserves.

5 Specific items for Council direction

A number of discrete items were identified for specific discussion.

Item	Discussion/Direction given
Civil Defence Emergency Management (CDEM) - dedicated building.	Remove CDEM Building.
Biosecurity – Contribution to Animal Health Board for Tb Vector control.	Amend to provide a grant of \$100,000 for Years 1-3.
Kaituna Re-diversion - (Sustainable Coastal Implementation) - consideration of costs to be included.	Amend the 28 October workshop direction: <ul style="list-style-type: none"> • Take out \$1.3m (Year 1) and report to Council in the current 11/12 year on options around potentially affected land; • Include \$250k for investigations and \$250k for consenting in Year 1; • Include \$500k for consenting in Year 2; • Include \$2m (capex) for engineering works in Year 3; • 'Put pressure' on government to help fund.
Biodiversity.	No change to what is proposed.

Day One of the workshop closed at 5.15 p.m.

Record of a Workshop of Council held in Council Meeting Room 1, Bay of Plenty Regional Council, Whakatāne Office on 10 November 2011 commencing at 9.30 a.m. Day Two of Two

Present:

Deputy Chairman: P Sherry (Workshop Chair)

Councillors: R Bennett, T Eru, J Mansell, J Nees, I Noble, D Owens, P Thompson, M Whitaker.

In Attendance: M Macleod (Chief Executive), G Maloney (Acting Group Manager Strategic Development), E Grogan (Group Manager Water Management), B Trott (Group Manager Corporate Services), M McConway (Group Manager Technology & Economic Development), S Hey (Strategic Support Manager), M Taylor (Finance Controller), C Battersby (Planner Strategic Support), C Oliver (Strategic Accountant), S Stokes (Manager Land Resources Eastern), in part: K Tarboton (Group Manager Environmental Hazards), M Langridge (Manager Information Systems), B Campbell (Community Relations Manager).

Apologies: Chairman Cronin, Cr T Marr, Cr N Oppatt, Cr L Thurston

1 Day Two Opening of the Ten Year Plan 2012-2022 workshop

Deputy Chairman Sherry opened the second day of the Ten Year Plan workshop.

The Chief Executive, Mary-Anne Macleod, outlined the agenda for the day. She advised that the Group Manager Corporate Services, Brian Trott, would provide a financial update based on the direction provided at the workshop so far. A number of responses to requests for further information from yesterday's workshop had been prepared and would be provided during the course of the day. The importance of Council giving direction to staff was re-emphasised.

2 Financial overview

The Group Manager Corporate Services, Brian Trott, summarised the changes that had been made following Day One of the workshop. Updated graphs demonstrating the impact of rates changes on properties across the region were provided. Councillors then had an extensive discussion.

Key discussion points were:

- The need to be clear about 'what we want to achieve' versus 'what we realistically can achieve', i.e. focus on capacity to deliver;
- What is considered 'core' business for Council has changed over time, more has been added without anything being taken away;
- The importance of reducing overall expenditure as the first step, then looking at revenue and any net deficit;

- The extent to which Council wishes to reduce its reliance on investment income;

The need to look at the options for loans for 'River and Drainage Schemes' was discussed (e.g. higher interest, external borrowing) and the options for reducing the debt repayment period.

Councillors also discussed extensively the targeted rates ratios, those in the current 2011/12 Annual Plan and the revised ratios adopted by Council on 29 September 2011. This resulted in direction to amend the Rotorua Lakes targeted rates to general funds ratio to 50:50. This recognises the equal benefit of the Lakes programme to those in Rotorua district (local and individual) and those outside (regional and national). At the same time it also recognises that while those within the district contribute more to the need for the programme, some of the adverse effects have been caused over many years in the past, or by geothermal influences.

Direction given:

	Targeted Rates	General Rates
Rotorua Lakes	50%	50%
Rotorua Air	25%	75%
Passenger Transport	60%	40%
River & drainage schemes	80%	20%

3 Corporate programmes & Regional Economic Development Programme

The corporate programmes were jointly presented by Brian Trott (Group Manager Corporate Services) and Miles McConway (Group Manager Technology & Economic Development), and Mr McConway also presented the Regional Economic Development programme.

Programme	Key discussion points	Direction given
Property & Procurement	Timing of completing works to buildings. Necessity of this work. Importance of developing a future approach/strategy to corporate property.	<ul style="list-style-type: none"> • Remove Commercial Hotel demolition, \$500k in Year 1. • Remove West Wing air conditioning, \$250k in Year 1. • Remove Edgecumbe garage, \$50k in Year 1. • Adjust Regional House/Tauranga property expenditure (Years 1, 2, 4, 5).
Technology Programmes (Information Services, Information Technology, Geospatial Services, Data Services)	The increase in Year 1 expenditure and the reasons for it. Questions were raised around cutting or deferring expenditure. Necessity to be realistic about what can be delivered each year.	<ul style="list-style-type: none"> • Review IT/IS/Geospatial to reduce Years 1 to 3, particularly Year 1 and capex – can expenditure be decreased or deferred? • Ensure additional FTE (for Kawerau District Council (KDC) IT support) is removed (to be included only once KDC funding secured).
Regional Economic Development	Whether this is 'core' work for Council. Tangible measures will be included in the reviewed Bay of Connections Strategy.	<ul style="list-style-type: none"> • Check whether the level of expenditure is 'right' (too high) – noting that given the current climate of e.g. requests for facilitation, and kiwifruit PSA, it might not be the time to decrease expenditure.

Ms Macleod noted that the funding for the Regional Infrastructure programme remains included in the financial forecasts at this time.

