



**Report To:** Regional Council

**Meeting Date:** 13 December 2018

**Report From:** Mat Taylor, General Manager, Corporate Performance

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## **Annual Plan 2019/20 - Confirmation of direction given at 22 November 2018 Council Workshop**

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### **Executive Summary**

The purpose of this paper is to seek confirmation on direction provided by Council, at the 22 November 2018 Annual Plan 2019/20 workshop. This will then enable staff to prepare the draft budget and the Consultation Document for Annual Plan 2019/20.

Based on direction from the 22 November 2018 Annual Plan workshop, the draft budget for 2019/20 contains a number of variances from Year 2 of the Long Term Plan 2018-2028 including \$3.8 million of additional expenditure budget, which is requested on key issues. Further detail is provided in this paper. Based on the direction from the Annual Plan workshop, the draft budget for Annual Plan 2019/20 will include:

- A total general rates increase of 5.0%, which is approximately 2.2% higher than the forecast increase in Year 2 of the Long Term Plan 2018-2028 (approximately \$16 per household, up from \$10).
- Total operating revenue of \$134.0 million which is \$2.5 million more than the forecast Year 2 of Long Term Plan 2018-2028
- Total operating expenditure of \$137.2 million, which is \$2.5 million more than the forecast for Year 2 of Long Term Plan 2018-2028.
- Total capital expenditure of \$52.6 million, which is \$0.2 million more than the forecast for Year 2 of Long Term Plan 2018-2028.
- Total external borrowings of \$47.4 million, which is \$0.2 million more than the forecast for Year 2 of Long Term Plan 2018-2028.

Pursuant to section 95 2A of the Local Government Act (2002), these variances are not considered to be significant or material enough to require a full special consultative procedure (SCP). However, Council direction from the 22 November workshop was to consult on the Annual Plan 2019/20, including a specific focus on the following topics:

- A free Tauranga city-wide school student bus fare trial in 2020, funded through targeted rates.
- How regional Emergency Services could be funded in the Bay of Plenty region, including establishing a region wide differential rate.
- Amendments to Revenue and Financing Policy – changes to rating tools to facilitate targeted

rating for third party infrastructure funding and Emergency Services funding.

As part of the consultation approach – staff recommend undertaking a tailored approach referred to as “Have Your Say”.

## **Recommendations**

**That the Regional Council:**

- 1 Receives the report, Annual Plan 2019/20 - Confirmation of direction given at 22 November 2018 Council Workshop;**
- 2 Agrees to include an additional \$3.8 million of expenditure in the draft budget for Annual Plan 2019/20, in line with the direction from the Council workshop on 22 November 2018 and the list of budgeted expenditure requests provided in Table 1 and the financial implications detailed in Appendix 1 of this report;**
- 3 Agrees not to include any operating grants in the draft Annual Plan 2019/20 budget for the Ōpōtiki Harbour project, but to include an operating grant of \$20 million in 2021/22 of the 10 year rolling budget model for treasury purposes;**
- 4 Approves the draft budget for Annual Plan 2019/20 of:**
  - a. Total operating revenue of \$134.0 million which is \$2.5 million more than the forecast for Year 2 of the LTP 2018-2028 of \$131.5 million.**
  - b. Total operating expenditure of \$137.1 million which is \$2.5 million more than the forecast for Year 2 of the LTP 2018-2028 of \$134.6 million.**
  - c. Total capital expenditure of \$52.6 million which is \$0.2 million more than the forecast for Year 2 of the LTP 2018-2028 of \$52.4 million.**
  - d. Total borrowings for capital expenditure of \$47.4 million which is \$0.2 million more than the forecast for Year 2 of the LTP 2018-2028 of \$47.2 million.**
- 5 Notes the following draft real rates revenue increases:**
  - a. Forecast total real rates revenue increase of 10.9%, up from 5.3%. (approximately \$27 per household, up from \$14).**
  - b. Forecast real general rates increase of 5.0%, up from 2.8% (approximately \$16 per household, up from \$10).**
  - c. Forecast real targeted rates increase of 17.0%, up from 7.9%.**
- 6 Notes the draft budget for Annual Plan 2019/20 is unbalanced mainly due to operating grants for infrastructure projects which are funded from reserves, and that an unbalanced budget is prudent.**
- 7 Notes there are financial risk exposures which are discussed in Section 2.4 of this report, that staff will continue to monitor and provide updates to Council on, and that these exposures may impact on the forecasts for the draft budget for Annual Plan 2019/20.**

