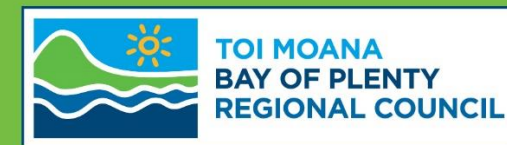


***Te Mahere Tūroa***  
**Long Term Plan 2024-2034**



**YOUR BAY YOUR SAY**

*Te arotake o te kaupapa pūtea me te moni whiwhi*

## **Revenue and Financing Policy review**

*Te Taukī Whakakaupapa*

### **Statement of Proposal**

## Overview

### What is the Revenue and Financing Policy?

The Revenue and Financing Policy describes how we will use revenue and financing sources to fund our activities. We can fund our activities from a range of tools, including borrowing, grants and subsidies, property rates, direct charges for services, financial reserves, investment income and financial contributions. In developing a Revenue and Financing Policy, we choose the most appropriate funding sources for activities.

### Why has this policy been reviewed?

We review our Revenue and Financing Policy every three years as part of developing the Long Term Plan (LTP), or sooner if change is required. The previous review of the policy was done in 2022 alongside our Draft Annual Plan 2022/23.

### What has happened so far?

As part of the LTP development, a full review was undertaken, following the legislated process outlined in the Local Government Act 2002, section 101. This involves considering for each of our activities:

- the community outcomes to which the activity primarily contributes
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals
- the period in or over which those benefits are expected to occur
- the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

After considering the funding sources for each activity, we considered the overall impact of using those funding sources on the current and future social, economic, environmental, and cultural well-being of the community. When looking at the overall impact, we made some adjustments to smooth the effect of changes in funding sources.

## What is being proposed?

Below is a summary of the key changes we are proposing. A full version of the proposed new Revenue and Financing Policy is available on our website [Revenue and Financing Policy Review | Participate BOPRC](#).

Supporting information is also available on our website, including the Funding Needs Analysis which outlines the rationale for the allocation of funding to activity.

During the review, we confirmed the rationale for many of the current funding sources for activities and identified funding sources for several new activities. None of the new activities are brand new work for us, but in the draft 2024-2034 LTP they are now separate activities instead of being part of a larger activity.

New activities are:

- Climate Change Programme Coordination
- Freshwater Programme
- Te Pae Tawhiti (Māori Capability and Capacity Building)
- Collaboration and Shared Services.

The proposed funding sources for these new activities are similar to the funding sources that were used when they were part of a larger activity.

A summary of the key changes to the funding of other activities is outlined below.

# *Whakarāpopotonga o ngā panonitanga tono*

## Summary of proposed changes

*There are three key funding changes proposed - for urban public transport, Rotorua Catchments activity, and Rotorua Air regulation.*

### Proposal 1 – Funding public transport in urban centres

We support our community to access public transport by operating the Baybus network, delivered in partnership with our bus operators. This includes Bayhopper buses in the Western and Eastern Bay of Plenty, and Cityride buses in Rotorua, as well as regional services. Effective public transport plays an important role in the growth of our region.

Public transport can:

- Reduce traffic congestion for all road users
- Lower regional carbon emissions
- Improve air quality
- Have public health and social wellbeing benefits.

Urban bus services attract a subsidy from central government of around 49% and the remaining costs are funded from bus fares (about 6%) and rates (42%) and other revenue (3%). In the 2021-2031 LTP, we chose to fund the rates portion entirely from targeted rates, with different targeted rates for Tauranga, Western Bay, Rotorua and Whakatane. This approach aligns costs with areas where the service is provided but doesn't fully account for other benefits across the region.

In the recent review, we thought it would be fairer if a portion of rates funding for urban public transport came from general rates which are paid by all ratepayers across the region. We are proposing a mixed funding approach, with both targeted and general rates, to distribute costs more equitably. This recognises that public transport provides a wider benefit to everyone in the region, for example, the opportunity for communities to be more connected, reduced congestion and carbon emissions, and improved economic activity.

We propose that of the rates funded operating costs for urban public transport, 10% comes from general Rates and 90% from Targeted Rates. This would mean that, on average, the total rates per ratepayer would decrease in Tauranga and Rotorua, and there would be small increase in other parts of the Bay of Plenty.

