

## Hauraki Gulf Forum / Tīkapa Moana Budget 2019/2020

This paper expands on the thinking presented at the recently held meeting on 8 February 2019.

During that discussion, we noted that many members needed, with urgency, numbers to use in their own budgetary processes. We would encourage you to work with the numbers below for signalling purposes pending our further discussions.

There are three options outlined in this paper for the 2019/2020 budget:

- Status Quo
- 25% Increase
- 10% Increase

Our preferred option is a 25% increase, for the reasons noted.

The paper also proposes future Forum budgets account for inflation.

In addition, it is important to recognise up front that the numbers reflected in this paper belie the significant contributions to the Forum that all members are making over and above any direct budgetary contributions.

### Options

#### 1. Status Quo = ~\$262,500 Annual Budget

What do members get for their existing investment?

- 3-yearly State of the Environment report (\$150,000 total cost, or \$50,000 per annum)
- Annual Report (\$6,000 per annum)
- Annual Poster (\$45,000 per annum, though sponsorship traditionally cuts this to around \$10,000 incurred by the Forum)
- Annual Seminar (~\$20,000 per annum)
- Quarterly Gulf Journal (depends on associated IT costs - ~\$20,000 per annum)
- Administration, including Executive Officer, Governance Advisor support, Financial support and limited Secretarial support, plus limited travel for Chairperson and Deputy. (\$155,000 per annum)

The State of the Environment report and Annual Report are legislative requirements.

The Poster, Seminar and Gulf Journal are initiatives of the Forum.

Administration covers one full time Executive Officer, and fractional payments for the support of three other specialised functions provided by the Administering Authority. The role of the Executive Officer ranges from strategic work in support of the Forum, its leadership, members, and stakeholders, through to basic administrative functions.

The budget has remained largely unchanged for the past 5 years. Inflation is not being applied. And of late, some additional expenditure has been taken/earmarked from the Forum's accumulated surplus. The accumulated surplus, which will sit around \$85,000 after the communications strategy

earmarked from the surplus is completed, was built up slowly from underspends - but is now decreasing. In addition, the budget has to an extent underplayed some costs associated with certain items (e.g. the poster).

In summary, the status quo essentially provides for the core administrative functions plus a limited set of activities in pursuit of the Forum’s legislated purposes, but also presents some risks. The accumulated surplus provides a useful rainy day fund, but is not a sustainable source for any new regular expenditure.

## 2. 25% increase = ~\$328,000 Annual Budget

What would members get for the additional investment?

The additional ~\$65,000 would primarily enable the hiring of a second staff member to: (i) support greater progress in respect of the Forum’s legislated purpose to (s15, b) facilitate communication, co-operation and co-ordination, and (ii) support the Forum’s legislated purpose to (s15, c) recognise the historic, traditional, cultural and spiritual relationship of tangata whenua. This aligns with the Forum’s #1 Strategic Priority: Improving Integrated Management through Collaborative Planning, Informed Decision-Making and Credible Action. It would also allow a more cost-effective delineation of the range of support functions, enable a greater focus on substantive vs administrative items at meetings, and de-risk the Forum’s current reliance on a single staff member, which presents risks around change, absence, and continuity.

The following table sets out the impact of this option for each contributing party:

Constituent Party Contributions Indications				
	2018/19 Contributions	with 25% increase		difference
MPI	\$ 29,109.75	\$ 36,387.19	\$	7,277.44
DOC	\$ 29,109.75	\$ 36,387.19	\$	7,277.44
TPK	\$ 29,109.75	\$ 36,387.19	\$	7,277.44
WRC	\$ 29,057.30	\$ 36,321.63	\$	7,264.33
AC	\$ 117,488.00	\$ 146,860.00	\$	29,372.00
WDC	\$ 812.98	\$ 1,016.22	\$	203.24
HDC	\$ 6,766.05	\$ 8,457.56	\$	1,691.51
TCDC	\$ 11,670.13	\$ 14,587.66	\$	2,917.53
MPDC	\$ 9,152.53	\$ 11,440.66	\$	2,288.13
	<b>\$ 262,276.23</b>	<b>\$ 327,845.28</b>	\$	65,569.06

## 3. 10% increase = ~\$288,500 Annual Budget

What would members get for the additional investment?

The additional ~\$26,250 would allow for some limited contracted support or additional outputs in respect of those purposes noted under option 2 (25% increase).

The following table sets out the impact of this option for each contributing party:

<b>Constituent Party Contributions Indications</b>				
	<b>2018/19 Contributions</b>	<b>with 10% increase</b>	<b>difference</b>	
MPI	\$ 29,109.75	\$ 32,020.73	\$	2,910.98
DOC	\$ 29,109.75	\$ 32,020.73	\$	2,910.98
TPK	\$ 29,109.75	\$ 32,020.73	\$	2,910.98
WRC	\$ 29,057.30	\$ 31,963.03	\$	2,905.73
AC	\$ 117,488.00	\$ 129,236.80	\$	11,748.80
WDC	\$ 812.98	\$ 894.27	\$	81.30
HDC	\$ 6,766.05	\$ 7,442.66	\$	676.61
TCDC	\$ 11,670.13	\$ 12,837.14	\$	1,167.01
MPDC	\$ 9,152.53	\$ 10,067.78	\$	915.25
	<b>\$ 262,276.23</b>	<b>\$ 288,503.85</b>	\$	26,227.62

### **Additional Issue: Inflation**

Unlike its Administering Authority, the Forum's budget takes no account of inflation. This is an issue right across the Forum's budget, as in respect of almost every item inflation has and will impact on the cost of services from year to year. By not applying inflation, for example, the status quo budget of \$262,500 is almost 10% shy of where it should be had it been adjusted for inflation based on the annual CPI over the past five years.

Going forward, we recommend that the budget process take account of inflation.

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