- 8 Agrees that pursuant to section 95 2A of the Local Government Act (2002), these variances are not considered to be significant or material enough to require a full special consultative procedure (SCP).**
- 9 Agrees that Council will follow a formal consultation process focused around 'Have Your Say' engagement events (not hearings).**
- 10 Directs staff to prepare a consultation document for the Annual Plan 2019/20 to address the following consultation questions:**
  - a. A free Tauranga city-wide school student bus fare trial in 2020, funded through targeted rates.**
  - b. How regional Emergency Services could be funded in the Bay of Plenty region, including establishing a region wide differential rate.**
  - c. Amendments to Revenue & Financing Policy – changes to rating tools to facilitate targeted rating for third party infrastructure funding and Emergency Services funding.**
- 11 Agrees that Resource Management Act Section 36 Fees and Charges will be fixed following a special consultative procedure separate from the Annual Plan 2019/20 process.**
- 12 Confirms that the decision has a low level of significance.**

## **1 Background**

On 22 November 2018, the second workshop to develop the Annual Plan (AP) 2019/20 was held. Papers were provided to Council on a range of key issues which proposed changes to Year 2 of the Long Term Plan (LTP) 2018-2028.

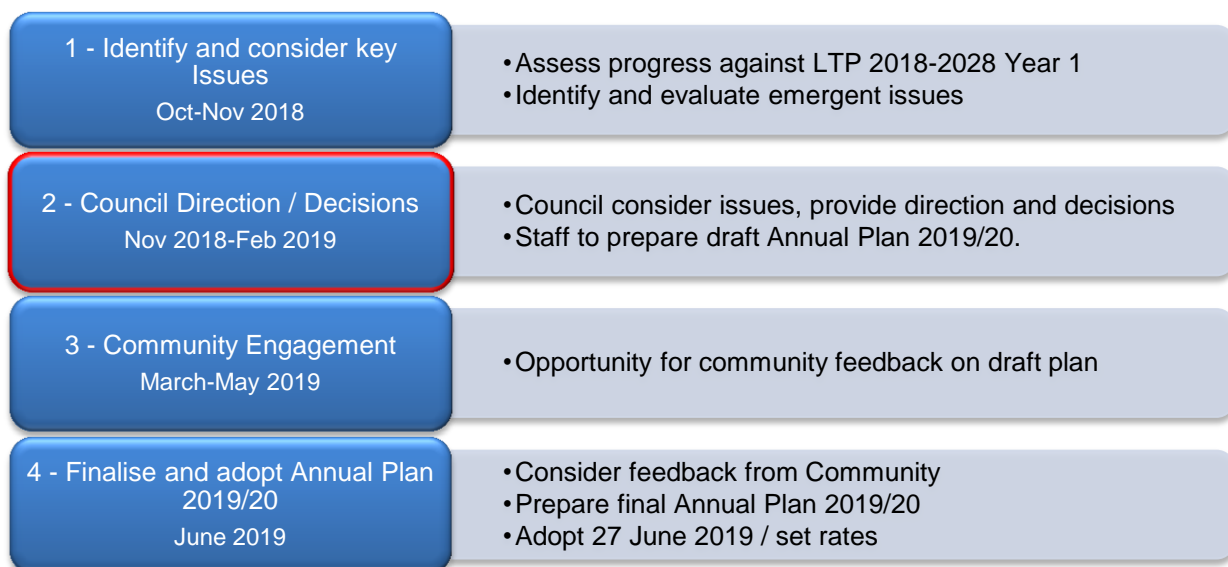
Councillors provided staff with direction on the issues discussed at the workshop. This paper is seeking formal confirmation of the direction given at the workshop.

In addition to considering issues with a direct financial implication for AP 2019/20, Council considered the Strategic Framework set out in the LTP 2018-2028 and its alignment with recent Central Government direction. This included the potential reintroduction of the four well-beings to the Local Government Act 2002, planned policy changes in the essential freshwater space and the impact of national and regional reviews on the structure of Civil Defence Emergency Management.