The financial impact of the proposed change is shown below, comparing the status quo, Option 1 (rates funding is 100% from targeted rates) with Option 2 (rates funding is 90% from targeted rates and 10% from general rates). In each of the options, the shares of funding from fares, central government and other sources are not proposed to change.

Option 1		Rates funding for public transport in urban areas across the Bay of Plenty comes 100% from targeted rates (status quo)	
Change to level of service; Impact on debt levels		No impact on levels of service or debt levels	
Advantages		Disadvantages	
<ul style="list-style-type: none"> <li>No increases in general rates</li> <li>Areas where bus services are concentrated, pay the rates for the service.</li> </ul>		<ul style="list-style-type: none"> <li>Does not recognise wider benefits of public transport to everyone in the region, including the opportunity for communities to be more connected, reduced congestion and carbon emissions, and improved economic activity.</li> </ul>	
Impact on rates		<p><b>Status quo</b> rates funding remains 100% targeted rates</p> <p><b>Targeted rates:</b> for 2024/25 would be \$313 in Tauranga, \$187 in Rotorua, \$49 in Western Bay and \$51 in Whakatāne, per household/ratepayer.</p>	

<b>Option 2</b>		<b>Rates funding for public transport in urban centres comes from 90% targeted and 10% general rates (our preferred option)</b>	
<b>Change to level of service; Impact on debt levels</b>		No impact on levels of service or debt levels	
<b>Advantages</b>		<b>Disadvantages</b>	
<ul style="list-style-type: none"> <li>Greater fairness as everyone pays a contribution towards the cost of urban public transport which enables communities to be more connected, reduces congestion and carbon emissions, and improves economic activity."</li> </ul>		<ul style="list-style-type: none"> <li>People in areas more distant from public transport networks will pay more towards urban public transport, compared to Option 1, which they may consider unfair.</li> </ul>	
<b>Impact on rates</b>		<p><b>General rates increase, targeted rates decrease.</b></p> <p><b>General rates:</b> for 2024/25 the contribution to public transport would increase by an average of \$11 per household/ratepayer, depending on land value.</p> <p><b>Targeted Rates:</b> for 2024/25 would reduce from \$313 to \$282 in Tauranga, from \$187 to \$168 in Rotorua, from \$49 to \$44 in Western Bay and from \$51 to \$46 in Whakatāne, per household/ratepayer.</p>	

## Proposal 2 – Rotorua Catchments operating costs funding and three-year transition

The purpose of the Rotorua Catchments activity is to promote the sustainable management of the Rotorua lakes and their catchments for present and future generations. It includes work to meet commitments in our Regional Policy Statement and Regional Plans (including Lake Action Plans) and in specified resource consents. The activity also supports the ancestral relationship of Te Arawa with their lakes through membership of the Rotorua Te Arawa Lakes Strategy Group, set up in accordance with the Te Arawa Settlement Act.

Subsidies and grants are available for some of the work undertaken in this activity and the remainder is funded through rates. In the 2021-2031 LTP, we chose to fund the rates portion of operating costs through 50% from targeted rates over the Rotorua district and 50% from general rates over the whole region.

[Statement of Proposal: Revenue and Financing Policy](#)

In the recent review, we noted that the causes of water quality issues are historical and intergenerational. We also recognised that the work to improve water quality benefits the whole catchment ecosystem (including the Kaituna and Tarawera rivers) and the regional community. As a result, we propose that the rates funded portion of operating costs should be funded by the whole region, through general rates. This is consistent with the way we fund catchment management activities in other parts of the Bay of Plenty region.

The financial impact of this proposed change would be to shift about \$4.5 million each year of targeted rates paid by Rotorua properties to general rates, paid by all ratepayers in the region. This would mean rates in Rotorua would be lower than if the current policy was maintained, and for other districts, rates would be higher.

If this policy change was implemented from 1 July 2024, the impact on general rates would be substantial, so we propose to delay the change in policy to 2025/26, and to transition the switch from targeted rates to general rates over three years, with full implementation in 2027/28. For the 2024/25 financial year, the 2021-2031 LTP Policy would apply. The impact is shown below, comparing Option 1 (current, 2021-2031 LTP policy) with Option 2 (proposed new policy and transition proposal).

The policy for funding capital expenditure remains unchanged under these proposals. For both options, the funding sources are loans, reserves, grants and subsidies, and insurance recoveries.