4 **Direction to the Chief Executive**

Ms Macleod had advised Council she would need to depart the workshop early. The workshop therefore gave a summary of direction to the Chief Executive.

Direction given:

- Focus on Years 1-3 expenditure, and reduce the Year 1 spike;
- Reduce the increase in general rates caused by the following programmes: Rotorua Air Quality, Statutory Policy, Non-statutory Policy, Sustainable Land Implementation, Rotorua Lakes, Sustainable Coastal Implementation, Information Technology/Information Services/Geospatial Services; and by staffing;
- Consider reducing, staging, and smoothing expenditure;
- Look at consultant and contract costs across all programmes to find reductions and efficiencies.

Ms Macleod asked Councillors to identify any additional areas/programmes that they may wish to discuss. A list was made and time set aside later in the afternoon for discussion.

5 **Fostering Māori capacity to contribute to Council decision-making**

Garry Maloney (Acting Group Manager Strategic Development) presented this item. He advised that the paper (contained in Pack A) had previously been brought to Council but that Council's decision was to take it to the Maori Committee for consideration. Mr Maloney explained that due to the impact of Operation Rena the last Maori Committee meeting of the calendar year had been cancelled and the paper was instead taken to an informal meeting of Council's Maori constituency councillors. A summary of that meeting was tabled.

Councillors reviewed the summary of the meeting and discussed a number of matters with regards to fostering Māori capacity to contribute to Council decision-making, the Māori Committee and the Maori Engagement programme.

Direction provided:

- Confirmed – no 'iwi secondment' scheme;
- Confirmed – hold a Māori capability/capacity event every 3rd year;
- Confirmed – 0.5 additional FTE in the Māori Policy team;
- Include funding for two (2) summer students each year.

The Chief Executive, Mary-Anne Macleod, left the workshop at 1.30 p.m.

6 **Focus on other programmes**

The areas which Councillors identified earlier in the day for further discussion were discussed. Programme co-ordinators or Group Managers provided clarification where required.

Programme	Key discussion points	Direction given
Governance Services	An overview of key projects and drivers of new expenditure.	<ul style="list-style-type: none"> Check phasing of costs is correct for 3-yearly election cycle.
Organisational Planning & Reporting	Social well-being project - discussion about the requested funding for this project, and whether it could be reduced.	<ul style="list-style-type: none"> Decrease consultancy for the social well-being project (suggested to \$30k) and move from Year 1 to Year 2 (scope to be presented to the Strategic Policy & Planning Committee).
Community Relations	<p>There was discussion about staffing levels and the amount of funding available for this programme.</p> <p>Staff advised that there was an error in the presentation. 'Events Advisor' FTE should actually be 'Public Participation Advisor'.</p> <p>The Youth Programme was discussed. The question was asked as to whether the youth could be sufficiently reached through other existing public participation programmes.</p>	<ul style="list-style-type: none"> EEF – confirmed – maintain current grant level. Communications - confirmed – additional FTE, Public Participation Advisor. Community Engagement – remove 'explore engaging youth programme', \$10k in Year 1.
Recreation & Open Space	No change until after workshop in November.	<ul style="list-style-type: none"> Financial forecast to be considered in conjunction with the Regional Parks Policy item at the Strategic Policy & Planning Committee meeting on 22 November with any changes to be taken to the TYP workshop on 14 December. Look at which costs Council is committed to (legal contracts), and where there could be reductions. Look at what level of service Council wants to provide.
Transport Planning	Discussion around removing \$8.25m from JOG funding. Need to be aware of implications (ability to accelerate a critical project may be reduced). Transport projects can be direct funded from the Regional Infrastructure programme.	<ul style="list-style-type: none"> Confirmed – removal of balance of JOG money, \$2.75m over each of Years 1-3 (total \$8.25).

Councillors sought clarification on the next steps in the Ten Year Plan process after this workshop. Shelley Hey, Strategic Support Manager, outlined the process and the timeframes moving forward. She explained that staff would implement the changes signalled at this workshop and that a document, the first draft of the Plan, would be available for the next workshop in December. She advised that key performance indicators and the public engagement process would be considered at the next meeting.

7 Policy on Significance

Shelley Hey, Strategic Support Manager, explained to Council that the three-yearly review of the Policy on Significance had been undertaken. She explained that the Policy is required by

the Local Government Act 2002 and is important because it sets out the framework for Council decision-making. The steps to determine the level of significance were outlined and examples provided. It was noted that the Policy had been working well over the last three years. The changes recommended by staff were:

- Removal of some duplication of wording from the legislation;
- Inclusion of additional exemptions from the thresholds for significant decisions;
- A change to the financial threshold for significant decisions to 10 percent of total expenditure (previously it was based on either 10 percent of capital or 10 percent of operating expenditure).

The workshop discussed what constitutes a 'Strategic Asset', particularly with regards to the Port of Tauranga and regional parks.

Direction provided:

- Strategic assets – reword 1st bullet to improve the wording "... investments in ports and assets";
- Strategic assets – delete 4th bullet on regional parks and land held for future park development;
- Check Policy alignment with Quayside Holding's constitution and Statement of Intent in terms of public consultation requirements.

Cr Bennett left the workshop at 2.34 p.m.

8 Council Outcomes

Ms Hey provided an update on the development process for Council's new outcomes framework. The Council outcomes (which were adopted in May 2011) will be included in the draft Ten Year Plan. She advised that staff have been working on descriptors as previously directed by Council and would like to provide them to Council for feedback outside of the workshop process.

Direction given:

- Provide the draft Council Outcomes section of the Ten Year Plan to councillors for informal feedback ahead of the 14 December 2011 Council workshop.

Day Two of the workshop closed at 2.45 p.m.