Council's Strategic Framework including Community Outcomes and Strategic Challenges remains fit for purpose, and the direction coming out of central government is not expected to have a direct financial impact for AP 2019/20. However the direction signalled is representative of the increasingly complex environment Council operates in and there may be financial implications for future years as the implications of central government direction becomes clear.

The high level process for delivering the AP 2019/20 is outlined in Figure 1 below.

**Figure 1:** Annual Plan 2019/20 Process



## 2 Annual Plan 2019/20 - changes to Year 2 of LTP 2018-2028

Council’s LTP 2018-2028 Year 1 commitments, including annual the work programme deliverables, capital projects and key performance indicators (KPIs) are monitored, reviewed, and reported on through Council’s performance monitoring report ‘Arotake’ as well as regular risk reporting through Audit and Risk Committee. This process helps to identify if any changes to Year 2 of LTP 2018-2028 are required and to identify any financial implications arising from changing commitments, new decisions of Council, or changing circumstances that may impact Council’s activities.

At the Council workshop on 22 November 2018, Council received an update on the draft budget for AP 2019/20 (version 1) and discussed a range of issues in relation to the draft AP 2019/20. The key issues were grouped using Councils LTP 2018-2028 Strategic Framework.

The following section summarises the key issues and the proposed budget changes, and the overall financial implication of the direction provided by Council at the workshop for AP 2019/20.

In addition, there are financial risk exposures in 2018/19 which staff will continue to monitor and provide updates to Council on. These exposures may impact on the updated forecasts for the draft budget for AP 2019/20 which staff will provide to Council at its next workshop in February 2019.

### 2.1 Key issues - additional expenditure requested

Based on direction received on a number of key issues, Councillors signalled their intention to increase the proposed level of budgeted expenditure for draft AP 2019/20 by \$3.8 million as summarised in Table 1.

Please note: The budget changes requested below have been incorporated into the AP19/20 rolling 10 year budget model, and the financial implications are summarised in the next section of this report and in Appendix 1.

*Table 1: Draft Annual Plan 2019/20 summary of additional expenditure budget requested (based on workshop direction)*

<b>Key Issues – Summary of implications</b>				
<b>Issue</b>	<b>Outline</b>	<b>Additional Budget Requested \$000</b>		<b>Funding Source(s)</b>
<b>Strategic Challenges</b>				
<b>Climate Change</b>	Council has committed to developing a 'climate change action plan'. A full suite of actions and funding priorities is still to be developed. Additional funding is sought to further develop options to form part of Council's climate change actions.	<b>Opex</b>	<b>200</b>	<b>General rates</b>
<b>The Way We Work</b>				
<b>Community Partnerships</b>	Several initiatives are currently underway to enhance Council's ability to partner effectively with our community. Further opportunities to optimise Council's community impact include an online people's panel. Additional funding is sought to develop this further.	<b>Opex</b>	<b>50</b>	<b>General rates</b>
<b>A Healthy Environment</b>				
<b>Integrated Catchments Management</b>	Additional funding is sought to provide additional biodiversity for the Kaimai Mamaku ranges through ground based pest control. This is dependent on leveraging funding from partners.	<b>Opex</b>	<b>242</b>	<b>General rates</b>
<b>Resource Regulation and Monitoring - Resource Consents</b>	The number of consent applications and technical specialist workloads are anticipated to continue to increase in 2019/20. Additional funding is sought to ensure Council has sufficient capacity to deliver its level of service and targets. Additional operating expenditure is proposed which will be offset by cost recoveries.	<b>Opex</b>	<b>495</b>	<b>Fees and charges</b>
<b>Safe and Resilient Communities</b>				
<b>Flood Protection and Control</b>	Additional funding sought for infrastructure insurance in the Rivers and Drainage Schemes Activity, in line with increases in the 2018/19 premiums.	<b>Opex</b>	<b>360</b>	<b>Targeted rates (80%) and general rates (20%)</b>