### Option 1: Equal shares of targeted rates on Rotorua properties and general rates, calculated after any subsidies are deducted (status quo)

#### Change to level of service; Impact on debt levels

No impact on levels of service or debt levels

#### Advantages

- Allows for different level of service in Rotorua
- Rates collected are ring-fenced for Rotorua Catchment

#### Disadvantages

- More complex rating system
- Regionally inconsistent funding approach could impact on equity

#### Impact on rates

**Status quo** for 2024/25 through to 2033/34.

**Targeted rates:** for 2024/25, an average of \$164 per ratepayer in Rotorua, and a similar amount (depending on the level of operating expenditure each year) for subsequent years. The targeted rate is set based on land area.

**General rates:** Depends on property value, with the average property paying \$26 towards Rotorua Catchments in 2024/25

## Option 2: Staged implementation to phase out targeted rates in favour of general rates (our preferred option)

Proposed staging			Shares of funding of operating costs		
		Year	General funds	Targeted rates	Grants and subsidies
		2024/25 (same as Option 1)	40% - 60%	40% - 60%	0% - 20%
		2025/26	60% - 70%	20% - 40%	0% - 20%
		2026/27	70% - 80%	10% - 20%	0% - 20%
		2027/28 onwards	80% - 100%	Nil	0% - 20%
<b>Change to level of service; Impact on debt levels</b>	No impact on levels of service or debt levels				
Advantages			Disadvantages		
<ul style="list-style-type: none"> <li>• Simpler rating system</li> <li>• Regionally consistent approach matches intent for same level of service across the region, and improves equity</li> <li>• Transition period avoids a sudden large rates change.</li> </ul>			<ul style="list-style-type: none"> <li>• Rates collected are not ring-fenced for Rotorua Catchment</li> </ul>		

*Table continues overleaf*



## Option 2: Staged implementation to phase out targeted rates in favour of general rates (our preferred option)

### Impact on rates

For 2024/25, no change compared to Option 1.

For 2025/26 and beyond, general rates will increase, with phased decreases in targeted rates for Rotorua.

The size of the general rates increase will depend on the value of each property. For the average value property, general rates would increase each year by the amount shown below:

	For average value property, compared to Option 1*	
Year	Increase in general rates per property across the region	Decrease in targeted rates on Rotorua properties
2024/25	Nil	Nil
2025/26	additional \$8	\$62 less
2026/27	additional \$7	\$48 less
2027/28	additional \$7	\$54 less
<b>Total for 2025-2028</b>	<b>Increase of \$22</b>	<b>Decrease of \$164</b>

\* Assumes that grants and subsidies remain available over the 2024-2028 period, at similar levels as the 2024/25 estimates. The targeted rate would continue to be set based on land area during the transition.

## Proposal 3 – Rotorua Air funding (Part of Regulatory Compliance activity)

Part of the Regulatory Compliance activity deals with regulating air quality and the work focuses on urban areas. In our 2021-2031 Long Term Plan, a flat targeted rate over the Rotorua urban area funded 50% of the operating costs of Rotorua air quality regulatory compliance work, with the balance from general rates. During the current review, we recognised the wider community benefit of the regulatory work and propose to fund air quality services more consistently across the region.

As a result, the proposal for 2024-2034 is to fund Rotorua air quality regulatory compliance work (excluding clean heat loans and grants) from general rates, which is consistent with the funding approach for air quality work in other urban areas.

The impact of this proposal is to shift around \$150,000 of targeted rates to general rates. This means a reduction in the targeted rates for Rotorua properties of \$4. General rates for all properties would increase, depending on the size of the property. For the average value property, the increase would be \$0.67 in 2024/25.

### Option 1: Rotorua urban area funds 50% of the operating costs, with the balance funded from general rates (status quo)

<b>Change to level of service; Impact on debt levels</b>	No impact on levels of service or debt levels
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Allows for different level of service in Rotorua</li> <li>Rates collected are ring-fenced for Rotorua Air</li> </ul>	<ul style="list-style-type: none"> <li>More complex rating system</li> <li>Lack of regionally consistent funding approach could impact on equity</li> </ul>
<b>Impact on rates</b>	<b>Targeted rates:</b> No impact <b>General rates:</b> No impact

### Option 2: Rotorua air quality regulatory compliance work (excluding clean heat loans and grants) is funded from general rates (our preferred option)

<b>Change to level of service; Impact on debt levels</b>	No impact on levels of service or debt levels
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Regionally consistent approach matches intent for same level of service across the region and improves equity</li> <li>Simpler rating system</li> </ul>	<ul style="list-style-type: none"> <li>Rates collected are not ring-fenced for Rotorua Air</li> </ul>
<b>Impact on rates</b>	<b>Targeted rates:</b> reduction in the targeted rates for Rotorua properties of \$4. <b>General rates:</b> General rates for all properties would increase, depending on the size of the property. For the average value property, the increase would be \$0.67 in 2024/25.