<b>A Vibrant Region</b>				
<b>Passenger Transport</b>	Additional funding sought to trial a free Tauranga city-wide school student bus fare from January 2020. This includes additional capital expenditure for ticketing equipment.	<b>Opex</b>	<b>1,075</b>	<b>Targeted rates</b>
		<b>Capex</b>	<b>160</b>	<b>Debt</b>
<b>Passenger Transport</b>	Additional funding sought to trial a Murupara to Rotorua commuter bus service.	<b>Opex</b>	<b>160</b>	<b>Targeted rates</b>
<b>Passenger Transport</b>	Additional funding sought to trial a public transport service for Mamaku.	<b>Opex</b>	<b>50</b>	<b>General rates</b>
<b>Passenger Transport</b>	Additional funding sought to provide real time passenger information for Rotorua and Whakatāne commuters.	<b>Opex</b>	<b>82</b>	<b>Targeted rates</b>
<b>Passenger Transport</b>	Additional funding sought to trial tertiary student transport service.	<b>Opex</b>	<b>560</b>	<b>Targeted rates</b>
<b>Regional Planning and Engagement</b>	As part of Council's SmartGrowth collaboration in western Bay of Plenty sub-region, additional funding sought for UFTI (formerly called the Centre of Transport).	<b>Opex</b>	<b>420</b>	<b>General rates</b>

## 2.2 Financial implications

Based on Councillor direction provided at the workshop on 22 November as well as new information and internal reviews, staff have recently prepared the updates to the 10 year rolling budget model from Year 2 of LTP 2018-2028. A second draft budget for AP 2019/20 (version 2) is summarised as follows:

- Total operating revenue of \$134.0 million which is 2.5 million more than the forecast for Year 2 of the LTP 2018-2028 of \$131.5 million.
- Total operating expenditure of \$137.1 million which is \$2.5 million more than the forecast for Year 2 of the LTP 2018-2028 of \$134.6 million.
- Total capital expenditure of \$52.6 million which is \$0.2 million more than the forecast for Year 2 of the LTP 2018-2028 of \$52.4 million.
- Total borrowings for capital expenditure of \$47.4 million which is \$0.2 million more than the forecast for Year 2 of the LTP 2018-2028 of \$47.2 million

The main changes are:

- Council set a budgeted efficiency savings target for 2019/20 of \$780,000. Forecast savings through 2018/19 are \$1.5 million of which approximately \$1 million savings are forecast to flow through to 2019/20. Some of this savings has been applied to the additional budgeted expenditure that is requested.
- Inclusion of a new budgeted efficiency savings target of \$1 million per annum.
- Following the Council workshop on 22 November, additional expenditure budget requests of \$3.8 million which are set out in Table 1 and Appendix 1 of this report.

With the inclusion of these changes and amendments, the forecast rates in 2019/20 compared with Year 2 of LTP 2018-2028 are as follows:

- Forecast total real rates revenue increase of 10.9%, up from 5.3%. (approximately \$27 per household, up from \$14).
- Forecast real general rates increase of 5.0%, up from 2.8% (approximately \$16 per household, up from \$10).
- Forecast real targeted rates increase of 17.0%, up from 7.9%.

As a result, the budgeted operating deficit (unbalanced budget) for AP19/20 is \$3.1 million which is equivalent to the budgeted operating deficit in Year 2 of LTP 2018-2028. The unbalanced budget is mainly due to operating grants for infrastructure projects which are funded from reserves, and that an unbalanced budget is prudent.

The differences in the forecast operating and capital expenditure, between the draft AP 2019/20 budget (version 2) and Year 2 of LTP 2018-2028 are summarised below. More detailed analysis of these changes including a summary of the funding implications from the key issues is included in Appendix 1 to this report.

Table 2: Draft Annual Plan 2019/20 summary of budget changes – operating expenditure

Operating expenditure	LTP Yr 1 2018/19	Draft AP 2019/20	2020/21	2021/22
	\$000	\$000	\$000	\$000
Total operating expenditure - LTP 2018-2028	137,054	134,648	144,753	151,337
Net decrease – in year adjustments	-	(1,153)	(1,417)	(1,171)
Net increase – key issues	-	3,695	4,344	24,423
<b>Revised total operating expenditure</b>	<b>137,054</b>	<b>137,190</b>	<b>147,680</b>	<b>174,589</b>

Table 3: Draft Annual Plan 2019/20 summary of budget changes – capital expenditure

Capital expenditure	LTP Yr 1 2018/19	Draft AP 2019/20	2020/21	2021/22
	\$000	\$000	\$000	\$000
Total capital expenditure - LTP 2018-2028	57,897	52,406	30,710	8,304
Net increase / (decrease) – key issues		160	-	-
<b>Revised total capital expenditure</b>	<b>57,897</b>	<b>52,566</b>	<b>30,710</b>	<b>8,304</b>

### 2.3 Capital expenditure

As noted above, the forecast capital expenditure in the draft budget for AP 2019/20 is \$52.6 million of which \$47.4 million is forecast to be funded by external borrowings with the balance funded by capital grants and insurance recoveries. Council's total borrowings will remain well within prudent levels.

Further changes may be incorporated into the 2019/20 capital works programme as a result of monitoring the delivery of the capital projects in 2018/19 and Council decisions.

### 2.4 Potential additional items - unbudgeted

There are financial risk exposures in 2018/19 which staff will continue to monitor and provide updates to Council on. These exposures may impact on the updated forecasts for the draft AP 2019/20. These include:



- Rotorua Lakes incentive Programme – the Rotorua Catchments team are reviewing the Integrated Framework for Lake Rotorua and the interventions to achieve the targets in the framework. Funding may be deferred from 2019/20 to subsequent pending the outcome of this work.
- Regulatory Compliance and Monitoring (including Air Monitoring) – following discussion at the workshop, Council directed staff to provide an update to Council on any cost implications for maintaining the current levels of service in the context of forecast demand for services.
- Provincial Growth Fund (PGF) applications - Council are progressing an application for Rangitāiki Floodway project in conjunction with four other regions (Northland, Horizons, Gisborne, and West Coast) as part of a flood infrastructure bid. Council are also aware of a number of other applications to the PGF, including applications in support of the Ōpōtiki Harbour project.
- Emergency Management Funding – staff are currently scoping work in relation to regional funding of Emergency Management Services e.g. Surf Life Saving, Coast Guard, rescue helicopter services. This has been identified as a consultation topic for AP 2019/20. Cost implications and options will be brought back to Council in February 2019.
- Smart Growth – Council are currently considering a recent review of the Bay of Connections strategy, which includes the Regional Growth Programme and supporting Action Plan. No financial implications are currently signalled for 2019/20, however staff will be continuing to monitor and update Council as required.
- Kopeopeo Canal Remediation Project – this project seeks to safely remove elevated levels of dioxin-contaminated sediment from 5.1kms of the Kopeopeo Canal. The project is jointly funded by the Ministry for the Environment. This is a complex project and is being closely managed and monitored by Council.
- Ōpōtiki Harbour Project Funding - During the development of LTP 2018-2028, central government had declined the proposal for the Ōpōtiki Harbour project. As a result Council decided to hold \$20 million in reserves through all years of the LTP 2018-2028, being the funding it had assigned to this project through the Regional Infrastructure Fund (RIF) contestable process in the previous Long Term Plan.

Since the adoption of Council's LTP 2018-2028, the Ōpōtiki Harbour project has gained traction. The exact timing of this project is unknown, and therefore staff are not recommending any budget changes for AP 2019/20 at this Council meeting. Staff were directed by Council at the workshop in November 2018 to assume an operating grant of \$20 million for the Ōpōtiki Harbour project in 2021/22 and Councillors noted the effect of using funding from the Regional Fund Reserve was to lower projected external interest revenue and a consequential increase in the general rates forecasts of approximately \$1 million per annum from 2021/22 onwards. This was for treasury purposes. This assumption will be reviewed as part of the preparation for the AP2019/20 workshop in February 2019.

## 2.5 Budget – next steps

Following approval from Council at this meeting, the budget model will be updated with any changes to form the basis for the draft Annual Plan Budget 2019/20 to inform consultation.

### **3 Community Engagement**

At the Council workshop on the 22 November, Council were reminded that under LGA s 95(2A), Council is only required to consult on “significant and material changes” to the Long Term Plan. The term “significant” is defined by Council’s Significance and Engagement Policy (Appendix 3). The Local Government Act 2002 defines “material” difference as *“a difference, variation, or departure which could, itself or in conjunction with other differences, influence the decisions or assessments of those reading or responding to the consultation document”*.

Staff assessed that all proposed changes for AP 2019/20, including the issues discussed in the workshop, against Council’s Significance and Engagement Policy and an assessment for materiality. Staff do not consider the proposed changes to be “significant” or “material”.