# *Uuiunga me ngā tukunga*

## Consultation and Submissions

We want to know what you think. Toi Moana Bay of Plenty Regional Council welcomes your views and feedback.

### What's a submission?

A submission is a statement in support of, or in opposition to, any part of this statement of this proposal and the **Draft Revenue and Financing Policy**. Any organisation or member of the public can make a submission.

### How to get a full copy of the Draft Revenue and Financing Policy?

- Phone us on 0800 884 880 or email us at **RFPreview@boprc.govt.nz** and we'll send one to you.
- Visit [Revenue and Financing Policy Review | Participate BOPRC](#) and read it online.

Copies of the draft Revenue and Financing Policy and supporting Funding Needs Analysis can also be viewed at, or picked up from, any of our offices.

- 5 Quay St, Whakatane
- 1118 Fenton St, Rotorua
- 1 Elizabeth St, Tauranga.

### Making a submission

There's lots of information about making a submission on our Participate website [Revenue and Financing Policy Review | Participate BOPRC](#). It includes more information about how to make a submission, what you should put in your submission and whether you want to present your submission in person.

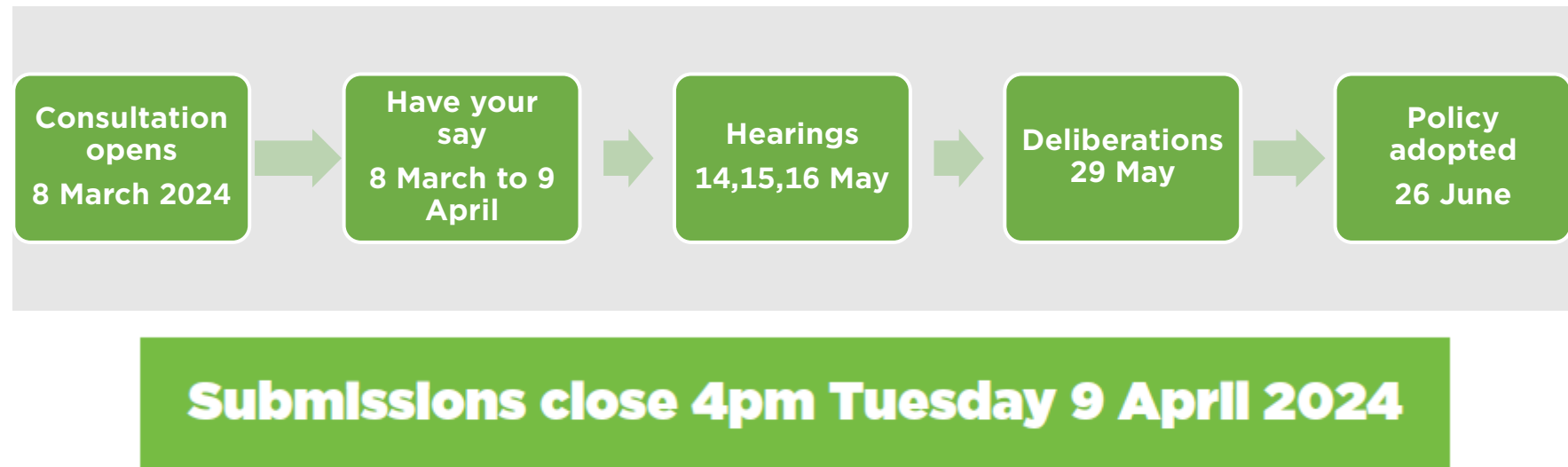
### How do I make a submission?

You can visit our Participate website and download a submission form or make a submission electronically online.

Key tips:

- Be brief and clear about the matters that you support or oppose.
- State the most important points you want Toi Moana Bay of Plenty Regional Council to consider
- Make your comments as specific as possible
- Note which part of the draft plan, statement of proposal or summary your comments refer to by including page numbers and sections
- Clearly state your name, address, email, and telephone number.