On this basis, Council has the flexibility to determine the most appropriate community engagement pathway. Council may choose to consult fully; or take other pathways such as informing, or not engaging at all. These engagement pathways are consistent with Council’s Spectrum of Engagement included in the Significance and Engagement Policy published on the Bay of Plenty Regional Council website.

Councillors were also informed that separate to the decision on engaging on the AP 2019/20, Council is still required to undertake a full Special Consultation Procedure in relation to the Resource Management Act Section 36 Fees and Charges, as has been carried out in previous years.

#### **3.1 Approach to Community Engagement**

##### **3.1.1 Inform Approach**

The ‘inform’ approach was used for the last two Annual Plans (2016/17 & 2017/18) and would include informing the public of the changes Council is planning to make through its Annual Plan through an information document.

Highlights of this approach are: Informal feedback received from the community, no formal hearings or submissions or engagement events.

##### **3.1.2 Formal Consultation Approach**

Through the development of the Long Term Plan 2018-2028, a number of Councils (including WBOPDC and Northland RC) used new approaches for engaging with the community in order to facilitate wider engagement with the community.

The new approach is becoming one that Councils are using to replace the traditional approach – an alternative and simplified process that is more engaging for Councils, its people and communities.

##### **(1) Option 1 – Formal Hearing Consultation**

This would involve a similar approach as used for consultation through the LTP 2018-2028, including:

- Public notification of consultation questions in a Consultation Document
- Seek formal submissions from the community
- Public hearings where submitters are invited to speak to their submission

- Council deliberations/decisions
- Adoption of Annual Plan 2019/20.

## (2) Option 2 – Tailored ‘Have your Say’ Consultation – RECOMMENDED

This would adapt the consultation approach followed through the LTP 2018-2028 and would combine consultation, submission and hearing processes via targeted community events. This approach can be tailored to suit but is a simplified and more collaborative process and includes:

- Public notification of consultation questions in a Consultation Document
- Formal submissions from the community
- The alternative approach to the traditional: a series of ‘Have Your Say’ community events which combines consultation, submission and hearing process. This can be designed to suit the consultation questions and target audience, but typically includes:
  - Several targeted events held across the region often held alongside other key community events
  - Events focused on consultation questions relevant to that community with the opportunity to provide additional information
  - “World Café” style events where members of the community discuss issues with 1-2 Councillors around a table.
  - Open discussion and debate about the issues with the opportunity for this to feed into individual submissions
  - Staff facilitators at each table to ensure all members of the community have a chance to have their say.
  - Staff recording notes for the public to see, discuss, and include in submissions.
  - Options for submissions – take away forms, or submission lodgement tools on site
- Council deliberations/decisions
- Adoption of Annual Plan 2019/20

The following Table 4 compares the formal consultation approaches.

Table 4: Comparing Formal Consultation Approaches

<b>Traditional - Hearings</b>	<b>Tailored Approach – “Have Your Say”</b>
<b>Positives</b>	<b>Positives</b>
<ul style="list-style-type: none"> <li>- Submitters are heard and generally have five minutes</li> <li>- Full attention provided to submitter by all present</li> </ul>	<ul style="list-style-type: none"> <li>- Multiple opportunities to attend</li> <li>- Less confronting</li> <li>- Can think about and write submission at the time</li> <li>- Events can be tailored and targeted as necessary and for maximum attendance</li> <li>- A variety of options can be included e.g. “friends of submitter” volunteers.</li> </ul>
<b>Negatives</b>	<b>Negatives</b>
<ul style="list-style-type: none"> <li>- Formal / confronting environment – some prefer informal</li> <li>- Opportunity for only 1-2 questions</li> <li>- No meeting of minds/discussion opportunities</li> <li>- Only available on certain day/time</li> </ul>	<ul style="list-style-type: none"> <li>- Some prefer formal approach</li> <li>- Risk of stakeholders feeling unheard</li> </ul>

### 3.1.3 Community Engagement – Confirming Our Approach

At the 22 November workshop, Councillors discussed the consultation and engagement approach to AP 2019/20. Councillors directed staff to take a consultation approach, rather than an inform approach. Staff seek to confirm this direction and in addition, confirm which one of the two formal consultation approaches should be utilised.

Staff seek confirmation from Council to prepare a community engagement plan to support either:

1. An 'Inform' approach to Community Engagement , or
2. Formal Consultation:
  - Option 1 - Formal Hearing consultation
  - Option 2 - Consultation focused around tailored 'Have your Say' engagement events (**Staff recommend this approach**)

### 3.2 Consultation Questions

In addition to the direction on the community engagement approach for AP 2019/20, Councillors provided staff with direction to seek the views of the community on the following questions:

Consultation Topics

- A free Tauranga city-wide school student bus fare trial in 2020, funded through targeted rates.
- How regional Emergency Services could be funded in the Bay of Plenty region, including establishing a region wide differential rate.
- Amendments to R&F policy – changes to rating tools to facilitate targeted rating for third party infrastructure funding and Emergency Services funding.

Staff also propose informing the community on a range of items including:

- Increases on funding for Climate Change;
- Biosecurity (support for the Kaimai Mamaku ranges), and
- Additional passenger transport trials.

### 3.3 Community Engagement and Next Steps

Staff are seeking confirmation of the approach for Community Engagement. Following confirmation, staff will prepare the community engagement plan for the Council Workshop on 1 February 2019.

## 4 Implications for Māori

Our region has New Zealand's largest number of iwi entities and the second largest Māori population. This provides the region and its communities with a rich and vibrant cultural dynamic.

As partners to the Treaty of Waitangi, Māori have particular constitutional rights and interests which are expressed not only in law but also in the way they engage at a

national and regional level through their culture, language and mātauranga (Māori knowledge).

Ensuring Māori participation in Council decision-making processes is required by the LGA, and Council has an important role and obligation, in building Māori capacity and capability. Consultation and engagement with Māori on the Annual Plan 2019/20 will reflect the Council decision on the level of engagement for this Annual Plan overall.

## 5 Financial Implications

The financial implications between the draft AP 2019/20 budget (version 2) and Year 2 of LTP 2018-2028 are summarised in Appendix 1.

## 6 Next Steps

Following decisions from Councillors at the Council meeting on the 13 December 2018, staff will prepare material, including draft budgets and consultation questions for the Annual Plan 2019/20 workshop on the 1 February 2019.



Debbie Hyland  
**Finance and Corporate Planning Manager**  
for General Manager, Corporate Performance

7 December 2018

**APPENDIX 1: Draft Annual Plan 2019/20 - Financial Implications of Budget Changes to Year 2 of the Long Term Plan 2018-2028 and Key Issues**