People who make a written submission can also speak to their submission at hearings scheduled for May 2024. Following the hearings, we will make final decisions on the policy in June 2024. Any changes made through those decisions will be reflected in the final Revenue and Financing Policy and published on Council's website effective from 1 July 2024.



Please see [www.participate.boprc.govt.nz/long-term-plan-2024-2034](http://www.participate.boprc.govt.nz/long-term-plan-2024-2034) for further information on other 2024-34 Long Term Plan aligned consultations:

- Rates Remission and Postponement Policies
- Fees and Charges Policy
- Development and Financial Contributions Policy

# Submission form – RFP review

## Your details

First name: \_\_\_\_\_ Last name: \_\_\_\_\_

Are you submitting as an individual, for someone else or on behalf of an organisation?

☐ Individual ☐ On behalf of someone else ☐ Organisation (if applicable): \_\_\_\_\_

Phone number: \_\_\_\_\_

Email address: \_\_\_\_\_

Postal address: \_\_\_\_\_

Your contact details are requested so that you can be kept informed of the hearings process and the outcomes of any decisions. A summary of all submissions will be published on our website [www.boprc.govt.nz](http://www.boprc.govt.nz) including names of submitters.

Do you wish to keep your contact details confidential? ☐ Yes ☐ No

## Understanding our community

As part of our commitment to inclusivity, we request demographic information such as age, gender, ethnicity, and location. This information will be treated with the utmost confidentiality, stored securely, and used solely for statistical analysis. Your privacy is our priority, and we adhere to stringent data protection measures. Participation in providing this information is entirely voluntary, and you may choose not to disclose any demographic details.

### How do you identify your gender?

- ☐ Male / Tāne  
☐ Female / Wahine  
☐ Another gender / He ira kē anō \_\_\_\_\_  
☐ Prefer not to say

What year were you born? \_\_\_\_\_

### Which district do you live in?

- ☐ Tauranga ☐ Western Bay of Plenty ☐ Ōpōtiki ☐ Taupō  
☐ Rotorua ☐ Whakatāne ☐ Kawerau ☐ Other \_\_\_\_\_

### What is your ethnicity?

- ☐ NZ European (Pākehā) ☐ Chinese  
☐ Māori ☐ Indian  
☐ Samoan ☐ Prefer not to say  
☐ Cook Islander ☐ Other - eg Dutch, Japanese, Tokelauan etc  
☐ Tongan  
☐ Niuean \_\_\_\_\_

### Your postcode

\_\_\_\_\_

## Speaking to your submission

All submitters have the opportunity to present their feedback to council during the hearings process. Please indicate your preferred option below.

### Do you wish to speak to your submission?

- ☐ Yes  
☐ No

### I will present in

- ☐ English  
☐ Te Reo Māori  
☐ NZ Sign Language

### Where would you prefer to present?

- ☐ Whakatāne  
☐ Rotorua  
☐ Tauranga  
☐ On a Marae  
☐ Online i.e. Zoom

### When would you prefer to present?

- ☐ Between 9am and 4pm  
☐ After 5pm

## Your submission

### Proposal 1 - Funding public transport in urban centres across the region

<input type="radio"/>	<b>Option 1: Rates funding for public transport in urban areas across the Bay of Plenty comes 100% from targeted rates (status quo)</b>	
<input type="radio"/>	<b>Option 2: Rates funding for public transport in urban centres comes from 90% targeted and 10% general rates (our preferred option)</b>	

### Proposal 2 - Rotorua Catchments operating costs funding and three-year transition

<input type="radio"/>	<b>Option 1: Equal shares of targeted rates on Rotorua properties and general rates, calculated after any subsidies are deducted (status quo)</b>	
<input type="radio"/>	<b>Option 2: Staged implementation to phase out targeted rates in favour of general rates (our preferred option)</b>	

### Proposal 3 - Rotorua Air funding (Part of Regulatory Compliance activity)

<input type="radio"/>	Option 1: Rotorua urban area funds 50% of the operating costs, with the balance funded from general rates (status quo)	
<input type="radio"/>	Option 2: Rotorua air quality regulatory compliance work (excluding clean heat loans and grants) is funded from general rates (our preferred option)	

Do you have any other comments?