Key Issue	Operating Expenditure and Revenue		Description	Class	Rolling Budget Model										10 Year	
	Group of Activities	Activity			DAP	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
					\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>In Year Adjustments</b>																
	All Activities		Lower staffing/consultant costs due to delivery of efficiency savings		(894)	(929)	(754)	(739)	(666)	(655)	(644)	(632)	(621)	-	(6,534)	
	All Activities		Adjustments to depreciation/other expenses		(317)	(266)	(195)	(6)	223	282	221	219	284	-	445	
	Corporate Services	Corporate	Remove previous efficiency savings target \$780,000 per year	Administration	778	778	778	778	778	778	778	778	778	-	7,002	
	Corporate Services	Corporate	New efficiency savings target \$1,000,000 per year	Administration	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	-	(9,000)	
	Corporate Services	Corporate	Treasury - reduction in interest costs for 2019/20	Finance Costs	280	-	-	-	-	-	-	-	-	-	280	
	<b>Decrease in Expenditure: In Year Adjustments</b>				<b>(1,153)</b>	<b>(1,417)</b>	<b>(1,171)</b>	<b>(967)</b>	<b>(665)</b>	<b>(595)</b>	<b>(645)</b>	<b>(635)</b>	<b>(559)</b>	<b>-</b>	<b>(7,807)</b>	
<b>Workshop Direction 22 November 2018</b>																
<b>Strategic Challenges</b>	All	All	Climate change		200	-	-	-	-	-	-	-	-	-	200	
<b>The Way We Work</b>	Regional Planning and Engagement	Community engagement	Community engagement - online peoples panel		50	50	50	50	50	50	50	50	50	50	500	
<b>A Healthy Environment</b>	Integrated Catchments	Tauranga Harbour	Increase pest control in Kaimai Mamaku Ranges. BOPRC cost share.	Contract	242	277	287	322	357	-	-	-	-	-	1,485	
	Resource Regulation and Monitoring	Resource Consents	Additional resourcing to achieve new KPIs in LTP 2018-28 (offset by cost recoveries)	Consultants	495	506	517	222	227	232	238	244	250	257	3,188	
<b>Safe and Resilient Communities</b>	Flood Protection and Control	Rivers and Drainage	Infrastructure insurance renewal	General	360	375	361	346	328	306	281	253	220	220	3,051	
	Regional Development	Regional Infrastructure	Ōpōtiki Harbour project grant expenditure in 2021/22	Grant	-	-	20,000	-	-	-	-	-	-	-	20,000	
	Transportation	Rotorua Passenger Transport	Trial Tertiary Student Transport Services	Net Cost	210	218	223	228	233	239	244	251	257	264	2,367	
	Transportation	Whakatāne Passenger Transport	Trial Tertiary Student Transport Services	Net Cost	141	147	151	154	158	162	166	170	175	175	1,597	
	Transportation	Western Bay Passenger Transport	Trial Tertiary Student Transport Services	Net Cost	209	219	224	229	234	240	246	253	260	260	2,375	
<b>A Vibrant Region</b>	Transportation	Whakatāne Passenger Transport	Murupara to Rotorua Trial Commuter Bus Service	Net Cost	160	167	171	175	179	183	188	193	198	198	1,812	
	Transportation	Tauranga Passenger Transport	Tauranga City-wide School Bus Fare Free initiative	Net Cost	1,075	2,248	2,298	2,352	2,407	2,466	2,528	2,595	2,666	2,666	23,301	
	Transportation	Regional Passenger Transport	Mamaku Trial Public Transport Services	Net Cost	50	52	53	55	56	57	59	60	62	62	566	
	Transportation	Rotorua Passenger Transport	Real Time Passenger Information	Contract	66	69	70	72	74	75	77	79	81	81	744	
	Transportation	Whakatāne Passenger Transport	Real Time Passenger Information	Contract	16	17	17	18	18	18	19	19	20	20	181	
	Regional Planning and Engagement	Regional Planning	Western Bay of Plenty Sub-region Urban Form (via Smartgrowth)	Grant	420	-	-	-	-	-	-	-	-	-	420	
	<b>Increase in Expenditure: Workshop Direction</b>				<b>3,695</b>	<b>4,344</b>	<b>24,423</b>	<b>4,221</b>	<b>4,321</b>	<b>4,028</b>	<b>4,097</b>	<b>4,167</b>	<b>4,239</b>	<b>4,253</b>	<b>61,787</b>	
	<b>TOTAL INCREASE IN OPERATING EXPENDITURE</b>				<b>2,542</b>	<b>2,927</b>	<b>23,252</b>	<b>3,254</b>	<b>3,656</b>	<b>3,433</b>	<b>3,452</b>	<b>3,532</b>	<b>3,680</b>	<b>4,253</b>	<b>53,981</b>	
<b>Funded by</b>	Revenue		External Interest Received		569	-	941	1,041	1,141	1,191	1,241	1,141	1,091	1,041	9,397	
			Transport Subsidies		(64)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(41)	(404)	
			Fees and Charges		(495)	(506)	(517)	(222)	(227)	(232)	(238)	(244)	(250)	(257)	(3,188)	
		Targeted Rates			(1,965)	(3,688)	(3,286)	(3,433)	(3,611)	(3,618)	(3,657)	(3,725)	(3,796)	(3,796)	(34,576)	
		General Rates			(556)	1,302	(355)	(604)	(922)	(736)	(760)	(665)	(684)	(1,200)	(5,180)	
		Reserve Funds			(31)		(20,000)	-	-	-	-	-	-	-	(20,031)	
	<b>TOTAL (INCREASE) / DECREASE OPERATING FUNDING</b>				<b>(2,542)</b>	<b>(2,927)</b>	<b>(23,252)</b>	<b>(3,254)</b>	<b>(3,656)</b>	<b>(3,433)</b>	<b>(3,452)</b>	<b>(3,532)</b>	<b>(3,680)</b>	<b>(4,253)</b>	<b>(53,981)</b>	

